

# COUNTRY ROAD GROUP

COUNTRY ROAD MIMCO TRENERY WITCHERY

## STATEMENT TO THE AUSTRALIAN SECURITIES EXCHANGE

8 AUGUST 2014

### APPENDIX 4E PRELIMINARY FINAL REPORT FOR THE 52 WEEKS ENDING 28 JUNE 2014

#### GROUP RESULTS

Sales performance for the Country Road Group ('Group') for the 52 weeks ending 28 June 2014 against the corresponding period last year was as follows:

	52 Weeks Ending 28 June 2014	52 Weeks Ending 29 June 2013*	Total Sales Growth	Comparable Sales Growth
Total Sales (\$ million)	849.6	706.3	+20.3%	+8.0%
Total Sales - Australasia (\$ million)	759.3	630.9	+20.3%	+7.2%
Total Sales - South Africa (\$ million)	90.3	75.4	+19.8%	+12.8%**

\* Witchery and Mimco sales last year are included from the effective date of the acquisition on 29 September 2012.

\*\*Total sales in South African Rand (which excludes the impact of translation to Australian dollars) increased by +25.8% and total comparable store sales increased by +18.1%.

Total retail space increased by +3.6% net of closures.

Profit performance for the Group for the 52 weeks ending 28 June 2014 against the corresponding period last year was as follows:

	52 Weeks Ending 28 June 2014	52 Weeks Ending 29 June 2013*	Total Growth
Total profit before tax (\$ million)	93.4	55.9	+67.3%
Total profit after tax (\$ million)	68.9	41.1	+67.3%
Earnings per share (cents per share)	66.5	43.5	+52.9%

\* Witchery and Mimco profit last year is included from the effective date of the acquisition on 29 September 2012.

The weighted average number of ordinary shares on issue during last year used to calculate earnings per share was 94,668,555 after accounting for the impact of the non-renounceable rights issue. Ordinary shares on issue during this year were 103,585,233.

#### NOTICE OF DIVIDENDS

The Directors have determined that no final dividend will be paid.

#### GOVERNANCE

Country Road Limited ('CTY') shares were suspended from quotation on the ASX on 4 August 2014. On the current timetable, the Directors expect completion of the compulsory acquisition process and the delisting of CTY to occur in early September 2014.

#### For further details contact:

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Preliminary Final Report		
Name of Entity		
Country Road Limited		
ABN	Year Ended (Current Period)	
78 006 759 182	28 June 2014	
Results For Announcement to the Market		
		\$A'000
Sales of goods	up	20.3% to 849,636
Revenue	up	20.2% to 855,341
Profit before tax	up	67.3% to 93,449
Net profit after tax	up	67.3% to 68,856
Net profit for the period attributable to members	up	67.3% to 68,856
Dividends (distributions)	Amount per security	Franked amount per security
Final dividend: Current period (cents per share)	Nil	n/a
Previous corresponding period (cents per share)	43.86 cents	Fully franked
Interim dividend: Current period (cents per share)	17.90 cents	Fully franked
Previous corresponding period (cents per share)	Nil	n/a
Total dividend: Current period (cents per share)	17.90 cents	Fully franked
Previous corresponding period (cents per share)	43.86 cents	Fully franked
Record date for determining entitlements to the dividend	N/A	
Net tangible asset backing	Consolidated Current Period	Consolidated Previous Corresponding Period
Net tangible asset backing per ordinary security (cents per share)	76.00	85.45
Total number of ordinary shares outstanding	103,585,233	103,585,233
Basic earnings per share (cents per share)	66.47	43.47
Weighted average number of ordinary shares outstanding	103,585,233	94,668,555
Other disclosures		
No interest is held in any joint ventures or entities over which the consolidated entity has significant influence.		

# Income Statement

FOR THE PERIOD ENDED 28 JUNE 2014

	Note	Consolidated	
		52 week period ending 28 June 2014 \$000's	52 week period ending 29 June 2013 \$000's
<b>Revenue</b>	2(a)	<b>855,341</b>	711,346
Cost of sales	2(b)	<b>(323,309)</b>	(266,363)
<b>Gross profit</b>		<b>532,032</b>	444,983
Employment expenses		<b>(195,969)</b>	(169,590)
Occupancy expenses		<b>(147,729)</b>	(131,231)
Depreciation, amortisation and impairment expenses	2(c)	<b>(23,876)</b>	(21,282)
Marketing expenses		<b>(20,573)</b>	(16,802)
Transaction costs associated with acquisition of subsidiaries		-	(5,983)
Other expenses		<b>(44,203)</b>	(39,323)
Finance expenses	2(d)	<b>(6,233)</b>	(4,908)
		<b>(438,583)</b>	(389,119)
<b>Profit before income tax expense</b>		<b>93,449</b>	55,864
Income tax expense	3(a)	<b>(24,593)</b>	(14,715)
<b>Net profit for the period</b>		<b>68,856</b>	41,149
Basic earnings per share (cents per share)	14	<b>66.47</b>	43.47
Diluted earnings per share (cents per share)	14	<b>66.47</b>	43.47

# Balance Sheet

AS AT 28 JUNE 2014

		Consolidated	
		As at 28 June 2014 \$000's	As at 29 June 2013 \$000's
	Note		
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	83,933	95,285
Trade and other receivables	5	13,727	10,401
Inventories	6	100,695	77,747
Prepayments		1,411	1,681
Derivative financial instruments	26(g)	131	15,504
<b>Total current assets</b>		<b>199,897</b>	<b>200,618</b>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment	7	91,024	74,444
Intangible assets	8	75,508	76,483
Deferred tax assets (net)	3(d)	18,333	12,371
Prepayments		41	76
Goodwill	8,15	72,528	71,709
<b>Total non-current assets</b>		<b>257,434</b>	<b>235,083</b>
<b>Total assets</b>		<b>457,331</b>	<b>435,701</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	82,479	70,499
Interest-bearing loans and borrowings	10	13,885	12,712
Current tax liabilities		16,008	1,874
Provisions	11	26,634	30,631
Derivative financial instruments	26(g)	7,732	838
<b>Total current liabilities</b>		<b>146,738</b>	<b>116,554</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	12	25,202	16,572
Interest-bearing loans and borrowings	13	58,628	65,866
<b>Total non-current liabilities</b>		<b>83,830</b>	<b>82,438</b>
<b>Total liabilities</b>		<b>230,568</b>	<b>198,992</b>
<b>Net assets</b>		<b>226,763</b>	<b>236,709</b>
<b>EQUITY</b>			
Contributed equity	14	165,329	165,329
Reserves	16	(9,260)	5,568
Retained profits	16	70,694	65,812
<b>Total equity</b>		<b>226,763</b>	<b>236,709</b>

# Statement of Other Comprehensive Income

FOR THE PERIOD ENDED 28 JUNE 2014

	Note	Consolidated	
		52 week period ending 28 June 2014 \$000's	52 week period ending 29 June 2013 \$000's
Net profit for the period		68,856	41,149
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation differences for foreign operations	16	(1,679)	(41)
Effective portion of changes in fair value of cash flow hedges (net of tax)	16	(13,149)	9,730
<b>Other comprehensive income for the period, net of income tax</b>		<b>(14,828)</b>	9,689
<b>Total comprehensive income for the period</b>		<b>54,028</b>	50,838

# Statement of Changes in Equity

FOR THE PERIOD ENDED 28 JUNE 2014

	Consolidated				Total \$000's
	Ordinary shares \$000's	Hedge reserve \$000's	Foreign currency translation reserve \$000's	Retained earnings \$000's	
At 30 June 2013	<b>165,329</b>	<b>8,750</b>	<b>(3,182)</b>	<b>65,812</b>	<b>236,709</b>
Profit for the period	-	-	-	<b>68,856</b>	<b>68,856</b>
Other comprehensive income	-	<b>(13,149)</b>	<b>(1,679)</b>	-	<b>(14,828)</b>
Total comprehensive income for the period	-	<b>(13,149)</b>	<b>(1,679)</b>	<b>68,856</b>	<b>54,028</b>
Transactions with owners in their capacity as owners:					
Shares issued	-	-	-	-	-
Costs directly attributable to share issue	-	-	-	-	-
Dividends paid	-	-	-	<b>(63,974)</b>	<b>(63,974)</b>
At 28 June 2014	<b>165,329</b>	<b>(4,399)</b>	<b>(4,861)</b>	<b>70,694</b>	<b>226,763</b>
At 1 July 2012	74,087	(980)	(3,141)	24,663	94,629
Profit for the period	-	-	-	41,149	41,149
Other comprehensive income	-	9,730	(41)	-	9,689
Total comprehensive income for the period	-	9,730	(41)	41,149	50,838
Transactions with owners in their capacity as owners:					
Shares issued	91,824	-	-	-	91,824
Costs directly attributable to share issue	(582)	-	-	-	(582)
Dividends paid	-	-	-	-	-
At 29 June 2013	165,329	8,750	(3,182)	65,812	236,709

# Cash Flow Statement

FOR THE PERIOD ENDED 28 JUNE 2014

	Note	Consolidated	
		52 week period ending 28 June 2014 \$000's	52 week period ending 29 June 2013 \$000's
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		934,683	782,678
Payments to suppliers and employees		(826,669)	(676,167)
Interest received		2,167	1,933
Insurance recoveries		-	25
Other revenue		1,711	626
Interest and other costs of finance paid		(4,145)	(4,910)
Rental income		367	660
Income taxes and withholding taxes paid		(11,015)	(8,352)
<b>Net cash flows from operating activities</b>	24	<b>97,099</b>	<b>96,493</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from the sale of plant and equipment		19	650
Purchase of plant and equipment		(37,787)	(15,231)
Acquisition of subsidiary net of cash acquired	15	-	(173,330)
Transaction costs associated with acquisition of subsidiary		-	(7,279)
<b>Net cash flows used in investing activities</b>		<b>(37,768)</b>	<b>(195,190)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of ordinary shares	14	-	91,824
Transaction costs associated with raising equity	14	-	(582)
Proceeds from borrowings		-	92,000
Repayment of borrowings		(6,647)	(10,948)
Transaction costs associated with raising debt		-	(2,474)
Dividend payments		(63,966)	(1)
<b>Net cash flows (used in)/from financing activities</b>		<b>(70,613)</b>	<b>169,819</b>
Net increase in cash and cash equivalents		(11,282)	71,122
Cash and cash equivalents at beginning of period		95,285	24,417
Net foreign exchange difference		(70)	(254)
<b>Cash and cash equivalents at end of period</b>	4	<b>83,933</b>	<b>95,285</b>

# Notes to the Financial Statements

FOR THE PERIOD ENDED 28 JUNE 2014

## 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of preparation

Country Road Limited (the Company) is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The preliminary final report of the Company for the period ended 28 June 2014 was authorised for issue in accordance with a resolution of the Directors on 6 August 2014.

The Group has adopted a 52 week retail calendar year for financial reporting purposes which ended on 28 June 2014. The FY13 year was also a 52 week retail calendar year ending on the 29 June 2013.

### (b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (the Group) as at 28 June 2014.

The financial statements of subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

Investments in subsidiaries held by the Company are accounted for at cost within the parent entity. Dividends received from subsidiaries are recorded as a component of other revenue of the parent entity and do not impact the recorded cost of the investment.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered. Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which the Company has control.

### (c) Operating segments

An operating segment is a component of an entity that engages in businesses activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the Board of Directors.

Operating segments have been identified based on the information provided to the chief operating decision maker, being the Chief Executive Officer, in assessing business performance.

The Group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

- nature of the products sold;
- nature of the production processes;
- type or class of customer for the products;
- methods used to distribute the products; and if applicable
- nature of the regulatory environment.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category "other segments".



# Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 28 JUNE 2014

## 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (d) Foreign currency translation

Both the functional and presentation currency of the Company and its Australian subsidiaries are Australian dollars.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at balance date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currency of Country Road Clothing (NZ) Limited, Witchery Fashions (NZ) Limited and Mimco (NZ) Limited is New Zealand dollars. The results of the New Zealand subsidiaries are translated into Australian dollars as at the date of each transaction. Assets and liabilities are translated at exchange rates prevailing at balance date. Exchange variations resulting from the translation are recognised in the foreign currency translation reserve in equity.

The functional currency of Witchery Singapore Pte Ltd and Mimco Design Singapore Pte Ltd is Singapore dollars. The results of the Singapore subsidiaries are translated into Australian dollars as at the date of each transaction. Assets and liabilities are translated at exchange rates prevailing at balance date. Exchange variations resulting from the translation are recognised in the foreign currency translation reserve in equity.

The functional currency of Witchery Fashions SA (Pty) Ltd and Country Road Ventures Pty Ltd (a foreign operated branch in South Africa) is South African rand. The results of the South African operations are translated into Australian dollars as at the date of each transaction. Assets and liabilities are translated at exchange rates prevailing at balance date. Exchange variations resulting from the translation are recognised in the foreign currency translation reserve in equity.

### (e) Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of AASB 139 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised either in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of AASB 139, it is measured in accordance with the appropriate Australian Accounting Standards. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for any non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Refer Note 1(j) for policy on assessing impairment of intangible assets.

# Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 28 JUNE 2014

## 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (f) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in transit, cash on hand and short-term deposits with an original maturity of four months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

### (g) Trade and other receivables

Trade receivables, which generally have 30 day terms or less, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

### (h) Inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Finished goods are measured at their weighted-average cost paid for the goods determined on a first-in-first-out basis.

Indirect costs incurred in the handling and distribution of finished goods from the Group's distribution centre are included in the measurement of inventories.

### (i) Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated on a straight-line basis over the estimated useful lives of assets as follows:

- Fixtures, fittings & equipment - 3 to 10 years; and
- Leasehold improvements - 7 to 10 years

The assets residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end. An item of plant and equipment is derecognised upon disposal or where no further future economic benefits are expected from its use or disposal.

Refer Note 1(j) for policy on assessing impairment of plant & equipment.

### (j) Impairment of assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired.

Where an indicator of impairment exists, the Group makes a formal estimate of the recoverable amount.

Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs of disposal and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs of disposal and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Non-financial assets other than goodwill that have suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate the impairment may have reversed.

### (k) Finance expenses

Finance expenses comprise interest expense and facility fees. These are recognised as an expense when incurred, using the effective interest method.

# Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 28 JUNE 2014

## 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (l) Intangible assets

Intangible assets acquired separately are capitalised at cost and from a business combination are capitalised at fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost, less any accumulated amortisation and any accumulated impairment losses.

The useful lives of these intangible assets are assessed to be either finite or indefinite.

Where amortisation is charged on assets with finite lives, this expense is taken to the income statement. Intangible assets created within the business are not capitalised and expenditure is charged against profits in the period in which the expenditure is incurred.

Intangible assets are tested for impairment where an indicator of impairment exists, and in the case of goodwill and indefinite life intangibles annually, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

The Group's intangible assets consist of:

- Trade names and Brand names - determined to have an indefinite life, are not amortised, are acquired and are subject to impairment testing annually, or where an indicator of impairment exists;
- Customer database development costs - determined to have a finite life of 7 years, are amortised over the asset's life with the expense taken to the Income Statement, and are subject to impairment testing where an indicator of impairment exists;
- Goodwill - determined to have an indefinite life, are not amortised, and are subject to impairment testing annually or where an indicator of impairment exists.

Refer Note 1(j) for policy on assessing impairment of intangible assets.

The group has chosen to early adopt 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets.

### (m) Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the Income Statement on a straight-line basis over the shorter of the useful life of the asset or the lease term where such leases contain annual fixed escalation rates, and the value of the future lease payments can be determined.

Lessor contributions to the construction and fit-out of premises where the lessor retains ownership of the assets are accounted for as a reduction of the cost of the construction and fit-out. Where ownership of the assets is retained by the Company, lessor contributions are accounted for as a lease incentive liability and is reduced on a straight-line basis over the remaining term of the lease.

The Group sub-leases out space in leased premises to sub-tenants. Revenue comprises the minimum lease payments from these sub-leases, and is recognised on a straight-line basis over the lease term where such leases contain annual fixed escalation rates.

### (n) Trade and other payables

Trade and other payables are carried at amortised cost and due to their short-term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. These amounts are unsecured and are usually paid within 30 days of recognition.

### (o) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

# Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 28 JUNE 2014

## 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (p) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### (q) Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave, long-service leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled.

All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liability, are used.

The Group, through a number of funds, provides superannuation benefits for various categories of employees. All funds are administered externally and provide benefits for death, total disability, retirement and resignation. All benefits are provided on an accumulation of contributions basis and accordingly no actuarial assessment is required. Contributions vary from employee to employee as determined by various awards and negotiated conditions of employment. Future company contributions required to meet the Superannuation Guarantee Charge in Australia and contributions under awards are legally enforceable.

### (r) Issued capital

Issued and paid up capital is recognised at the fair value of the consideration received. Any costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

### (s) Comparative figures

Where necessary, comparatives have been adjusted for consistency with current year disclosures.

### (t) Earnings per share (EPS)

Basic EPS is calculated as net profit for the period, adjusted to exclude costs of servicing equity (other than dividends) divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit for the period adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

# Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 28 JUNE 2014

## 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (u) Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

- Sale of goods in retail stores - at point of sale;
- Sale of goods to wholesale customers - at time of delivery;
- Interest - from the time the right to receive interest revenue has been attained, using the effective interest method;
- Royalties and licence fees - from the time a right to receive consideration for the provision of, or investment in, assets or the use of a trademark, has been attained;
- Operating sub-lease revenue - from the time a right is attained to receive consideration for the provision of leased premises to a sub-tenant, is recognised progressively over the term of the sub-leasing contract, inclusive of early exit penalties;
- Tender forfeits - from the time the obligation to honour a tender expires; and
- Dividends - from the time the right to receive the payment is established.

### (v) Taxes

#### *Income tax*

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income.

The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date. Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the unused tax credits and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

#### *Goods and services tax (GST)*

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

# Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 28 JUNE 2014

## 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (v) Taxes (continued)

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet. Commitments and contingencies are disclosed net of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

### (w) Derivative financial instruments

The Group uses derivative financial instruments (including forward currency contracts and interest rate swap instruments) to hedge its risks associated with foreign currency and interest rate fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value.

Derivatives are carried as assets when their fair value is positive, and as liabilities when their fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives, except for those that qualify as cash flow hedges, are taken directly to profit or loss for the year.

For the purposes of hedge accounting, hedges are classified as:

- fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset or liability;
- cash flow hedges when they hedge exposure to variability in cash flows that is attributable either to a particular risk associated with a recognised asset or liability or to a forecast transaction; or
- hedges of a net investment in a foreign operation.

A hedge of the foreign currency risk of a highly probable forecast commitment is accounted for as a cash flow hedge. The Group has interest rate swaps used as a hedge for the exposure of changes to the interest rates payable under the syndicated debt facility. Refer to Note 26 for further details.

The Group does not hedge its net investments in foreign operations.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

#### *Cash Flow Hedges*

Cash flow hedges are hedges of the Group's exposure to variability in cash flows that are attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and that could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in the income statement.

Amounts taken to equity are transferred to the Income Statement when the hedged transaction affects profit or loss, such as when hedged income or expenses are recognised or when a forecast sale or purchase occurs. When the hedged item is the cost of a non-financial asset or liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction is no longer expected to occur, amounts previously recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction occurs. If the related transaction is not expected to occur, the amount is taken to the income statement.

# Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 28 JUNE 2014

## 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (x) Significant accounting judgements, estimates and assumptions

The preparation of the Group's 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 and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

In the process of applying the Group's accounting policies, management has made the following judgements, estimates and assumptions which have the most significant effect on the amounts recognised in the consolidated financial statements.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

#### (i) Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits over the next two years together with future tax planning strategies.

#### (ii) Impairment of non-financial assets other than indefinite life intangibles

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. These include the current and future trading conditions and expectations. If an impairment trigger exists the recoverable amount of the asset is determined. Given the current uncertain economic environment management considered that the indicators of impairment were significant enough and as such these assets have been tested for impairment in this financial period. The key assumptions used to determine the recoverable amount for the different cash generating units (CGU's) are further explained in Note 7.

#### (iii) Impairment of goodwill and intangibles with indefinite useful lives

The Group determines whether intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the CGU's. The assumptions used in this estimation of recoverable amount and the carrying amount of intangibles with indefinite useful lives are discussed in Note 8.

#### (iv) Business combinations

On 2 October 2012, the Company acquired all of the ordinary shares of unlisted Australian company Witchery Australia Holdings Pty Ltd and its subsidiaries (Witchery Group) from funds associated with Gresham Private Equity and management vendors. The Company is required to measure the Witchery Group's identifiable assets acquired and liabilities assumed at their acquisition date fair values. This measurement was finalised by 30 September 2013. Goodwill arising on acquisition represents the value paid for Witchery Group in excess of the fair value of its identifiable net assets on acquisition date.

## Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 28 JUNE 2014

### 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (y) New accounting standards and interpretations

##### (i) Accounting standards and interpretations effective in current financial year

The Group has adopted numerous new and amended Australian Accounting Standards and AASB interpretations as of 28 June 2014:

- AASB 10 - Consolidated Financial Statements
- AASB 12 Disclosure of Interests in Other Entities
- AASB 13 Fair Value Measurement
- AASB 119 Employee Benefits
- AASB 2012-2 Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities AASB [7 Financial Instruments]
- AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle
- AASB 2012-9 Amendment to AASB 1048 arising from the withdrawal of Australian Interpretation 1039
- AASB 1053 Application of Tiers of Australian Accounting Standards

The Group has also elected to early adopt the following amendment to Australian Accounting Standards as of 28 June 2014;

- AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets

There have been no material impacts on the Group's financial statements from the application of these standards.

##### (ii) Accounting standards and interpretations issued but not yet effective

The following standards, amendments to standards or interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 28 June 2014, but have not been applied in preparing this financial report:

Amendment/ New	Affected Standards	Application Date of Standard	Application Date for Group	Accounting Policy Impact
Amendment	AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities	1 January 2014	1 July 2014	This amendment addresses legal inconsistencies of AASB 132 when looking to offset financial assets and financial liabilities.  These amendments are currently not expected to have a material impact on the Group's financial report.
New	AASB 9 Financial Instruments	1 January 2018	1 July 2018	AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139.  Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7 and 2010-10. The AASB issued a revised version of AASB 9 (AASB 2013-9) during December 2013. The revised standard incorporates three primary changes: 1. New hedge accounting requirements including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures 2. Entities may elect to apply only the accounting for gains and losses from own credit risk without applying the other requirements of AASB 9 at the same time In February 2014, the IASB tentatively decided that the mandatory effective date for AASB 9 will be 1 January 2018.  The Group is currently assessing the impact of the revised standard.



## Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 28 JUNE 2014

### 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (y) Accounting standards and interpretations (continued)

Amendment/ New	Affected Standards	Application Date of Standard	Application Date for Group	Accounting Policy Impact
Amendment	AASB 2013-4 Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting [AASB 139]	1 January 2014	1 July 2014	<p>AASB 2013-4 amends AASB 139 to permit the continuation of hedge accounting in specified circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations.</p> <p>This amendment is not expected to have a material impact on the Group's financial report.</p>
Amendment	Annual Improvements 2010–2012 Cycle	1 July 2014	1 July 2014	<p>This standard sets out amendments to International Financial Reporting Standards (IFRS) and the related bases for conclusions and guidance made during the International Accounting Standards Board's Annual Improvements process. These amendments have not yet been adopted by the AASB.</p> <p>The following items are addressed by this standard:</p> <ul style="list-style-type: none"> <li>▶ IFRS 2</li> <li>▶ IFRS 3</li> <li>▶ IFRS 8</li> <li>▶ IAS 16 &amp; IAS 38</li> <li>▶ IAS 24</li> </ul> <p>These amendments are not expected to have any measurement implications for the Group but may result in changes to disclosures in the Group's financial report.</p>
Amendment	Annual Improvements 2011–2013 Cycle	1 July 2014	1 July 2014	<p>This standard sets out amendments to International Financial Reporting Standards (IFRS) and the related bases for conclusions and guidance made during the International Accounting Standards Board's Annual Improvements process. These amendments have not yet been adopted by the AASB.</p> <p>The following items are addressed by this standard:</p> <ul style="list-style-type: none"> <li>▶ IFRS 13</li> <li>▶ IAS 40</li> </ul> <p>These amendments are not expected to have any measurement implications for the Group.</p>
Amendment	AASB 1031 Materiality	1 January 2014	1 July 2014	<p>The revised AASB 1031 is an interim standard that cross-references to other Standards and the Framework (issued December 2013) that contain guidance on materiality.</p> <p>AASB 1031 will be withdrawn when references to AASB 1031 in all Standards and Interpretations have been removed.</p> <p>This is not expected to have any measurement implications for the Group.</p>

## Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 28 JUNE 2014

### 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (y) Accounting standards and interpretations (continued)

Amendment/ New	Affected Standards	Application Date of Standard	Application Date for Group	Accounting Policy Impact
Amendment	AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments	Part B - 1 January 2014 Part C - 1 January 2015	Part B - 1 January 2014 Part C - 1 January 2015	<p>The Standard contains three main parts and makes amendments to a number Standards and Interpretations. Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also makes minor editorial amendments to various other standards. Part C makes amendments to a number of Australian Accounting Standards, including incorporating Chapter 6 Hedge Accounting into AASB 9 Financial Instruments.</p> <p>These amendments are not expected to have any measurement implications for the Group but may result in changes to disclosures in the Group's financial report.</p>
Amendment	Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016	1 July 2016	<p>IAS 16 and IAS 38 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset.</p> <p>The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate.</p> <p>The IASB also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.</p> <p>This is not expected to have any measurement implications for the Group.</p>
Amendment	IFRS 15 Revenue from Contracts with Customers	1 January 2017	1 July 2017	<p>In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, which replaces IAS 11 Construction Contracts, AASB 18 Revenue and related Interpretations. IFRS 15 is effective for annual periods beginning on or after 1 January 2017, with early adoption permitted.</p> <p>The Company is currently evaluating the impact of the new standard.</p>

# Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 28 JUNE 2014

	Consolidated	
	52 week period ending 28 June 2014 \$000's	52 week period ending 29 June 2013 \$000's
<b>2 REVENUES AND EXPENSES</b>		
<b>(a) Revenue</b>		
<i>Sales revenue</i>		
Sale of goods	849,636	706,331
Royalties	1,439	1,673
	<b>851,075</b>	<b>708,004</b>
<i>Other revenue</i>		
Tender (forfeits)/recoveries	(200)	653
Rent revenue	367	660
Interest revenue	2,167	1,933
Insurance recoveries	-	25
Other	1,932	71
	<b>855,341</b>	<b>711,346</b>
<b>(b) Cost of sales</b>		
Costs of inventories recognised as an expense	325,548	266,320
Adjustments to net realisable value of inventories	(2,239)	43
	<b>323,309</b>	<b>266,363</b>
<b>(c) Expenses</b>		
Depreciation, amortisation and impairment expenses		
Depreciation and amortisation expense	23,549	20,835
Impairment expense	327	447
	<b>23,876</b>	<b>21,282</b>
Operating lease expenses		
Minimum rental payments	123,820	108,517
Contingent rentals	2,441	4,109
	<b>126,261</b>	<b>112,626</b>
Defined contribution superannuation expense	16,592	14,003
Net loss on disposal of plant and equipment	466	418
<b>(d) Finance expenses</b>		
Interest paid to banks and other financial institutions	4,845	3,884
Facility fees	1,388	1,024
	<b>6,233</b>	<b>4,908</b>

# Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 28 JUNE 2014

	Consolidated	
	52 week period ending 28 June 2014 \$000's	52 week period ending 29 June 2013 \$000's
<b>3 INCOME TAX EXPENSE</b>		
<b>(a) Income tax expense</b>		
Current tax	(25,007)	(8,278)
Deferred tax	414	(6,437)
Income tax expense	(24,593)	(14,715)
Deferred tax (expense) income included in income tax expense comprises:		
Increase (Decrease) in deferred tax assets	1,401	(7,297)
Decrease (Increase) in deferred tax liabilities	(987)	860
	414	(6,437)
<b>(b) Deferred tax charged directly to other comprehensive income</b>		
Deferred tax related to items charged directly to other comprehensive income during the year:		
Net tax charged on revaluation of cash flow hedges	6,538	(4,581)
<b>(c) Numerical reconciliation of income tax expense to prima facie tax payable</b>		
Profit before income tax expense	93,449	55,864
Prima facie tax thereon at 30% (2013: 30%)	(28,035)	(16,759)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
Non-allowable expenses	(773)	(1,723)
Non-assessable income	1,775	2,107
Effect of different rates of tax on overseas taxable income	317	129
Research & development deduction	1,722	(75)
Initial recognition of previously unrecognised temporary differences	-	1,953
Adjustment to prior period provision	256	(174)
Other	145	(173)
Income tax expense	(24,593)	(14,715)
<b>(d) Deferred tax assets</b>		
The balance comprises temporary differences attributable to:		
Depreciation and impairment	6,709	3,518
Employee benefits	3,989	6,216
Lease related liabilities	4,509	5,604
Provisions	4,462	-
Inventories	871	2,829
Cash flow hedges	2,175	-
Accrued expenses	746	1,285
Other	628	974
	24,089	20,426
Movements:		
Opening balance at beginning of period	20,426	10,650
Foreign exchange difference to opening balance	87	-
Charged to the income statement	1,401	(7,297)
Charged directly to equity (cash flow hedges)	2,175	(401)
Credited to goodwill through business combination	-	17,474
	24,089	20,426

# Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 28 JUNE 2014

	Consolidated	
	52 week period ending 28 June 2014 \$000's	52 week period ending 29 June 2013 \$000's
<b>3 INCOME TAX EXPENSE (continued)</b>		
<b>Deferred tax liabilities</b>		
The balance comprises temporary differences attributable to:		
Intangible assets	1,607	1,833
Depreciation and impairment	2,198	-
Lay-by sales	-	82
Prepayments	22	53
Inventories	627	-
Lease liabilities	270	-
Research & development	-	533
Cash flow hedges	(183)	4,180
Other	1,215	1,374
	<b>5,756</b>	<b>8,055</b>
Movements:		
Opening balance at beginning of period	8,055	2,392
Foreign exchange difference to opening balance		
(Credited) charged to the income statement	987	(860)
(Credited) charged directly to equity (cash flow hedges)	(4,363)	4,180
(Credited) charged to goodwill through business combination	1,077	2,343
	<b>5,756</b>	<b>8,055</b>
Net deferred tax assets	<b>18,333</b>	<b>12,371</b>
<b>(e) Unrecognised temporary differences</b>		
Temporary differences relating to investments in subsidiaries for which deferred tax assets (liabilities) have not been recognised, tax-effected at 28% (2013: 28%)		
Foreign currency translation	130	486
Undistributed earnings	(2,478)	(340)
	<b>(2,348)</b>	<b>146</b>

A deferred tax asset has not been recognised in respect of temporary differences arising from translation of the financial statements of the Group's foreign subsidiaries. The deferred tax asset will only arise in the event of a disposal of the subsidiary, and no such disposal is expected in the foreseeable future.

As at 28 June 2014 a deferred tax liability of \$2,478,000 (2013: \$340,000) for temporary differences of \$16,518,765 (2013: \$2,265,254) related to investments in subsidiaries was not recognised because the Company controls whether the liability will be incurred and is satisfied that it will not be incurred in the foreseeable future.

## (f) Tax consolidation legislation

Effective 1 July 2003, the Company and its wholly-owned Australian subsidiaries formed a tax consolidated group. The head entity of the tax consolidated group is Country Road Limited.

Members of the tax consolidated group have entered into a tax funding agreement. The tax funding agreement provides for the allocation of current taxes to members of the tax consolidated group in accordance with the "separate taxpayer within group" approach as prescribed by UIG 1052 'Tax Consolidation Accounting', while deferred taxes are allocated to members of the tax consolidated group in accordance with the principles of AASB 112 Income Taxes. Allocations under the tax funding agreement are made in line with half-yearly reporting periods.

The allocation of taxes under the tax funding agreement is recognised in the subsidiaries' intercompany accounts with the tax consolidated group head entity.

Funding is based on amounts recognised in the financial statements of wholly-owned subsidiaries in the tax consolidated group.

# Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 28 JUNE 2014

	Consolidated	
	As at 28 June 2014 \$000's	As at 29 June 2013 \$000's
<b>4 CASH AND CASH EQUIVALENTS</b>		
Cash at bank and in transit	17,843	17,900
Cash on hand	174	168
Short term deposits	65,916	77,217
	<b>83,933</b>	<b>95,285</b>
Cash includes deposits with financial institutions, attracting floating interest rates. The average yield at balance date was 3.25% (2013: 3.50%) per annum. In the prior year, short term deposits were made for varying periods of between one day and 4 months, depending on the immediate cash requirements of the Group, and earned interest at an average of 4.15% per annum.		
<b>5 TRADE AND OTHER RECEIVABLES (CURRENT)</b>		
Trade receivables	9,245	4,481
Related party receivables		
Trade receivables	804	758
Other receivables	3,678	5,162
	<b>13,727</b>	<b>10,401</b>
<b>Allowance for impairment loss</b>		
The balance of the Group's trade and other receivables do not contain impaired assets at balance date.		
The ageing of trade receivables at reporting date is as follows:		
Not past due	9,213	3,760
31 - 60 days	32	15
61 - 90 days	-	39
Past due > 90 days	-	667
	<b>9,245</b>	<b>4,481</b>
<b>Related party receivables</b>		
For terms and conditions of related party receivables refer to Note 20.		
<b>6 INVENTORIES</b>		
Total inventories at the lower of cost and net realisable value		
Finished goods	100,695	77,747
	<b>100,695</b>	<b>77,747</b>

# Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 28 JUNE 2014

	Consolidated	
	As at 28 June 2014 \$000's	As at 29 June 2013 \$000's
<b>7 PLANT AND EQUIPMENT</b>		
Leasehold improvements		
At cost	42,766	33,932
Accumulated depreciation and impairment	(27,183)	(24,341)
	15,583	9,591
Fixtures, fittings and equipment		
At cost	217,055	203,215
Accumulated depreciation and impairment	(163,034)	(146,165)
	54,021	57,050
Capital works in progress	21,420	7,803
	91,024	74,444
<b>Reconciliations</b>		
Leasehold improvements		
Carrying amount at the beginning of the year	9,591	10,896
Foreign currency translation impact on opening balance	66	78
Additions during the year	9,392	1,115
Disposals during the year	(34)	(397)
Depreciation and impairment expense	(3,432)	(2,101)
Carrying amount at the end of the year	15,583	9,591
Fixtures, fittings and equipment		
Carrying amount at the beginning of the year	57,050	34,809
Foreign currency translation impact on opening balance	89	101
Additions during the year	16,773	10,704
Additions arising from business combination	-	22,877
Transfer of fitout contributions	-	7,795
Disposals during the year	(450)	(671)
Depreciation and impairment expense	(19,441)	(18,565)
Carrying amount at the end of the year	54,021	57,050
Capital works in progress		
Carrying amount at the beginning of the year	7,803	5,484
Foreign currency translation impact on opening balance	(1)	-
Additions during the year	38,808	13,880
Transfers to other categories	(25,190)	(11,561)
Carrying amount at the end of the year	21,420	7,803

## Impairment tests for plant and equipment

The recoverable amount was estimated for all assets within the retail store cash-generating units. The recoverable amount estimation was based on a value in use calculation and was determined at the cash-generating unit level, over its remaining lease term. Due to a number of poor performing stores an impairment expense of \$327,000 (2013: \$447,000) was recognised in the period to reduce the carrying amount of plant and equipment to recoverable amount, assuming a post-tax discount rate of 10% (2013: 10% pre-tax) and a growth rate of between 2% to 8% (2013: 1% to 8%) depending on the business risk of each cash-generating unit.

# Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 28 JUNE 2014

## 8 INTANGIBLE ASSETS

	Goodwill	Brand names	Development costs	Total brand names & development costs
<b>Cost</b>				
Balance at 1 July 2012	-	11,417	-	11,417
Acquisitions through business combination	71,709	58,500	7,000	65,500
Other acquisitions	-	182	-	182
Balance at 29 June 2013	71,709	70,099	7,000	77,099
Balance at 30 June 2013	71,709	70,099	7,000	77,099
Acquisitions through business combination	819	-	-	-
Other acquisitions	-	25	-	25
Balance at 28 June 2014	72,528	70,124	7,000	77,124
<b>Amortisation and impairment losses</b>				
Balance at 1 July 2012	-	-	-	-
Amortisation for the year	-	(33)	(583)	(616)
Other acquisitions	-	-	-	-
Balance at 29 June 2013	-	(33)	(583)	(616)
Balance at 30 June 2013	-	(33)	(583)	(616)
Amortisation for the year	-	-	(1,000)	(1,000)
Balance at 28 June 2014	-	(33)	(1,583)	(1,616)
<b>Carrying amounts</b>				
At 29 June 2013	71,709	70,066	6,417	76,483
At 28 June 2014	72,528	70,091	5,417	75,508

### Description of the Group's intangible assets

#### Brand names

Brand names are acquired at cost or acquired through business combinations. The brand names acquired by the Group are carried at cost and are determined to have an indefinite useful life as they are expected to contribute net cash inflows indefinitely. Therefore the brand names will not be amortised until its useful life is determined to be finite. The brand names are tested for impairment at each reporting date, or whenever there is an indication they may be impaired.

The carrying value of brand names of \$70,091,000 (2013: \$70,066,000) has been allocated to the CGU to which they relate, being Country Road (\$11,591,000), Witchery (\$41,700,000) and Mimco (\$16,800,000) brands.

#### Development costs

Development costs were acquired by the Group through business combinations and are recognised at fair value. on acquisition. The development costs have a finite useful life (remaining period 5 years) and are amortised over its useful life on a straight line basis and are tested for impairment in accordance with Note 1(j). The development costs are allocated to the group of group of relevant cash generating units. The development costs are tested for impairment where an indicator of impairment exists. There were no indicators of impairment during the financial year.



# Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 28 JUNE 2014

## 8 INTANGIBLE ASSETS (continued)

### Goodwill

\$72,528,000 of goodwill was recognised on acquisition of the Witchery Group. In the prior year the goodwill was not allocated. In the current financial year the goodwill has been allocated to three CGU's, which are also operating segments, for impairment testing as follows:

	2014
Cash Generating Unit	\$000's
Country Road	41,650
Witchery	21,543
Mimco	9,335
	<b>72,528</b>

### Impairment tests for goodwill and intangibles with indefinite useful lives

The recoverable amount of each CGU, as at 28 June 2014 has been determined based on a value in use calculation using cash flow projections from financial forecasts approved by senior management and the Board covering a five year period. The post-tax discount rate applied to the cash flow projection is 12% - 14% [2013: 12%-14%] and cash flows for each CGU beyond the five-year period are extrapolated using a growth rate of 3% [2013: 3%], which is considered to be the long-term average growth rate for the retail industry.

### Key assumptions used in value in use calculations

The below assumptions have been applied to calculate the value in use of each CGU:

- Sales growth rates - the sales growth rates are based on the approved forecast sales growth for the forecast period in each geographical region. This forecast growth rate is based on past experience. The sales growth rates used is between 8.3% and 11.6% depending on the business risk of each CGU.
- Gross margins - Gross margins are based on the approved forecast gross margin for the forecast period. The forecast gross margin is based on past experience and current business strategies and are between 62.0% and 68.9% depending on the margin profile of the CGU.
- Discount rates – Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC).
- Long term growth rates - rates are based on the longer term inflation expectations for the retail industry, consistent with economic analysis from the Reserve Bank of Australia.

### Sensitivity to changes in assumptions

- Sales growth and gross margin assumptions - Management recognises that the current retail market conditions and the arrival of new entrants into the market can have a significant impact on sales growth rate and gross margin assumptions. A reduction in the sales growth rate for the five year period for the each CGU would not result in impairment. A reduction in the gross margin rate for the five year period for each CGU would not result in impairment.
- Long-term growth rate assumptions - Management recognises that current retail market conditions and the arrival of new entrants into the market can have a significant impact on growth rate assumptions. A reduction in the long-term growth rate applied to each CGU would not result in impairment.
- Discount rates - A rise in pre-tax discount rate in each CGU would not result in impairment.

# Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 28 JUNE 2014

	Consolidated	
	As at 28 June 2014 \$000's	As at 29 June 2013 \$000's
<b>9 TRADE AND OTHER PAYABLES (CURRENT)</b>		
Trade payables	46,231	41,345
Other payables	36,248	29,154
	<b>82,479</b>	<b>70,499</b>
<b>10 INTEREST BEARING LIABILITIES (CURRENT)</b>		
Syndicated facility	14,467	13,294
Borrowing costs associated with facility	(582)	(582)
	<b>13,885</b>	<b>12,712</b>
Refer Note 26(c) for terms and conditions of interest bearing liabilities.		
<b>11 PROVISIONS (CURRENT)</b>		
Lease incentives	3,270	6,328
Fair value leases	-	1,383
Leases expensed on straight line basis	(212)	755
Employee benefits	23,423	22,157
Dividends	16	8
Other	137	-
	<b>26,634</b>	<b>30,631</b>
<b>12 PROVISIONS (NON-CURRENT)</b>		
Lease incentives	5,396	2,571
Fair value leases	-	2,798
Leases expensed on straight line basis	7,296	5,605
Employee benefits	12,510	5,598
	<b>25,202</b>	<b>16,572</b>

## Lease incentives

A provision is recognised for lessor contributions to the construction of a premises where the ownership of the assets is retained by the Group. These contributions are reduced on a straight-line basis over the remaining term of the lease.

## Fair value leases

A provision is recognised for the fair value adjustment to lease agreements that arise as part of a business combination for the difference between the fair value of future lease payments and the market value of those leases. This difference is recognised on a straight-line basis over the remaining term of the lease.

## Leases expensed on straight-line basis

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the term of the lease where such leases contain fixed escalation rates. A provision is recognised for the difference between the operating lease payments and the straight-line expense, which will unwind at the end of the lease term.

## Movements in provisions:

Movements in each class of provision, other than dividend provision, are set out below:

### Consolidated

	Fair Value Leases & Lease Incentives \$000's	Employee Benefits \$000's	Leases expensed on a straight-line basis \$000's	Total \$000's
Balance at beginning of financial year	13,080	27,755	6,360	47,195
Net Increased/ (Utilised)	(4,414)	8,178	724	4,488
Balance at end of financial year	8,666	35,933	7,084	51,683
Non-current	5,396	12,510	7,296	25,202
Current	3,270	23,423	(212)	26,481
	<b>8,666</b>	<b>35,933</b>	<b>7,084</b>	<b>51,683</b>

# Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 28 JUNE 2014

	Consolidated	
	As at 28 June 2014 \$000's	As at 29 June 2013 \$000's
<b>13 INTEREST BEARING LIABILITIES (NON-CURRENT)</b>		
Syndicated facility	59,938	67,758
Borrowing costs associated with facility	(1,310)	(1,892)
	<b>58,628</b>	<b>65,866</b>
Refer Note 26(c) for terms and conditions of interest bearing liabilities.		
<b>14 CONTRIBUTED EQUITY, DIVIDENDS AND EARNINGS PER SHARE</b>		
Ordinary shares	165,329	165,329
	<b>165,329</b>	<b>165,329</b>
<b>Ordinary shares</b>		
Number of ordinary shares issued and fully paid at balance date (not rounded)	103,585,233	103,585,233
Fully paid ordinary shares carry one vote per share and carry the right to receive dividends.		
In the prior year 34,528,411 new shares were issued through a 1 for 2 renounceable rights issue.		
<b>Movements</b>		
Ordinary shares		
Balance at beginning of financial year	165,329	74,087
Share issue	-	91,824
Costs directly attributable to share issue	-	(582)
Balance at end of financial year	<b>165,329</b>	<b>165,329</b>
<b>Capital Management</b>		
When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders.		
<b>Dividends paid</b>		
Dividends on ordinary shares:		
Final franked dividend for 2013: 26.48 cents per share (2012 Final: Nil )	27,429	-
Special franked dividend for 2013: 17.38 cents per share (2012 Special: Nil	18,003	-
Interim franked dividend for 2014: 17.90 cents per share (2013 Interim: Nil)	18,542	-
	<b>63,974</b>	<b>-</b>
<b>Dividends not recognised at year end</b>		
Since year end the Directors have determined that a final dividend will not be paid. In the prior year the Directors determined the payment of a final dividend of 26.48 cents per fully paid ordinary share, fully franked based on tax paid at 30% and a special dividend of 17.38 cents per fully paid ordinary share, fully franked based on tax paid at 30%.		
The aggregate amount of the dividend paid on 26 September 2013 out of income reserves but was not recognised as a liability in the prior year, was:	-	45,432
<b>Franked dividends</b>		
Franking credits available for future reporting periods based on a tax rate of 30%	25,511	49,680
There is no impact on the franking account since year end (\$nil).		

# Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 28 JUNE 2014

	Consolidated	
	As at 28 June 2014 \$'000's	As at 29 June 2013 \$'000's
<b>14 CONTRIBUTED EQUITY, DIVIDENDS AND EARNINGS PER SHARE (continued)</b>		
<b>Basic earnings per share</b>		
Profit attributable to the equity holders of the company (cents per share)	66.47	43.47
Profit attributable to the equity holders of the company used in calculating basic earnings per share	68,856	41,149
Weighted average number of shares used in calculating earnings per share (not rounded)	103,585,233	94,668,555
<b>Diluted earnings per share</b>		
No adjustments for dilutive securities are required.		

## 15 BUSINESS COMBINATIONS

### Acquisition of Witchery Australia Holdings Pty Ltd

On 2 October 2012, Country Road Limited ("Country Road") acquired all of the ordinary shares of unlisted Australian company Witchery Australia Holdings Pty Ltd ("WAH") from funds associated with Gresham Private Equity and management vendors (together "Gresham") for a total value of \$180,850,000 under a Share Sale Agreement. WAH and its subsidiaries ("Witchery Group") comprise both the Witchery and Mimco brands. Economic ownership of the Witchery Group commenced on 30 September 2012 for reporting purposes.

#### Assets acquired and liabilities assumed

Country Road is required to measure the Witchery Group's identifiable assets acquired and liabilities assumed at their acquisition-date fair values. Measurement of the final consolidated fair values were finalised by 30 September 2013, within 12 months of the acquisition, and are disclosed below:

	Consolidated Final Fair Values \$'000	Consolidated Provisional Fair Values \$'000	Movement \$'000
<b>Assets</b>			
Cash and cash equivalents	7,520	7,520	-
Trade and other receivables	4,759	4,822	(63)
Inventories	33,859	33,313	546
Other assets	919	919	-
Plant and equipment	22,723	22,876	(153)
Intangibles	65,500	65,500	-
Deferred tax assets	15,050	16,127	(1,077)
<b>Liabilities</b>			
Trade and other payables	(29,255)	(29,255)	-
Provisions	(12,753)	(12,681)	(72)
Total identifiable net assets at fair value	108,322	109,141	(819)
Goodwill arising from acquisition	72,528	71,709	819
Purchase consideration transferred	180,850	180,850	-

# Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 28 JUNE 2014

	Consolidated	
	As at 28 June 2014 \$000's	As at 29 June 2013 \$000's
<b>16 RETAINED PROFITS AND RESERVES</b>		
Retained profits	70,694	65,812
<b>Reserves</b>		
Exchange differences on translation of foreign operations	(4,861)	(3,182)
Hedging reserve - cash flow hedges	(4,399)	8,750
	<b>(9,260)</b>	<b>5,568</b>
<b>Movements:</b>		
Retained profits (losses)		
Balance at beginning of financial year	65,812	24,663
Dividends paid	(63,974)	-
Net profit for the year	68,856	41,149
Balance at end of financial year	<b>70,694</b>	<b>65,812</b>
Exchange differences on translation of foreign operations		
Balance at beginning of financial year	(3,182)	(3,141)
Exchange differences on translation of foreign operations during period	(1,679)	(41)
Balance at end of financial year	<b>(4,861)</b>	<b>(3,182)</b>
Hedging reserve - cash flow hedges		
Balance at beginning of financial year	8,750	(980)
Revaluation - gross	(19,687)	14,311
Deferred tax	6,538	(4,581)
Balance at end of financial year	<b>(4,399)</b>	<b>8,750</b>

## Nature and purpose of reserves

Foreign currency translation reserve:

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Cash flow hedge reserve:

This reserve records the portion of the gain or loss on a hedging instrument that is deemed to be an effective hedge. There was no hedge ineffectiveness recognised in the income statement during the year.

# Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 28 JUNE 2014

	Consolidated	
	As at 28 June 2014 \$000's	As at 29 June 2013 \$000's
<b>17 COMMITMENTS</b>		
<b>Capital commitments</b>		
At reporting date the Group has commitments principally relating to the opening of new stores, the refurbishment of existing stores, and investment in/upgrades to information systems.		
Commitments contracted for at reporting date but not recognised as liabilities are:		
Within one year	29,110	1,780
	<b>29,110</b>	<b>1,780</b>
<b>Operating lease commitments - Group as lessee</b>		
The Group has entered into lease agreements for its stores, administration offices, office equipment and information technology systems. Certain store leases contain contingent rental terms which are triggered if predetermined sales levels are achieved.		
Commitments contracted for at reporting date but not recognised as liabilities are:		
not later than one year	113,696	97,388
later than one year but not later than five years	272,824	228,324
later than five years	89,952	52,516
	<b>476,472</b>	<b>378,228</b>
<b>Operating lease commitments - Group as lessor</b>		
The Group enters into arrangements to sub-lease premises to maximise productivity of available space, or as part of outsourcing arrangements to third parties.		
Commitments contracted for at reporting date but not recognised as assets are:		
not later than one year	41	148
later than one year but not later than five years	-	192
	<b>41</b>	<b>340</b>
<b>18 REMUNERATION OF AUDITORS</b>		
Amounts received or due and receivable by Ernst & Young Australia (in whole dollars) for:		
- an audit or review of the financial report of the entity and any other entity in the Group	\$596,901	\$515,000
- other services in relation to the entity and any other entity in the Group	\$135,975	\$153,661
Other assurance related activities	<b>\$732,876</b>	<b>\$668,661</b>

# Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 28 JUNE 2014

		Consolidated	
		As at 28 June 2014 \$000's	As at 29 June 2013 \$000's
<b>19 FINANCING ARRANGEMENTS</b>			
During the year the Group had access to the following financing arrangements:			
External financial institutions:			
Working capital facility	(i)	40,000	40,000
Capital expenditure facility	(i)	20,000	20,000
Trade finance facility	(i)	-	-
Bank overdraft	(i)	-	-
Bank guarantee facility	(i)	5,000	5,000
Syndicated finance facility	(ii)	72,513	78,578
<b>Total facilities available</b>		<b>137,513</b>	<b>143,578</b>
Facilities used at reporting date:			
Bank guarantee facility		(4,596)	(4,428)
Syndicated finance facility		(72,513)	(78,578)
		<b>(77,109)</b>	<b>(83,006)</b>
<b>Total undrawn facilities</b>		<b>60,404</b>	<b>60,572</b>

## Terms and conditions

- (i) Bank facilities are revolving facilities denominated in Australian dollars, with interest payable at market rates plus a variable margin. Bank facilities are secured by a first charge over the Group's assets.
- (ii) Refer Note 26(c) for terms and conditions of interest bearing liabilities.

## 20 RELATED PARTY DISCLOSURES

	Note	Place of incorporation	Total Equity Interest 2014 %	Total Equity Interest 2013 %
Country Road Limited	(a)	Australia		
Country Road Clothing Pty Ltd	(a)	Australia	100	100
Country Road Clothing (N.Z.) Ltd		New Zealand	100	100
Country Road Properties Pty Ltd	(a)	Australia	100	100
Country Road Ventures Pty Ltd		Australia	100	100
Country Road International Pty Ltd	(a)	Australia	100	100
Country Road (Hong Kong) Ltd		Hong Kong	100	100
CRG Logistics Pty Ltd		Australia	100	-
Witchery Australia Holdings Pty Ltd	(a)	Australia	100	100
Witchery Holdings Pty Ltd	(a)	Australia	100	100
Witchery Fashions Pty Ltd	(a)	Australia	100	100
Witchery Fashions (NZ) Ltd		New Zealand	100	100
Witchery Singapore Pte Ltd		Singapore	100	100
Witchery Fashions SA (Pty) Ltd		South Africa	100	100
Mimco Pty Ltd	(a)	Australia	100	100
Mimco (UK) Limited		UK	100	100
Mimco Design Singapore Pte Ltd		Singapore	100	100
Mimco (NZ) Limited		New Zealand	100	100

Names inset indicate that shares are held by the entity immediately above the inset.

### (a) Entities subject to class order

These entities (the "Closed Group") have entered into a Deed of Cross Guarantee dated 5 February 2013 which provides that all parties to the deed will guarantee to each creditor payment in full of any debt of each entity participating in the deed on winding-up of that entity. Class Order 98/1418 issued by the Australian Securities and Investment Commission relieves these entities from the requirement to prepare, audit and lodgement of their financial reports.

# Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 28 JUNE 2014

	Consolidated	
	As at 28 June 2014 \$000's	As at 29 June 2013 \$000's
<b>20 RELATED PARTY DISCLOSURES (continued)</b>		
The financial information of the Closed Group is as follows:		
<b>(i) Income Statement</b>		
<b>Profit before income tax expense</b>	<b>90,467</b>	54,534
Income tax expense	(20,190)	(12,127)
<b>Net profit for the period</b>	<b>70,277</b>	42,407
Retained profits at beginning of period	76,782	34,374
Dividends provided for or paid	(63,974)	-
<b>Retained profits at end of period</b>	<b>83,085</b>	76,781
<b>(ii) Balance Sheet</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	74,443	87,645
Trade and other receivables	12,033	14,676
Inventories	70,752	56,253
Other assets	1,113	16,180
<b>Total current assets</b>	<b>158,341</b>	174,754
<b>NON-CURRENT ASSETS</b>		
Investments	676	676
Plant and equipment	66,374	63,177
Intangible assets	148,036	148,191
Other	17,536	11,231
<b>Total non-current assets</b>	<b>232,622</b>	223,275
<b>Total assets</b>	<b>390,963</b>	398,029
<b>CURRENT LIABILITIES</b>		
Trade and other payables	40,128	62,719
Borrowings	13,885	12,712
Provisions	38,732	27,923
Derivative financial instruments	7,383	838
<b>Total current liabilities</b>	<b>100,128</b>	104,192
<b>NON-CURRENT LIABILITIES</b>		
Borrowings	58,628	65,866
Provisions	23,729	11,522
<b>Total non-current liabilities</b>	<b>82,357</b>	77,388
<b>Total liabilities</b>	<b>182,485</b>	181,580
<b>Net assets</b>	<b>208,478</b>	216,449
<b>EQUITY</b>		
Contributed equity	125,393	139,668
Retained profits	83,085	76,781
<b>Total equity</b>	<b>208,478</b>	216,449



## Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 28 JUNE 2014

### 20 RELATED PARTY DISCLOSURES (continued)

#### Ultimate parent

Country Road Limited is the ultimate parent entity in the consolidated Group.

The ultimate controlling entity of the consolidated Group in Australia is Woolworths International (Australia) Pty Ltd.

The consolidated Group is ultimately controlled by Woolworths Holdings Limited, a company incorporated in South Africa.

#### Wholly-owned group transactions

- (a) The parent entity charges interest on loans to wholly-owned subsidiaries on normal commercial terms and conditions. Amounts charged during the year were \$3,400,773 to Country Road Clothing Pty Ltd (2013: \$6,379,737), \$677 to Country Road International Pty Ltd (2013: \$121,766), \$3,041,278 to Witchery Holdings Pty Ltd (2013: nil), and \$231,145 to Witchery Australia Holdings Pty Ltd (2013: nil).  
The parent entity incurs interest on loans from wholly owned subsidiaries on normal commercial terms and conditions. Amounts charged during the year were \$424,362 from Witchery Pty Ltd (2013: nil), \$435,261 from Mimco Pty Ltd (2013: nil).
- (b) The parent entity incurred a management fee charge from Country Road Clothing Pty Ltd, of \$nil (2013: \$1,000,000).
- (c) Expenses of \$7,041,771 incurred by the parent entity during the period were paid by Country Road Clothing Pty Ltd (2013: \$11,372,620).
- (d) During the year inventory was bought and sold between controlled entities within the Group on normal commercial terms and conditions. Interest is charged on intercompany loans, and management fees are charged between wholly-owned controlled entities, also on normal commercial terms and conditions.
- (e) The parent entity received dividend income from its wholly-owned subsidiaries during the reporting period. Amounts received during the year were \$32,000,000 (2013: \$17,875,001) from Country Road Clothing Pty Ltd and \$30,000,000 from Witchery Australia Holdings Pty Ltd (2013: \$15,225,930).
- (f) Current tax payable assumed by Country Road Limited from wholly owned tax consolidated entities for the year was \$22,720,702 (2013: \$9,606,652). The terms and conditions of the tax funding agreement are set out in Note 3(f).

#### Related party transaction - Concession agreement

- (a) Country Road Ventures Pty Ltd, a wholly owned subsidiary of Country Road Limited, has entered into a concession agreement with Woolworths Pty Ltd, a wholly owned subsidiary of Woolworths Holdings Limited, relating to its South African operations which took effect from 1 July 2010.  
In accordance with the terms of the agreement, during the year Country Road Ventures Pty Ltd:
  - (i) Paid concession rental and services fees totalling \$25,894,684 (2013: \$9,824,154).
  - (ii) At 28 June 2014 the balance receivable from Woolworths Pty Ltd was \$1,102,234 (2013: \$757,752).  
Outstanding balances at year end are unsecured, interest free, and settlement occurs in cash.  
For the year ended 28 June 2014, the Group has not made any allowance for impairment loss relating to amounts owed by related parties as the debt was receipted subsequent to reporting date (2013: Nil).
  - (iii) At 28 June 2014 the balance payable to Woolworths Pty Ltd was \$2,829,731 (2013: \$1,683,300).  
Outstanding balances at year end are current and settlement occurs in cash.

#### Other related party transactions

- (a) During the year the Group incurred \$48,494 (2013: \$88,101) in annual software licence and support fees and \$17,726 in insurance costs on-charged to Woolworths Pty Ltd. The fees were at arm's length and on normal commercial terms and conditions.
- (b) Dividends paid to Woolworths International (Australia) Pty Ltd totalled \$56,221,719 (2013: \$12,447,188) from the parent entity on the same terms and conditions that applied to other shareholders.

# Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 28 JUNE 2014

## 21 DIRECTOR AND EXECUTIVE DISCLOSURES

### Compensation of Key Management Personnel

Short-term benefits

Post-employment benefits

Other long term benefits

Termination benefits

Consolidated	
52 week period ending 28 June 2014	52 week period ending 29 June 2013
\$	\$
3,544,769	5,761,539
76,078	152,347
4,078,754	3,895,703
-	1,164,633
7,699,601	10,974,222

## 22 CONTINGENT LIABILITIES

### Cross Guarantees

The Company has entered a Deed of Cross Guarantee in accordance with Class Order 98/1418 issued by the Australian Securities and Investment Commission. The Company and its controlled entities who are a party to the deed as presented in Note 20 have guaranteed repayment of all current and future creditors should any of these companies be wound up.

### Litigation

From time to time the Company and its subsidiaries are involved in litigation relating to employment related matters. These matters, both individually and in total, are not considered material, and where appropriate, adequate provision has been made in the accounts.

## 23 SUBSEQUENT EVENTS

### Woolworths Holdings Ltd Takeover Bid

On 11 July 2014 Woolworths International (Australia) II Pty Ltd, a wholly owned subsidiary of Woolworths Holdings Limited, the ultimate parent entity of the Company, made offers under an off-market takeover bid for all the ordinary shares in the Company. The takeover offer is open until 11 August 2014.

On 25 July 2014 Woolworths Holdings Limited announced that its interest in the Company had increased to 99.84%. As a result, Woolworths International (Australia) II Pty Ltd has now exercised its rights to acquire all the remaining shares under the compulsory acquisition provisions of the Corporations Act 2001.

### Debt Facility

On 30 June 2014 a scheduled debt repayment of \$6,290,000 was made. On 1 August 2014 the remaining balance payable under the syndicated finance facility of \$68,115,000 was repaid in full using existing cash and available working capital facilities.

# Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 28 JUNE 2014

## 24 RECONCILIATION OF PROFIT AFTER TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

### Reconciliation of operating profit before income tax to net cash flows from operating activities

#### Operating profit before income tax

#### Add non-cash items

Depreciation and impairment	23,876	21,282
Adjustments to net realisable value of inventories	2,239	(43)
Disposal of plant and equipment	314	418
Unrealised exchange losses	21	73
Amortisation of borrowing costs	582	-

#### Changes in (i):

Trade and other receivables	(3,326)	(6,846)
Inventories	(25,187)	(32,308)
Other financial assets	-	-
Other assets	15,678	(15,211)
Deferred tax assets	(5,962)	(4,113)
Trade and other payables	9,732	35,335
Income tax payable	-	(509)
Provision for employee benefits	8,178	21,096
Other provisions	(3,545)	13,790
Other liabilities	6,893	(951)
Reserves	(14,828)	9,689

#### Cash flows from operating activities

Income tax paid	(11,015)	(8,352)
Transaction costs associated with acquisition of subsidiary	-	7,279

#### Net cash flows from operating activities

Consolidated	
52 week period ending 28 June 2014	52 week period ending 29 June 2013
\$000's	\$000's
93,449	55,864
23,876	21,282
2,239	(43)
314	418
21	73
582	-
(3,326)	(6,846)
(25,187)	(32,308)
-	-
15,678	(15,211)
(5,962)	(4,113)
9,732	35,335
-	(509)
8,178	21,096
(3,545)	13,790
6,893	(951)
(14,828)	9,689
108,114	97,566
(11,015)	(8,352)
-	7,279
97,099	96,493

(i) 2013 includes changes associated with the acquisition of the Witchery Group during the financial year.

# Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 28 JUNE 2014

## 25 OPERATING SEGMENTS

### Segment Information

The Group has identified its operating segments based on the internal management reports that are reviewed by the Chief Executive Officer.

The operating segments are identified by management based on the manner in which the product is sold and the nature of the services provided. Discrete financial information about these operating businesses is reported to the Chief Executive Officer on a monthly basis.

The reportable segments are based on aggregated operating segments determined by the similarity of the products sold and the method used to distribute the products.

The Group operates in two reportable segments, being the design and retail sale of apparel, homewares and related accessories, and other business.

The accounting policies used by the Group in reporting segments are the same as those contained in Note 1 to the accounts and in the prior period. Information regarding the results of each reportable segment is included below.

Performance is measured based on segment profit before finance expenses and income tax as included in the internal management reports that are reviewed by the Chief Executive Officer. Segment profit is used to measure performance as management believe that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

		Consolidated		
	Retail	Other	Unallocated	Total
	\$000's	\$000's	\$000's	\$000's
<b>2014</b>				
Sales to external customers	849,636	-	-	849,636
Other revenue from external customers	(198)	1,439	-	1,241
Total segment revenue	849,438	1,439	-	850,877
Reportable segment profit before tax and finance costs	218,417	1,202	-	219,619
Interest revenue	-	-	2,167	2,167
Finance costs	-	-	6,233	6,233
Depreciation expense	16,249	237	7,063	23,549
Impairment expense	327	-	-	327
Reportable segment assets	157,935	173	-	158,108
Capital expenditure	16,790	-	20,997	37,787
<b>2013</b>				
Sales to external customers	706,331	-	-	706,331
Other revenue from external customers	653	1,673	-	2,326
Total segment revenue	706,984	1,673	-	708,657
Reportable segment profit before tax and finance costs	164,969	1,225	-	166,194
Interest revenue	-	-	1,933	1,933
Finance costs	-	-	4,908	4,908
Depreciation expense	18,208	237	2,390	20,835
Impairment expense	447	-	-	447
Reportable segment assets	117,080	1,864	-	118,944
Capital expenditure	9,824	-	6,859	16,683

# Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 28 JUNE 2014

	Consolidated	
	As at 28 June 2014 \$000's	As at 29 June 2013 \$000's
<b>25 OPERATING SEGMENTS (continued)</b>		
<b>Reconciliation of reportable segment information</b>		
Total segment revenue	850,877	708,657
Other revenue from continuing operations	4,464	2,689
Total revenue per income statement	855,341	711,346
Revenue from external customers by geographical location is detailed below. Revenue is attributed to geographic locations based on the location of customers. The company does not have revenue from external customers that are attributable to any foreign country other than as shown below:		
Australia	690,106	576,080
New Zealand	74,732	58,256
South Africa	90,498	75,601
Singapore	5	1,409
Total revenue	855,341	711,346
<b>Reconciliation of reportable segment net profit before income tax</b>		
Segment net profit before income tax	219,619	166,194
Other income	4,464	2,689
Unallocated amounts - other corporate expenses	(130,634)	(113,019)
Net profit before income tax	93,449	55,864
<b>Reconciliation of reportable segment assets</b>		
Segment assets	158,108	118,944
Derivative assets	131	15,504
Deferred tax assets	24,089	20,426
Unallocated assets	275,003	280,827
Total assets	457,331	435,701
The analysis of the location of non-current assets other than deferred tax assets is as follows:		
Australia	225,427	210,708
New Zealand	6,436	7,621
South Africa	7,238	4,383
Total assets	239,101	222,712

# Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 28 JUNE 2014

## 26 FINANCIAL INSTRUMENTS

### (a) Financial risk management objectives and policies

The Group's principal financial instruments, other than derivatives, comprise bank loans and overdrafts, and cash and short-term deposits. The Group is provided with financing arrangements as disclosed in Note 19. The main purpose of these financial arrangements is to finance the Group's working capital and investment requirements. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. The Group also enters into derivative transactions, including principally forward currency contracts. The purpose is to manage currency risks arising from the Group's operations. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Group's financial instruments are cash flow interest rate risk, liquidity risk, foreign currency risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

Changes in variables illustrated in the tables below are based on management's view of current market conditions at reporting date.

### (b) Cash flow interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's short-term cash advance and overdraft facilities, and the long-term syndicated finance facility.

The Group's policy is to manage its interest cost by minimising externally sourced debt and maximising returns on surplus cash through intensive daily working capital management and cashflow forecasting. The Group's policy is to ensure the use of cash advance and overdraft facilities are minimised, and that operations are conducted within the facilities provided.

During the year, the Group entered into interest rate swap contracts to fix the floating base rate attached to the five year syndicated finance facility.

At reporting date, the Group had the following mix of financial assets and liabilities exposed to variable interest rate risk.

	Consolidated	
	As at 28 June 2014 \$000's	As at 29 June 2013 \$000's
<b>Financial assets</b>		
Cash and cash equivalents	83,933	95,285
<b>Financial liabilities</b>		
Interest bearing loans and borrowings	(72,513)	(78,578)
Net exposure	11,420	16,707

The following table demonstrates the Group's sensitivity to a reasonably possible change in interest rates.

With all other variables held constant, the Group's profit before tax is affected through the impact on variable interest rates as follows:

	Consolidated	
	Post Tax Profit Higher/(Lower) \$000's	Equity Higher/(Lower) \$000's
<b>As at 28 June 2014</b>		
+0.50% (50 basis points)	294	-
+0.25% (25 basis points)	147	-
-0.25% (25 basis points)	(294)	-
-0.50% (50 basis points)	(147)	-
<b>As at 29 June 2013</b>		
+0.50% (50 basis points)	333	-
+0.25% (25 basis points)	167	-
-0.25% (25 basis points)	(333)	-
-0.50% (50 basis points)	(167)	-

# Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 28 JUNE 2014

## 26 FINANCIAL INSTRUMENTS (continued)

### (c) Liquidity risk

The Group's objective is to ensure that there are funds available to meet all commitments through the use of available cash flow, available liquid assets and committed bank facilities.

The table below reflects the maturity analysis of financial assets and liabilities as at 28 June 2014, based on management's expectation. Derivative financial instruments are based on gross contractual values.

Consolidated	Total \$000's	< 3 mths \$000's	3 - 12 mths \$000's	1 - 5 yrs \$000's	> 5 yrs \$000's
<b>Financial assets</b>					
Cash and cash equivalents	83,933	83,933	-	-	-
Trade and other receivables	13,727	13,727	-	-	-
Derivative financial instruments - inflows	14,342	3,350	10,992	-	-
Derivative financial instruments - outflows	(14,212)	(3,297)	(10,915)	-	-
	97,790	97,713	77	-	-
<b>Financial liabilities</b>					
Trade and other payables	82,479	82,479	-	-	-
Interest bearing loans and borrowings	72,513	-	13,885	58,628	-
Derivative financial instruments - outflows	195,017	47,482	147,535	-	-
Derivative financial instruments - inflows	(202,749)	(49,116)	(153,633)	-	-
	147,260	80,845	7,787	58,628	-
<b>Net maturity</b>	(49,470)	16,868	(7,710)	(58,628)	-

At the reporting date, the Group had not utilised any available working capital facilities (2013: nil). \$60,000,000 (2013: \$60,000,000) of unused credit facilities were available for immediate use.

#### Terms and conditions of financial assets and liabilities

##### Trade and other receivables

- (i) Trade debtors are non-interest bearing and generally on terms of 30 days or less.
- (ii) Other debtors are non-interest bearing and have repayment terms between 1 day and 45 days.
- (iii) Details of the terms and conditions of related party receivables are set out in Note 20.
- (iv) \$298,633 of trade and other receivables were past due but not impaired.

##### Other assets

- (i) Refer Note 26(g) for details of foreign currency derivatives and interest rate swap contracts.

##### Trade and other payables

- (i) Trade creditors are non-interest bearing and are normally settled on terms of between 30 and 45 days.
- (ii) Other creditors are non-interest bearing and have average repayment terms of between 30 and 90 days.
- (iii) Refer Note 26(g) for details of foreign currency derivatives.

##### Interest bearing loans and borrowings

- (i) The syndicated financing facility is an amortising loan over a five year term, denominated in Australian dollars. Interest is payable at market rates, plus a variable margin. The facility is secured by a first charge over the Group's assets.

### (d) Foreign currency risk

As inventories are predominantly imported and denominated in United States dollars (USD), the Group's financial results can be affected significantly by movements in the AUD/USD and ZAR/USD exchange rates. The Group also purchases inventory in Euro (EUR), and is impacted by movements in the AUD/EUR exchange rates. The Group's policy is to hedge at least 50% of highly probable forecast inventory commitments using predominantly forward currency contracts, and at least 80% of known orders. It is the Group's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximise hedge effectiveness. At balance sheet date, the Group had hedged 79% of its highly probable forecast USD purchases, and 51% of its highly probable forecast EUR purchases.

The Group also has currency exposures arising from transacting with its New Zealand operations in its functional currency of New Zealand dollars (NZD), with its South African operations in South African rand (ZAR) and with its Singapore operations in Singapore dollars (SGD). These exposures are not material to the Group and are not required to be hedged.

The Group's consolidated results are exposed to fluctuations in the AUD/NZD exchange rate, the AUD/ZAR exchange rate and the AUD/SGD exchange rate. Although exchange differences arising from translation of these operations into the Group's presentation currency (Australian dollars) are taken to equity, translated sales and profits of the foreign operations are impacted by fluctuations in the AUD/NZD, AUD/ZAR and the AUD/SGD exchange rates. It is the Group's policy not to hedge exchange differences arising on the translation of foreign operations.

# Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 28 JUNE 2014

## 26 FINANCIAL INSTRUMENTS (continued)

### (d) Foreign currency risk (continued)

At balance date, the Group had the following exposure to foreign currency:

	Consolidated	
	As at 28 June 2014 \$000's	As at 29 June 2013 \$000's
<b>Financial liabilities</b>		
Trade payables - USD	20,191	20,642
Trade payables - EUR	138	110
Net exposure	20,329	20,752

The Group has no exposure to the income statement from foreign currency payables at reporting date as all outstanding commitments were fully hedged by forward exchange contracts.

The Group also has, as outlined in part (g) below, forward currency contracts designated as cash flow hedges that are subject to fair value movements through equity as exchange rates move.

At reporting date, had the Australian dollar moved, as illustrated below, with all other variables held constant, post tax profit and equity would have been affected as follows:

	Consolidated	
	Post Tax Profit Higher/(Lower) \$000's	Equity Higher/(Lower) \$000's
<b>2014</b>		
AUD/USD +5.0%	-	(4,641)
AUD/EUR +5.0%	-	(11)
AUD/USD -5.0%	-	5,239
AUD/EUR -5.0%	-	12
<b>2013</b>		
AUD/USD +5.0%	-	(4,971)
AUD/EUR +5.0%	-	(36)
AUD/USD -5.0%	-	5,370
AUD/EUR -5.0%	-	40

### (e) Credit risk

The Group takes steps to ensure it trades only with recognised, creditworthy third parties and as such collateral is not requested.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored intensely on an ongoing basis, with the Group's exposure to, and history of, bad debts minimal. Credit risk is largely concentrated with Myer Limited and David Jones Limited.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, available-for-sale financial assets and certain derivative instruments, the Group's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

At reporting date, the credit quality of the the receivables balance of the Group is assessed and monitored as follows:

	Consolidated	
	As at 28 June 2014 \$000's	As at 29 June 2013 \$000's
New customers	-	583
No default customers	13,727	9,818
Net exposure	13,727	10,401



# Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 28 JUNE 2014

## 26 FINANCIAL INSTRUMENTS (continued)

### (f) Fair values

The carrying values of all financial assets and liabilities approximate their fair values. All borrowings are subject to floating rates of interest. Revaluation of hedge contracts to market value are presented in Note 26(g) below.

The fair values of derivatives have been calculated by discounting the expected future cash flows at prevailing interest rates.

#### *Fair value hierarchy*

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows, based on the lowest level that is significant to the fair value measurement as a whole:

Level 1 - Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities

Level 2 - Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable)

Level 3 - Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable)

For financial instruments that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

As at 28 June 2014, the Group held the following classes of financial instruments measured at fair value:

#### Financial assets measured at fair value

	2014 \$000's	Level 1 \$000's	Level 2 \$000's	Level 3 \$000's
Foreign currency forward contracts	131	-	131	-

#### Financial liabilities measured at fair value

	2014 \$000's	Level 1 \$000's	Level 2 \$000's	Level 3 \$000's
Foreign currency forward contracts	7,244	-	7,244	-
Interest rate swap contracts	488	-	488	-

#### *Valuation techniques*

The foreign currency forward contracts are measured based on observable spot exchange rates, the yield curves of the respective currencies as well as the currency basis spreads between the respective currencies. All contracts are fully cash collateralised, thereby eliminating both counterparty and the Group's own credit risk.

The interest rate swap contracts are measured based on observable market rates referenced to the Australian bank bill rate and its respective yield curves.

# Notes to the Financial Statements (continued)

## FINANCIAL INSTRUMENTS (continued)

### (g) Derivative financial instruments

	Consolidated	
	As at 28 June 2014 \$000's	As at 29 June 2013 \$000's
<b>Current assets</b>		
Forward currency contracts - cash flow hedges	131	15,504
	<b>131</b>	<b>15,504</b>
<b>Current liabilities</b>		
Forward currency contracts - cash flow hedges	7,244	-
Interest rate swap contracts	488	838
	<b>7,732</b>	<b>838</b>

#### Forward currency contracts - cash flow hedges

The Group holds foreign exchange contracts designated by range month as hedges of purchases of inventories in foreign currencies that are deemed highly probable at the time of designation, and which historically have proven to become firm commitments thereafter. The forward currency contracts are considered to be fully effective as they are matched against inventory purchases with any unrealised revaluation gain or loss recognised directly in equity. The cash flows are expected to occur between 1-12 months from 1 July 2014 with realised gains or losses recognised in cost of sales when the inventory is sold. At reporting date, the Group's contracts hedging future inventory purchases were:

	Buy US Dollars \$000's	Buy Euro \$000's	Totals \$000's
<b>2014</b>			
Aggregate foreign currency value of contracts	200,037	305	
Weighted average foreign exchange rate	0.8988	0.6435	
Aggregate value of contracts in Australian dollars	222,571	474	
Fair value at reporting date	215,485	448	
Net gain/(loss) on revaluation taken to reserves	(7,086)	(26)	(7,112)
Net gain/(loss) on revaluation taken to the income statement	-	-	-
Total gain/(loss) on revaluation	<b>(7,086)</b>	<b>(26)</b>	<b>(7,112)</b>
<b>2013</b>			
Aggregate foreign currency value of contracts	146,945	811	
Weighted average foreign exchange rate	1.0086	0.7502	
Aggregate value of contracts in Australian dollars	145,692	1,081	
Fair value at reporting date	161,104	1,173	
Net gain/(loss) on revaluation taken to reserves	15,412	92	15,504
Net gain/(loss) on revaluation taken to the income statement	-	-	-
Total gain/(loss) on revaluation	<b>15,412</b>	<b>92</b>	<b>15,504</b>

#### Interest rate swap contracts - cash flow hedges

The Group has long term syndicated debt with interest payable referenced to the Australian bank bill rate.

In order to protect against rising interest rates, the Group has entered into interest rate swap contracts under which it has a right to receive a variable rate payment and will pay at a fixed rate.

Swaps in place cover 100% of the syndicated finance facility referenced to the bank bill rate. The bank bill rate is fixed over the term of the facility at 3.292%.

The interest rate swaps are considered to be fully effective as they are matched against interest payments associated with the syndicated finance facility with any revaluation gain or loss recognised directly in equity.

# Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 28 JUNE 2014

## 27 PARENT ENTITY FINANCIAL INFORMATION

### Balance Sheet

Current assets  
Non current assets

### Total Assets

Current liabilities  
Non current liabilities

### Total Liabilities

### Net Assets

Contributed equity  
Retained profits

### Total Equity

### Profit for the period

### Total comprehensive income for the period

Parent Entity	
As at 28 June 2014	As at 29 June 2013
\$000's	\$000's
53	25
291,955	288,548
292,008	288,573
32,304	17,894
58,627	65,868
90,931	83,762
201,077	204,811
165,351	165,329
35,726	39,482
201,077	204,811
60,240	28,604
60,240	28,604

# Compliance Statement

FOR THE PERIOD ENDED 28 JUNE 2014

- 1 This report has been prepared in accordance with ASX Listing Rule 4.3A, Australian Accounting Standards, and other standards acceptable to the ASX.
- 2 This report, and the financial statements upon which the report is based, use the same accounting policies.
- 3 This report does give a true and fair view of the matters disclosed.
- 4 This report is based on financial statements that are in the process of being audited.
- 5 The entity has a formally constituted Audit Committee.



Oliver Kysela  
Company Secretary  
7th August 2014