

Newbale Clothing Pty Limited

ABN 33 136 405 091

Annual Report

For the period from 1 July 2014 to 27 June 2015

Newbale Clothing Pty Limited
Directors' report
27 June 2015

The directors present their report, together with the financial statements, on the company for the period ended 27 June 2015.

Directors

The following persons were directors of the company during the whole of the financial period and up to the date of this report, unless otherwise stated:

Matthew Jensen
Matthew Rogers
Anthony King

Principal activities

During the financial period the principal continuing activities of the company were the design, production and distribution of premium men's apparel.

Dividends

No dividends were paid during the financial period.

Review of operations

The profit for the company after providing for income tax amounted to \$2,924,129 (30 June 2014: \$732,197).

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the company during the financial period.

Matters subsequent to the end of the financial period

No matter or circumstance has arisen since 27 June 2015 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial periods.

Likely developments and expected results of operations

Information on likely developments in the operations of the company and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the company.

Environmental regulation

The company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Shares under option

There were no unissued ordinary shares of the company under option outstanding at the date of this report.

Shares issued on the exercise of options

There were no ordinary shares of the company issued on the exercise of options during the period ended 27 June 2015 and up to the date of this report.

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial period, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial period, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial period, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Newbale Clothing Pty Limited
Directors' report
27 June 2015

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in cursive script, appearing to read "Matthew Jensen", is written over a horizontal line. The signature is written in black ink.

Director

1 October 2015

The Board of Directors
Newbale Clothing Pty Limited
Level 2, Suite 2.16
100 Collins Street
Alexandria NSW 2015

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Dear Sirs,

Newbale Clothing Pty Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the Directors of Newbale Clothing Pty Limited.

As lead audit partner for the audit of the financial statements of Newbale Clothing Pty Limited for the financial period ended 27 June 2015, I declare that to the best of my knowledge and belief, that there have been no contraventions of:

- (i) the auditor's independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely



CROWE HORWATH SYDNEY



ASH PATHER
Partner

Date: 1 October 2015

Newbale Clothing Pty Limited
Contents
27 June 2015

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General information

The financial statements cover Newbale Clothing Pty Limited as an individual entity. The financial statements are presented in Australian dollars, which is Newbale Clothing Pty Limited's functional and presentation currency.

Newbale Clothing Pty Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered and principal place of business

Level 2, Suite 2.16
100 Collins Street
Alexandria NSW 2015

A description of the nature of the company's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on date 2015. The directors have the power to amend and reissue the financial statements.

Newbale Clothing Pty Limited
Statement of profit or loss and other comprehensive income
For the period ended 27 June 2015

	Note	2015 \$	2014 \$
Revenue from sales of goods		34,983,229	18,764,058
Cost of goods sold		<u>(13,995,224)</u>	<u>(7,907,726)</u>
Gross Profit		20,988,005	10,856,332
Other income		201,004	124,477
Salaries and employee benefit expenses		(8,169,149)	(4,183,656)
Occupancy costs		(4,863,165)	(2,056,016)
Marketing expenses		(1,398,723)	(1,043,895)
Depreciation and amortisation		(1,265,725)	(554,966)
Professional fees		(468,689)	(428,907)
Finance costs		(179,827)	(174,313)
Other expenses		<u>(1,560,620)</u>	<u>(951,784)</u>
Profit before income tax expense		3,283,111	1,587,272
Income tax expense		<u>(358,982)</u>	<u>(855,075)</u>
Profit after income tax expense for the period attributable to the owners of the company		2,924,129	732,197
Other comprehensive income for the period attributable to the owners of the company		<u>-</u>	<u>-</u>
Total comprehensive income for the period attributable to the owners of Newbale Clothing Pty Limited		<u><u>2,924,129</u></u>	<u><u>732,197</u></u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Newbale Clothing Pty Limited
Statement of financial position
As at 27 June 2015

	Note	2015 \$	2014 \$
Assets			
Current assets			
Cash and cash equivalents	3	1,130,499	758,985
Trade and other receivables	4	780,116	668,093
Inventories	5	13,800,010	6,266,792
Tax recoverable	11	68,502	-
Other assets	6	486,114	931,236
Total current assets		<u>16,265,241</u>	<u>8,625,106</u>
Non-current assets			
Property, plant and equipment	7	5,487,772	2,224,408
Intangibles	8	448,584	109,075
Deferred tax assets	9	754,285	-
Total non-current assets		<u>6,690,641</u>	<u>2,333,483</u>
Total assets		<u>22,955,882</u>	<u>10,958,589</u>
Liabilities			
Current liabilities			
Trade and other payables	10	9,087,281	3,471,963
Provision for income tax	11	-	556,685
Finance liabilities	12	3,225,873	662,500
Provisions	13	243,251	100,636
Other liabilities	14	1,039,772	-
Total current liabilities		<u>13,596,176</u>	<u>4,791,784</u>
Non-current liabilities			
Provisions	15	141,607	-
Other liabilities	14	1,298,255	1,171,090
Total non-current liabilities		<u>1,439,862</u>	<u>1,171,090</u>
Total liabilities		<u>15,036,038</u>	<u>5,962,874</u>
Net assets		<u>7,919,844</u>	<u>4,995,715</u>
Equity			
Issued capital	16	4,967,500	4,967,500
Retained profits		<u>2,952,344</u>	<u>28,215</u>
Total equity		<u>7,919,844</u>	<u>4,995,715</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Newbale Clothing Pty Limited
Statement of changes in equity
For the period ended 27 June 2015

	Issued capital \$	Retained profits \$	Total equity \$
Balance at 1 July 2013	4,967,500	(703,982)	4,263,518
Profit after income tax expense for the year	-	<u>732,197</u>	<u>732,197</u>
Total comprehensive income for the year	-	732,197	732,197
Balance at 30 June 2014	<u>4,967,500</u>	<u>28,215</u>	<u>4,995,715</u>
	Issued capital \$	Retained profits \$	Total equity \$
Balance at 1 July 2014	4,967,500	28,215	4,995,715
Profit after income tax expense for the period	-	<u>2,924,129</u>	<u>2,924,129</u>
Total comprehensive income for the period	-	2,924,129	2,924,129
Balance at 27 June 2015	<u>4,967,500</u>	<u>2,952,344</u>	<u>7,919,844</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Newbale Clothing Pty Limited
Statement of cash flows
For the period ended 27 June 2015

	Note	2015 \$
Cash flows from operating activities		
Receipts from customers		38,848,756
Payments to suppliers and employees		<u>(33,753,173)</u>
		5,095,583
Interest received		29,473
Interest paid		(179,827)
Income taxes paid		(1,738,455)
GST paid		<u>(671,644)</u>
Net cash from operating activities	21	<u>2,535,130</u>
Cash flows from investing activities		
Payments for property, plant and equipment		<u>(4,726,989)</u>
Net cash used in investing activities		<u>(4,726,989)</u>
Cash flows from financing activities		
Proceeds from borrowings		<u>2,563,373</u>
Net cash from financing activities		<u>2,563,373</u>
Net increase in cash and cash equivalents		371,514
Cash and cash equivalents at the beginning of the financial period		<u>758,985</u>
Cash and cash equivalents at the end of the financial period	3	<u><u>1,130,499</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

The company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

In the directors' opinion, Newbale Clothing Pty Limited (the "company") is not a reporting entity because there are no users dependent on general purpose financial statements.

These are special purpose financial statements that have been prepared for the purposes of complying with the Corporations Act 2001 requirements to prepare and distribute financial statements to the owners of the company. The directors have determined that the accounting policies adopted are appropriate to meet the needs of the owners of the company.

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations issued by the AASB and the disclosure requirements of AASB 101 'Presentation of Financial Statements', AASB 107 'Statement of Cash Flows', AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors', AASB 1031 'Materiality', AASB 1048 'Interpretation of Standards' and AASB 1054 'Australian Additional Disclosures', as appropriate for for-profit oriented entities.

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Foreign currency translation

The financial statements are presented in Australian dollars, which is the company's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Sale of goods

Sale of goods revenue is recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales transaction. Amounts disclosed as revenue are net of sales returns and trade discounts.

Note 1. Significant accounting policies (continued)

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 1. Significant accounting policies (continued)

Trade and other receivables

Trade receivables are initially recognised at fair value, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Other receivables are recognised at amortised cost, less any provision for impairment.

Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a standard cost basis that materially approximates the "first in first out basis". Cost comprises of direct materials and delivery costs, direct manufacturing costs, import duties and other taxes. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Stock in transit is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Leasehold improvements	5 years or unexpired period of the lease, whichever is shorter
Plant and equipment	5 years
Furniture and fixtures	5 years
Computer equipment	5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Leases

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Intangible assets

Intangible assets acquired are initially recognised at cost. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Note 1. Significant accounting policies (continued)

Trademarks

Significant costs associated with patents are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 60 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Finance costs

Finance costs are expensed in the period in which they are incurred.

Provisions

Provisions are recognised when the company has a present (legal or constructive) obligation as a result of a past event, it is probable the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Note 1. Significant accounting policies (continued)

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 27 June 2015. The company has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Provision for impairment of receivables

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors financial position.

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets

The company assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax

The company is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The company recognises liabilities for anticipated tax audit issues based on the company's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the company considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Employee benefits provision

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Lease make good provision

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision.

Note 3. Cash and cash equivalents

	2015	2014
	\$	\$
Cash on hand	33,895	-
Cash at bank	1,096,604	758,985
	<u>1,130,499</u>	<u>758,985</u>

Newbale Clothing Pty Limited
Notes to the financial statements
27 June 2015

Note 4. Trade and other receivables

	2015 \$	2014 \$
Trade receivables	270,878	692,154
Less: Provision for impairment of receivables	-	(25,333)
	<u>270,878</u>	<u>666,821</u>
Other receivables	509,238	1,272
	<u>780,116</u>	<u>668,093</u>

Note 5. Inventories

	2015 \$	2014 \$
Raw materials	941,600	-
Work in progress	2,651,501	2,545,042
Finished goods	8,373,661	3,771,750
Stock in transit	1,910,537	-
Less: Provision for stock obsolescence	(77,289)	(50,000)
	<u>13,800,010</u>	<u>6,266,792</u>

Note 6. Other assets

	2015 \$	2014 \$
Prepayments	486,114	91,754
Security deposits	-	839,482
	<u>486,114</u>	<u>931,236</u>

Newbale Clothing Pty Limited
Notes to the financial statements
27 June 2015

Note 7. Property, plant and equipment

	2015 \$	2014 \$
Leasehold improvements - at cost	3,159	3,159
Less: Accumulated depreciation	<u>(2,619)</u>	<u>(1,309)</u>
	540	1,850
Plant and equipment - at cost	6,271,602	2,196,384
Less: Accumulated depreciation	<u>(1,378,020)</u>	<u>(373,441)</u>
	4,893,582	1,822,943
Furniture and fixtures - at cost	683,417	457,923
Less: Accumulated depreciation	<u>(294,337)</u>	<u>(129,818)</u>
	389,080	328,105
Computer equipment – at cost	262,045	91,213
Less: Accumulated depreciation	<u>(57,475)</u>	<u>(19,703)</u>
	204,570	71,510
	<u>5,487,772</u>	<u>2,224,408</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial period are set out below:

	Leasehold improvements \$	Plant and equipment \$	Furniture and fixtures \$	Computer equipment \$	Total \$
Balance at 1 July 2013	3,159	778,036	308,137	55,926	1,145,258
Additions	-	1,418,347	149,786	35,286	1,603,419
Depreciation expense	<u>(1,309)</u>	<u>(373,441)</u>	<u>(129,818)</u>	<u>(19,703)</u>	<u>(524,271)</u>
Balance at 30 June 2014	1,850	1,822,942	328,105	71,509	2,224,406
Additions	-	4,075,218	225,494	170,833	4,471,545
Depreciation expense	<u>(1,310)</u>	<u>(1,004,579)</u>	<u>(164,518)</u>	<u>(37,772)</u>	<u>(1,208,179)</u>
Balance at 27 June 2015	<u>540</u>	<u>4,893,581</u>	<u>389,081</u>	<u>204,570</u>	<u>5,487,772</u>

Newbale Clothing Pty Limited
Notes to the financial statements
27 June 2015

Note 8. Intangibles

	2015	2014
	\$	\$
Software - at cost	522,941	118,805
Less: Accumulated amortisation	<u>(84,901)</u>	<u>(25,482)</u>
	<u>438,040</u>	<u>93,323</u>
Trademarks - at cost	20,997	20,965
Less: Accumulated amortisation	<u>(10,453)</u>	<u>(5,213)</u>
	<u>10,544</u>	<u>15,752</u>
	<u><u>448,584</u></u>	<u><u>109,075</u></u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial period are set out below:

	Software	Trademarks	Total
	\$	\$	\$
Balance at 1 July 2013	77,506	20,099	97,605
Additions	41,299	866	42,165
Amortisation expense	<u>(25,482)</u>	<u>(5,213)</u>	<u>(30,695)</u>
Balance at 30 June 2014	93,323	15,752	109,075
Additions	404,136	32	404,168
Amortisation expense	<u>(59,419)</u>	<u>(5,240)</u>	<u>(64,659)</u>
Balance at 27 June 2015	<u><u>438,040</u></u>	<u><u>10,544</u></u>	<u><u>448,584</u></u>

Note 9. Non-current assets - deferred tax

	2015	2014
	\$	\$
Deferred tax asset	<u>754,285</u>	<u>-</u>

Newbale Clothing Pty Limited
Notes to the financial statements
27 June 2015

Note 10. Trade and other payables

	2015 \$	2014 \$
Trade payables	6,494,959	2,279,722
Other payables	2,592,322	1,192,241
	<u>9,087,281</u>	<u>3,471,963</u>

Note 11. Income tax

	2015 \$	2014 \$
(a) Tax recoverable	68,502	-
	<u>68,502</u>	<u>-</u>
(b) Provision for income tax	-	556,685
	<u>-</u>	<u>556,685</u>

Note 12. Financial liabilities

	2015 \$	2014 \$
Trade finances	1,725,873	-
Bank Loans	1,500,000	662,500
	<u>3,225,873</u>	<u>662,500</u>

Note 13. Provisions - current

	2015 \$	2014 \$
Provision for annual leave	243,251	100,636
	<u>243,251</u>	<u>100,636</u>

Note 14. Other liabilities

	2015 \$	2014 \$
Current		
Unearned revenue	145,815	-
Unamortised lease incentives	893,957	-
	<u>1,039,772</u>	<u>-</u>
Non-current		
Unamortised lease incentives	1,298,255	1,171,090
	<u>1,298,255</u>	<u>1,171,090</u>

Newbale Clothing Pty Limited
Notes to the financial statements
27 June 2015

Note 15. Provisions – non-current

	2015 \$	2014 \$
Lease make good	<u>141,607</u>	<u>-</u>

Lease make good

The provision represents the present value of the estimated costs to make good the premises leased by the company at the end of the respective lease terms.

Note 16. Equity - issued capital

	2015 Shares	2014 Shares	2015 \$	2014 \$
Ordinary shares - fully paid	<u>100</u>	<u>100</u>	<u>4,967,500</u>	<u>4,967,500</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 17. Remuneration of auditors

During the financial period the following fees were paid or payable for services provided by Crowe Horwath, the auditor of the company:

	2015 \$	2014 \$
<i>Audit services – Crowe Horwath</i> Audit of the financial statements	<u>29,750</u>	<u>-</u>

Note 18. Contingent liabilities

The company has given bank guarantees as at 27 June 2015 of \$1,226,522 (2014: \$839,481) to various landlords.

Note 19. Events after the reporting period

No matter or circumstance has arisen since 27 June 2015 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial periods.

Newbale Clothing Pty Limited
Notes to the financial statements
27 June 2015

Note 20. Commitments

	2015	2014
	\$	\$
Capital commitments		
<i>Committed at the reporting date but not recognised as liabilities, payable:</i>		
Property, plant and equipment	2,861,850	1,596,328
Intangible assets	440,000	250,000
	<u>3,301,850</u>	<u>1,846,328</u>
 <i>Lease commitments - operating</i>		
<i>Committed at the reporting date but not recognised as liabilities, payable:</i>		
Within one year	4,741,800	2,121,562
One to five years	12,083,944	5,837,848
More than five years	-	40,731
	<u>16,825,744</u>	<u>8,000,141</u>

Operating lease commitments includes contracted amounts for various retail outlets, warehouses and offices under non-cancellable operating leases expiring within one to six years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Note 21. Reconciliation of profit after income tax to net cash from operating activities

	2015
	\$
Profit after income tax expense for the period	2,924,129
Adjustments for:	
Depreciation and amortisation	1,265,723
Bad debts	168,299
Provision for inventories	27,289
Change in operating assets and liabilities:	
Increase in trade and other receivables	(229,936)
Increase in inventories	(7,560,507)
Increase in deferred tax assets	(754,285)
Decrease in other assets	445,122
Increase in trade and other payables	5,564,931
Decrease in provision for income tax	(625,187)
Increase in provision for annual leave	142,615
Increase in unamortised lease incentives	1,021,122
Increase in unearned revenue	145,815
Net cash from operating activities	<u><u>2,535,130</u></u>

Newbale Clothing Pty Limited
Directors' declaration
27 June 2015

In the directors' opinion:

- the company is not a reporting entity because there are no users dependent on general purpose financial statements. Accordingly, as described in note 1 to the financial statements, the attached special purpose financial statements have been prepared for the purposes of complying with the Corporations Act 2001 requirements to prepare and distribute financial statements to the owners of Newbale Clothing Pty Limited;
- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards as described in note 1 to the financial statements, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 27 June 2015 and of its performance for the financial period ended on that date; and
- 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 directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



A handwritten signature in cursive script, reading "Matthew Jensen", is written over a horizontal line.

Director

Date: 1 October 2015

Newbale Clothing Pty Ltd

Independent Auditor's Report to the Members of Newbale Clothing Pty Ltd

Report on the Financial Report

We have audited the accompanying financial report, being a special purpose financial report, of Newbale Clothing Pty Ltd, which comprises the statement of financial position as at 27 June 2015, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the accounting policies described in Note 1 of the financial report are appropriate to meet the requirements of the *Corporations Act 2001* and to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Newbale Clothing Pty Ltd, would be in the same terms if given to the directors as at the time of this auditor's report.

Basis for Qualified Opinion

We were appointed as auditors of the company during the financial year. As such our audit has been limited to the financial year ended 27 June 2015. Except for review procedures relating to recorded opening adjustments that came to our attention during our audit of the year ended 27 June 2015, we have not performed any audit procedures on the preceding financial year and therefore we are unable to determine whether adjustments might have been necessary in respect of the prior financial year. Accordingly, we have not been able to determine the full extent of any adjustments that may have been necessary to the opening balances for the year ended 27 June 2015 including adjustments to opening retained earnings.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial report of Newbale Clothing Pty Ltd is in accordance with the *Corporations Act 2001*, including:

- a. giving a true and fair view of the company's financial position as at 27 June 2015 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1; and
- b. complying with Australian Accounting Standards to the extent described in Note 1 and complying with the *Corporations Regulations 2001*.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 of the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose.

Crowe Horwath Sydney

CROWE HORWATH SYDNEY

Ash Pather

ASH PATHER
Partner

Dated 1 October 2015