Newbale Clothing Amalgamated Group
Special purpose financial report
for the period ended 29 July 2017

Newbale Clothing Amalgamated Group
Special purpose annual report - 29 July 2017

Contents

Directors' report

The directors present their report, together with the financial statements, on the Newbale Clothing Amalgamated Group which consists of entities involved in the retail operators of MJ Bale that are controlled by the same group of shareholders and beneficiaries.The financial report of the Amalgamated Group for the current financial period is the 12 month period ended 29 July 2017 and the comparative period was for the 13 month period ended 30 July 2016. The change in the period end of the Amalgamated Group was to align with the retail industry sales cycle.

Directors

The following individuals were directors of the entities forming the amalgamated group during the whole of the financial period and up to the date of this report, unless otherwise stated:

Matthew Jensen
Matthew Rogers
Stuart Anthony King
David Briskin

Principal activities

During the financial period the principal activities of the Amalgamated Group were the design, production and distribution of premium men's apparel. There were no changes to the activities of the Amalgamated Group during the period.

Dividends

No dividends were paid during the financial period (2016: NIL).

Review of operations

The net profit after tax of the amalgamated group was $743,553 (30 July 2016: $1,206,292).

Underlying EBITDA

The Amalgamated Group has calculated the underlying profit for the period by adjusting the statutory result by one off items that have no relationship with the existing or going forward business. The effects of significant items of income and expenditure that impact the quality of earnings are set out as follows:

	12 month period ended 29 July 2017 $	13 month period ended 30 July 2016 $
Statutory EBITDA	**4,515,815**	4,667,406
Non-recurring transaction costs	**169,191**	230,484
Impairment of inventory	**600,000**	320,000
Redundancy payments	**75,000**	-
Underlying EBITDA	**5,360,006**	5,217,890

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial period

No matter or circumstance has arisen since the end of the financial period that has significantly affected, or may significantly affect the Amalgamated Group's operations, the results of those operations, or the Amalgamated Group's state of affairs in future financial periods.

Likely developments and expected results of operations

Information on likely developments in the operations of the Amalgamated Group 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 Amalgamated Group.

Environmental regulation

The Amalgamated Group is not subject to any significant environmental regulation.

Indemnity and insurance of officers
The Amalgamated Group has indemnified the directors and executives of the Amalgamated Group 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 Amalgamated Group paid a premium in respect of a contract to insure the directors and executives of the Amalgamated Group 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 Amalgamated Group has not, during or since the end of the financial period, indemnified or agreed to indemnify the auditor of the amalgamated group or any related entity against a liability incurred by the auditor.

This report is made in accordance with a resolution of directors.

Matthew Jensen
Director

18 December 2017

Newbale Clothing Amalgamated Group
Annual financial report - 29 July 2017

Contents

General information

These financial statements are the amalgamated financial statements for the Newbale Clothing Amalgamated Group. The financial statements are presented in Australian dollars, which is the functional and presentation currency.

Level 2, Suite 2.16
100 Collins Street
Alexandria NSW 2015

A description of the nature of the Amalgamated Group'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 18 December 2017. The directors have the power to amend and reissue the financial statements.

Newbale Clothing Amalgamated Group
Statement of profit or loss and other comprehensive income
For the period ended 29 July 2017

	Notes	Aggregated 2017 $	2016 $
Revenue from sales of goods	3	**58,432,832**	55,395,362
Other income		**222,016**	97,420
Changes in inventories of finished goods		**(26,268,878)**	(23,849,662)
Employee benefits expense		**(14,831,777)**	(14,386,507)
Occupancy expense		**(9,556,805)**	(8,591,244)
Marketing expense		**(1,394,878)**	(1,427,325)
Depreciation and amortisation expense	4	**(2,808,922)**	(2,645,870)
Professional fees		**(588,629)**	(615,407)
Finance expenses		**(610,540)**	(591,362)
Other expenses		**(1,912,565)**	(1,772,995)
Foreign exchange gain/(loss)		**414,500**	(182,236)
Profit before income tax		**1,096,354**	1,430,174
Income tax expense	5	**(352,801)**	(223,882)
Profit for the period		**743,553**	1,206,292
Other comprehensive income for the period, net of tax		**-**	-
Total comprehensive income for the period		**743,553**	1,206,292
Total comprehensive income for the period attributable to the owners of:			
Newbale Clothing Amalgamated Group		**743,553**	1,206,292
		743,553	1,206,292
Total comprehensive income for the period is attributable to:			
Newbale Clothing Amalgamated Group		**743,553**	1,206,292
		743,553	1,206,292

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

Newbale Clothing Amalgamated Group
Statement of financial position
As at 29 July 2017

	Notes	Aggregated 2017 $	2016 $
ASSETS			
Current assets			
Cash and cash equivalents	6	**309,933**	930,485
Trade and other receivables	7	**647,824**	577,996
Inventories	8	**13,553,281**	12,964,453
Tax recoverable	9	**303,019**	771,893
Other assets	10	**1,083,464**	1,339,289
Total current assets		**15,897,521**	16,584,116
Non-current assets			
Property, plant and equipment	11	**9,463,905**	9,682,674
Intangibles	12	**995,043**	988,864
Deferred tax assets	13	**1,504,547**	1,450,661
Total non-current assets		**11,963,495**	12,122,199
Total assets		**27,861,016**	28,706,315
LIABILITIES			
Current liabilities			
Trade and other payables	14	**6,363,130**	6,204,939
Finance liabilities	15	**8,727,607**	10,500,000
Provisions	16	**410,937**	425,864
Other liabilities	17	**1,862,122**	1,770,005
Total current liabilities		**17,363,796**	18,900,808
Non-current liabilities			
Provisions	18	**1,056,957**	1,014,713
Other liabilities	19	**2,172,405**	2,269,776
Total non-current liabilities		**3,229,362**	3,284,489
Total liabilities		**20,593,158**	22,185,297
Net assets		**7,267,858**	6,521,018
EQUITY			
Issued capital	20	**100**	100
Reserves	21	**4,967,493**	4,964,206
Retained profits	22	**2,300,265**	1,556,712
Total equity		**7,267,858**	6,521,018

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

	Issued Capital	Foreign Currency Revaluation Reserve	Capital Reserve	Retained Earnings	Total Equity
	$	$	$	$	$
Balance at 28 June 2015	100	-	4,967,400	350,420	5,317,920
Profit after income tax expense for the period	-	-	-	1,206,292	1,206,292
Foreign currency translation reserve	-	(3,194)	-	-	(3,194)
Total comprehensive income/(deficit) for the period	-	(3,194)	-	1,206,292	1,203,098
Balance at 30 July 2016	**100**	**(3,194)**	**4,967,400**	**1,556,712**	**6,521,018**
Profit after income tax expense for the period	-	-	-	743,553	743,553
Foreign currency translation reserve	-	3,287	-	-	3,287
Total comprehensive income for the period	-	3,287	-	743,553	746,840
Balance as 29 July 2017	**100**	**93**	**4,967,400**	**2,300,265**	**7,267,858**

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

Newbale Clothing Amalgamated Group
Statement of cash flows
For the period ended 29 July 2017

	Notes	Aggregated 2017 $	2016 $
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**64,428,303**	61,249,877
Payments to suppliers and employees (inclusive of goods and services tax)		**(60,783,601)**	(63,066,163)
		3,644,702	(1,816,286)
Interest received		**-**	942
Interest and finance charges paid		**(610,540)**	(615,407)
Income tax paid (net of income tax refunds received)		**(53,886)**	15,009
Net cash inflow/(outflow) from operating activities	28	**2,980,276**	(2,415,742)
Cash flows from investing activities			
Payments for property, plant and equipment	11	**(2,166,128)**	(6,066,874)
Payments for intangibles	12	**(430,204)**	(771,000)
Receipt of fitout contribution		**764,610**	1,802,335
Net cash outflow from investing activities		**(1,831,722)**	(5,035,539)
Cash flows from financing activities			
(Repayment)/Proceeds from borrowings		**(1,772,393)**	7,274,127
Net cash (outflow)/inflow from financing activities		**(1,772,393)**	7,274,127
Net decrease in cash and cash equivalents		**(623,839)**	(177,154)
Effects of exchange rate changes on cash and cash equivalents		**3,287**	(3,194)
Cash and cash equivalents at the beginning of the financial period		**930,485**	1,110,833
Cash and cash equivalents at end of period	6	**309,933**	930,485

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

Contents of the notes to the financial statements

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. The financial statements are for the Newbale Clothing Amalgamated Group consisting of the entities listed in note 29.

(a) Basis of preparation

(i) Special purpose financial report

In the directors' opinion, the Group is not a reporting entity because there are no users dependent on general purpose financial statements. This special purpose financial report has been prepared for the members of the entities within the Amalgamated Group.

The financial report has been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards and Interpretations. It contains only those disclosures considered necessary by the management to meet the needs of the members.

(ii) Historical cost convention

The financial statements have been prepared in accordance with the historical cost convention unless stated otherwise.

(iii) Critical accounting estimates

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

(iv) Working capital deficiency

As at 29 July 2017 the group recorded a net working capital deficiency of $1,466,275 (FY16: $2,316,692) and positive cash inflow from operating activities for the financial period of $2,980,276 (FY16: negative outflow of $2,415,742). The current period's current liabilities include borrowings of $8,727,607 (FY16: $10,500,000) with a rolling 12-month period term date.

The retail nature of the business is such where the group receives cash at the point of sale, whereas majority of its costs and inventory purchases are on a 30-60 days credit payment term. Directors have prepared the next financial period's cash flow forecasts and are comfortable that the group will be able to meet its financial obligations as and when they fall due. Accordingly, the directors have prepared the financial report on a going concern basis in the belief that the group will realise its assets and settle its liabilities and commitments in the normal course of business and for at least the amounts stated in the financial report.

(b) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Amalgamated Group are measured using the currency of the primary economic environment in which it operates ('the functional currency'). The financial statements are presented in Australian dollars, which is Newbale Clothing Amalgamated Group's functional and presentation currency.

(ii) Foreign currency transactions

Foreign currency transactions are translated into the functional currency 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 period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

(c) Principles of aggregation

The aggregated financial statements incorporate the asset and liabilities of all entities in Newbale Clothing Amalgamated Group as at 29th July 2017 and the results of all entities for the 12 month period then ended. The entities which comprise Newbale Clothing Amalgamation are referred to in this financial report as the Group or the aggregated entity. The entities will fall under the Newbale Clothing Amalgamation has been listed in note 29.

Inter Amalgamated Group transactions, balances and unrealised gains on transactions between Group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of entities in the Group have been changed where necessary to ensure consistency with the policies adopted by the Group.

1 Significant accounting policies (continued)

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

(i) Sale of goods - Corporate
Sales of goods are recognised when the entity has delivered products to the wholesale customer, the wholesaler customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the entity has objective evidence that all criteria for acceptance have been satisfied.

(ii) Sale of goods - Retail
Revenue from the sale of goods is recognised when the entity sells a product to the customer. Retail sales are usually by credit card or in cash.

(iii) Sales of goods - Online
A sale is recorded when goods have been delivered to the customer and the customer has accepted the goods.

(iv) Interest income
Interest revenue is recognised as interest accrues using the effective interest method.

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

(e) Income tax
The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Amalgamated Group's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

1 Significant accounting policies (continued)

(f) Cash and cash equivalents
For the purpose of presentation in the statement of cash flows, 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, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(g) Trade receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less 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 uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Amalgamated Group will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial re-organisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial.

(h) Inventories
Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, freight and duty. The 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.

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.

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Amalgamated Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is de-recognised. All other repairs and maintenance are charged to the statement of comprehensive income during the reporting period in which they are incurred.

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 period.
An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(e)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

1 Significant accounting policies (continued)

(j) 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.

(k) 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 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.

(i) 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.

(ii) 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.

(l) 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.

(m) Trade and other payables
These amounts represent liabilities for goods and services provided to the group prior to the end of the financial period 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.

(n) 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.

(o) Finance costs
Finance costs are expensed in the period in which they are incurred.

(p) Provisions
Provisions for legal claims, service warranties and make good obligations are recognised when the Amalgamated Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

(q) Employee benefits
(i) Short-term employee benefits
Liabilities for wages and salaries, including non monetary benefits and annual leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short term employee benefit obligations are presented as payables.

1 Significant accounting policies (continued)

(q) Employee benefits (continued)
(ii) Other long-term employee benefits
The liability for long service leave is recognised in the provision for employee benefits and 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.

(r) 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.

(s) Dividends
Dividends are recognised when declared during the financial period and no longer at the discretion of the group.

(t) Goods and Services Tax (GST)
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of 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 taxation authority is included with other receivables or payables in the balance sheet.

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 taxation authority, are presented as operating cash flows.

2 Critical accounting judgements, estimates and assumptions

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(i) Provision for doubtful debts
The Amalgamated Group makes estimates and assumptions concerning the collectability and recovery of amounts receivable at balance date. Estimates are based on historical experience and other known factors, including notification of liquidation and/or bankruptcy, which may have a financial impact on the entity.

(ii) Provision for slow moving and obsolete stock
The Amalgamated Group makes estimates and assumptions concerning the future saleability of inventory for amounts in excess of cost. The provision for inventory obsolescence is based on management's expectation of the future sale price of inventory, taking into account the age and condition of the inventory and management's assessment of future market trends.

3 Revenue

	Aggregated 2017 $	2016 $
Revenue from sales of goods	**58,432,832**	55,395,362

4 Expenses

	Aggregated 2017 $	2016 $
Depreciation	**2,384,897**	2,418,426
Amortisation	**424,025**	227,444
Total depreciation and amortisation	**2,808,922**	2,645,870

5 Income tax expense

	Aggregated 2017 $	2016 $
Current tax	**298,915**	238,891
Deferred tax	**53,886**	(15,009)
	352,801	223,882

Numerical reconciliation of income tax expense to prima facie tax payable	**2017 $**	2016 $
Profit from continuing operations before income tax expense	**1,096,354**	1,430,174
Tax at the Australian tax rate of 30% (2016: 30%)	**328,906**	429,052
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Sundry items	**23,895**	44,126
Over/under from previous periods	-	(249,296)
Total income tax (benefit)/expense	**352,801**	223,882

6 Current assets - Cash and cash equivalents

	Aggregated	
	2017	2016
	$	$
Cash at bank and in hand	**309,933**	930,485

7 Current assets - Trade and other receivables

	Aggregated	
	2017	2016
	$	$
Trade receivables	**371,535**	393,398
Provision for doubtful debts	**(31,208)**	(39,424)
	340,327	353,974
Other receivables	**307,497**	224,022
	647,824	577,996

8 Current assets - Inventories

	Aggregated	
	2017	2016
	$	$
Raw materials	**1,564,005**	962,105
Work in progress	**493,548**	1,620,813
Finished goods	**13,174,506**	11,580,581
Less: Provision for stock obsolescence	**(1,678,778)**	(1,199,046)
	13,553,281	12,964,453

9 Current assets - Tax recoverable

	Aggregated	
	2017	2016
	$	$
Tax recoverable	**303,019**	771,893

10 Current assets - Other current assets

	Aggregated	
	2017	2016
	$	$
Advanced inventory deposits	**764,454**	937,668
Prepayments	**319,010**	401,621
	1,083,464	1,339,289

11 Non-current assets - Property, plant and equipment

	Leasehold improvement	Furniture, fittings and equipment	Computer Equipment	Plant and Equipment	Make Good	Total
At 27 June 2015						
Cost or fair value	3,159	765,570	258,686	6,333,826	665,000	8,026,241
Accumulated depreciation	(2,852)	(378,524)	(61,937)	(1,437,021)	(111,681)	(1,992,015)
Net book amount	307	387,046	196,749	4,896,805	553,319	6,034,226
Year ended 30 July 2016						
Opening net book amount	307	387,046	196,749	4,896,805	553,319	6,034,226
Additions	-	943,542	236,504	4,537,115	349,713	6,066,874
Depreciation charge	(307)	(222,114)	(82,248)	(1,905,473)	(208,284)	(2,418,426)
Closing net book amount	-	1,108,474	351,005	7,528,447	694,748	9,682,674
At 30 July 2016						
Cost or fair value	3,159	1,709,112	495,190	10,870,941	1,014,713	14,093,115
Accumulated depreciation	(3,159)	(600,638)	(144,185)	(3,342,494)	(319,965)	(4,410,441)
Net book amount	-	1,108,474	351,005	7,528,447	694,748	9,682,674
Period ended 29 July 2017						
Opening net book amount	-	1,108,474	351,005	7,528,447	694,748	9,682,674
Additions	-	747,622	136,660	1,189,602	92,244	2,166,128
Depreciation Charge	-	(109,517)	(155,026)	(1,862,518)	(257,836)	(2,384,897)
Closing net book amount	-	1,746,579	332,639	6,855,531	529,156	9,463,905
At 29 July 2017						
Cost or fair value	3,159	2,456,734	631,850	12,060,543	1,106,957	16,259,243
Accumulated depreciation	(3,159)	(710,155)	(299,211)	(5,205,012)	(577,801)	(6,795,338)
Net book amount	-	**1,746,579**	**332,639**	**6,855,531**	**529,156**	**9,463,905**

12 Non-current assets - Intangibles assets

	Computer Software	Trademark	Total
At 27 June 2015			
Cost or fair value	525,435	22,724	548,159
Accumulated amortisation	(89,316)	(13,535)	(102,851)
Net book amount	436,119	9,189	445,308
Year ended 30 July 2016			
Opening net book amount	436,119	9,189	445,308
Additions	767,402	3,598	771,000
Amortisation charge	(222,510)	(4,934)	(227,444)
Closing net book amount	981,011	7,853	988,864
At 30 July 2016			
Cost or fair value	1,292,837	26,322	1,319,159
Accumulated amortisation	(311,826)	(18,469)	(330,295)
Net book amount	981,011	7,853	988,864
Period ended 29 July 2017			
Opening net book amount	981,011	7,853	988,864
Additions	427,373	2,831	430,204
Amortisation charge	(418,976)	(5,049)	(424,025)
Closing net book amount	**989,408**	**5,635**	**995,043**
At 29 July 2017			
Cost or fair value	1,720,210	29,153	1,749,363
Accumulated amortisation	(730,802)	(23,518)	(754,320)
Net book amount	**989,408**	**5,635**	**995,043**

13 Non-current assets - Deferred tax assets

	Aggregated	
	2017	2016
	$	$
Deferred tax assets	**1,504,547**	1,450,661

14 Current liabilities - Trade and other payables

	Aggregated 2017 $	Aggregated 2016 $
Trade payables	**4,908,060**	4,715,028
Accruals	**1,439,625**	1,470,415
Other payables	**15,445**	19,496
	6,363,130	6,204,939

15 Current liabilities - Financial liabilities

	Aggregated 2017 $	Aggregated 2016 $
Shareholder borrowings	-	2,000,000
Bank borrowings	**8,727,607**	8,500,000
	8,727,607	10,500,000

16 Current liabilities - Provisions

	Aggregated 2017 $	Aggregated 2016 $
Provision for annual leave	**410,937**	425,864

17 Current liabilities - Other current liabilities

	Aggregated 2017 $	Aggregated 2016 $
Deferred revenue	**471,122**	567,251
Fitout contribution	**543,101**	567,444
Lease incentive	**847,899**	635,310
	1,862,122	1,770,005

18 Non-current liabilities - Provisions

	Aggregated 2017 $	Aggregated 2016 $
Provision for makegood	**1,056,957**	1,014,713

19 Non-current liabilities - Other non-current liabilities

	Aggregated	
	2017	2016
	$	$
Fitout contribution	**2,172,405**	2,269,776

20 Issued Capital

	Aggregated			
	2017 Shares	**2016 Shares**	**2017 $**	**2016 $**
Ordinary shares fully paid	**100**	100	**100**	100

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the entities in the Amalgamated Group in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Amalgamated Group entities do 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.

21 Reserves

	Aggregated	
	2017	2016
	$	$
Capital reserve	**4,967,400**	4,967,400
Foreign currency translation reserve	**93**	(3,194)
	4,967,493	4,964,206

Capital reserve
The capital reserve relates to non-reciprocal contributions from owners in their capacity as owners with no contractual obligations for repayment.

22 Retained profits

	Aggregated	
	2017	2016
	$	$
Opening accumulated losses	**1,556,712**	350,420
Net profit for the period	**743,553**	1,206,292
Closing retained earnings	**2,300,265**	1,556,712

23 Franking Credits

	Aggregated	
	2017	2016
	$	$
Franking credits available for subsequent financial years based on a tax rate of 30% (2016 - 30%)	**3,466,696**	2,388,409

The above amounts represent the balance of the franking account as at the end of the reporting period, adjusted for:

a) franking credits that will arise from the payment of the amount of the provision for income tax

b) franking debits that will arise from the payment of dividends recognised as a liability at the end of each reporting period, and

c) franking credits that will arise from the receipt of dividends recognised as receivables at the end of each reporting period.

24 Remuneration of auditors

During the period the following fees were paid or payable for services provided by the auditor, its related practices and non related audit firms:

	Aggregated	
	2017	2016
	$	$
PwC Australia		
Audit of financial statements	**54,500**	47,500
Preparation of financial statements	**5,500**	5,500
Accounting and advisory services	**-**	17,000
Total remuneration for audit and other assurance services	**60,000**	70,000

25 Contingent liabilities

The Group has given bank guarantees as at 29 July 2017 of $2,163,071 (2016: $2,073,875) to various landlords.

26 Commitments

(a) Lease commitments: Company as lessee
(i) Non-cancellable operating leases

	2017	2016
	$	$
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	**7,281,972**	5,869,295
Later than one year but not later than five years	**14,440,000**	18,798,194
Later than five years	**1,139,395**	1,222,978
	22,861,367	25,890,467

27 Events after the reporting period

No matter or circumstance has arisen since 29 July 2017 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the Amalgamated Group's state of affairs in future financial periods.

28 Reconciliation of profit after income tax to net cash inflow/(outflow) from operating ativit

	2017	2016
	$	$
Profit for the period	**743,553**	1,206,292
Depreciation and amortisation	**2,808,922**	2,645,870
Fitout contribution	**(886,325)**	(757,583)
Change in operating assets and liabilities:		
(Increase)/Decrease in Trade and other receivables	**(69,829)**	218,501
Increase in Inventories	**(588,828)**	(3,916,403)
Decrease/(Increase) in Tax recoverable	**468,874**	(703,391)
Decrease in Other assets	**255,826**	1,057,364
Decrease in Deferred tax assets	**(53,886)**	15,009
(Increase)/Decrease in Trade and other payables	**158,192**	(3,082,580)
Decrease/(Increase) in Provisions - current	**(14,927)**	182,613
Increase in Other liabilities - current	**116,460**	368,853
Increase in Provisions - non current	**42,244**	349,713
Net cash inflow/(outflow) from operating activities	**2,980,276**	(2,415,742)

29 Newbale Clothing Amalgamated Group

The Newbale Clothing Amalgamated Group consists of the following entities:

Newbale Clothing Nominees Pty Ltd
Newbale Clothing Unit Trust
Newbale Clothing NZ Pty Ltd
Newbale Retail NZ Pty Ltd
Newbale Clothing Pty Ltd
Newbale Holdings Pty Ltd
Newbale Clothing Emporium Pty Ltd
Newbale Clothing QVB Pty Ltd
Newbale Clothing Canberra Pty Ltd
Newbale Clothing Wintergarden Pty Ltd
Newbale Clothing Chifley Pty Ltd
Newbale Clothing Indooroopilly Pty Ltd
Newbale Clothing Doncaster Pty Ltd
Newbale Clothing Chadstone Pty Ltd
Newbale Clothing Adelaide Pty Ltd
Newbale Clothing Emporium Pty Ltd
Newbale Bondi Pty Ltd
Newbale Perth Pty Ltd
Newbale Sydney Pty Ltd
Newbale Retail Pty Ltd
Newbale Melbourne Pty Ltd
Newbale Brisbane Pty Ltd

As stated in note 1(a) to the financial statements, in the directors' opinion, the Amalgamated Group is not a reporting entity because there are no users dependent on general purpose financial reports. This is a special purpose financial report that has been prepared to meet the requirements of the members.

The financial report has been prepared in accordance with Accounting Standards and mandatory professional reporting requirements to the extent described in note 1.

In the directors' opinion:
1. the financial statements and notes set out on pages 3 to 21 presents fairly the amalgamated group's financial position as at 29 July 2017 and its performance for the year ended on that date in accordance with Australian Accounting Standards; and

2. In the directors' opinion there are reasonable grounds to believe that the amalgamated group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

Matthew Jensen
Director

18 December 2017

Independent auditor's report

To the members of Newbale Clothing Amalgamated Group

Our opinion

In our opinion the accompanying financial report presents fairly, in all material respects, the financial position of Newbale Clothing Amalgamated Group (the Amalgamated Group) as at 29 July 2017 and its financial performance and its cash flows for the period 31 July 2016 to 29 July 2017 in accordance with Australian Accounting Standards.

What we have audited

The financial report comprises:

- the statement of financial position as at 29 July 2017
- the statement of changes in equity for the period 31 July 2016 to 29 July 2017
- the statement of cash flows for the period 31 July 2016 to 29 July 2017
- the statement of profit or loss and other comprehensive income for the period 31 July 2016 to 29 July 2017
- the notes to the financial statements, which include a summary of significant accounting policies
- the declaration of the directors.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

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

Independence

We are independent of the Amalgamated Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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Emphasis of matter - basis of accounting and restriction on distribution and use

We draw attention to Note 1 in the financial report, which describes the basis of accounting. The financial report has been prepared for internal purposes to assist Newbale Clothing Amalgamated Group. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for Newbale Clothing Amalgamated Group and should not be distributed to or used by parties other than Newbale Clothing Amalgamated Group. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report comprises the Directors' report included in the annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and the directors for the financial report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and for such internal control as Management determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, Management is responsible for assessing the ability of the Amalgamated Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intend to liquidate the Amalgamated Group or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Amalgamated Group's financial reporting process.

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Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

PricewaterhouseCoopers

PricewaterhouseCoopers

Adam Thompson
Partner

Sydney
18 December 2017