Elect Performance Group Pty Ltd

ACN 107 958 690

General Purpose Consolidated Financial Report

For the year ended 30 June 2015

DIRECTORS

	Appointed
Gavin Xing	10 July 2013
Kellie Anne Barker	12 February 2004

COMPANY SECRETARY
Kellie Anne Barker

REGISTERED AND ADMINISTRATION OFFICE
15 Currajong Avenue
Camberwell, Melbourne VIC 3124

AUDITOR
William Buck
Level 20, 181 William Street,
Melbourne, VIC, 3000

BANK
ANZ Banking Corporation

ELECT PERFORMANCE GROUP PTY LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Your Directors present their report on the Consolidated Entity consisting of Elect Performance Group Pty Ltd ("Elect" or the "Company") and the entity that it controlled for year ended 30 June 2015.

Directors

The following persons were Directors of Elect Performance Group Pty Ltd during the whole of the financial year and up to the date of this report:

Director	Appointed
Gavin Xing	10 July 2013
Kellie Anne Barker	12 February 2004

Current Directors' qualifications and experience

Gavin Xing - Executive Director

Mr Xing has over 20 years of experience in investment banking and financing field with strong infrastructure, natural resources and commodities background. He held a number of sales, origination and structuring positions within Global Market Divisions of major International Financial Institutions. Mr Xing has experience as an executive director on public companies.

Kellie Anne Barker – Director and Company secretary

Ms Kellie Barker has been the director of the company since its inception. She has a background in management / HR consulting and worked in professional accounting and legal firms both overseas and in Australia. She has a Bachelor degree of Art with honours.

Principal activities

The principal activity of the Consolidated Entity is hay processing, trading and export. There has been no change in the principal activities during the year.

Results

The net result of operations after applicable income tax expense of the Consolidated Entity for the year ended 30 June 2015 was a profit of $426,503 (2014: loss of $250).

Dividends

No dividends were either paid or declared for the year and the Directors do not recommend the payment of a dividend in respect of the financial year ended 30 June 2015.

Review of operations

Elect Performance Group Pty Ltd is an agribusiness company trading as JC Tanloden ("JCT"), which is a hay processing, trading and export business that has an operating history of over 15 years in regional Victoria. Since Elect's involvement in and ownership of the JCT business it has provided the financial, management and marketing needs of the business and has consolidated its customer base in North Asia while increasing its presence in the growing Chinese market. Elect and JCT now has an experienced management team and workforce with the expertise to manage, operate and market the future growth of the JCT business.

Based in the northern Victorian region, in a major regional centre, the operation site is central to the bulk of the hay suppliers and enjoys excellent road access to the Port of Melbourne.

JCT mainly produces Oaten Hay, Wheaten Hay, Lucerne Hay and Wheaten Straw to focus on the North Asia markets with its traditional markets being Japan and Taiwan, and recently expansion into the Korean and Chinese markets. JCT has forged a strong reputation over the years delivering premium quality hay to its customers.

Significant changes in the state of affairs

On the 23 February 2015 Elect Performance Group Pty Ltd purchased the hay processing business JC Tanloden in Bendigo, Victoria for $3,900,000 plus Inventory. The Consolidated Entity acquired the plant and equipment ($2,083,925), inventory ($979,528) and intangible assets ($1,816,075) from the vendors of JC Tanloden Pty Ltd. The consideration was paid through the following financing; Commercial Bill & Asset Finance Loan ($2,030,000), Vendor finance ($2,149,528) and a Shareholder loan ($734,697).

On the 15 May 2015, the Elect Performance Group Pty Ltd signed a Heads of Agreement with Biron Apparel Limited ("Biron") for the acquisition of 100% of the issued capital of the Company.

The transaction will further consolidate the Company Entity as a vertically aligned agribusiness enterprise and it will be well positioned to take advantage of the commercial opportunities that exist in this sector, starting from its base that is operating at the forefront of processing, trading and exporting of hay for animal feed.

The consideration for the purchase of 100% of the share capital of the Consolidated Entity is $4,000,000 to be satisfied by the issue of 20,000,000 ordinary shares in Biron on a post consolidation basis.

Completion of the acquisition is conditional on the satisfaction or waiver of the following conditions:

1. Biron completing due diligence investigations on the Company and being satisfied with the outcome of those investigations.

2. Biron and the Company's shareholders entering into transaction documents to adequately document the Elect Performance Group Pty Ltd acquisition on terms satisfactory to the parties.

3. Each party obtaining shareholder approval necessary to facilitate the transaction.

4. Biron obtaining an opinion from an Independent Expert that the acquisition is fair and reasonable and in the best interests of its shareholders.

As at 30 June 2015 and at the date of this report, the Consolidated Entity has received a $200,000 deposit paid by Biron as part of the due diligence process, which will either be extinguished through the transaction, if it occurs, or returned to Biron Ltd in the event that the due diligence process does not complete.

Matters subsequent to the end of the financial year

Since the end of the financial year there is no matters other than mentioned elsewhere in this report.

Likely developments

The Consolidated Entity expects to grow its revenue and underlying earnings in the coming financial year both organically, and, subject to a successful completion of a re-quotation on the ASX by Biron Limited, through acquisition.

Environment regulation

The Consolidated Entity's operations are subject to various environmental laws and regulations and where required the Consolidated Entity maintains environmental licenses and registrations in compliance with applicable regulatory requirements. These environmental laws and regulations control the use of land, the erection of buildings and structures on land, the emission of substances to water, land and atmosphere, the emission of noise and odours, the treatment and disposal of waste, and the investigation and remediation of soil and ground water contamination. The Consolidated Entity has procedures in place designed to ensure compliance with all applicable environmental regulatory requirements. For the year ended 30 June 2015 and up to the date of signing of this report, there were no known breaches of such environmental laws and regulations.

Shares under option

As at 30 June 2015 the Consolidated Entity had no options on issue in-respect of the issue of share capital (2014: nil).

Proceedings on behalf of the company

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

Indemnity and insurance of auditor or officers of the Company

The company has not, either during or since the end of the financial year, in respect of any person who is or has been an auditor of the company, an officer of the company or a related body corporate, indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings.

ELECT PERFORMANCE GROUP PTY LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Auditor's independence declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is attached to this Directors' report.

Auditor

William Buck were appointed as auditors on 8 May 2015 and continue in office in accordance with section 327 of the Corporations Act 2001.

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

On behalf of the directors

Mr Gavin Xing
Director 20/8/2015

William Buck

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF ELECT PERFORMANCE GROUP PTY LTD

I declare that, to the best of my knowledge and belief during the year ended 30 June 2015 there have been:

— no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

— no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck Audit [Vic] Pty Ltd
ABN 59 116 151 136

N. S. Benbow
Director
Dated this 20th day of August, 2015

ELECT PERFORMANCE GROUP PTY LTD

Statement of Profit or loss and other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015	2014
		$	$
Revenue			
Sale of hay		2,861,679	-
Cost of goods sold		(1,201,368)	-
Gross Margin		**1,660,311**	-
Other income		1,997	-
Expenses			
Administration expense		(317,167)	(250)
Freight expenses		(408,084)	-
Occupancy costs		(69,963)	-
Profit before finance costs, depreciation, business purchase transaction costs and income tax expense		**867,094**	**(250)**
Finance costs		(81,482)	-
Depreciation		(141,626)	-
Transaction costs relating to the business purchase of JC Tanloden		(34,697)	-
Net profit before income tax expense		**609,289**	**(250)**
Income tax expense	4	(182,786)	-
Net profit / (loss) attributable to members of the company		**426,503**	**(250)**
Other comprehensive income for the year, net of income tax		-	-
Total comprehensive income for the year attributable to members of the Consolidated Entity		**426,503**	**(250)**

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

ELECT PERFORMANCE GROUP PTY LTD

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

	Note	2015	2014
CURRENT ASSETS		**$**	**$**
Cash and cash equivalents	16a	713,282	2
Trade debtors		254,755	-
Other current assets	5	250,998	
Inventory	6	1,225,072	-
TOTAL CURRENT ASSETS		**2,444,107**	**2**
NON-CURRENT ASSETS			
Deferred tax asset		3,235	-
Intangible assets	9	1,816,075	-
Plant and equipment	7	1,955,235	-
TOTAL NON-CURRENT ASSETS		**3,774,545**	**-**
TOTAL ASSETS		**6,218,652**	**2**
CURRENT LIABILITIES			
Trade payables and accrued expenses		879,348	250
Revenue received in advance		57,254	-
Provisions for employee benefits		31,866	-
Current income tax payable		186,021	-
Borrowings	8	4,211,383	-
TOTAL CURRENT LIABILITIES		**5,365,872**	**250**
NON-CURRENT LIABILITIES			
Borrowings	8	426,525	-
TOTAL NON-CURRENT LIABILITIES		**426,525**	**-**
TOTAL LIABILITIES		**5,792,397**	**250**
NET (DEFICIENCY OF) ASSETS		**426,255**	**(248)**
SHAREHOLDERS' EQUITY			
Issued capital	10	2	2
Retained earnings / (accumulated losses)		426,253	(250)
TOTAL EQUITY		**426,255**	**(248)**

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

ELECT PERFORMANCE GROUP PTY LTD

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2015

	Issued capital $	Retained earnings / (accumu-lated losses) $	Total equity $
At 1 July 2013	**2**	**-**	**2**
Loss for the year	-	(250)	(250)
Total comprehensive income for the year	-	(250)	(250)
As at 30 June 2014	**2**	**(250)**	**(248)**
Profit for the year	-	426,503	426,503
Total comprehensive income for the year	-	426,503	426,503
As at 30 June 2015	**2**	**426,253**	**426,255**

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

ELECT PERFORMANCE GROUP PTY LTD

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		$	$
Receipts from customers		2,664,178	-
Payments to suppliers and employees		(1,580,229)	-
Borrowing costs		(81,482)	-
Interest received and other income		66	-
NET CASH INFLOWS FROM OPERATING ACTIVITIES	16 (b)	**1,002,533**	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for the purchase of a business	9	(1,906,367)	
Payments for plant and equipment		(12,936)	-
NET CASH OUTFLOWS FROM INVESTING ACTIVITIES		**(1,919,303)**	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Deposit received from Biron Apparel Ltd		200,000	-
Proceeds from commercial bill		1,545,000	-
Proceeds from loan from shareholder		917,181	-
Repayment of loan from vendor		(930,808)	-
Repayments of asset finance loan		(101,323)	-
NET CASH INFLOWS FROM FINANCING AND INVESTING ACTIVITIES		**1,630,050**	-
NET INCREASE IN CASH AND CASH EQUIVALENTS		**713,280**	-
Cash and cash equivalents at the beginning of the financial year		2	2
Cash and cash equivalents at the end of the financial year	16 (a)	**713,282**	**2**

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

ELECT PERFORMANCE GROUP PTY LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the consolidated financial report are set out below. The consolidated financial statements and notes represent those of Elect Performance Group Pty Ltd (the "Company") and the entities it controlled at year's end or from time to time during the year.

Basis of preparation

The consolidated financial statements are general purpose consolidated financial statements that have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001,* as appropriate for for-profit entities.

Compliance with Australian Accounting Standards ensures that the consolidated financial statements and notes also comply with International Consolidated financial reporting Standards (IFRS) as issued by the International Accounting Standards Board ('IASB'). Material accounting policies adopted in the preparation of these consolidated financial statements are presented below and have been consistently applied unless otherwise stated.

The consolidated financial statements have been prepared on an accruals basis and are based on historical costs applying the going concern basis of accounting, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Going Concern

As at 30 June 2015 the Consolidated Entity had a deficiency of net working capital totalling $2,921,765.

Notwithstanding this, the directors have assessed the Consolidated Entity's most recent cash flow forecast, which supports their view of the Consolidated Entity as a going concern, incorporating the following key matters:

- The Consolidated Entity has forecast to earn revenues of $12.3m in the 2015-16 financial year, to which it will net cash inflows of $3.0m. The business has a strong track record of trade in place with key customers and suppliers which support these forecast revenues and cash inflows;
- As at 30 June 2015 the Consolidated Entity had a total of $3,522,147 in borrowings owing to commercial lenders and unrelated parties and a further $875,000 available to the Consolidated Entity in unused facilities relating to its commercial bill. The Consolidated Entity expects to repay or roll into new financing arrangements these borrowings by their contractual maturity dates, which are disclosed in note 15 to the consolidated financial statements describing the Consolidated Entity's financial instruments;
- A further $995,511 was owing to shareholders of the Company. These shareholders have written to the Consolidated Entity as at the date of this report stating their intention, and ability, if required, to not call upon amounts which are due and payable to them at-call and are therefore reported as current borrowings in the statement of financial position to the extent that calling upon these liabilities may potentially jeopardise the Consolidated Entity's reservoir of available working capital; and
- The Consolidated Entity has entered into a Heads of Agreement with Biron Apparel, an ASX–listed company, which will see shareholders of the Consolidated Entity agree to sell their shares in the Consolidated Entity in-exchange for 32% of the issued capital in Biron based upon a re-quotation on the ASX in-conjunction with a capital raising of a minimum of $3.0m under a Prospectus, the proceeds of which will be used to repay existing financial liabilities of the Consolidated Entity and further support the Consolidated Entity's working capital requirements as it pursues its sales growth goals for which it has forecast.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Going Concern (Cont'd)
This consolidated financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that may be necessary should the Consolidated Entity be unable to continue as a going concern.

Critical accounting estimates and judgments
The preparation of consolidated financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Consolidated Entity's accounting policies. The following key estimates and judgments were made in these consolidated financial statements:

- The provisional assessments of fair value of assets acquired in the purchase of the JC Tanloden business as equalling the amounts stipulated in the sale agreement;
- The assessment of the JC Tanloden business as meeting the definition of a business for accounting standard purposes and therefore the acquisition has been treated as a business combination in accordance with AASB 3; and
- The directors' assessment of the fair values of assets and liabilities acquired under JC Tanloden business as disclosed in the business combination note 9 are provisional and will be reclassified once the fair values of all identifiable assets and liabilities are determined.

Significant accounting policies
Accounting policies are selected and applied in a manner which ensures that the resultant financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions and other events is reported.

The following significant accounting policies have been adopted in the preparation and presentation of the consolidated financial report:

(a) Borrowing costs
Borrowing costs are expensed as incurred.

(b) Cash and cash equivalents
Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

(c) Inventory
Inventories are measured at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials: weighted average cost basis;
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial Instruments

Recognition and initial measurement
Financial assets and financial liabilities are recognised when the Consolidated Entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Consolidated Entity commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs.

Classification and subsequent measurement
Financial assets are classified on initial recognition as those to be subsequently measured at fair value or amortised cost using the effective interest method dependent on the entity's business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be subsequently measured at fair value or amortised cost.

Amortised cost is calculated as:

- the amount at which the financial asset or financial liability is measured at initial recognition;
- less principal repayments;
- plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and
- less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant year and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

Loans and receivables
Loans and receivables are subsequently recognised at amortised costs less an allowance for any uncollectible amounts. Loans and receivables are included in current assets, except for those which are not expected to be received within 12 months after the end of the reporting period.

Impairment
At the end of each reporting year, the Consolidated Entity assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial Instruments (cont'd)

De-recognition

Financial assets are de-recognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the Consolidated Entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are de-recognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(e) Foreign currency translation

Functional and presentation currency

The functional currency of each of the Consolidated Entity entities is measured using the currency of the primary economic environment in which that Consolidated Entity operates. The consolidated financial statements are presented in Australian dollars which is the Company's functional currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Any foreign currency gains and losses are recognised in the statement of profit or loss and other comprehensive income.

(f) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- where the amount of GST incurred is not recoverable from the taxation authority it is recognised as part of the cost of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authorities is included as part of other receivables or other payables.
Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authorities is classified as operating cash flows.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Impairment of assets

At the end of each reporting year, the Consolidated Entity assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Consolidated Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

(h) Income tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting year. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated 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 enacted or substantively enacted at the end of the reporting year. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Plant and equipment

Each class of plant and equipment is carried at cost, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment are measured on the cost basis.

Depreciation

The depreciable amount of all fixed assets including capitalised lease assets, is depreciated on a diminishing value basis over the asset's useful life, or for leased assets over the shorter of the lease term or the asset's useful life.

The following estimated useful lives are used in the calculation of depreciation.

Plant and equipment	2 – 10 years
Motor vehicles	5 – 7 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting year.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

***(k)* Business Combinations**

Business combinations occur where an acquirer obtains control over one or more businesses and results in the acquisition of its assets and liabilities.

A business combination is accounted for by applying the acquisition method. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer (i.e. parent Consolidated Entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent Consolidated Entity. From this date, the parent has one year to recognise in the consolidated financial statements the fair value of the identifiable assets acquired and liabilities assumed, including the fair value of contingent liabilities.

Any consideration exceeding the net fair value of assets acquired and liabilities assumed is recognised in the statement of financial position as goodwill. Transaction costs are expensed as incurred.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Revenue recognition

Revenue from the sale of goods is recognised when the following conditions are met:

- the risks and reward of ownership of the goods has passed to the customer;
- the Consolidated Entity no longer has any continuing managerial involvement with the goods which would indicate that those goods are owned or controlled;
- the revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

All revenue is stated net of the amount of goods and services tax (GST).

(m) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases, net of any incentives received from the lessor, are charged to the Statement of Profit and Loss and Comprehensive Income on a straight-line basis over the period of the lease.

Leases where the consolidated entity, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased asset or, if lower, the present value of the minimum lease payments. Each lease payment is allocated between the lease liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(n) New, revised or amending Accounting Standards and Interpretations adopted

With the exception of AASB 15 (below), the Consolidated Entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting year or available for early adaption. There was no significant impact arriving in these consolidated financial statements from the adaption of these standards and interpretations.

AASB 15 Revenue from Contracts with Customers and AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 (applicable for annual reporting years commencing on or after 1 January 2017)

AASB 15 establishes a single, comprehensive framework for revenue recognition, and replaces the previous revenue Standards AASB 118 Revenue and AASB 111 Construction Contracts, and the related Interpretations on revenue recognition Interpretation 13 Customer Loyalty Programs, Interpretation 15 Agreements for the Construction of Real Estate, Interpretation 18 Transfers of Assets from Customers and Interpretation 131 Revenue—Barter Transactions Involving Advertising Services.

AASB 15 introduces a five step process for revenue recognition with the core principle of the new Standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the Consolidated Entity expects to be entitled in exchange for those goods or services.

AASB 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.

The Consolidated Entity has not yet assessed the impact of this standard.

2. OPERATING PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE

	2015	2014
The operating profit from ordinary activities before income tax expense has been determined after charging the following expenses:		
Employment costs	$	$
Employee salary	131,073	-
Superannuation	11,486	-
Other employment expenses	2,129	-
	144,688	-

3. REMUNERATION PAID TO THE AUDITOR

Remuneration paid to the auditor, William Buck		
Audit of the consolidated financial report	20,000	-
Due diligence assurance services	22,901	-
	42,901	-

4. TAXATION

	2015 $	2014 $
The prima facie income tax expense on pre-tax accounting profit reconciles to the income tax expense in the consolidated financial statements as follows:		
Net Profit before tax from ordinary activities	609,289	(250)
Income tax expense calculated at 30% of operating profit	182,786	-
Income tax expense for the year	**182,786**	**(250)**

5. OTHER CURRENT ASSETS

	2015	2014
	$	$

GST receivable	190,240	-
Other current assets	60,758	-
	250,998	-

6. INVENTORY

	2015	2014
	$	$
Raw materials - hay	1,225,072	-
	1,225,072	-

7. PLANT AND EQUIPMENT

Reconciliations of the carrying amount of each class of plant and equipment at the beginning and end of the current financial year are set out below.

	2015	2014
Motor vehicles	$	$
Cost	147,000	-
Accumulated depreciation	(11,055)	-
	135,945	-
Plant and equipment		
Cost	1,949,861	-
Accumulated depreciation	(130,571)	-
	1,819,290	-
Total		
Cost	2,096,861	-
Accumulated depreciation	(141,626)	-
	1,955,235	-

	Motor vehicles $	Plant and equipment $	Total $
Carrying amount at 1 July 2014	-	-	-
Purchases through business combination	147,000	1,936,925	2,083,925
Additions	-	12,936	12,936
Depreciation	(11,055)	(130,571)	(141,626)
Carrying amount at 30 June 2015	**135,945**	**1,819,290**	**1,955,235**

8. BORROWINGS

	2015	2014
Current	$	$
Deposit – Biron Apparel Ltd (1)	200,000	-
Commercial bill (2)	1,545,000	-
Asset finance loan (2)	252,152	-
Vendor finance loan (3)	1,218,720	-
Shareholder loan (4)	995,511	-
	4,211,383	-
Non-current		
Asset finance loan (2)	426,525	-
	426,525	-

(1) As at 30 June 2015 and at the date of this report, the Consolidated Entity has received a $200,000 deposit paid by Biron as part of its ongoing due diligence process for a merger under a Heads of Agreement, which will either be extinguished through the transaction, if it occurs, or returned to Biron Ltd in the event that the due diligence process does not complete.

(2) The commercial bill is a revolving facility, subject to annual review. Its interest is charged with reference to the BBSW rate, which at 30 June 2015 was 7.22%. The asset finance loan is repayable over 3 years at 5.12% interest terms. Both loans are secured through a fixed and floating charge over the assets of the Consolidated Entity.

(3) The Consolidated Entity entered into a Vendor financing agreement with JC Tanloden Pty Ltd ATF the Chen Family Trust (the "vendor"). This amount matures within 12 months and has 5% interest bearing terms. The vendor loans are guaranteed under a personal guarantee by the directors of Elect Performance Group Pty Ltd.

(4) This loan is owed to the shareholders of the company, being its directors and is non-interest bearing and repayable at call.

Banking facilities

As at 30 June 2015 the Consolidated Entity had secured banking facilities limits with the ANZ Banking Corporation as follows:

	Commercial bill	Foreign currency dealing facility	Bank guarantee	Total
	$	$	$	$
Total facility limit	2,420,000	1,200,000	79,750	3,699,750
Less amount used	(1,545,000)	-	-	(1,545,000)
Unused facilities	**875,000**	**1,200,000**	**79,750**	**2,154,750**

The Consolidated Entity had no banking facilities in the prior period.

9. BUSINESS COMBINATION

On 23 February 2015 the company, following a considered due diligence examining the merits of entering into the agribusiness industry, acquired through an asset purchase agreement the business of JC Tanloden. Upon completion of the acquisition, 100% control of the business was transferred to the Company. This business processes its hay in the South-Eastern region of Australia and exports its hay predominantly to Asia. Due to this fact, the directors believe that JC Tanloden has the necessary inputs, processes and outputs to satisfy the accounting definition of a business. The details of the business purchase is as follows:

Purchase Consideration	**As at 23 February 2015 $**
Agreed purchase price	3,900,000
Plus inventory	929,528
Plus prepaid inventory	50,000
	4,879,528
This consideration was paid through the following:	
Cash consideration	1,906,367
Asset finance loan	780,000
Vendor finance	2,149,528
Shareholder loan	78,330
Less transaction costs charged to the profit and loss	(34,697)
	4,879,528
The following provisional fair values of assets were acquired as at this date:	
Plant and equipment	2,083,925
Inventory	929,528
Prepayments for inventory	50,000
	3,063,453
Excess of purchase consideration to the provisional assessment of fair values of assets acquired – goodwill	**1,816,075**
Profit and loss impact of the acquisition of JC Tanloden	
Impact on revenues since the date of acquisition	2,861,679
Impact on the profit and loss after tax since the date of acquisition	426,253
Revenues of the combined entity had the acquisition taken place at 1 July 2014	8,071,478
Profit or loss after tax of the combined entity had the acquisition taken place at 1 July 2014	1,096,913

The company acquired the plant and equipment, inventory and intangible assets from the vendors of JC Tanloden Pty Ltd. The values of the plant and equipment and inventory are recorded at amounts agreed to between both parties as set out in the business sale agreement. These fair values and those of intangibles, described below, are provisional and will be re-evaluated in the 12 months from the date of acquisition, being 23 February 2015. The intangible assets represents the premium of consideration paid for the business relative to the values attributed to the net tangible assets which were identified in the purchase, and are classified in these consolidated financial statements as goodwill. The directors consider that the likely intangible assets represented by this goodwill will be export licences and accreditation, customer relations and the business name. As at the date of this report, however, the calculation of the fair values of both these intangible assets and the net tangible assets, net of any deferred tax consequences acquired in the business purchase is yet to complete.

The Consolidated Entity entered into a new lease in-conjunction with the business purchase, which required a bank guarantee totalling $79,500. The directors have provisionally considered that the fair value of this bank guarantee is $nil, but this will also form part of the fair value analysis that will be concluded in examining the business purchase.

10. ISSUED CAPITAL

The Consolidated Entity has 2 fully paid ordinary shares (2014: 2). Ordinary shares have the right to receive dividends as declared by the board and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle the holder to one vote either in person or by proxy at a meeting of the Company.

11. CONTINGENT LIABILITIES

There are no other contingent liabilities, other than those disclosed in this report.

12. LEASE COMMITMENTS

Operating leases

The Consolidated Entity has warehouse and storage facilities in Bendigo with a lease term of 6 years at $145,000 pa payable monthly with an option to renew for further 4 years. No option exists to purchase the facilities at the conclusion of the lease year.

Minimum payments under the lease:	2015 $	2014 $
No longer than 1 year	145,000	-
Longer than 1 year and not longer than 5 years	580,000	-
Longer than 5 years	145,000	-
	870,000	-

During the year an amount of $60,417 was charged to the profit and loss in-respect of its operating leases and is classified as an administration expense.

Finance leases

The Consolidated Entity has entered into an Asset Finance Loan to acquire the plant and equipment in the business combination described in note 9.

Minimum payments under the lease net of future finance charges:		
No longer than 1 year	252,152	-
Longer than 1 year and not longer than 5 years	426,525	-
Longer than 5 years	-	-
	678,677	-

13. RELATED PARTY DISCLOSURES AND KEY MANAGEMENT PERSONNEL COMPENSATION

The names of key management personnel of Elect Performance Group Pty Ltd during the year were its directors, being Gavin Xing (appointed 10 July 2013) and Kellie Barker (appointed 12 February 2004). During the year the directors entered into personal guarantees on behalf of the Consolidated Entity in relation to its ANZ facilities and vendor finance.

There was no remuneration paid to directors during the year.

14. EVENTS OCCURRING AFTER THE END OF THE FINANCIAL YEAR

Since the end of the financial year there are no matters other than mentioned elsewhere in this report.

15. FINANCIAL INSTRUMENTS DISCLOSURES

(a) Capital management

The Consolidated Entity considers its capital to comprise its ordinary share capital and retained earnings.

In managing its capital, the Consolidated Entity's primary objective is to ensure its continued ability to provide a consistent return for its equity shareholders through a combination of capital growth and distributions. In order to achieve this objective, the Consolidated Entity seeks to maintain adequate levels of levels of debt financing and cash balances to enable the Consolidated Entity to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, either through altering its dividend policy, new share issues, or reduction of debt, the Consolidated Entity considers not only its short-term position but also its long-term operational and strategic objectives.

(b) Financial instrument risk exposure and management

The Board has overall responsibility for the determination of the Consolidated Entity's risk management objectives and policies and has the responsibility for designing and operating processes that ensure the effective implementation of the objectives and policies to the Consolidated Entity's finance function. The Board receives monthly reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The principal financial instruments used by the company, from which financial instrument risk arises include cash and cash equivalents, receivables, trade and other payables and borrowings. The directors consider these to be the material financial instrument risks facing the company:

(i) Foreign exchange risk

With the majority of its export sales denominated in US Dollars, fluctuations in the US Dollar may impact on the Consolidated Entity's financial results and its cashflows. The Consolidated Entity does not engage in any hedging or derivative transactions to manage foreign exchange risk, but instead manages this risk through cashflow forecasting and maintaining adequate reserves of available lines of credit for its working capital.

The Consolidated Entity is exposed to foreign currency risk on the receivables and US$ bank accounts denominated in currencies other than the functional currency of the operations.

As at 30 June 2015, the Consolidated Entity held $295,054 in US$ bank facilities and $224,469 US$ in trade receivables. As at this date, had the USD moved by 5%, this would have increased or decreased profit in the Consolidated Entity by $25,976.

(ii) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Company.

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting year, is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position. There were no receivables that were past their due date as at 30 June 2015 (2014: nil).

(iii) Liquidity risk

Liquidity risk arises from the Consolidated Entity's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Consolidated Entity may encounter difficulty in meeting its financial obligations as they fall due.

The Consolidated Entity's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements for a year of at least 45 days.

The principal ways in which the board manages its liquidity risk is through cash flow forecasting and maintaining adequate unused facility levels under its banking arrangements.

The following table sets out contractual maturities of the Consolidated Entity financial liabilities and operating leases as at 30 June 2015:

	Total	<30 days	30-180 days	180-360 days	> 1 year
	$	$	$	$	$
Trade and other payables	1,065,369	490,723	574,646	-	-
Borrowings	4,637,908	21,013	1,117,543	3,072,827	426,525
	5,703,277	**511,736**	**1,692,189**	**3,072,827**	**426,525**

(c) Fair value

The carrying amounts of cash, trade and other receivables, trade and other payables and borrowings approximate their fair values due to either their short-term nature, or in the case of long-term borrowings, due to the fact that their interest terms are at market rates.

16. NOTES TO THE STATEMENT OF CASH FLOWS

	2015 $	2014 $
(a) Cash on hand comprises:		
Cash at bank and on hand	713,282	2
	713,282	**2**

(b) Reconciliation of profit from ordinary activities after income tax to net cash inflows from operating activities as follows:		-
Operating profit after income tax expense	**426,503**	(250)
Depreciation and amortisation	**141,626**	-
Transaction costs relating to business purchase	**34,697**	-
Change in operating assets and liabilities:		
- (Increase) in in receivables	**(254,755)**	-
- (Increase) in other assets	**(250,998)**	-
- (Increase) in inventory	**(245,545)**	-
- Increase in other trade payables	**879,098**	250
- Increase on other creditors and net tax liabilities	**271,906**	
Net cash inflow from operating activities	**1,002,533**	-

(c) Non-cash flows in financing and investing activities		
Purchase of assets under Vendor finance	**2,149,528**	-
Purchase of assets under business combination through financing arrangements directly between vendor and commercial financiers	**823,633**	-

17. PARENT ENTITY DISCLOSURES

Although these are consolidated financial statements, no parent entity disclosures, as are required under the Corporations Act as both entities, being Elect Performance Group Pty Ltd (the parent) and its controlled entity, the JC Tanloden business, operate under one legal entity structure, being Elect Performance Group Pty Ltd.

DIRECTORS' DECLARATION

In the directors' opinion:

- the attached consolidated financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached consolidated financial statements and notes thereto comply with International Consolidated financial reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the consolidated financial statements;
- the attached consolidated financial statements and notes thereto give a true and fair view of the Consolidated Entity's financial position as at 30 June 2015 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

Mr Gavin Xing

Director 20/8/2015

William Buck

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELECT PERFORMANCE GROUP PTY LTD AND CONTROLLED ENTITIES

Report on the Financial Report

We have audited the accompanying consolidated financial report comprising Elect Performance Group Pty Ltd (the Company) and the entities it controlled at 30 June 2015 or from time to time during the financial year (the consolidated entity). The consolidated financial report comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

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

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

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

CHARTERED ACCOUNTANTS & ADVISORS

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William Buck

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELECT PERFORMANCE GROUP PTY LTD AND CONTROLLED ENTITIES (CONT)

Auditor's Opinion

In our opinion:

a) the financial report of the consolidated entity is in accordance with the Corporations Act 2001, including:
   i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
   ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 in the financial report which indicates that the consolidated entity had a net deficiency of working capital at 30 June 2015 of $2,921,765. This condition, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore the consolidated entity may be unable to realise its assets and discharge liabilities in the normal course of business.

Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report of Elect Performance Group Pty Ltd for the period ended 30 June 2015 included on Elect Performance Group Pty Ltd's web site. The Company's directors are responsible for the integrity of Elect Performance Group Pty Ltd's web site. We have not been engaged to report on the integrity of Elect Performance Group Pty Ltd's web site. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

William Buck

William Buck Audit [Vic] Pty Ltd
ABN 59 116 151 136

N. S. Benbow
Director
Dated this 20th day of August, 2015