

Appendix 4E

Preliminary Final Report

Name of entity

GAZAL CORPORATION LIMITED

ABN

57 004 623 474

Financial year ended

30 June 2017

Results for announcement to the market				\$A'000
Sales revenue from continuing operations	Up	4.20%	to	62,112
Profit from continuing activities after tax attributable to members	Up	15.28%	to	10,418
Profit after tax from discontinuing operations	Down	-99.67%	to	112
Net profit for the period attributable to members	Down	-75.57%	to	10,530

Dividends per security	Amount per security	Franked amount per security
Current period - 2017		
Final dividend	8.0 ¢	8.0 ¢
Interim dividend	6.0 ¢	6.0 ¢
Previous corresponding period - 2016		
Final dividend	7.0 ¢	7.0 ¢
Interim dividend	5.0 ¢	5.0 ¢
Record date for determining entitlements to final dividend	15-Sep-17	

Refer to Page 21 for a brief explanation for any of the figures reported above.

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Financial year ended

30 June 2017

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Income Statement

For the Year Ended 30 June 2017

	Notes	Consolidated	
		Year ended 30 June 2017 \$'000	Year ended 30 June 2016 \$'000
Sales revenue	5	62,112	59,608
Cost of sales		(39,350)	(36,619)
Gross profit		22,762	22,989
Other revenues	5	8,793	7,557
Selling and marketing expenses		(7,674)	(6,874)
Distribution expenses		(10,362)	(9,600)
Administration expenses		(7,914)	(8,019)
Finance costs		(635)	(697)
Share of profit of joint venture	2	6,949	5,231
Profit before income tax from continuing operations		11,919	10,587
Income tax expense	6	(1,501)	(1,550)
Profit after tax from continuing operations		10,418	9,037
Discontinued operations			
Profit after tax from discontinuing operations	3	112	34,074
Net profit for the period		10,530	43,111
Profit for the period is attributable to: Owners of the parent		10,530	43,111
Earnings per share (cents per share)			
Basic for profit for the year	7	18.1	74.6
Basic for profit from continuing operations	7	17.9	15.6
Diluted for profit for the year	7	18.0	74.2
Diluted for profit from continuing operations	7	17.9	15.6

The Income Statement should be read in conjunction with the accompanying notes, which form an integral part of the preliminary final report.

Statement of Comprehensive Income

For the Year Ended 30 June 2017

	Notes	Consolidated	
		Year ended 30 June 2017 \$'000	Year ended 30 June 2016 \$'000
Profit after tax for the period		10,530	43,111
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges:			
(Loss) / gain taken to equity		(1,575)	(1,332)
Transferred to income statement		1,332	(1,762)
Income tax on items of other comprehensive income		74	928
Other comprehensive income from joint venture	2	63	(655)
Exchange differences on translation of foreign operations		(9)	177
Items that will not be reclassified subsequently to profit or loss			
Fair value revaluation of land and buildings		8,333	6,017
Income tax on items of other comprehensive income		(2,500)	(1,805)
Other comprehensive income for the period, net of tax		5,718	1,568
Total comprehensive income for the period		16,248	44,679
Total comprehensive income for the period is attributable to: Owners of the parent		16,248	44,679

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes, which form an integral part of the preliminary final report.

Statement of Financial Position

As at 30 June 2017

	Notes	Consolidated	
		As at	As at
		30 June 2017	30 June 2016
		\$'000	\$'000
Current assets			
Cash and cash equivalents	11	2,610	12,540
Trade and other receivables		12,168	8,957
Inventories		18,558	15,228
Other current assets		1,974	8,665
Total current assets		35,310	45,390
Non-current assets			
Property, plant and equipment		58,286	49,654
Intangible assets		5,430	4,719
Investment in joint venture	2	60,365	57,353
Total non-current assets		124,081	111,726
Total assets		159,391	157,116
Current liabilities			
Trade and other payables		10,290	10,890
Derivative financial instruments		1,575	1,326
Interest-bearing loans and borrowings		5,453	950
Income tax payable		835	13,880
Provisions		2,700	2,790
Total current liabilities		20,853	29,836
Non-current liabilities			
Other Payables		270	-
Interest-bearing loans and borrowings		20,000	-
Provisions		249	229
Deferred tax liabilities		10,932	8,525
Total non-current liabilities		31,451	8,754
Total liabilities		52,304	38,590
Net assets		107,087	118,526
Equity			
Contributed equity		63,373	62,773
Reserves		32,806	27,463
Retained earnings		10,908	28,290
Total Equity		107,087	118,526

The Statement of Financial Position should be read in conjunction with the accompanying notes, which form an integral part of the preliminary final report.

Statement of Cash Flows

For the Year Ended 30 June 2017

	Notes	Consolidated	
		Year ended	Year ended
		30 June 2017	30 June 2016
		\$'000	\$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		75,656	126,998
Payments to suppliers and employees (inclusive of GST)		(73,282)	(119,494)
Interest received		50	224
Interest and other costs of finance paid		(635)	(697)
Income taxes paid on operating activities		(1,775)	(1,500)
Net cash flows from operating activities		14	5,531
Cash flows from investing activities			
Purchases of property, plant and equipment		(2,335)	(2,836)
Proceeds from sale of buildings, plant and equipment		249	138
Purchase of intangibles		(1,624)	(271)
Proceeds from sale of discontinued operations	3	5,765	74,000
Income taxes paid on disposal of discontinued operations		(13,190)	(941)
Dividends from joint venture		4,000	-
Net cash flows (used in)/from investing activities		(7,135)	70,090
Cash flows from financing activities			
Proceeds from share issue		600	300
Proceeds from borrowings		27,000	-
Repayment of borrowings		(2,500)	(55,000)
Dividends paid		(27,912)	(27,785)
Net cash flows (used in)/ from financing activities		(2,812)	(82,485)
Net (decrease)/ increase in cash and cash equivalents		(9,933)	(6,864)
Cash and cash equivalents at the beginning of the period		12,540	19,348
Net foreign exchange differences		3	56
Cash and cash equivalents at the end of the year	11	2,610	12,540

The Statement of Cash Flow should be read in conjunction with the accompanying notes, which form an integral part of the preliminary final report.

During the period, a second special dividend of 35 cents per share (\$20.4 million) was paid in October 2016 following the sale of the Trade Secret business. Additionally, the capital gains tax on the profit on sale of Trade Secret of \$13.2 million was paid in December 2016.

The timing of these two non-recurring items has resulted in the Company's net debt increasing to \$22.8 million as at 30 June 2017. This compares to a net cash position of \$11.6 million as at 30 June 2016.

Statement of Changes in Equity

For the Year Ended 30 June 2017

	Consolidated							
	Attributable to shareholders of Gazal Corp Ltd							
	Issued Capital	Asset Revaluation Reserve	Other Reserves	Employee Equity Benefit Reserve	Cash Flow Hedge Reserve	Reserves from joint venture	Retained Earnings	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2016	62,773	27,611	739	600	(933)	(554)	28,290	118,526
Profit for the period	-	-	-	-	-	-	10,530	10,530
Other comprehensive income	-	5,833	(9)	-	(169)	63	-	5,718
Total comprehensive income for the period	-	5,833	(9)	-	(169)	63	10,530	16,248
Transactions with owners in their capacity as owners:								
Cost of share-based payments	-	-	-	225	-	-	-	225
Share issue	600	-	-	(600)	-	-	-	-
Transfer	-	562	(562)	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	(27,912)	(27,912)
At 30 June 2017	63,373	34,006	168	225	(1,102)	(491)	10,908	107,087
At 1 July 2015	62,473	23,742	562	1,337	1,233	101	11,348	100,796
Profit for the period	-	-	-	-	-	-	43,111	43,111
Other comprehensive income	-	4,212	177	-	(2,166)	(655)	-	1,568
Total comprehensive income for the period	-	4,212	177	-	(2,166)	(655)	43,111	44,679
Transactions with owners in their capacity as owners:								
Cost of share-based payments	-	-	-	836	-	-	-	836
Share issue	300	-	-	(300)	-	-	-	-
Transfer	-	(343)	-	(1,273)	-	-	1,616	-
Dividends paid	-	-	-	-	-	-	(27,785)	(27,785)
At 30 June 2016	62,773	27,611	739	600	(933)	(554)	28,290	118,526

The Statement of Changes in Equity should be read in conjunction with the accompanying notes, which form an integral part of the preliminary final report.

Notes to the Preliminary Final Report

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2016, except for the adoption of amending standards mandatory for annual periods beginning on or after 1 July 2016.

The adoptions of the mandatory amendments for annual periods beginning on or after 1 July 2016 have resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Group. Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted for the annual reporting period ending 30 June 2017, however these are not expected to have a material impact on the Group results.

No other Australian Accounting Standards and Interpretations that have recently been issued or amended (but are not yet effective) have been adopted for the annual reporting period ending 30 June 2017.

2 Investment in Joint Venture

The Group has a 50% interest in PVH Brands Australia Pty Ltd, a jointly controlled entity, which commenced operations on 3 February 2014.

The Group's interest has been accounted for using the equity method in the consolidated financial statements.

Summarised financial information of the joint venture and reconciliation with the carrying amount of the investment in consolidated financial statements are set out below:

Notes to the Preliminary Final Report (continued)**2 Investment in Joint Venture (continued)**

	Year ended 30 June 2017	Year ended 30 June 2016
	\$'000	\$'000
Sales revenue	198,221	180,657
Cost of sales	(74,575)	(75,401)
Gross profit	123,646	105,256
Other revenues	141	282
Selling and marketing expenses	(79,721)	(69,504)
Distribution expenses	(9,871)	(9,300)
Administration expenses	(8,384)	(8,253)
Depreciation and amortisation expenses	(5,683)	(4,170)
Finance costs	(44)	(276)
Profit before income tax	20,084	14,035
Income tax expense	(6,187)	(3,873)
Profit for the year	13,897	10,162
Group's share of profit for the year	6,949	5,081
Release of unrealised profit	-	150
Share of profit from joint venture in the income statement	6,949	5,231
Group's share of other comprehensive income (3)	63	(655)
Group's share of total comprehensive income	7,012	4,576

Notes to the Preliminary Final Report (continued)**2 Investment in Joint Venture (continued)**

	As at 30 June 2017 \$'000	As at 30 June 2016 \$'000
Current assets (1)	68,629	63,399
Non-current assets	93,347	84,529
Current liabilities (2)	34,045	26,307
Non-current liabilities	3,521	3,231
Equity	124,410	118,390
Portion of Group's ownership 50%	62,205	59,195
Carrying amount of investment:		
Opening	57,353	52,777
Share of profit	6,949	5,081
Dividends received	(4,000)	-
Release of unrealised profit	-	150
Other comprehensive income (3)	63	(655)
Closing	60,365	57,353

(1) Includes \$8,583,000 of cash and cash equivalents (30 June 2016: \$14,600,000).

(2) Includes \$2,000,000 of interest-bearing loans and borrowings (30 June 2016: nil).

(3) Relates to the movement in forward currency contract cash flow hedge reserve.

The board of PVH Brands Australia Pty Limited resolved by circular resolution to pay fully franked dividends to the ordinary shareholders in the capital of the company totalling \$8,000,000, out of the retained profits of the joint venture. \$4,000,000 was paid on 12 December 2016 and a further \$4,000,000 was paid on 3 April 2017 to the ordinary shareholders. The Group's share of the fully franked dividend was \$4,000,000.

The joint venture had no contingent liabilities or capital commitments as at 30 June 2017 or 30 June 2016.

Notes to the Preliminary Final Report (continued)

2 Investment in Joint Venture (continued)

Gazal's successful relationship with PVH Inc. ('PVH') has spanned over 30 years and will continue through the ongoing operations of the PVH Brands Australia joint venture ("JV"). The JV commenced in February 2014 with Calvin Klein underwear and Calvin Klein Jeans operations and later expanded through the acquisition of the Tommy Hilfiger Australian operations and the Van Heusen, Nancy Ganz and other shirting, tailored and shapewear businesses (collectively "Heritage Brands").

The JV has entered into licence and distribution agreements covering Calvin Klein (20 years), Van Heusen (20 years) and Tommy Hilfiger (12 years). These licences will continue to support the long-term operations of the JV.

To protect both parties, however, specific buy-out arrangements have been put in place in the Shareholders Deed of the JV. These arrangements cover the following:

- **Board Deadlock** - The JV Board of Directors has 4 directors (2 from Gazal and 2 from PVH). In the unlikely event of a deadlock at the JV Board level, there are agreed dispute resolution procedures in place. If these procedures are exhausted and the deadlock remains unresolved, then:
 - Gazal has the right to require PVH to acquire its Shares at 7 x the preceding 12 months EBITDA (less any debt), and,
 - PVH has the right to require Gazal to sell its Shares to PVH at 7 x the preceding 12 months EBITDA (less any debt).
- **Change of Control in relation to Gazal** - If a Change of Control of Gazal occurs, then PVH may require Gazal to sell its Shares to PVH at 7 x the preceding 12 months EBITDA (less any debt).
- **Expiry or termination of licences** - If any of the licences noted above are terminated or expire Gazal has the right to require PVH to acquire its Shares at 7 x the preceding 12 months EBITDA (less any debt). If a Licence is terminated due to a Culpable Termination Event, PVH has the right to require Gazal to sell its Shares to PVH at a value to be determined by an independent valuer.

Gazal believes that the likelihood of the need to utilise such buy-out arrangements to be remote and as such, neither a financial asset or liability has been recognised.

3 Discontinued Operations

Discontinued operations for the year ended 30 June 2017 represent the finalisation benefit from contracts subsequent to the disposal of the Trade Secret business in October 2015.

Discontinued operations for the year ended 30 June 2016 relates to the trading operations of Trade Secret until the sale to the TJX Companies, Inc. in October 2015, the recognition of profit on the sale of Trade Secret and residual transaction costs in relation to the sale of Midford School-wear operations.

The results of the discontinued operations are presented below:

Notes to the Preliminary Final Report (continued)

3 Discontinued Operations (continued)

	Year ended 30 June 2017		Year ended 30 June 2016		
	Trade Secret \$'000	Total \$'000	Midford \$'000	Trade Secret \$'000	Total \$'000
Trading					
Sales revenue	-	-	-	51,853	51,853
Other benefit	597	597	-	157	157
Cost of sales	-	-	-	(31,393)	(31,393)
Depreciation and amortisation	-	-	-	(953)	(953)
Employees benefit expenses	-	-	-	(8,191)	(8,191)
Other expenses	(286)	(286)	(219)	(12,082)	(12,301)
Profit/(loss) before tax from discontinued operations	311	311	(219)	(609)	(828)
Tax (expense)/benefit	(199)	(199)	69	121	190
Profit/(loss) for the period from discontinued operations	112	112	(150)	(488)	(638)
Gain on sale of discontinued operations after tax	-	-	-	34,712	34,712
Total profit from discontinued operations	112	112	(150)	34,224	34,074

*Note: Trade Secret in the year ended 30 June 2017 represents finalisation benefit from contracts subsequent to the disposal of the business in October 2015.

*Note: Midford in the year ended 30 June 2016 represents expenses subsequent to the disposal of the business in June 2015.

	30 June 2017 cents	30 June 2016 cents
Earnings per share - cents per share:		
- Basic from discontinuing operations	0.19	59.0
- Diluted from discontinued operations	0.19	58.7

Details of the net gain on sale of the discontinued operations are presented below:

	Year ended 30 June 2016 Trade Secret \$'000
Gross sale proceeds	80,000
Working capital adjustment	3,077
Total gross sale proceeds	83,077
Proceeds recognised in cash flow statement	74,000
Amount held in escrow	5,847
Carrying amount of net assets sold	(30,340)
Gain on sale before transaction costs	52,737
Transaction costs	(3,707)
Net gain on sale of discontinued operations before income tax	49,030
Tax expense	(14,318)
Net gain on sale of discontinued operations after income tax	34,712

Notes to the Preliminary Final Report (continued)

4 Segment Information – Operating Segments

Identification of reportable segments

The operating segments are identified by management based on differences in product and services provided. Discrete financial information about each of these operating segments is reported to the management team at least every month and the Board of Directors at least every two months. The operating segments reported during the period have been revised and the new operating segments are as follows:

- Wholesale
- Corporate
- Joint Venture

The comparatives have been restated for comparability.

Types of markets and customer groups

Wholesale

The wholesale business services our traditional retail customers. The products sold are workwear and corporate uniforms.

Corporate

The corporate segment represents the services supplied for the wholesale business, the joint venture and third party transitional service arrangements.

Joint Venture

The joint venture income represents the Group's profit share from the joint venture.

Accounting policies and inter-segment transactions

The accounting policies used by the Group in reporting segments internally are the same as those contained in note 1. The key elements of the policy are described below.

Unallocated charges

It is the Group's policy that if items of revenue and expense are not allocated to operating segments then any associated assets and liabilities are also not allocated to segments. This is to avoid asymmetrical allocations within segments which management believe would be inconsistent.

Income tax balances and associated assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment.

Notes to the Preliminary Final Report (continued)**4 Segment Information – Operating Segments (continued)**

	Wholesale	Corporate	Joint Venture	Total
	\$'000	\$'000	\$'000	\$'000
Year ended 30 June 2017				
Revenue				
Sales to external customers	62,112	-	-	62,112
Revenue from joint venture	-	6,620	-	6,620
Other revenue	35	2,138	-	2,173
Segment Revenue	62,147	8,758	-	70,905
Share of income from joint venture	-	-	6,949	6,949
Segment net operating profit before tax	5,716	(746)	6,949	11,919
includes the following:				
- Interest revenue	-	50	-	50
- Interest expense	-	(635)	-	(635)
- Depreciation and amortisation	(61)	(2,653)	-	(2,714)
- Other non-cash expenses	1	1	-	2
Segment assets	33,625	65,401	60,365	159,391
Capital expenditure	130	2,205	-	2,335
Segment liabilities	6,843	33,149	-	39,992

Notes to the Preliminary Final Report (continued)**4 Segment Information – Operating Segments (continued)**

	Wholesale	Corporate	Joint Venture	Total
	\$'000	\$'000	\$'000	\$'000
Year ended 30 June 2016				
Revenue				
Sales to external customers	59,608	-	-	59,608
Revenue from joint venture	-	5,963	-	5,963
Other revenue	47	1,547	-	1,594
Segment revenue	59,655	7,510	-	67,165
Share of income from joint venture	-	-	5,231	5,231
Segment net profit before tax	7,014	(1,658)	5,231	10,587
includes the following:				
- Interest revenue	-	224	-	224
- Interest expense	-	(697)	-	(697)
- Depreciation and amortisation	(80)	(2,568)	-	(2,648)
- Other non-cash expenses	-	12	-	12
- Discontinued operations before income tax	(219)	(609)	-	(1,437)
Segment assets	28,766	64,997	57,353	151,116
Capital expenditure	21	2,815	-	2,836
Segment liabilities	7,426	8,321	-	15,747

Major customers

The Group has a number of customers to which it provides products. The Group's major customer which is included in the Wholesale segment accounted for 7.17% of external revenue (2016: 8.85%). The next most significant customer accounted for 5.90% (2016: 6.13%) of external revenue.

i) Segment assets reconciliation to the statement of financial position

In assessing the segment performance, the Board of Directors analyse the segment result as described above and its relation to segment assets. Segment assets are those operating assets of the entity that the management committee views as directly attributing to the performance of the segment.

Notes to the Preliminary Final Report (continued)**4 Segment Information - Operating Segments (continued)**

	Consolidated	
	As at	As at
	30 June 2017	30 June 2016
	\$'000	\$'000
Segment operating assets	159,391	151,116
Other receivable	-	6,000
Total assets per statement of financial position	159,391	157,116

ii) Segment liabilities reconciliation to the statement of financial position

Segment liabilities include trade and other payables, borrowings, provisions and derivative liabilities. The Group has a centralised function that is responsible for managing tax for the segments.

	Consolidated	
	As at	As at
	30 June 2017	30 June 2016
	\$'000	\$'000
Segment operating liabilities	39,992	15,747
Income tax payable	835	13,880
GST payable	545	438
Deferred tax liabilities	10,932	8,525
Total liabilities per statement of financial position	52,304	38,590

Notes to the Preliminary Final Report (continued)

5 Revenue and Expenses from Continuing Operations

Profit before income tax includes the following revenues and expenses for which disclosure is relevant in explaining the performance of the entity.

	Consolidated	
	Year ended	Year ended
	30 June 2017	30 June 2016
	\$'000	\$'000
Revenue and Expense		
(i) Revenue		
Sales revenue	62,112	59,608
Other revenue		
Interest revenue	50	224
Fees from joint venture (1)	6,620	5,963
Rental revenue	1,824	1,185
Other	299	185
Total other revenue	8,793	7,557
Total revenue	70,905	67,165
(ii) Expenses and losses		
Depreciation, amortisation and impairment		
Depreciation of buildings	621	516
Depreciation of plant and equipment	1,161	1,023
Depreciation of leasehold improvements	4	7
Amortisation of software	929	1,102
	2,715	2,648
Employee benefit expense		
Wages and salaries	13,041	11,744
Defined contribution superannuation expense	1,151	1,157
Employee entitlements	1,229	1,278
Share-based payments	250	600
	15,671	14,779
Borrowing costs - Interest expenses	635	697
Bad & doubtful debts (recovery)/expense	(2)	72
Operating lease rentals	237	314
(Release)/provision of inventories obsolescence	(312)	587
Foreign exchange loss/(gain)	71	(176)

(1) Fees from joint venture represent partnership fees, shared service fees and rent charges.

Notes to the Preliminary Final Report (continued)

6 Income Tax

The major components of income tax expenses for the year ended 30 June 2017 and 30 June 2016 are:

	Consolidated	
	Year ended 30 June 2017	Year ended 30 June 2016
	\$'000	\$'000
Income Statement		
<i>Current income tax</i>		
Current income tax charge/ (benefit) attributable to continuing operations	1,545	2,322
Adjustments in respect of current income tax of previous years	(192)	(143)
<i>Deferred income tax</i>		
Relating to origination and reversal of temporary differences	148	(629)
Income tax expense/(benefit) reported in the income statement	1,501	1,550
 (b) Amounts charged or credited directly to equity		
<i>Deferred income tax related to items charged or credited directly to equity</i>		
Net (loss)/ gain on cash flow hedges	(74)	(928)
Net gain on revaluation of buildings	2,500	1,805
Net loss on share based payments	-	(236)
Income tax expense/(benefit) reported in equity	2,426	641
 (c) Numerical reconciliation between aggregate Tax expense recognised in the income statement and tax expense calculated per the statutory income tax rate		
A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:		
Accounting profit before tax from continuing operations	11,919	10,587
Profit before tax from discontinued operations and net gain on sale of discontinued operations	311	48,202
Accounting profit before income tax	12,230	58,789
At statutory income tax rate of 30% (2016: 30%)	3,669	17,637
Entertainment expenses	30	23
Effect of higher rates of tax on overseas income	(3)	14
Share of profit of joint venture	(2,085)	(1,569)
Other items	281	(284)
Amounts under/(over) provided in prior years	(192)	(143)
Total income tax attributable to operating profit	1,700	15,678
Income tax reported in the consolidated income statement	1,501	1,550
Income tax attributable to discontinued operations and gain on sale of discontinued operations	199	14,128
	1,700	15,678

Notes to the Preliminary Final Report (continued)

7 Earnings Per Share

The calculation of basic earnings per share is based on the profit after taxation and attributable to the members of the parent entity, and the weighted average number of shares on issue during the period.

The calculation of diluted earnings per share is based on the profit after taxation and attributable to the members of the parent entity, and the weighted average number of shares on issue during the period, adjusted to assume the full issue of shares under employee remuneration schemes, to the extent that they are dilutive.

	Consolidated	
	Year ended 30 June 2017 \$'000	Year ended 30 June 2016 \$'000
Net Profit attributable to ordinary equity holders of the parent from continuing operations	10,418	9,037
Profit attributable to ordinary equity holders of the parent from discontinued operations	112	34,074
Earnings used in calculating basic and diluted earnings per share	10,530	43,111
	Number of Shares	
	Number of Shares	Number of Shares
Weighted average number of ordinary shares used in calculating basic earnings per share	58,159,205	57,793,690
Effects of dilution from performance rights	195,652	272,727
Weighted average number of ordinary shares adjusted for the effect of dilution	58,354,857	58,066,417

The Group did not buy back shares during the reporting period (2016: \$nil).

Notes to the Preliminary Final Report (continued)**8 Dividends**

	Amount per share	Total amount \$'000	Franked amount per share	Date of payment
2017				
2016 final - ordinary	7 cents	4,066	7 cents	4 October 2016
2017 interim - ordinary	6 cents	3,490	6 cents	4 April 2017
Total amount	13 cents	7,556	13 cents	
2016				
2015 final - ordinary	8 cents	4,066	8 cents	2 October 2015
2016 interim - ordinary	5 cents	3,490	5 cents	4 April 2016
2016 Special	35 cents	20,356	35 cents	4 October 2016
Total amount	48 cents	27,912	48 cents	

Subsequent events

Since the end of the financial year, the Directors resolved to pay the following dividend:

2017 final - ordinary	8 cents	4,668	8 cents	3 October 2017
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The financial effect of the final dividend for June 2017 has not been brought to account in the financial statements for the year ended 30 June 2017 and will be recognised in subsequent financial reports.

Dividend franking account

The balance of the franking account of Gazal Corporation Limited as at 30 June 2017 is \$6,321,652 (2016: \$1,880,432) after adjusting for franking credits/(debits) that will arise from:

- the payment/refund of the amount of the current tax liability; and
- before taking into account the franking credits associated with payment of the final dividend declared subsequent to year end.

9 Net tangible assets

	Consolidated	
	Year ended 30 June 2017	Year ended 30 June 2016
Net tangible asset backing per ordinary share	1.75	1.97

Notes to the Preliminary Final Report (continued)

10 Contingent Liabilities

The parent entity has entered into a Deed of Cross Guarantee in accordance with a Corporations Instrument issued by the Australian Securities and Investments Commission. The parent entity, and all the controlled entities which are a party to the Deed, have guaranteed the payment of all current and future creditors in the event any of these companies are wound up.

There are no other contingent liabilities at 30 June 2017 (30 June 2016: nil).

11 Cash and Cash equivalents

For the purpose of the statement of cash flows, cash includes cash on hand and in banks and short term deposits at call, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	Consolidated	
	As at 30 June 2017 \$'000	As at 30 June 2016 \$'000
Cash at bank and on hand	2,610	12,540
	2,610	12,540

12 Events after Balance Date

Substantial shareholder in OrotonGroup Limited ("Oroton")

On 10 July 2017, Gazal lodged a substantial holder notice with Oroton confirming it had acquired a 7.35% shareholding at \$1.00 per share for a total investment of \$3.1 million.

Gazal notes the strategic process announced by Oroton on 20 June 2017. Gazal has no proposal to put to Oroton but may consider opportunities arising from the strategic process as well as other opportunities as they arise.

Sale of Bisley Workwear

Gazal announced today that it has entered into a conditional agreement to sell its Bisley Workwear business and related assets for \$35 million to DG Holdco Pty Ltd, a company owned by Mr. David Gazal.

Associated with the deal, it is proposed that Company buy back 9.2 million shares owned by Mr. David Gazal at \$2.50 per share. As Mr. David Gazal is a related party, the transactions are subject to an independent expert's report and ultimately shareholder's approval.

Notes to the Preliminary Final Report (continued)**12 Events after Balance Date (continued)**Change in financial year-end

Gazal's financial year currently commences on 1 July and ends on 30 June. Gazal's JV partner, PVH Corp. listed on the NYSE, however, has a 52-week year financial calendar ending on or around 31 January.

To align itself closer with its JV partner and to the retail industry calendar generally, today Gazal's Board of Directors has resolved to change the Company's financial year end date from 30 June to a 52-week year ending around 31 January each year.

In order to transition to a 52-week period, Gazal will initially have a 31-week transitional financial year beginning on 1 July 2017 and ending on 3 February 2018. Thereafter, the Company will revert to a 52-week financial year. The next full financial year will commence on 4 February 2018 and end on 2 February 2019.

In respect of the transitional financial year, Gazal will lodge an annual report by 31 May 2018 and hold an annual general meeting by 30 June 2018. The date of this annual general meeting will be determined and advised to shareholders in due course.

Final Dividend

On 23 August 2017 the directors resolved to pay a final dividend of 8 cents per share fully franked, up from last year's final dividend of 7 cents per share fully franked. Taking into account the interim dividend of 6 cents per share, total ordinary dividends for the year total 14 cents per share fully franked. The record date for determining the shareholders' entitlement to the final dividend is 15 September 2017 and the final dividend is payable on 3 October 2017.

There are no other matters or circumstances that have arisen since 30 June 2017 that have significantly affected or may significantly affect the operations of the economic entity, the results of those operations or the state of affairs of the economic entity in subsequent financial years.

Commentary on Results

Sales revenue in PVHBA increased by 9.7% to \$198.2 million for the year ended 30 June 2017. PVHBA after tax profit increased by 32.8% to \$13.9 million from \$10.2 million last year. Gazal's share of the PVHBA profit after tax was \$6.9 million compared to \$5.1 million for last year.

The sales and profit growth in PVHBA was driven by the continuing development of new product categories across CALVIN KLEIN and TOMMY HILFINGER with our key wholesale trading partners Myer and David Jones, the ongoing development of our retail channel including strong like-for-like stores sales growth of +12.9%, and 17 net new stores since 30 June 2016 (including 11 concession stores in Myer). The additional stores include a world first opening of the new TOMMY HILFINGER design concept in the extension of Chadstone Shopping Centre in Melbourne.

Workwear sales improved in the second half of the financial year mainly due to increased sales of Bisley's fire retardant garments and a good 'in-stock' position of basic replenishment stock items. Whilst sales increased by 4.2% to \$62.1 million, gross margins were impacted by lower Australian dollar exchange rate contracts compared to last year.

Despite this, the higher share of profit from PVHBA combined with higher fees from the joint venture, increased Gazal's net profit after tax from continuing operations by 15.3% to \$10.4 million.

Net Debt Position

During the period, a second special dividend of 35 cents per share (\$20.4 million) was paid in October 2016 following the sale of the Trade Secret business. Additionally, the capital gains tax on the profit on sale of Trade Secret of \$13.2 million was paid in December 2016.

The timing of these two non-recurring items has resulted in the Company's net debt increasing to \$22.8 million as at 30 June 2017. This compares to a net cash position of \$11.6 million as at 30 June 2016 with no debt.

At 30 June 2017, PVHBA had a net cash position of \$6.6 million with \$2.0 million of borrowings.

Banksmeadow Property

In June 2017, CBRE were commissioned to undertake an independent valuation of the Banksmeadow warehouse and office property. This valuation ascribed a value to the property of \$56.0 million (including \$2.2 million of plant), up from the \$47.5 million book value last year (which included \$1.8 million of plant). The directors have adopted the new valuation in the balance sheet as at 30 June 2017.

Outlook for the 31-week period to 3 February 2018

In line with the trends seen in the second half of the financial year, the sales momentum of PVHBA has continued in July and into August and, subject to no adverse conditions, is likely to continue for the period.

As we continue toward the important summer trading period, the Directors will be in a better position to update shareholders on earnings guidance for the 31-week reporting period at the Annual General Meeting of Shareholders in November 2017.

COMPLIANCE STATEMENT

7.1 The financial report is in the process of being audited.

7.2 The company has a formally constituted audit committee.

ANNUAL GENERAL MEETING

The annual meeting will be held as follows:

Place

Ernst and Young, Level 35,
200 George Street, Sydney NSW 2000

Date

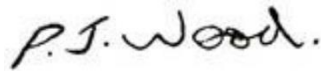
9 November 2017

Time

10:00am

Approximate date the annual report will be
available

9 October 2017



Signed:

Date: 25 August 2017

Company Secretary