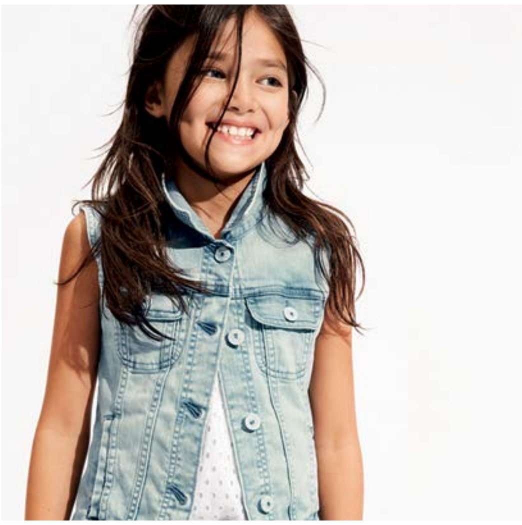
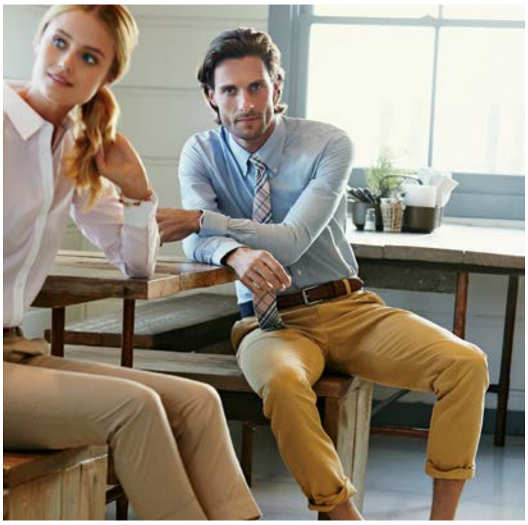
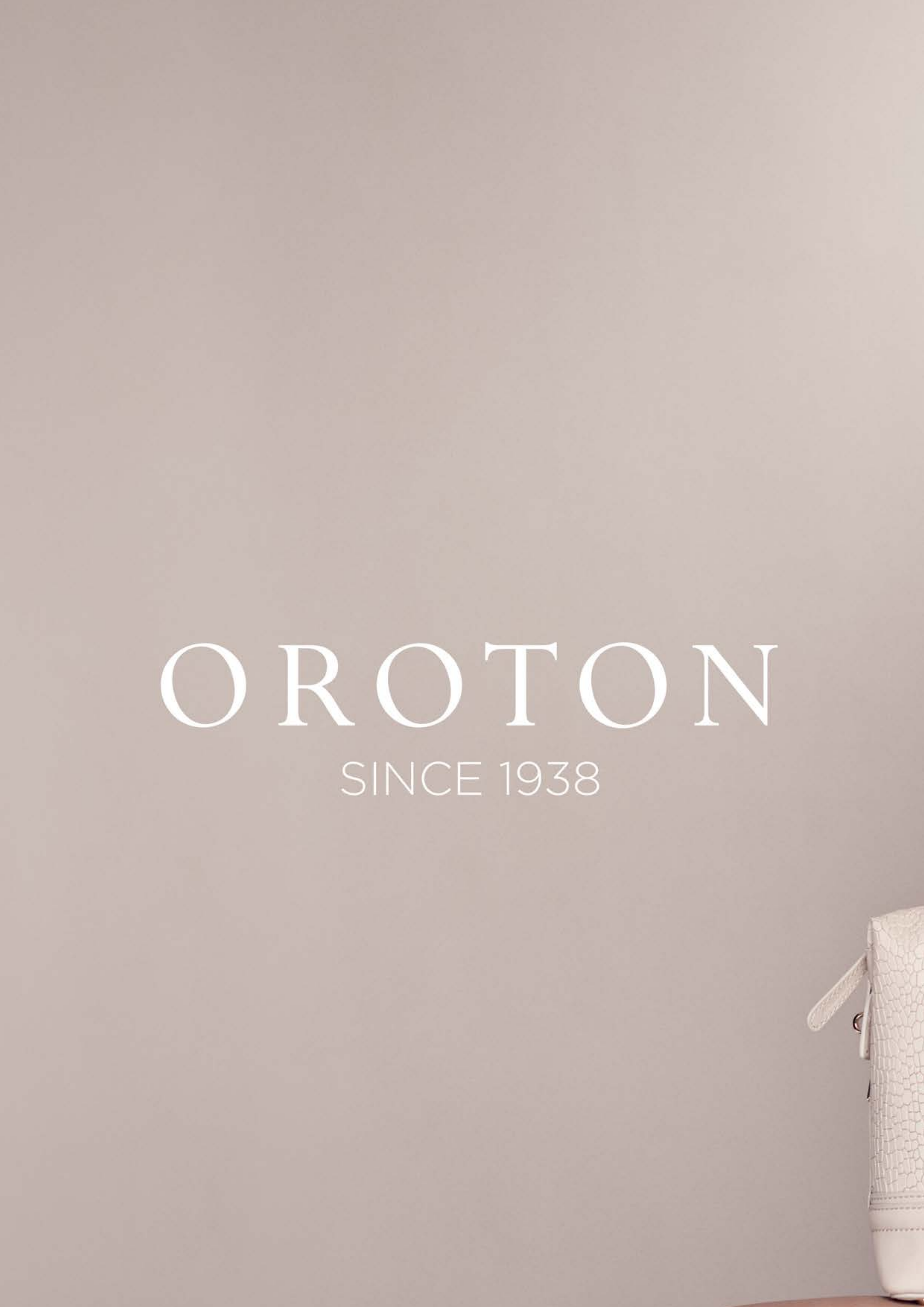
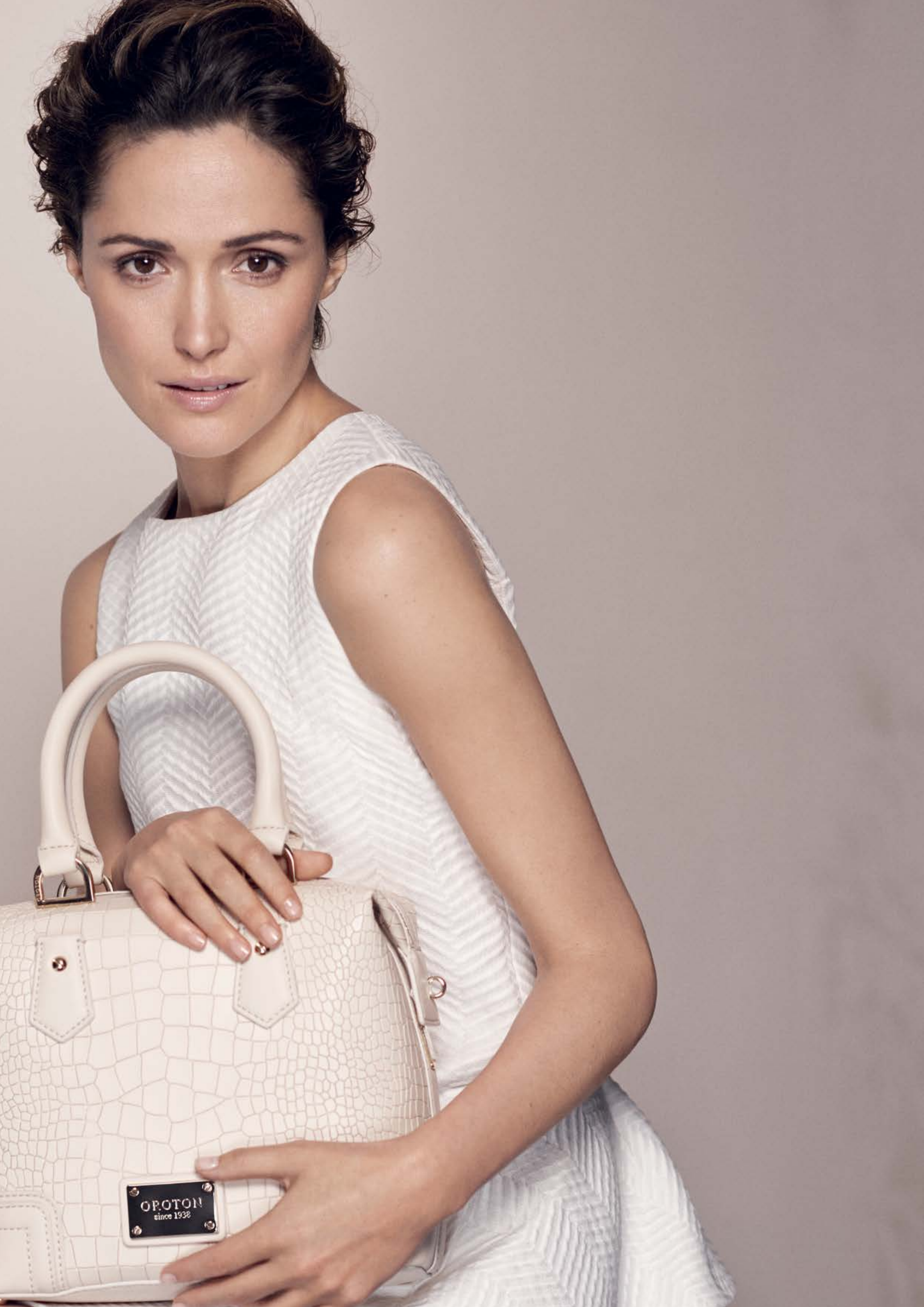
OROTONGROUP

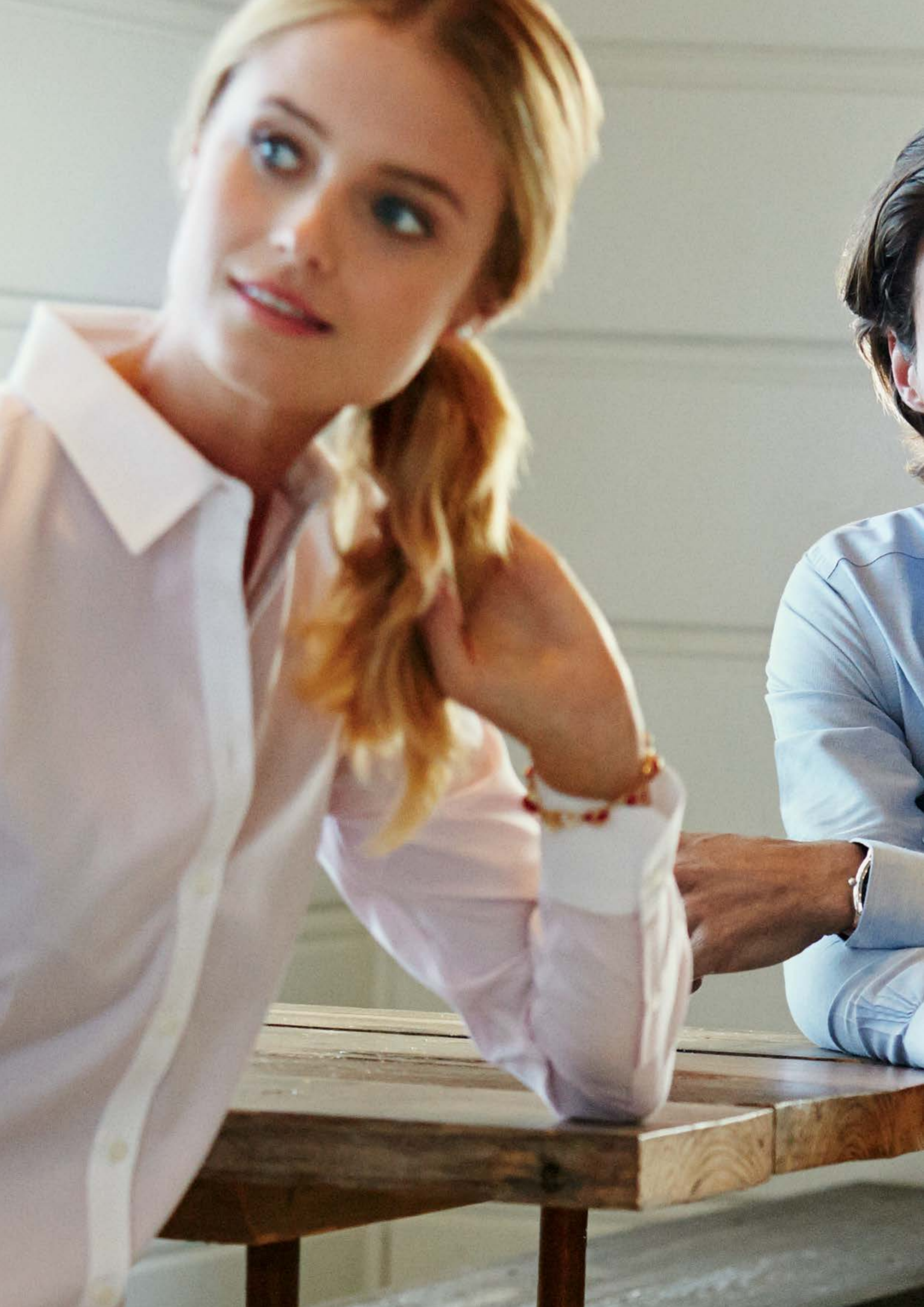
ANNUAL REPORT 2014

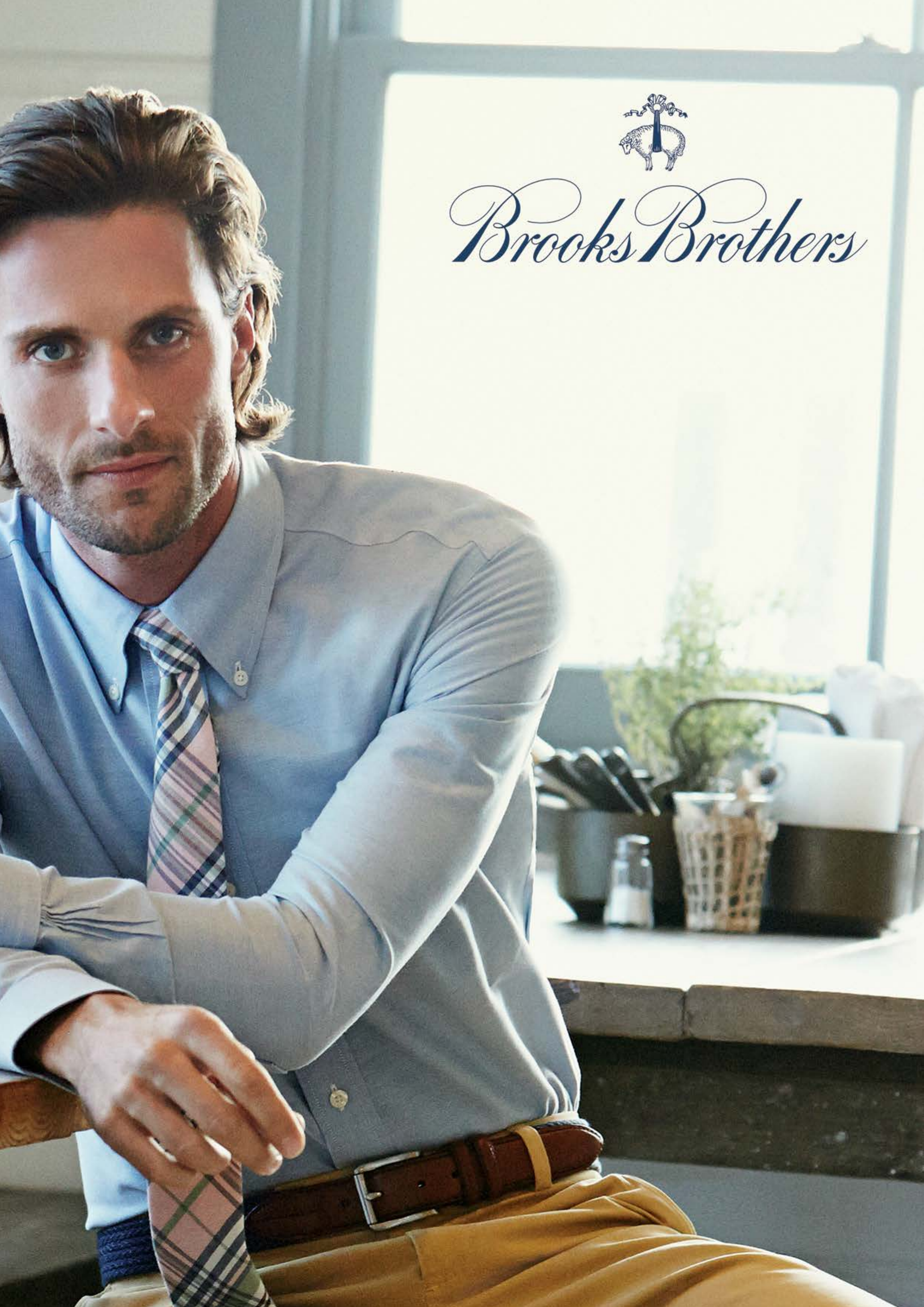



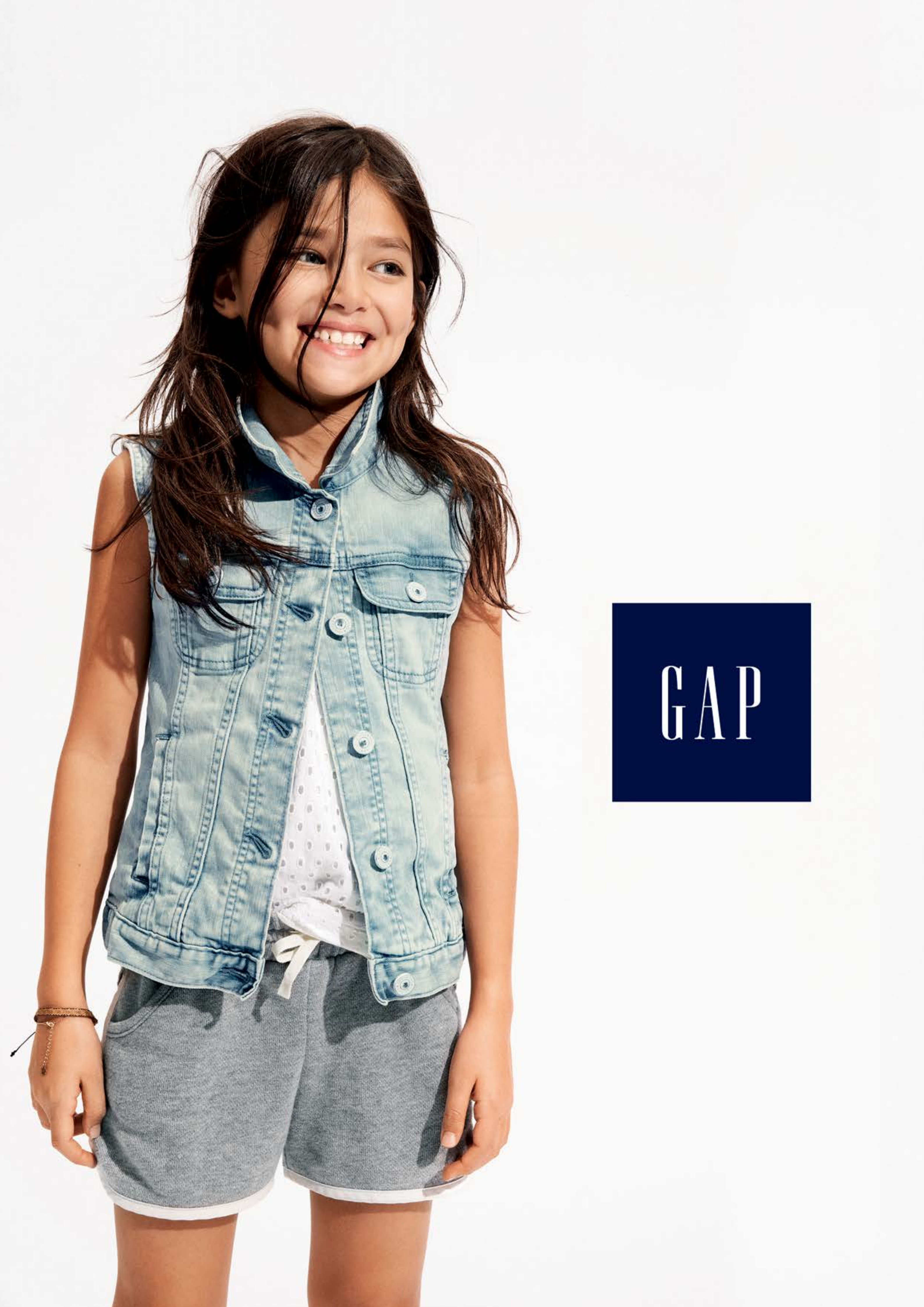

OROTONGROUP

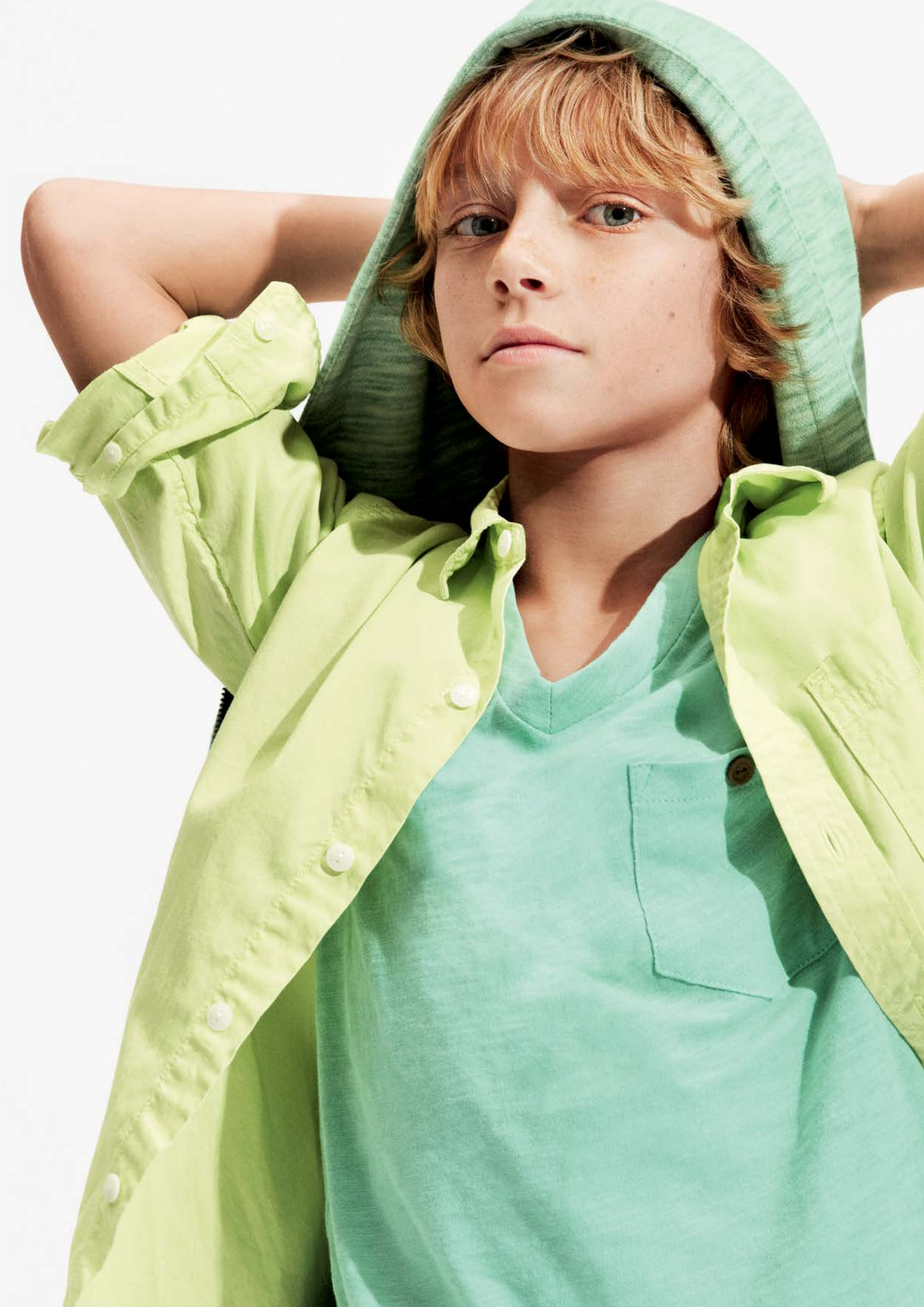

OROTON
SINCE 1938


OROTON
since 1938



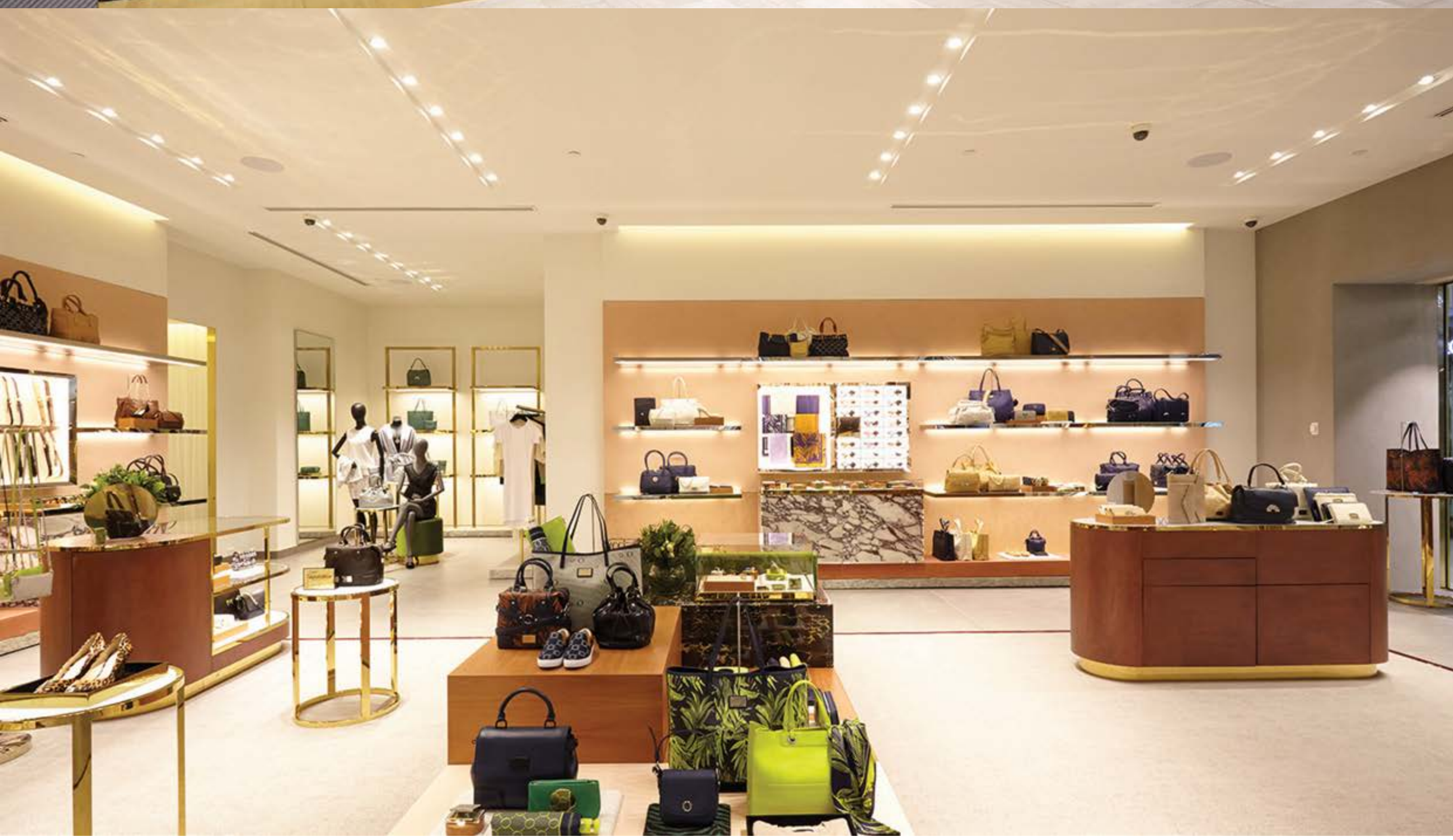

Brooks Brothers


GAP

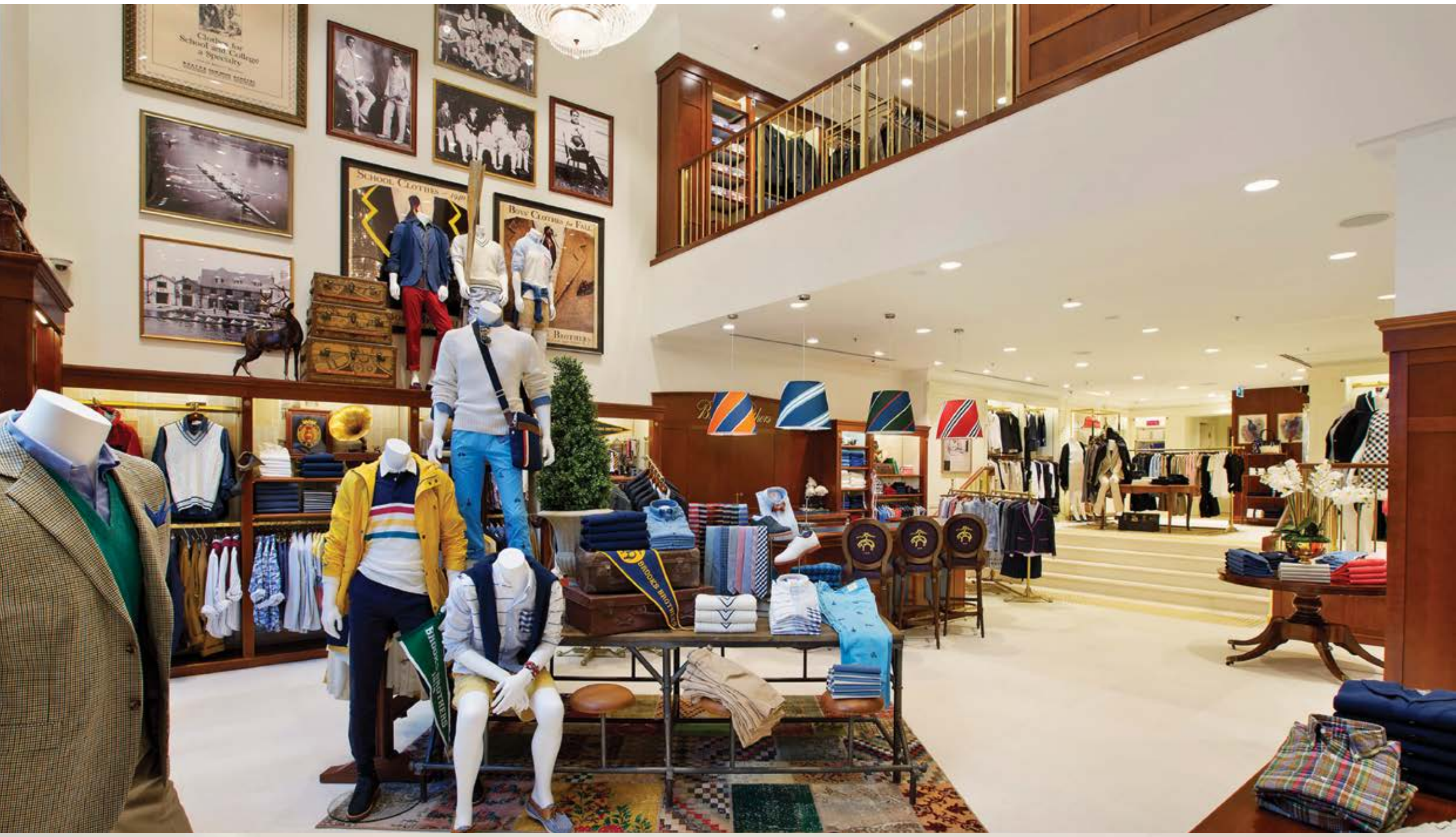


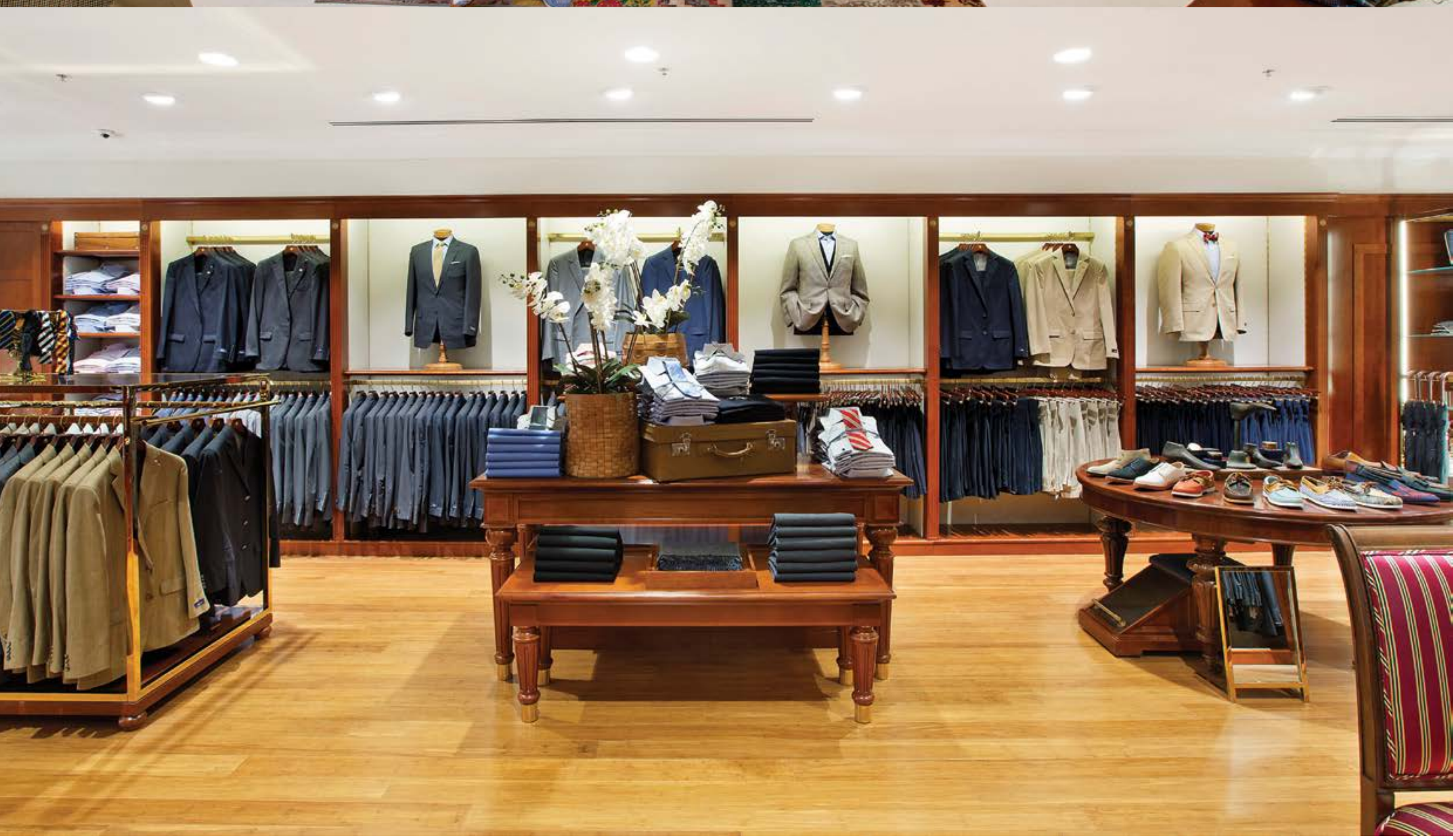
Oroton QVB Sydney

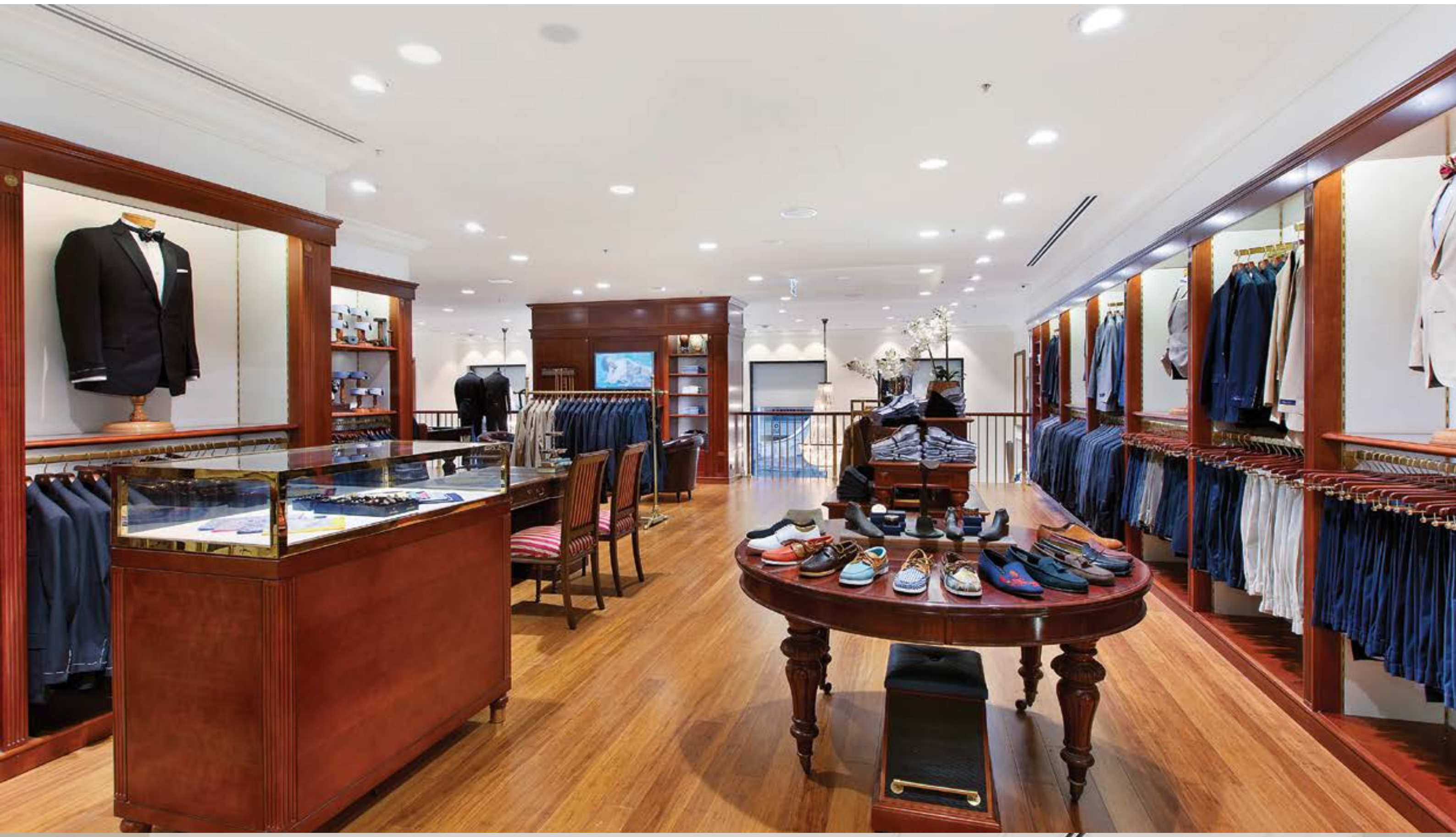
Oroton Emporium Melbourne

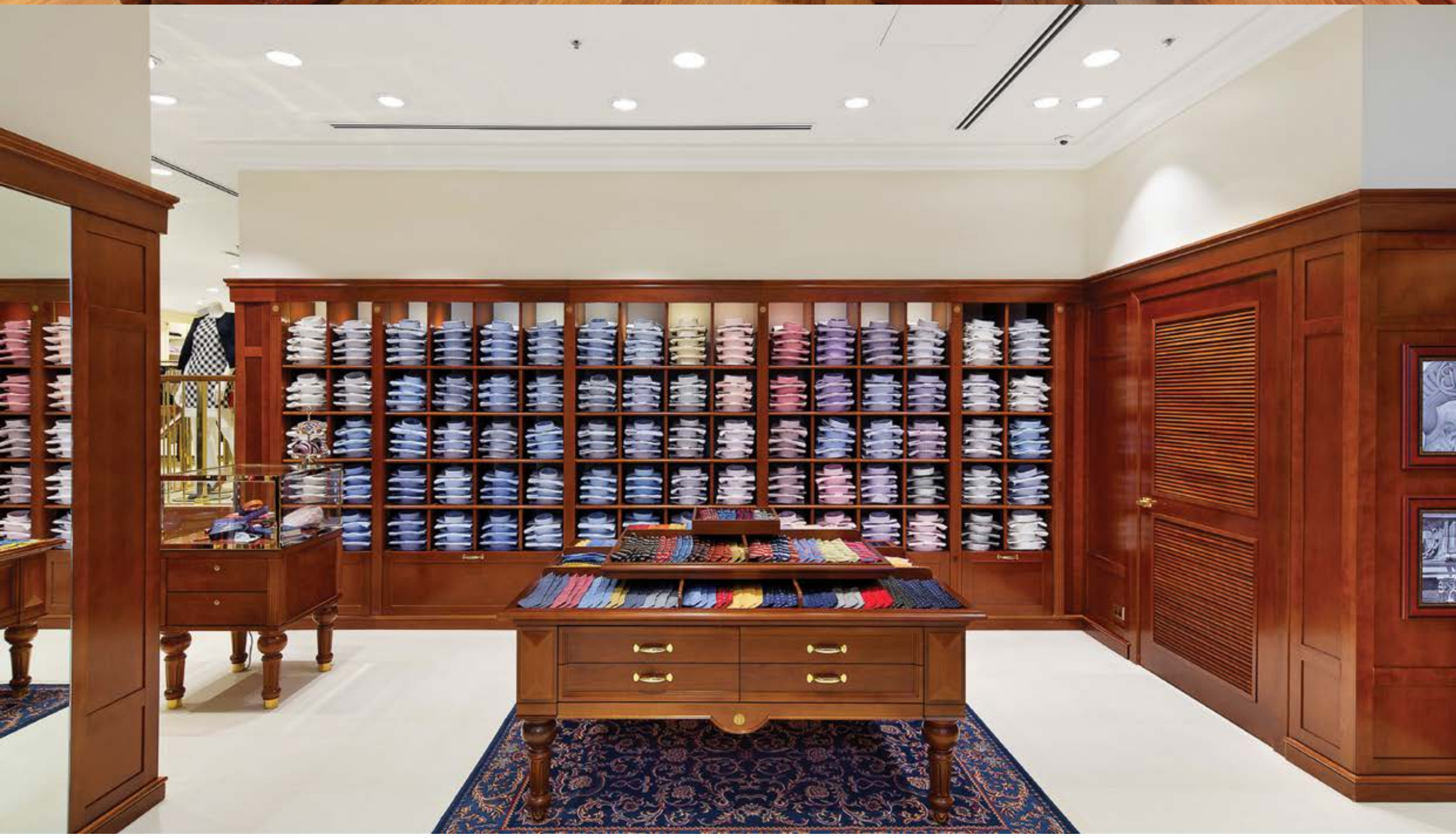


Brooks Brothers Martin Place Sydney









CONTENTS

CORPORATE DIRECTORY

Australian Business Number (ABN) 14 000 038 675

Directors
Mr John P Schmoll (Non-Executive Chairman)
Mr Mark Newman (Managing Director and CEO)
Mr Eddy Chieng (Non-Executive Director)
Mr Ross B Lane (Non-Executive Director)
Mr J Will Vicars (Non-Executive Director)
Mr Samuel S Weiss (Non-Executive Director)

Company secretary
Mr Kevin Fine

Notice of annual general meeting
The details of the annual general meeting of OrotonGroup Limited are:

PricewaterhouseCoopers
Level 10, Darling Park Tower 2
201 Sussex Street, Sydney NSW 1171 Australia
time 11:00 AM
date Wednesday 3 December 2014

Registered office
Level 2, 409 George Street Waterloo NSW 2017, Australia

Principal place of business
Level 2, 409 George Street Waterloo NSW 2017, Australia

Share register
Link Market Services Limited
Level 12, 680 George Street, Sydney NSW 2000, Australia
Phone: + 61 2 8280 7100

Auditor
PricewaterhouseCoopers
Chartered Accountants
PO Box 2650
201 Sussex Street, Sydney NSW 1171, Australia

Solicitors
Watson Mangioni
Level 13, 50 Carrington Street, Sydney NSW 2000, Australia

Stock exchange listing
OrotonGroup Limited shares are listed
on the Australian Securities Exchange
(ASX code: ORL)

Website
Corporate address: www.orotongroup.com
Oroton online: www.oroton.com
Brooks Brothers online: www.brooksbrothers.com.au

Certified System Environment ISO 14001 SAI GLOBAL

In line with OrotonGroup's environmental initiatives this Annual Report has been printed on carbon neutral FSC certified 100% recycled paper. We also selected an ISO14001 environmentally certified print company.

Dear Shareholders,

On behalf of the Board of Directors, it gives me great pleasure to present the 2014 Annual Report.

As I anticipated in last year's Report, FY14 was the beginning of a period of transformational investment for the Group as we completed our first year of the post Ralph Lauren era (exited end June 2013) and successfully integrated the Gap brand from November 2013, together with launching our Brooks Brothers joint venture in February 2014.

EBIT from continuing operations increased a very credible 12% in FY14 which not only occurred during a difficult and continuing discounted market, but also after incurring the initial start-up costs for both the Gap and Brooks Brothers businesses and further investment in our Oroton brand's international store roll out.

We also completed the year in a solid cash position of $10.1m which will support our further measured investment initiatives across all 3 brands.

We expect FY15 to be a year of transformation for the Oroton brand as we focus on building a true attainable luxury positioning, with reduced discounting and an enhanced focus on quality margins, exciting product and marketing initiatives together with the rollout of our new store concept successfully trialled in the flagship Queen Victoria building in Sydney.

We will add 3 new stores for the Gap brand in FY15 and will provide season relevant product at competitive prices. A further 5 Brooks Brothers stores will be opened as well as an online presence.

Apart from our solid balance sheet, underpinning all of this we have a terrific experienced and dedicated management team and staff to whom the Board is most grateful for their hard work during this period of transition.

This team has been enthusiastically and very ably led by our new CEO and MD, Mark Newman who you will recollect was appointed at the beginning of the financial year. Mark has over 25 years experience in the International luxury apparel and accessories markets with leading European brands in the UK and Asia and has been instrumental in building strong relationships with all our domestic and international partners.

I would like to thank Mark for his contribution during his first year as CEO and wish him and his team all the success in the years to come.

I would also like to sincerely thank my board colleagues, our new Gap and Brooks Brothers partners, customers and shareholders for their support and contribution to the success of our business.

We trust that you will find this annual report informative and helpful. I also draw your attention to the Operating and Financial Review included herewith which further discusses our operations, financial position and business strategies.

We look forward to meeting our shareholders at the upcoming Annual General Meeting.

John P Schmoll
Non-Executive Chairman

OPERATING AND FINANCIAL REVIEW

26 JULY 2014

The purpose of the operating and financial review is to enhance the periodic financial reporting and provide shareholders with additional information regarding the Group's operations, financial position, business strategies and prospects. The review complements the financial report on pages 51 to 102; and the announcement and investor presentation dated 18 September 2014.

Company overview and principal activities

The Group's underlying strategy is to design, procure and distribute premium owned or licenced brands products through retail and wholesale channels with the objective of driving growth in sales and profit.

In line with this strategy, the Group has:

- An Oroton design and production team that develops men's and women's accessories, apparel and lingerie products from the Sydney Head Office;
- Developed a strong presence as a multi channel retailer including online, first retail stores, concessions, factory outlets and wholesale for both owned brand and licenced partnerships;
- Increased its investment in international markets to drive growth and has an experienced General Manager in Asia to support this focus;
- Licensed the Oroton brand for the design, production and distribution of sunglasses / optical;
- A strong shared service team and Group Leadership Team to support growth initiatives including the Group's new brands which include the GAP brand under a Franchise Agreement and the Brooks Brothers brand under a joint venture agreement.

During the year, the principal activities of the Group were the design, development, marketing and distribution of leather goods, fashion apparel and related accessories under the Oroton brand name in Australia, New Zealand and Asia. The Group commenced operating the GAP brand in Australia in November 2013 under a 10 year Franchise Agreement with a further 10 year option and the Brooks Brothers joint venture commenced trading in February 2014 for an initial licence term of 10 years with a further 5 year renewal option.

Strategic Initiatives

The Group continues to pursue a number of strategic growth initiatives in what has been a year of transformational investment in the first year of the post Ralph Lauren era.

During the current year, the Group:

- Identified a brand transformation strategy for the core brand Oroton with the announcement of the internationally acclaimed Australian actress Rose Byrne as the celebrity face of the brand from August 2014 and developing a new store concept to elevate the brand
- Continued to grow Oroton in Asia by opening 5 new stores including 2 stores in China, 2 department store concessions in Singapore and a franchised store in Dubai. One underperforming store in Singapore was closed at lease expiry taking the international store portfolio to 11 at year end
- Successfully integrated the GAP brand from November 2013 with 3 stores operating at year end;
- Launched the Brooks Brothers joint venture in February 2014 with 10 stores operating at year end.

Group Operating Results

Year to 26 July 2014	2014 $m	2013[1] $m	% change
Revenue	124.9	99.5	+25.5%
EBITDA	18.8	17.1	+9.6%
EBIT	13.3	11.9	+11.7%
Net profit after taxation	8.3	7.1	+15.6%
Earnings per share (EPS) (cents)	20.2	17.5	+15.6%
Dividend per share (cents)	16.0	50.0[2]	
Net cash (debt)	10.1	23.0	

Revenue for the consolidated entity for the year was $124.9m which was 25.5% higher than the revenue from continuing operations for the prior period of $99.5m. The core Oroton brand performed strongly in the year with like for like sales of +8% versus the prior corresponding period of -4%. Revenue includes 9 months of GAP which traded from November 2013 under the GAP licence with encouraging positive like for like sales[3] across all stores.

1 Continuing operations only. Excludes Ralph Lauren business discounted at 30 June 2013
2 FY13 dividend of 50 cps from a reported Group EPS of 67.2 cps for the period included the contribution from the Ralph Lauren business
3 Not included in reported like for like numbers. Compares to previous GAP franchise partners' prior year numbers

Group net margin declined during the year to 62.5% (FY13: 67.2%) primarily due to the launch of the lower margin / higher volume GAP brand as well as further discounting in the Oroton brand in the first half of the year, in addition to changes in the brand's channel and product mix.

Expenses as a percentage to sales improved 460 bps to 51.3% of sales (FY13: 55.9%) as we leveraged the existing Head Office infrastructure to operate the two new brands and remained vigilant on expense control across the business, offset by early start up costs for the GAP and Brooks Brothers brands.

EBIT increased 11.7% to $13.3m from the prior year continuing operations of $11.9m. The Group's profit after income tax was $8.3m which was a 15.6% increase on the prior year result from continuing operations of $7.1m.

The basic earnings per share for the consolidated entity was 20.2 cents per share (2013: 17.5 cents per share from continuing operations).

Oroton

Overall the brand performed strongly in the year with like for like sales of +8% achieved in a competitive retail environment where consumers remained cautious with their spending as well as increased international competition. There was downward pressure on margin with changes in the product and channel mix and continued discounting particularly over the peak Christmas and New Year trading period. FY15 will focus on higher margin generation through higher average selling prices, less discounting and lower costs.

Oroton online is a significant channel for the brand and represents approximately 10% of brand sales. Oroton International had a further year of growth with strong double digit like for like sales. The Group continued to invest in the international business with 2 new stores opened in China, 2 department store concessions in Singapore and a franchised store in Dubai taking the total international store portfolio to 11 at year end. One underperforming store in Singapore was closed at lease expiry and we continue to review current stores performance against key metrics. Net international losses were ~ $3.4m for the year (FY13: $2.0m) driven by the investment to open the new China stores offsetting good results in Malaysia which is now cash flow positive. The Group is continuing discussions with potential distribution partners in other markets including China.

The Oroton brand strategy to elevate the brand to a true attainable luxury positioning commenced with the negotiation of a long term partnership with the Australian actress Rose Byrne as the celebrity face of the brand from August 2014. Rose epitomises the essence of what Oroton is about: relaxed glamour and effortless style. In addition the development of a new store concept was completed in collaboration with a leading London-based creative consultancy firm. This concept was successfully showcased at the Queen Victoria Building (Sydney) store reopening in August 2014 and captures the brand's heritage, place of origin and celebrates Oroton's 75 year old history by using fresh neutrals and ceramic hues inspired by the warmth of the Australian rural landscapes, natural light and architectural details. This new concept is already showing positive sales results.

There were 71 Oroton stores trading at year end (FY13: 68 stores). 7 new Oroton stores were opened in FY14 including 5 international stores and 2 domestic factory outlet stores while 4 marginal performing stores were closed at lease expiry. The Group will continue to review stores at lease expiry across the portfolio and seek relocations to larger stores in prime retail locations where applicable.

GAP

The GAP brand was successfully integrated into the Group from November 2013 under an initial 10 year Franchise Agreement with an option to renew for a further 10 years. An Asset Purchase Agreement was completed with the previous franchisee for the purchase of store assets, inventory and the transfer of store staff for $7.2m.

The 3 existing stores traded for 9 months with encouraging positive like for like sales across all stores driven by season relevant product in store and global price harmonisation. FY14 was a period of transition and learning with challenges encountered with inventory availability and seasonality post transition which has improved after taking full responsibility for buying and planning from the Summer 2014 season. The brand had a negative contribution as expected in the year due to start up costs, IT integration and inherited inventory.

The focus in FY15 is on strategic marketing and customer engagement to drive traffic to stores and supply chain efficiencies with increased scale. Further growth in the GAP brand is planned with 3 new stores to open in FY15 in NSW at the Macquarie, Miranda and Parramatta shopping centres.

Discussions have commenced with Banana Republic for the launch of the brand in the Australian market.

Brooks Brothers

The Brooks Brothers joint venture commenced trading in February 2014. The Group holds a majority of 51% in the joint venture company which will operate for an initial term of 10 years with a 5 year renewal option including put/call options for both parties.

10 stores were opened during the year including 2 free standing stores, 6 department store concessions and 2 factory outlet stores. A further 5 stores are planned to open in FY15. The Group's investment in the joint venture was $5.6m during the year.

Sales were $3.2m for the 6 months of trade with strong local brand awareness. The Group's share of losses from the joint venture in FY14 was $0.8m which includes start up costs and initial trading losses.

In August 2014 a freestanding flagship store was opened at Martin Place (Sydney CBD) and a local online sales website operated by the joint venture commenced trading. www.brooksbrothers.com.au

The investment in the joint venture is accounted for using the equity method whereby the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income.

Financial Position

FY14 was a year of investment in the new GAP and Brooks Brothers brands. Net cash at year end remained solid at $10.1m and reflects the investment of $12.8m made in the GAP and Brooks Brothers brands stores in the year (FY13: net cash of $23m immediately post the Ralph Lauren settlement).

The Group has a $40m bank facility in place at the date of this report to support continued investment and growth in the 3 brands during FY15.

The Group's operating cash flow before interest and tax for the year was $23.8m (FY13: $53.1m, increased by the Ralph Lauren exit including the wind down in inventory purchases during the year).

Capital Expenditure

During the year the Group spent $3.9m on the Oroton brand and infrastructure with a focus on growth and strategic refurbishments and integration of the GAP and Brooks Brothers businesses. Two new Oroton stores were opened in China and 2 new concept stores (QVB, Sydney and Emporium, Melbourne) were completed as well as a new factory outlet in Adelaide. A refurbishment of our aged Homebush factory site and development to the international online website was also completed.

During 2015 further key strategic refurbishments will continue in the Oroton brand as the new store concept is rolled out to key stores. Three new GAP stores are planned to open in H1-15 and the Group will invest in IT infrastructure to support the planned growth including a new point of sale and investment in customer relationship management software. New, growth and maintenance capital expenditure in FY15 is planned to be approximately $8.8m for the Group excluding Brooks Brothers.

Business Risks

There are a number of factors, both specific to the Group and of a general nature, which may threaten both the future operating and financial performance of the Group and the outcome of an investment in the Group. The specific material business risks faced by the Group, and how the Group manages these risks, are set out below:

- *Consumer Discretionary Spending*

  Operating in the retail industry, the Group relies on consumer discretionary spend and consumer sentiment. Adverse change to the general economic and retail environment can impact financial results. The Group mitigates this risk by keeping abreast of global economic and consumer data and industry trends and managing inventory and expenses in line with changes in the environment. Oroton's flexible business model as a multi channel retailer is adaptive depending on changes in the market.

- *Competition and Margin Risk*

  The highly competitive nature of the retail market combined with new entrants to the market, manufacturing cost and raw material price increases, do have an impact on the financial results of the Group. This is mitigated by carefully managing intake margins, working with key long term suppliers, the Group's intellectual property and brand development. The Group closely monitors price and quality against a range of retailers and brand owners to ensure it maintains its competitive stance within its sector.

- *Foreign Exchange Exposure*
  The Group relies significantly on imported products which are paid for primarily in US dollars and as a result has *transactional* exposure. A stronger US dollar will generally have a negative effect on the Group's reported earnings.

  The Group also has a *translational* exposure as its international earnings are translated into Australian dollars for reporting purposes. This is not a material part of the business as international sales represent only 5% of Group sales.

  Depending on the timing of expected cashflows, the group enters into forward exchange contracts to mitigate certain foreign exchange exposures and to introduce some cost certainty for planning purposes.

- *Increased Cost of Doing Business and Property Portfolio Management*
  The Group operates under the Modern Retail Award for store based staff in Australia and also has lease agreements – all of which have inbuilt annual cost escalations. The Group is focussed on improving operating efficiencies including rigorous rent negotiations on lease expiry and effective store rostering which can to some extent offset some of these cost increases.

  The Group's stores are leased and therefore subject to negotiation at the end of each lease term. The Group actively manages its portfolio against financial and operational criteria which must be met for both new and existing stores. There is no guarantee that stores will be renewed at the end of each lease on terms acceptable to the Group. The potential impact of a single store closure is mitigated by the number of stores the group now operates and strong online presence in the Oroton brand.

Risk management

The company's risk management is further discussed in the Corporate Governance Statement on pages 43 to 50.

Group strategies and prospects

The Group will continue its innovation and focus on the transformation strategy underway in the Oroton brand to build a true accessible luxury positioning by investing in the new store concept rollout and strong marketing campaigns as well as continuing to expand the brand's geographic reach and grow sales globally. In addition, the Group plans to increase ownership of other brands through new licences or partnerships such as the existing GAP Franchise Agreement and Brooks Brothers joint venture now trading. Discussions have commenced with Banana Republic for the launch of the brand in the Australian market. Although the economic environment remains uncertain, the Group's product development and brand management strengths (including operating licences) and a strong balance sheet means the Group is well positioned for future growth and new opportunities.

Dividends

The following fully franked dividends have been paid, declared or recommended since the end of the preceding year:

	Cents per ordinary share	$'000
Final dividend recommended	8.0	3,271
Dividends paid in the year	36.0	14,717
Interim FY14 dividend paid	8.0	3,271
Final FY13 dividend paid	28.0	11,446

Directors Interests

As at the date of this report, the interest of the directors in shares or other instruments of OrotonGroup Limited were:

	Ordinary shares	Performance Rights	Retention Rights
John P Schmoll	41,000		
Eddy Chieng	20,000		
Ross B Lane	8,652,000*		
J Will Vicars	5,477,013		
Samuel S Weiss	120,148		
Mark Newman	17,514	92,333	15,000

** Mr Robert Lane, Mr Ross Lane, Mr Tom Lane and Mrs Anna Hookway (nee Lane) entered into a Deed dated 21 October 2008 which requires them to act co-operatively with each other in relation to the consolidated entity's affairs. Under this deed as at 26 July 2014, 8,652,000 ordinary shares are beneficially owned by Mr Robert Lane, Mr Ross Lane, Mr Tom Lane and Mrs Anna Hookway (nee Lane), or persons or entities associated with or controlled by them. See directors' report page 24 for further information on the Lane Deed.*

DIRECTORS' REPORT

26 JULY 2014

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of OrotonGroup Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 26 July 2014.

Directors

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

John P Schmoll
Mark Newman (appointed on 14 August 2013)
Sally L Macdonald (resigned on 14 August 2013)
Eddy Chieng
Ross B Lane
J Will Vicars
Samuel S Weiss

Principal activities

During the financial year the principal continuing activities of the consolidated entity consisted of:

- Retailing and wholesaling of leather goods, fashion apparel and related accessories under the OROTON label.
- Retailing of fashion apparel under the GAP label since 31 October 2013.
- Retailing of fashion apparel under the Brooks Brothers label through a joint venture since February 2014.
- Licensing of the OROTON brand name.

Dividends

Dividends paid during the financial year were as follows:

	Consolidated	
	2014 $'000	2013 $'000
Final dividend for the year ended 27 July 2013 (2013: 28 July 2012) of 28.0 cents (2013: 28.0 cents) per fully paid ordinary share fully franked based on a tax rate of 30%	11,446	11,446
Interim dividend for the year ended 26 July 2014 (2013: 27 July 2013) of 8.0 cents (2013: 22.0 cents) per fully paid ordinary share fully franked based on a tax rate of 30%	3,271	8,994
	14,717	**20,440**

In addition to the above dividends, since year end the directors have declared a fully franked final dividend of 8 cents per ordinary share to be paid on 22 October 2014.

Review of operations

The profit from continuing operations for the consolidated entity after providing for income tax amounted to $8,258,000 (27 July 2013: $7,141,000).

Refer to the 'operating and financial review' on pages 18 to 21 for further information.

Significant changes in the state of affairs

On 14 August 2013 it was announced that the consolidated entity had signed a joint venture agreement with the iconic American brand Brooks Brothers to develop the Brooks Brothers brand in Australia and New Zealand.

On 31 October 2013, OrotonGroup (Licence Company) Pty Limited, a subsidiary, acquired certain assets and liabilities of the GAP brand in Australia for total consideration of $7,204,000.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year

Apart from the dividend declared as discussed above, no other matter or circumstance has arisen since 26 July 2014 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

The consolidated entity's focus is the development of premium lifestyle retail fashion brands. The consolidated entity's philosophy is to maximise shareholder returns and sustainable profit growth within a framework of an appropriate capital management strategy, ethical organisational culture and support of the OrotonGroup and wider community. Further information as to likely developments in the operations of the consolidated entity have not been included in this report as the directors believe that to include such information would be likely to prejudice the consolidated entity.

Environmental regulation

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

Social contribution

OrotonGroup recognises the importance of social responsibility to our shareholders, employees, customers and general communities in which we operate. OrotonGroup aims to provide meaningful employment and career opportunities across Australia, New Zealand, Singapore, Malaysia, Hong Kong and China. More specifically, during the financial year OrotonGroup supported local charities that are nearest and dearest to our team member's hearts - via direct product donations mostly but also through fund raising activities in our offices and stores.

During the past 2 financial years, OrotonGroup officially partnered with international charity Room to Read to support the development of literacy skills among young children in developing countries, building 4 libraries in Vietnam. Funds for the libraries were raised through the sale of custom designed accessories such as key fobs and iPhone cases.

OrotonGroup has continued to support Dress for Success and the School for Life Foundation during the financial year, as well as many other individual charities including Sydney Children's Hospital and Redkite. OrotonGroup employees also took part in the CEO cook-off and CEO sleepout and contributed to the Basket Brigade.

The Group recognises that there is always more that every individual and organisation can and should do to support community well being and advancement.

Information on directors

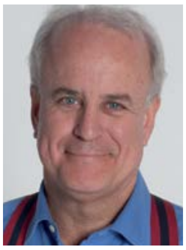
Name: **John P Schmoll**
Title: Independent Non-Executive Chairman
Qualifications: B.Com, FCA, FAICD
Experience and expertise: John Schmoll completed his executive career on his retirement in 2002 as Chief Financial Officer of Coles Myer Ltd. Prior to this he held senior corporate and professional roles in Australia and South Africa including Arthur Young and Edgars Stores Ltd (South Africa's largest apparel and homewares retailer). Since his retirement he has accepted various non-executive director positions and undertaken some executive coaching roles. Accordingly, he brings to OrotonGroup over 35 years of experience in finance, investor relations, information technology and corporate governance, primarily in the distribution and financial sectors.
Other current directorships: Non-Executive Director Patties Foods Ltd.
Former directorships (last 3 years): Non-Executive Chairman of Breville Group Ltd. Prior to this John was also a Non-Executive Director of AWB Ltd, Australian Leisure and Hospitality Limited, Chandler Macleod Ltd and Golden Circle Ltd.
Special responsibilities: Member of the Audit Committee and People and Organisation Committee
Interests in shares: John has an interest as a trustee and member in the Earlswood Superannuation Fund which holds 41,000 (2013: 30,000) ordinary shares.
Interests in rights: None

Name: **Mark Newman**
Title: Managing Director and CEO
Qualifications: BA International Marketing; FAICD
Experience and expertise: Mark was appointed as Chief Executive Officer and Managing Director in August 2013. Mark has over 25 years experience in the International luxury apparel and accessories markets with leading European brands in the UK and Asia. He joined OrotonGroup in April 2010 as Vice President of Ralph Lauren Australia and New Zealand. In addition to this role he has led the development of the Oroton brand in Asia. Prior to joining OrotonGroup, Mark spent 15 years with the Richemont Group in a variety of senior brand management and marketing roles in Europe, Japan and Hong Kong, culminating in the role of Regional Managing Director, Asia Pacific for Alfred Dunhill. Mark has also held senior positions in product development, buying and merchandising with English apparel brand Hackett in the UK.
Other current directorships: None
Former directorships (last 3 years): None
Special responsibilities: None
Interests in shares: Mark holds a relevant interest in 17,514 (2013: Nil) ordinary shares.
Interests in rights: Mark has 92,333 performance rights over ordinary shares and 15,000 retention rights over ordinary shares in his own name.

Name: **Eddy Chieng**
Title: Independent Non-Executive Director
Qualifications: B.Com; FCA
Experience and expertise: Mr Chieng is a Chartered Accountant with extensive business and entrepreneurial experience across numerous industries including retail and distribution, property, investment banking and logistics in Australia and Asia.
Other current directorships: Mr Chieng is currently a director of three companies, all listed on the Malaysian stock exchange - Executive Chairman of Esthetics International Group (EIG) Berhad, Chairman of Selangor Dredging Berhad and Senior Independent Non-Executive Director of QL Resources Berhad.
Former directorships (last 3 years): None
Special responsibilities: Chairman of the Audit Committee and Member of the People and Organisation Committee.
Interests in shares: Eddy has an interest in the Chieng Family Superannuation Fund which holds 20,000 (2013: Nil) ordinary shares.
Interests in rights: None

Name: **Ross B Lane**
Title: Non-Executive Director (formerly Executive Chairman up to 14 August 2013)
Experience and expertise: Ross Lane has held various positions within the consolidated entity over the past 26 years, including holding the position of Managing Director of OrotonGroup Limited from 1996 to 2006.
Other current directorships: None
Former directorships (last 3 years): None
Special responsibilities: Member of the People and Organisation Committee
Interests in shares: Mr Robert Lane, Mr Ross Lane, Mr Tom Lane and Mrs Anna Hookway (nee Lane) entered into a Deed dated 21 October 2008 which requires them to act co-operatively with each other in relation to the consolidated entity's affairs. Under this deed, as at 26 July 2014, 8,652,000 (2013: 8,600,000) ordinary shares representing 21.16% (2013: 21.04%) of the issued share capital of OrotonGroup Limited are beneficially owned by Mr Robert Lane, Mr Ross Lane, Mr Tom Lane and Mrs Anna Hookway (nee Lane), or persons or entities associated with or controlled by them.
Interests in rights: None

Name: **J Will Vicars**
Title: Non-Executive Director
Qualifications: BA Eco
Experience and expertise: Will Vicars was a Senior Portfolio Manager at NRMA Investments and later a Portfolio Manager at BT Australia. He has more than 25 years experience in a variety of financial markets. He currently holds the position of Director and Chief Investment Officer of Caledonia (Private) Investments Pty Limited and is a Director of The Caledonia Foundation Pty Limited. He is also Non-Executive Chairman and Director of Grays (Aust) Holdings Pty Limited, Non-Executive Director of Oneview Holdings Limited and Non-Executive Vice Chairman and Director of St Luke's Hospital Foundation.
Other current directorships: None
Former directorships (last 3 years): None
Special responsibilities: Member of the People and Organisation Committee
Interests in shares: Will has a relevant interest in 5,477,013 (2013: 4,973,113) ordinary shares.
Interests in rights: None



Name: **Samuel S Weiss**
Title: Lead Independent Non-Executive Director
Qualifications: AB, Harvard University; MS, Columbia Business School; FAICD
Experience and expertise: Samuel Weiss is Chairman of Altium Ltd, a developer of electronic design solutions and 3PLearning Ltd, the online education provider of Mathletics, and a non-executive director of Breville Group Ltd and iBuy Ltd. He joined the Board on 3 June 2003 as a Non-Executive Director and on 31 July 2003 was appointed Chairman of the Board. On 8 December 2006 he retired as Chairman in line with the directors' resolution to restructure the board.
Other current directorships: Chairman of Altium Ltd and 3PLearning Ltd and Non-Executive Director of Breville Group Ltd and iBuy Ltd.
Former directorships (last 3 years): Non-Executive Director of GLG Corp Ltd and iProperty Group Ltd.
Special responsibilities: Chairman of the People and Organisation Committee and Member of the Audit Committee
Interests in shares: Sam has an interest in the Garb-Weiss Superannuation Fund which holds 120,148 (2013: 147,404) ordinary shares.

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

'Former directorships (in the last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

Company secretary
The company secretary since April 2007 is Kevin Fine. He is a current member of the Institute of Chartered Accountants in Australia and began his career in Audit and Advisory with firms including Arthur Andersen, Moores Rowland and Ernst & Young. Kevin's retail career began with Shoprite Holdings Ltd (South Africa). He then spent 7 years with the Specialty Fashion Group as Head of Finance.

Meetings of directors
The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 26 July 2014, and the number of meetings attended by each director were:

	Full Board		Audit Committee		People and Organisation Committee	
	Attended	**Held**	**Attended**	**Held**	**Attended**	**Held**
John P Schmoll	8	8	4	4	4	4
Mark Newman	7	7	-	-	-	-
Eddy Chieng	8	8	4	4	4	4
Ross B Lane	7	8	-	-	2	2
J Will Vicars	8	8	-	-	4	4
Samuel S Weiss	8	8	4	4	4	4
Sally L Macdonald	1	1	-	-	-	-

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Retirement, election and continuation in office of directors
In accordance with the constitution, John P Schmoll retires as a Director at the Annual General Meeting and, being eligible, offers himself for re-election.

Loans to directors and executives
There have not been any loans made to directors of OrotonGroup Limited or any other key management personnel of the consolidated entity, including their personally related parties, for the 2014 and 2013 years.

Shares under performance rights
Unissued ordinary shares of OrotonGroup Limited under performance rights at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under rights
4 December 2012	25 July 2017	$0.00	100,855
8 May 2013	26 July 2016	$0.00	41,984
15 October 2013	30 July 2018	$0.00	100,205
28 November 2013	30 July 2018	$0.00	56,122
			299,166

No person entitled to exercise the retention rights had or has any right by virtue of the retention right to participate in any share issue of the company or of any other body corporate.

Shares under retention rights

Unissued ordinary shares of OrotonGroup Limited under retention rights at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under rights
24 October 2011	26 July 2016	$0.00	10,667
4 December 2012	26 July 2016	$0.00	15,000
4 December 2012	25 July 2017	$0.00	12,519
			38,186

No person entitled to exercise the retention rights had or has any right by virtue of the retention right to participate in any share issue of the company or of any other body corporate.

Indemnity and insurance of officers

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

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

Indemnity and insurance of auditor

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

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

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.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 34 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 34 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Officers of the company who are former audit partners of PricewaterhouseCoopers Australia

There are no officers of the company who are former audit partners of PricewaterhouseCoopers Australia.

Rounding of amounts

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 42.

Auditor

PricewaterhouseCoopers Australia continues in office in accordance with section 327 of the Corporations Act 2001.

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

On behalf of the directors

John P Schmoll
Non-Executive Chairman

17 September 2014,
Sydney

REMUNERATION REPORT

26 JULY 2014

Introduction from the Chairman of the People and Organisation Committee

After receiving a 'First Strike' against our Remuneration Report two years ago your Board undertook a number of steps to improve its reporting about compensation. Last year shareholders approved the Remuneration Report and the Board has continued its efforts this year to simplify and clarify this 2014 Remuneration Report.

During the year I have again met with the proxy advisors who cover OrotonGroup Limited as well as fund managers, superannuation fund managers and advisors to super fund managers. We value the advice received from all those who follow, or have an interest in, our Company.

The following report includes:

- A chart that shows actual remuneration received by Key Management Personnel during the year in addition to the statutory calculation.
- STI and LTI targets for FY14.

The Board is committed to the alignment of our executive remuneration with the creation of long term value for our shareholders. We hope that this Remuneration Report sets out clearly both how and why we incentivise the leaders of our Company. Please contact us directly if you have suggestions for improvements in how we do so.

Yours sincerely,

Samuel S Weiss
Chairman of the People and Organisation Committee

26 JULY 2014

The Directors of OrotonGroup present the Remuneration Report for the company and its controlled entities for the year ended 26 July 2014 (FY14). The report forms part of the Directors' Report and has been audited in accordance with the Corporations Act 2001 except where otherwise stated.

The report is set out under the following sections:

1. Overview of the current financial year
2. Who this report covers
3. Remuneration outcomes FY14
4. Remuneration Strategy, Governance and Policy
5. Details of remuneration
6. Service agreements
7. Share-based compensation
8. Additional information

1. Overview of the current financial year

During FY13 the company's exclusive licence agreement with Ralph Lauren Corporation (RLC) in Australia and New Zealand expired. This event was a catalyst for the Company to adopt a strategy to increase revenue and profits by identifying and then capitalising on new business opportunities to compensate for the loss of earnings derived from the Ralph Lauren business. As a direct consequence, we took the following steps in FY14:

- On 14 August 2013 OrotonGroup signed a joint venture agreement with the iconic American brand Brooks Brothers to develop the brand in Australia and New Zealand, with OrotonGroup holding a 51% stake in the joint venture company. The first stores opened in February 2014, with 10 stores in operation by the end of the financial year.
- On 31 October 2013 OrotonGroup signed an exclusive franchise agreement with the leading global retailer Gap Inc. to develop the Gap brand in Australia and New Zealand. The company also took over the operation of three existing Gap stores in Australia from the previous franchisee.

Remuneration in FY14 has been impacted by these events:

- The reduction in Group profits in FY14 meant that performance rights issued for the three year performance period ending 26 July 2014 did not vest. The rights had been issued prior to the announcement of the Ralph Lauren licence expiration.
- Additional performance rights granted in FY13 to incentivise KMPs through the completion of the Ralph Lauren licence agreement and to focus on business growth opportunities did vest.

On 14 August 2013 Sally L Macdonald resigned as Managing Director and CEO and was succeeded by Mark Newman. Mark had previously held roles with OrotonGroup as Head of Business Development and Vice President of Ralph Lauren Australia and New Zealand. This successful implementation of the Company's formal Succession Plan resulted in a new remuneration package for Mark Newman (see section 6 for details) and the lapse of certain long term incentives previously granted to Sally L Macdonald.

2. Who this report covers

The report sets out the remuneration information for the company's Directors, Chief Executive Officer and other key management personnel (KMP) all of whom are accountable for planning, directing and controlling the affairs of the company and its controlled entities. The Directors and KMPs as at 26 July 2014 were as follows:

Non-Executive Directors

John P Schmoll - Chairman (appointed 14 August 2013)
Eddy Chieng
Ross B Lane (appointed 14 August 2013)
J Will Vicars
Samuel S Weiss

Executive Director

Mark Newman - Managing Director and CEO (appointed 14 August 2013)

Other Key Management Personnel

Kevin Fine - Company Secretary and CFO

On 14 August 2013 the following role changes took place:

- Sally L Macdonald resigned as Managing Director and CEO and was succeeded by Mark Newman
- Ross B Lane, who had served as Executive Chairman since 2006, became a Non-Executive Director
- John P Schmoll was appointed the company's Independent Non-Executive Chairman
- Eddy Chieng was appointed Chairman of the Audit Committee

3. Remuneration outcomes FY14

The financial performance and other events in FY14 have had the following impact on incentive plans:

- 46,080 performance rights and cash LTI awards worth up to $325,000 granted to former CEO Sally L MacDonald lapsed on her resignation on 14 August 2013.
- 37,600 performance rights granted to key management in FY12 lapsed as the performance condition was not met. These rights had been granted prior to the announcement of the Ralph Lauren licence expiration and the performance targets were made on the assumption that the Ralph Lauren business would continue in FY14. The performance condition attached to these rights was an EPS hurdle of 79.1 cents per share (cps) which was based on the group's strategic business plan in place at the time of the grants. The actual EPS achieved for the 2014 financial year was 20.2cps.
- In FY13, 23,994 performance rights were granted to key management personnel and are due to vest in FY15 based on FY15 financial results (EPS). As the EPS hurdle is not expected to be met, the rights have been assigned a vesting probability of zero and the associated expense reversed.
- During FY13, an LTI was granted for the FY12-14 performance period to incentivise KMPs through the completion of the Ralph Lauren licence agreement and to focus on business growth opportunities. This LTI was in the form of performance rights based on specific KPIs and a cash bonus based on TSR, see section 4.2.2 for further details. After the 2014 financial year end 19,887 performance rights vested on the achievement of the associated KPIs. The Company achieved a better than expected result from the expiration of the Ralph Lauren licence through a well controlled stock sell down and close cost management. The cash bonus based on TSR was not achieved and the expense associated with the TSR grant was reversed.
- During FY13, two tranches of retention rights were granted to Mark Newman to retain him after the expiration of the Ralph Lauren licence to ensure his continued service and his focus on identifying new business opportunities. The first tranche vested in the prior financial year; the second tranche vested on 26 July 2014.

The table below shows the outcome of FY14 events on KMP remuneration. This table is intended to be a simple summary of all fixed and at risk remuneration that has been realised based on performance criteria being met. It specifically excludes at risk elements that have not yet vested because performance criteria falls beyond FY14, but includes long term incentive grants awarded in prior years that have vested in FY14. It does not comply with accounting standards and has not been audited. Full disclosure of all Directors and KMPs remuneration is included in section 5 of this report under the accruals method in accordance with the Corporations Act 2001 and relevant accounting standards.

KMP	Fixed Pay (a) $	Cash Bonus (b) $	Retention Rights (c) $	Long-term Incentives (d) $	Termination Payments $	Total $
Mark Newman (e)						
2014	638,386	100,000	70,800	39,456	-	848,642
2013	420,138	162,000	107,850	-	-	689,988
Kevin Fine						
2014	373,991	40,950	-	34,723	-	449,664
2013	367,068	115,000	-	-	-	482,068
Sally L Macdonald						
2014	51,995	-	-	-	245,556	297,551
2013	965,439	254,444	-	-	-	1,219,883

(a) Fixed pay reflects the cash salary and superannuation received by each KMP during 2014, as set out in section 5 'Details of Remuneration' of this report. It excludes long service leave entitlements since the appropriate qualifying period has not yet been met.

(b) The cash bonus amount for 2014 represents the value of STI relating to the achievement of the relevant performance conditions in respect of the 2014 financial year, payable to executives in September 2014. The STI relating to performance conditions met in the 2013 financial year, paid during 2014, is shown under the 2013 year comparative. A table of bonuses paid or forfeited appears in section 4.2.2 of this report

(c) Retention rights represent the value of rights granted to Mark Newman which vested on 26 July 2014. The value of these rights as disclosed in the above table is based on the OrotonGroup share price on the date of vesting.

(d) Long Term Incentive figures represent the actual value of performance rights realised in relation to the 2013 and 2014 financial years. The amounts in 2014 relate to performance rights, associated with the successful exit of the Polo Ralph Lauren licence and the signing of agreements with Gap Inc and Brooks Brothers Inc, vested by the Board on 16 September 2014 after the financial year end, however as the performance conditions satisfied relate to FY14 they are included in the table above. The value of these rights is based on the OrotonGroup share price on the date of vesting. For accounting purposes, the value of performance-based or 'at risk' remuneration in the form of share based long term incentives grants is calculated at the time of the grant, in advance of the determination of the actual remuneration contingent on performance outcomes. Details of LTIs awards have been included in tables in accordance with accounting standards in 'Details of Remuneration' section 5 of this report.

(e) The amounts in the table above show remuneration for Mark Newman realised for the whole of financial year 2013. This differs from the table in section 5 of this report where remuneration for FY13 is pro-rated from 16 August 2012, the date Mark Newman became a KMP.

4. Remuneration Strategy, Governance and Policy

The Board is responsible for determining remuneration for Executive and Non-Executive Directors and KMPs, and is advised by the People and Organisation Committee. This committee provides independent advice on remuneration, incentive policies and practices and specific recommendations on remuneration packages for Directors and senior executives. The Corporate Governance Statement on pages 43 to 50 provides further information on the role of the People and Organisation Committee.

During the financial year ended 26 July 2014, the People and Organisation Committee engaged in periodic discussions with external advisors on remuneration strategy and issues, however it did not receive any formal remuneration recommendations from remuneration consultants.

The objective of the Group's KMP reward strategy is to ensure competitive compensation levels and alignment with OrotonGroup's strategy. OrotonGroup's strategy is to grow revenue and profitability through:

- Rollout of Gap and Brooks Brothers stores and achievement of their business plan targets
- Growth of the Oroton brand revenue and margins in domestic and international markets
- Innovation and design leadership in key product categories in Oroton

To assist OrotonGroup to achieve its strategic goals, the objectives of the Group's KMP reward strategy are:

- to link reward to the achievement of the Group's strategic objectives listed above
- to be competitive to enable OrotonGroup to attract and retain high calibre executives
- to align executives with the creation of shareholder value, by providing appropriate rewards for results achieved

The reward strategy accomplishes these objectives by providing a mix of fixed remuneration, short-term incentives and long-term incentives. The incentives are designed to deliver value to executives for performance against a combination of profitability, total shareholder returns and achievement against strategic goals. LTI awards are based on maintaining long term shareholder value using performance measures such as EPS, while STI awards are based on current year KPIs such as profit before tax, and non-financial activities that achieve short to medium term objectives.

4.1 Non-Executive Director Remuneration

Fees and payments to Non-Executive Directors and the Chairman are fixed and reflect the responsibilities and demands of their roles. These fees and payments are reviewed annually by the Board.

The pool for Non-Executive Directors' fees is capped at $700,000, as approved by shareholders at the 2010 Annual General Meeting. Non-Executive Directors with duties of chairing a committee receive additional fees.

Non-executive Directors and Chairman Fees were reviewed during FY14 and changed with effect from 1 February 2014, where the aggregate directors remuneration was reduced by $100,000 per annum. The table below shows the annual fees (including superannuation and excluding non-monetary benefits) before and after this change:

	2014		2013
	From 1 February 2014 $	To 1 February 2014 $	$
Base fee for Executive Chairman	-	100,000	100,000
Base fee for Non-Executive Chairman	160,000	190,000	-
Base fee for Non-Executive Director	84,000	100,000	100,000
Additional fees for Audit Committee Chairman	12,000	15,000	15,000
Additional fees for People and Organisation Committee Chairman	12,000	15,000	15,000

On 14 August 2013, the company announced Board changes that had the following impact on directors' fees in FY14:

- Ross B Lane, who served as Executive Chairman since 2006, became a Non-Executive Director in August 2013. In FY13 his base salary inclusive of superannuation and Director's fees was $270,000. His Directors' fees in FY14 as a Non-Executive Director were $100,000 inclusive of superannuation, and were reduced to $84,000 on 1 February 2014
- John P Schmoll, who was an Independent Non-Executive Director and Chairman of the Audit Committee since 2005, was appointed the company's Independent Non-Executive Chairman in August 2013. In FY13 his Director's fees were $141,858 inclusive of superannuation and additional consulting duties. His Directors' fees in FY14 as Non-Executive Chairman were $190,000 inclusive of superannuation, and were reduced to $160,000 on 1 February 2014

4.2 KMP Remuneration

The KMP compensation and reward strategy has the following components, offering a mix of fixed and at risk reward:

- fixed remuneration including base pay and superannuation
- short-term performance incentives which have been primarily cash based.
- long-term incentive grants primarily of performance rights through participation in the Oroton Performance Based Incentive Scheme.
- retention rights which have been granted in circumstances that warrant awards that are time based only to retain key executives with unique skills

In the financial year 2014, the remuneration available to key management personnel, subject to achieving specified targets, was split across the following components:

	Base	STI		LTI	
Name	$	%**	$	%**	$
Mark Newman	650,000	34%	220,000	51%	330,000
Kevin Fine	375,000	40%	150,000	40%	150,000
Sally L Macdonald*	1,000,000				

** Sally L Macdonald resigned on 14 August 2013*
*** % of Base*

4.2.1 Fixed Remuneration

Base pay and benefits

Base pay is structured as a total employment cost package which may be delivered as a combination of cash and prescribed non-financial benefits. The People and Organisation Committee is responsible for reviewing and approving remuneration levels.

Base pay for key management personnel is reviewed annually, and on promotion, to ensure the pay is competitive with the market. A summary of fixed versus at risk pay for each KMP appears in section 4.2.

Superannuation

Retirement benefits are delivered to the employee's choice of Superannuation Fund. The company has no interest or ongoing liability to the fund or the employee in respect of retirement benefits.

4.2.2 At Risk Remuneration

Short-term incentives (STI)

OrotonGroup operates short-term incentive (STI) programs that reward KMPs on the achievement of predetermined key performance indicators (KPIs) established for each financial year, according to the accountabilities of his/her role and its impact on the organisation's performance. KPIs include profit targets and personal performance criteria. Using a profit target ensures variable reward is paid only when value is created for shareholders and when profit meets or exceeds the profit target recommended by the People and Organisation Committee for approval by the Board. There are minimum levels of performance to trigger payouts and the profit targets are linked to a sliding scale set at the beginning of each financial year. It is possible to achieve more than 100% of the profit target component of the bonus. This ensures that the STI is set as a variable annual incentive, where challenging performance measures are set to incentivise superior performance. The Managing Director and CEO may also recommend to the Board discretionary bonuses in exceptional circumstances. The incentives are cash bonuses.

The People and Organisation Committee is responsible for assessing whether the KPIs are met. The following table shows the STI cash bonus target and the amount achieved for each KMP in FY14:

	STI Target			STI Achieved		
KMP	**Total $**	**Financial Measures %**	**Non-Financial Measures %**	**Total $**	**Financial Measures %**	**Non-Financial Measures %**
Mark Newman	220,000	50%	50%	100,000	0%	91%
Kevin Fine	150,000	70%	30%	40,950	0%	91%

Financial Measures

The financial element of KMPs STIs for FY14 was based on the following criteria:

- If the FY14 statutory profit before tax (PBT) from total operations was below 90% of the FY14 target PBT, then 0% of the financial STIs would be paid
- If the FY14 statutory PBT from total operations was equal to 100% of the FY14 target PBT, an STI payout of 100% of financial STIs would be paid out
- There was a linear progression for payment of STIs between these two levels, with the possibility of earning greater than 100% of the financial component of the bonus for exceptional financial performance

As the FY14 reported PBT was less than 90% of the target PBT, 0% of the financial element of the FY14 STI was achieved.

Non-Financial measures

The non-financial element of the STI was measured against personal performance criteria including the following:

KMP	**Non-Financial Measures**
Mark Newman	• Brooks Brothers and Gap integration and performance • Oroton Brand 'Health Check' • High performance management culture
Kevin Fine	• Brooks Brothers and Gap integration and performance • High performance management culture • Succession planning

After the end of the financial year the Board assessed the overall performance of the KMPs during the year including how well they achieved the above non-financial measures and made a determination in each case how much of the award should be paid. The non-financial measures achieved in FY14 include the pursuit of business growth opportunities which resulted in the signing of an exclusive franchise agreement with Gap Inc on 31 October 2013 and the launch of a joint venture with Brooks Brothers Inc as announced on 14 August 2013.

Long-term incentives (LTI)

The purpose of the long-term incentive plan (through the Oroton Performance Based Incentive Scheme) is to reward KMPs for the creation of shareholder value. The plan provides rewards to KMPs who have a direct impact on the company's performance against long-term performance hurdles. These hurdles include TSR and EPS targets.

The incentive is delivered as zero priced performance rights and long-term cash bonuses. LTIs (excluding those awarded to the Managing Director) are recommended by the People and Organisation Committee and put to the Board for approval. LTIs awarded to the Managing Director are recommended by the People and Organisation Committee to the Board and put to the shareholders of OrotonGroup Limited for approval at the Annual General Meeting.

LTIs have a three year term and are most commonly issued as performance rights. Cash LTIs were also issued in FY12 and FY13, all of which lapsed during the current year. There was one exception to the three year LTI term during the prior financial year, when a new LTI was granted for the FY12-14 performance period to incentivise KMPs to achieve a successful completion of the Ralph Lauren licence agreement and to focus on business growth opportunities. See section 3 for further details.

The following table summarises the KMP LTI awards in place during the financial year:

Ref	Grant date (a)	Type of grant	Grant recipient	Performance period (b)	Performance condition
PR01	24 October 2011	Performance rights	Mark Newman, Kevin Fine	FY12 - FY14	EPS
PR02	28 November 2012	Performance rights, cash	Sally L Macdonald	FY12 - FY14	EPS (rights), TSR (cash)
PR03	28 November 2012	Performance rights, cash	Sally L Macdonald	FY13 - FY15	EPS (rights), TSR (cash)
PR04	4 December 2012(c)	Performance rights	Mark Newman, Kevin Fine	FY13 - FY15	50% EPS, 50% TSR
PR05	8 May 2013	Performance rights, cash	Mark Newman, Kevin Fine	FY12 - FY14	KPI (rights), TSR (cash)
PR06	15 October 2013	Performance rights	Kevin Fine	FY14 - FY16	EPS
PR07	28 November 2013	Performance rights	Mark Newman	FY14 - FY16	EPS

(a) In some instances the grant date will not correlate to the beginning of the performance period. This includes rights granted to CEO Sally L Macdonald where rights were allocated to her by the Board in the first year of the performance period, however the rights were granted with shareholder approval at the following AGM which fell into the next financial year.

(b) The performance period shows the year of grant followed by the year the LTI may vest. For example FY12-FY14 denotes an LTI granted during financial year 2012 that will vest based on the results of financial year 2014. Exceptions to where the grant date and performance period do not correlate are explained in (a) above

(c) The performance rights with EPS performance conditions granted on 4 December 2012 have been assigned a vesting probability of zero and are expected to lapse in financial year 2015

The LTIs that are currently in place are further explained below:

- Performance rights based on EPS hurdles
- Performance rights and cash LTIs based on TSR
- Performance rights based on KPIs

Performance Rights awards under the Oroton Performance Based Incentive Scheme

Performance rights awards are based on a percentage of the participant's fixed annual remuneration. The number of performance rights granted is calculated based on the company's volume weighted average share price (VWAP) for a specified period prior to the grant of the award.

An offer under the scheme grants a participant performance rights for a certain number of fully paid ordinary shares in the company. The company currently uses earnings per share (EPS) and total shareholder return (TSR) as performance conditions for the scheme. The use of these conditions ensures an alignment between shareholder return and reward for participants. More information on the Oroton Performance Based Incentive Scheme is set out in note 46 to the financial statements.

Performance Rights based on EPS hurdles

EPS represents the earnings per share from operations as reported in the audited accounts of OrotonGroup Limited. EPS hurdles are set by the Board based on the Group's strategic financial plans. While EPS hurdles for future years are not disclosed in this report due to their commercial sensitivity, they are disclosed retrospectively. As disclosed in Section 3, the previously granted LTI for the performance period FY12-FY14 did not meet the EPS hurdle of 79.1cps set by the Board, and subsequently lapsed during the financial year.

Performance rights will vest and become exercisable if the EPS hurdles are satisfied at the end of the third financial year of the vesting period. If the performance hurdle is not met or if the participant ceases to be employed by the company, any unvested performance rights will lapse unless otherwise determined by the Board. Board discretion is only applied in exceptional circumstances.

Performance rights and cash LTIs based on TSR

Total shareholder return (TSR) represents the total return to shareholders, including capital gains and reinvestment of dividends. Hurdles are set with reference to performance against a TSR peer group of companies both local and global who operate under similar market conditions. The peer group is chosen by the People and Organisation Committee. The long-term incentive is earned if the TSR hurdle is satisfied at the end of the third financial year of the incentive period, unless otherwise determined by the Board.

Cash bonuses with a TSR hurdle were granted to the former CEO Sally L Macdonald in FY12 and to all KMPs in FY13, while performance rights based on TSR were issued for the first time in FY13. The cash LTIs based on TSR granted to KMPs in FY13 lapsed at the end of the financial year as the TSR ranking was less than the 50th percentile. No grants with a TSR hurdle were made during the current financial year. The Board has no plans to use TSR hurdles in the immediate future as it believes that EPS hurdles more appropriately align executive performance with shareholder returns.

To ensure an objective assessment of the relative TSR comparison, the company employs an independent organisation to calculate the TSR ranking. The performance rights will vest only where the company's TSR performance, relative to the selected comparator group measured over the performance period is at the 50th percentile or above. Any unvested performance rights will lapse unless otherwise determined by the Board.

Relative TSR ranking in the comparator group	**Level of vesting**
Less than or equal to 50th percentile	0%
50th percentile	50%
Between 50th percentile and 75th percentile	Straight line vesting between 50% and 100%
75th percentile or higher	100%

When selecting the most appropriate comparator group, OrotonGroup firstly considered direct competitors. As no ASX listed direct competitors were identified, two international peers, Coach Inc., listed in the USA and Bonia Corp. Berhad listed in Malaysia, have been included in the comparator group. The remaining 20 comparator companies selected are considered to be alternative investment vehicles for local and global investors and are impacted by local market and economic factors, in a similar way to OrotonGroup.

The following 22 companies comprise the comparator group:

Billabong International Limited
Bonia Corporation Berhad
Breville Group Limited
Coach Incorporated
Country Road Limited
David Jones Limited
Domino's Pizza Enterprises Limited
Fantastic Holdings Limited
Flight Centre Limited
Gazal Corporation Limited
JB Hi-Fi Limited
Kathmandu Holdings Limited
Myer Holdings Limited
Nick Scali Limited
Pacific Brands Limited
Premier Investments Limited
RCG Corporation Limited
Specialty Fashion Group Limited
Super Retail Group Limited
The Reject Shop Limited
Wesfarmers Limited
Woolworths Limited.

Performance rights based on KPIs

These rights were granted in FY13 for the FY12-14 performance period to KMPs in response to the significant change in business with the expiration of the Ralph Lauren licence. The grant awarded performance rights based on specific KPIs relating to the successful completion of the Ralph Lauren exit, and business growth opportunities, for example obtaining new licences and pursuing acquisitions. The rights vested on 16 September 2014.

Retention rights

Retention rights are occasionally granted to KMPs entitling them to a certain number of fully paid ordinary shares in the company provided they are still employed at a date predetermined by the Board. Retention rights will vest and become exercisable at the end of the vesting period if the participant remains employed and has not provided notice of resignation.

In FY13, two grants were made to Mark Newman to retain him after the expiration of the Ralph Lauren licence and ensure his continued service and focus on growth. The first of these vested in FY13; the second vested at the end of the current financial year. These time based awards were made because of Mr. Newman's key role in the Company's CEO succession planning and because of his particular job uncertainty after the announcement of the expiration of the Ralph Lauren licence.

Other information relating to performance and retention rights

Shares provided to participants under performance and retention right grants are purchased on market by the OrotonGroup Share Plan Company. These shares are held in the OrotonGroup Trust when purchased until they are transferred to participants on the vesting of their performance and retention rights.

There are no cash alternatives to performance and retention rights. The rights cannot be transferred and are not quoted on the Australian Stock Exchange. Holders of rights are not entitled to notice of, or attend, a meeting of shareholders of the company, or receive any dividends declared by the company, until the rights have vested and are then converted into shares.

Details of the last five years earnings and total shareholders return appear in section 8 of this report.

5. Details of remuneration

Details of the remuneration of the Directors, the key management personnel of the consolidated entity (as defined in AASB 124 Related Party Disclosures) and specified executives of OrotonGroup Limited are set out in the following tables.

2014	**Short term benefits**		**Post employment benefits**	**Long term benefits**		**Share-based payments**	
Name	**Cash Salary and Fees**	**Bonus**	**Super-annuation**	**Long service leave**	**Long-term bonus**	**Rights**	**Total**
Non-Executive Directors							
John P Schmoll (Chairman) (a)	160,032	-	14,857	-	-	-	174,889
Eddy Chieng	95,873	-	8,899	-	-	-	104,772
Ross B Lane (b)	91,133	-	8,443	-	-	-	99,576
J Will Vicars	84,151	-	7,793	-	-	-	91,944
Samuel S Weiss	96,487	-	8,917	-	-	-	105,404
Executive Directors							
Mark Newman (MD and CEO) (c)	620,589	100,000	17,797	22,511	(20,000)	176,751	917,648
Sally L Macdonald (d)	296,687	-	864	(111,992)	(73,542)	(45,901)	66,116
Other KMP							
Kevin Fine (e)	356,194	40,950	17,797	5,811	(17,600)	79,018	482,170
	1,801,146	140,950	85,367	(83,670)	(111,142)	209,868	2,042,519

(a) John P Schmoll was appointed Non-Executive Chairman on 14 August 2013

(b) Ross B Lane was appointed Non-Executive Director on 14 August 2013

(c) Mark Newman was appointed Managing Director and CEO on 14 August 2013. His share-based payments remuneration includes the expense for rights granted ($199,564) and the reversal of the expense on rights that have lapsed ($22,813)

(d) Sally L Macdonald resigned as Managing Director and CEO on 14 August 2013. Her cash salary and fees includes termination payments of $245,556. Share-based payments remuneration is the reversal of the expense on rights that have lapsed ($45,901)

(e) Share-based payments remuneration includes the expense for rights granted ($98,913) and the reversal of the expense for rights that have lapsed ($19,896).

2013	Short term benefits		Post employment benefits	Long term benefits		Share-based payments	
Name	**Cash Salary and Fees**	**Bonus**	**Super-annuation**	**Long service leave**	**Long-term bonus**	**Rights**	**Total**
Non-Executive Directors							
Eddy Chieng	91,425	-	8,228	-	-	-	99,653
John P Schmoll (a)	144,536	-	13,008	-	-	-	157,544
J Will Vicars	91,425	-	8,228	-	-	-	99,653
Samuel S Weiss	102,678	-	9,241	-	-	-	111,919
Executive Directors							
Ross B Lane (Executive Chairman)	246,847	-	22,261	4,488		-	273,596
Sally L Macdonald (MD and CEO) (b)	948,931	254,444	16,508	21,068	23,542	(373,975)	890,518
Other KMP							
Kevin Fine (c)	350,560	115,000	16,508	9,942	17,600	(53,692)	455,918
Mark Newman (d)	383,779	154,033	15,696	8,468	19,016	74,861	655,853
	2,360,181	523,477	109,678	43,966	60,158	(352,806)	2,744,654

(a) Directors fees paid to John P Schmoll include an amount of $41,858 in addition to base fees as compensation for additional work during FY13 in relation to the completion of the Ralph Lauren licence agreement and investment growth opportunities beyond expected director's duties

(b) Share-based payments remuneration includes the expense for rights granted ($45,901) and the reversal of the expense for rights that have lapsed ($419,876).

(c) Share-based payments remuneration includes the expense for rights granted ($42,926) and the reversal of the expense for rights that have lapsed ($96,618)

(d) Share-based payments remuneration includes the expense for rights granted ($169,053) and the reversal of the expense for rights that have lapsed ($94,192). Mark Newman became a KMP from 16 August 2012. His remuneration for FY13 is disclosed pro rata from this date.

The proportion of remuneration linked to performance and the fixed proportion is as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2014	2013	2014	2013	2014	2013
Non-Executive Directors						
John P Schmoll	100%	100%	-	-	-	-
Eddy Chieng	100%	100%	-	-	-	-
Ross B Lane	100%	100%	-	-	-	-
J Will Vicars	100%	100%	-	-	-	-
Samuel S Weiss	100%	100%	-	-	-	-
Executive Directors						
Mark Newman (MD and CEO)	72%	63%	11%	23%	17%	14%
Sally L Macdonald	281%	110%	0%	29%	(181)%	(39)%
Other KMP						
Kevin Fine	79%	83%	8%	25%	13%	(8)%

The proportion of the STI cash bonus paid/payable or forfeited is as follows:

Name	Cash bonus paid/payable		Cash bonus forfeited	
	2014	2013	2014	2013
Executive Directors				
Mark Newman	45%	94%	55%	6%
Other KMP				
Kevin Fine	27%	77%	73%	23%

6. Service agreements

On appointment to the Board, all Non-Executive Directors enter into a service agreement with the company in the form of a letter of appointment. The letter summarises Board policies and terms, including compensation, relevant to the office of Director.

Remuneration and other terms of employment for the Managing Director, Chief Financial Officer and the other key executives are also formalised in service agreements. Details of these agreements in place from the beginning of the financial year to the date of this report are shown below. Each of these agreements includes the provision of performance-related cash bonuses and other benefits including participation, when eligible, in the Oroton Performance Based Incentive Scheme. Other major provisions of the agreements relating to remuneration are set out below.

All contracts with executives may be terminated early by either party with three months' notice, subject to termination payments as detailed below.

Name	Term of agreement	Base salary including superannuation (a)	Termination benefit (b)
Ross B Lane Executive Chairman (until 14 August 2013)	Agreement terminated on change of role on 14 August 2013 (c)	$270,000 inclusive of $100,000 directors fees	6 months base salary
Sally L Macdonald Managing Director and CEO (until 14 August 2013)	Agreement terminated on 14 August 2013	$1,000,000	6 months base salary
Kevin Fine Company Secretary and CFO	Ongoing commencing 29 January 2007	$375,000	3 months base salary
Mark Newman Head of Business Development (until 14 August 2013)	Agreement terminated on change of role on 14 August 2013	$430,000	12 weeks base salary
Mark Newman Managing Director and CEO (from 14 August 2013)	Ongoing commencing 14 August 2013, 6 month notice period	$650,000	6 months base salary

(a) Base salaries quoted are for the year ended 26 July 2014; they are reviewed annually by the People and Organisation Committee

(b) Termination benefits are payable on early termination by the company, other than for gross misconduct, unless otherwise indicated

(c) Ross B Lane, who had served as Executive Chairman since 2006, became a Non-Executive Director on 14 August 2013.

7. Share-based compensation

Issue of shares

Details of shares issued during the year ended 26 July 2014 to directors and KMP as part of compensation are set out below:

Name	Date	No. of Shares	Issue price	$
Mark Newman	8 October 2013	15,000	$0.00	-

Performance rights

The terms and conditions of each grant of performance rights over ordinary shares affecting remuneration of Directors and other key executives in this financial year or future reporting years are as follows:

Ref	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per right at grant date
PR01	24 October 2011*	26 July 2014	26 July 2016	$0.00	$6.54
PR02	28 November 2012*	26 July 2014	26 July 2016	$0.00	$5.75
PR03	28 November 2012	25 July 2015	25 July 2017	$0.00	$5.28
PR04	4 December 2012	25 July 2015	25 July 2017	$0.00	$5.34
PR05	8 May 2013	26 July 2014	26 July 2016	$0.00	$6.60
PR06	15 October 2013	30 July 2016	30 July 2018	$0.00	$4.33
PR07	28 November 2013	30 July 2016	30 July 2018	$0.00	$4.07

** The performance rights granted on 24 October 2011 and 28 November 2012 for the performance period FY12-FY14 did not meet the EPS hurdle of 79.1cps set by the Board, and subsequently lapsed during the financial year.*

Performance rights granted carry no dividend or voting rights.

For information relating to vesting hurdles, please refer to share-based payments note 46.

The details of performance rights over ordinary shares granted, vested and lapsed for KMP as part of compensation during the year ended 26 July 2014 are set out below:

Name	Ref	Grant date	Vesting and exercisable date	Number of rights granted	Value of rights granted during the year $	Number of rights vested during the year	Number of rights lapsed during the year	Value of rights lapsed during the year $
Sally L Macdonald	PR02	28 November 2012	-	20,000	-	-	20,000	127,400
	PR03	28 November 2012	-	26,080	-	-	26,080	166,130
Kevin Fine	PR01	24 October 2011	-	17,600	-	-	17,600	83,072
	PR04	4 December 2012	25 July 2015	22,355	-	-	-	-
	PR05	8 May 2013*	26 July 2014	9,309	-	-	-	-
	PR06	15 October 2013	30 July 2016	25,510	110,458	-	-	-
Mark Newman	PR01	24 October 2011	-	20,000	-	-	20,000	94,400
	PR04	4 December 2012	25 July 2015	25,633	-	-	-	-
	PR05	8 May 2013*	26 July 2014	10,578	-	-	-	-
	PR07	28 November 2013	30 July 2016	56,122	228,417	-	-	-

** The performance rights granted on 8 May 2013 vested after the financial year end on 16 September 2014*

Retention rights

The terms and conditions of each grant of retention rights to KMP over ordinary shares affecting remuneration in this financial year or future reporting years are as follows:

Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per right at grant date
4 December 2012	26 July 2014	26 July 2016	$0.00	$5.81

Retention rights granted carry no dividend or voting rights.

For information relating to vesting hurdles, please refer to share-based payments note 46.
The details of retention rights over ordinary shares granted, vested and lapsed for KMPs as part of compensation during the year ended 26 July 2014 are set out below:

Name	Grant date	Vesting and exercisable date	Number of rights granted	Value of rights granted during the year $	Number of rights vested during the year	Number of rights lapsed during the year	Value of rights lapsed during the year $
Mark Newman	4 December 2012	26 July 2014	15,000	-	15,000	-	-

Shares and rights held by key management personnel

The table below shows the number of OrotonGroup shares owned and outstanding rights held by each KMP at 26 July 2014:

Name	Shares	Rights
Mark Newman	17,514	107,333
Kevin Fine	70,001	57,174

8. Additional Information

The earnings of the consolidated entity for the five years to 26 July 2014 are summarised below:

	2010 $'000	2011 $'000	2012 $'000	Total Business 2013 $'000	Continuing Business* 2013 $'000	2014 $'000
Sales revenue	145,324	163,367	183,471	185,104	99,421	123,911
EBITDA	37,901	43,805	46,179	47,930	17,120	18,756
EBIT	32,016	36,509	37,829	40,230	11,870	13,257
Profit after income tax	22,972	24,789	24,917	27,453	7,141	8,258
STI cash bonus paid at % of available**	67%	56%	67%	79%	79%	38%
LTI achieved	100%	65%	-	-	-	35%

**Continuing business shows the results of continuing operations only and excludes the Ralph Lauren discontinued business*

***Short-term incentive targets include non-financial objectives, see section 4.2.2 for further details*

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2010	2011	2012	2013	2014
Share price at financial year end ($A)	6.69	7.33	7.59	7.19	4.72
Total dividends declared (cents per share)	48.00	50.00	50.00	50.00	16.00
Basic earnings per share (cents per share)	56.33	60.77	60.99	67.15	20.20

pwc

Auditor's Independence Declaration

As lead auditor for the audit of OrotonGroup Limited for the year ended 26 July 2014, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

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

This declaration is in respect of OrotonGroup Limited and the entities it controlled during the period.

Paddy Carney
Partner
PricewaterhouseCoopers

Sydney
17 September 2014

PricewaterhouseCoopers, ABN 52 780 433 757
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

26 JULY 2014

The Corporate Governance principles that guide the operations of OrotonGroup (the "Consolidated Entity") are detailed in this statement. OrotonGroup and the board are committed to achieving and demonstrating the highest standards of corporate governance. These standards are based on the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations.

The ASX principles that have been adopted are outlined below. Where an alternative approach has been adopted, this is outlined within the relevant section. All these practices unless otherwise stated, were in place for the entire year.

Principle 1 – Lay solid foundations for management and oversight

The ASX Corporate Governance Council states that a company should "Recognise and publish the respective roles and responsibilities of board and management".

The Board of Directors

The Board of Directors (the Board) is elected by the shareholders to represent the interests of all shareholders, collectively. In this regard, its primary purpose is to safeguard the financial security of OrotonGroup and to act in good faith and in a way most likely to promote the success of the Consolidated Entity for the benefit of its members as a whole.

Role and Responsibility of the Board

All Directors are individually briefed on appointment, on the duties they owe as Directors to the Company. Although responsibility for the operation of the OrotonGroup business is delegated to key management personnel, the Board remains responsible for, amongst other things:

- The election of the Chairman from amongst its members whose primary role is to manage the affairs of the Board and to represent the Board;
- Selection, monitoring and evaluation of the Managing Director and senior executives;
- Ensuring the adequacy of the OrotonGroup risk management policies and internal compliance (including relevant systems and controls in place) to ensure that the assets of the Consolidated Entity are adequately safeguarded;
- Providing strategic guidance to the OrotonGroup through regular and careful consultation with key management personnel and ensuring appropriate resources are available to achieve strategic objectives;
- Approving and monitoring the progress of major capital expenditure, capital management, acquisitions and divestitures;
- Approving and monitoring statutory financial reporting to shareholders and also internal management reporting provided to the Board;
- Enhancing and protecting the reputation of the organisation;
- Ensuring that OrotonGroup acts responsibly and ethically in meeting all internal codes of conduct and meets all relevant legal and regulatory requirements.

Principle 2 – Structure the board to add value

The ASX Corporate Governance Council states that a company should "Have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties".

Board Membership

The members of the Board and details regarding their appointment, removal, term of office, attendance at Board meetings and other Committee meetings, skills and experience are detailed in the Directors' Report section of this Annual Report.

Board Composition

Guidance on the composition of the Board states that:

- The Board should be comprised of not less than three Directors (and not more than seven in accordance with the current Constitution of OrotonGroup);
- The Board should be comprised of Directors with a broad range of expertise and proven ability to make a contribution to strategy and policy, and be able to participate fully in the oversight and guidance of management;
- The term of any appointment is subject to continuing shareholder approval;
- The board is required to undertake an annual board performance review and consider the appropriate mix of skills required by the board to maximise its effectiveness and its contribution to the Consolidated Entity.

The Board of OrotonGroup:

- Comprises five Non-Executive Directors and one Executive Director (including the Chairman);
- Has appointed Mr Samuel S Weiss as Lead Independent Director in accordance with the ASX Corporate Councils best practice recommendations 2.1.

26 JULY 2014

The following table shows the detail of the recent election of each of the Directors of OrotonGroup.

Director	Year appointed to OrotonGroup Limited	Term in office	Non-executive	Independent	Last elected	Seeking election or re-election in 2014
John P Schmoll (Non-Executive Chairman)	2005	9 years	Yes	Yes	2011	Yes[1]
Mark Newman	2013	1 years	No	No	Not Required	No
Eddy Chieng	2010	4 years	Yes	Yes	2013	No
Ross B Lane	1993	21 years	Yes	No	2013	No
J Will Vicars	2001	13 years	Yes	No	2012	No
Samuel S Weiss	2003	11 years	Yes	Yes	2012	No

1 In accordance with the constitution, John P Schmoll retires as a Director at the Annual General Meeting and, being eligible, offers himself for re-election

Chairman of the Board

The Chairman is responsible for the management of the affairs of the Board and represents the Board in periods between Board Meetings. The Non-Executive Chairman of the Board is an Independent Director, and is elected by the Board.

Role of the Company Secretary

The role of the Company Secretary is to:
- Provide support to the Board by monitoring Board policy and procedures;
- Be accountable to the Board for governance matters;
- In consultation with the Managing Director, be responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and coordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

Term of office

The Directors believe that limits on tenure may cause loss of experience and expertise that are important contributors to the efficient working of the Board. As a consequence, the Board does not support arbitrary limits on tenure and regards nominations for re-election as not being automatic but is based on the needs of OrotonGroup.

The Constitution sets out the rules to which OrotonGroup must adhere and which include rules as to the nomination, appointment and re-election of Directors. The Constitution provides for one third of the Directors (excluding the Managing Director) to retire and stand for re-election each year at the Annual General Meeting. Directors appointed during the year by the Board stand for re-election at the next Annual General Meeting.

Director Independence

OrotonGroup acknowledges that the ASX Corporate Governance Council's best practice recommendation 2.1 requires the majority of the Board to be independent. In assessing the criteria for independence the board has adopted specific principles in relation to Directors' independence. These state that when determining independence, a Director must be a Non-Executive and the Board should consider whether the Director:
- Is a substantial shareholder of the Consolidated Entity or an officer of, or otherwise associated directly with, a substantial shareholder of the company;
- Is or has been employed in an executive capacity by the Consolidated Entity within three years before commencing to serve on the board;
- Within the last three years has been a principal of a material professional adviser or a material consultant to the Consolidated Entity member, or an employee materially associated with the service provided;
- Is a material supplier or customer of the Consolidated Entity, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- Has a material contractual relationship with the Consolidated Entity other than as a Director;
- Is free from any business or other relationship which could, or could reasonably be perceived to materially interfere with the Director's independent exercise of their judgement.

Materiality for these purposes is determined on both quantitative and qualitative bases. An amount of over 5% of annual turnover of the company or Consolidated Entity or 5% of the individual Directors' net worth is considered material for these purposes. In addition, a transaction of any amount or a relationship is deemed material if knowledge of it may impact the shareholders' understanding of the Director's performance.

Independent Directors of OrotonGroup are those not involved in the day to day management of the company and are free from any real or reasonably perceived business or other relationship that could materially interfere with the exercise of their unfettered and independent judgement.

In accordance with the definition of independence and the materiality thresholds above, it is the Board's view that Mr Samuel S Weiss, Mr John P Schmoll and Mr Eddy Chieng are all independent Directors.

The following Directors are not independent:
- Mr Ross B Lane (Non-Executive Director) due to substantial shareholdings;
- Mr J Will Vicars (Non-Executive Director) due to substantial shareholdings;
- Mr Mark Newman (Chief Executive Officer and Managing Director) due to role in OrotonGroup Limited.

Regardless of whether directors are defined as independent, all Directors are expected to bring independent views and judgement to Board deliberations. The Board regularly assesses the independence of each Director.

Majority independence and commitment of Board

Currently, three of the six Directors are not independent. These interests have been disclosed in the Directors' Report.

Notwithstanding this, the board supports the comments made by the ASX Implementation Review Group ("IRG") that:

"Other board structures which do not include a majority of independent Directors may also provide an acceptable level of objectivity. The IRG does not believe that an individual Director will necessarily be unwilling or unable to safeguard shareholders' interests or will necessarily lack objectivity or independence of mind, simply because they are not deemed to be 'independent'. Safeguarding shareholder interests is a fundamental duty of all Directors."

In respect of the Board of OrotonGroup:
- Non-Executive Directors spend approximately 30 days each year on Board business and activities including, Board and Committee meetings, visits to operations and meeting employees, customers, business associates and other stakeholders;
- The Chairman regularly meets with the Managing Director to review key issues and performance trends affecting the business of OrotonGroup.
- The number of meetings of the company's board of Directors and of each board committee held during the year ended 26 July 2014, and the number of meetings attended by each Director is disclosed in the Directors' report;
- The commitments of non-executive Directors are considered by the nomination committee prior to the Directors' appointment to the board of the company and are reviewed each year as part of the annual performance assessment.
- The Chairmen on the 2 Board committees, being the Audit Committee and the People and Organisation Committee, are both independent non-executive Directors.

Director Performance

Performance reviews of the Board and its subcommittees are undertaken on a periodic basis. The Board has implemented a process to:
- Evaluate the performance of the Board, committees, individual Directors and key executives.
- The Board assesses reviews and discusses its overall performance against set objectives.
- The Chairman assesses the performance of individual Directors and key executives.
- The composition of each subcommittee is reviewed. This exercise takes into consideration each Director's competency, skills, experience and expertise.

The results and any action plans are documented together with specific performance goals. The last assessment of the Board performance was conducted by the Board during the financial year.

Where necessary, OrotonGroup will provide the required resources to assist Directors in improving their performance.

The People and Organisation Committee are involved in the performance review of key management. The Charter, referred to in the People and Organisation Committee section of this Corporate Governance Statement, outlines their responsibility in this area.

Conflict of Interest

In accordance with the Corporations Act 2001 (Clth) and OrotonGroup's Constitution, Directors must keep the Board advised on an ongoing basis, of any interest that could potentially conflict with those of OrotonGroup. Where the Board believes that a significant conflict exists, the Director concerned does not receive the relevant Board papers and is not present at the meeting while the item is considered.

Access to information

Management supplies the Board with information that enables them to effectively and efficiently fulfill their responsibilities. The Board has access to OrotonGroup's Company Secretary and independent professional advice.

Independent Professional Advice

Each Director has the right to seek independent professional advice at the expense of OrotonGroup. Prior written approval of the Chairman is required, which will not be unreasonably withheld. All Directors are made aware of the professional advice sought and obtained.

Board committees

The board has established a number of committees to assist in the execution of its duties and to allow detailed consideration of complex issues. Current committees of the board are:

- The People and Organisation Committee (as detailed below);
- The Audit Committee (the details of this committee are discussed in Principle 4- Safeguard Integrity in Financial Reporting).

Each of the committees is comprised of all of the Directors. Minutes of committee meetings are tabled at the subsequent board meeting for review and approval.

People and Organisation Committee

The People and Organisation Committee provides additional support for the human resources strategy of OrotonGroup. It assists the Board by ensuring that the appropriate people, people related strategies, policies and procedures are in place to support OrotonGroup's vision and values, and its strategic and financial goals.

People and Organisation Committee Charter

The Charter ensures that OrotonGroup:

- Has an appropriate human resources strategy that is aligned to the overall business strategy and which supports OrotonGroup's vision and values;
- Has remuneration policies and practices that are observed, and that enable OrotonGroup to attract and retain people at all levels who will create value for shareholders;
- Fairly and responsibly rewards Directors, management and staff, taking into consideration the performance of OrotonGroup, the creation of value for shareholders, the performance of the individual and the external remuneration environment;
- Plans and implements the development and succession of Board members, management and staff.

Members of the People and Organisation Committee:

- Samuel S Weiss- Lead Independent Non-Executive Director and Chairman of the People and Organisation Committee;
- John P Schmoll- Independent Non-Executive Chairman of the Board
- Ross B Lane- Non-Executive Director
- Eddy Chieng- Independent Non-Executive Director
- J Will Vicars- Non-Executive Director

Details of membership, member qualifications and attendance are contained in the Directors' Report.

The Committee seeks advice and guidance, as appropriate, from the Managing Director. It may also seek advice from external experts, as appropriate.

Principle 3 – Promote ethical and responsible decision making

The ASX Corporate Governance Council states that OrotonGroup should "Actively promote ethical and responsible decision-making".

Ethical Standards

All Directors, Officers and Employees are expected to perform their duties professionally and act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of OrotonGroup and its brands.

The Board oversees the identification, implementation of procedures and development of policies in respect of the maintenance of appropriate ethical standards. OrotonGroup has a Code of Conduct, which sets out the standards as to how Directors and Employees of OrotonGroup are expected to act. Employees are required to read the updated Employee Code of Conduct in the performance of their duties and to sign an acknowledgement stating that they have read and understood this document. The intention of this Code of Conduct is to provide stakeholders with the opportunity to communicate any areas of concern over potential acts of misconduct.

Dealings in OrotonGroup shares by Directors, Officers and Employees

The Constitution permits Directors to acquire shares in OrotonGroup. OrotonGroup's policy prohibits Directors, officers and certain employees, who might be aware of price sensitive information about OrotonGroup from dealing in OrotonGroup shares 6 weeks before each annual and half year financial period ends and 24 hours after the release of the annual or half year results announcement, provided that outside of these periods they are not in possession of price sensitive information.

Directors must notify the Company Secretary and Chairman before they sell or buy shares in OrotonGroup. In accordance with provisions of the Corporations Act 2001 (Clth) and the Listing Rules of the Australian Securities Exchange (ASX), Directors or their related entities advise the ASX of any transaction conducted by them in buying or selling any shares in OrotonGroup.

Ethical Compliance

OrotonGroup is dedicated to ensuring that all its products are manufactured in accordance with local and internationally accepted labour, environmental and employment laws. OrotonGroup is also dedicated to ensuring that manufacturing occurs under working conditions that meet legal standards and without the use of child, forced or prison labour.

OrotonGroup Diversity Policy Objectives

OrotonGroup believes in the value of a diverse workforce and as such is committed to actively supporting diversity across all levels of the organisation. We see diversity as recognising and valuing the unique contribution people can make due to their individual background and the different skills, experiences and perspectives they bring. Individuals differ not only due to their race and gender, they differ across various dimensions including lifestyle, education, physical ability, age and family/ carer responsibility.

The initiatives, activities and programs we drive to support a diverse and inclusive workforce are as follows:

- Equal Employment Opportunity Policies and Programs
- Awareness training and education on the areas of sexual harassment, bullying, stereotyping and unconscious bias
- Recruitment, training and promotion based on measureable performance, achievements and potential
- Development and implementation of flexible work practices where possible and appropriate to support family and carer responsibilities
- Promotion of our company's core values of Courage, Innovation, Passion, Entrepreneurship, Curiosity and Determination to drive an inclusive workplace culture which is fair and equitable for all our employees
- Provide a safe and healthy workplace free of harassment of any kind
- Implementation since 2007 of a 12 week paid parental leave scheme across the organisation

OrotonGroup Diversity Facts as at 2014

OrotonGroup has a strong representation of women across the organisation. As a measure of gender diversity, the proportion of women employees in the business are as follows:

Positions	% of women
Women in senior executive positions	50%
Women in management positions	82%
Women in the organisation	86%

Principle 4 – Safeguard integrity in financial reporting

The ASX Corporate Governance Council states that a company should "Have a structure to independently verify and safeguard the integrity of the company's financial reporting".

Managing Director and Chief Financial Officer Statement

OrotonGroup has a Management Certification Process in place to ensure the Managing Director and Chief Financial Officer state in writing to the Board that the financial reports present a true and fair view, in all material respects, of OrotonGroup's financial condition and operational results and are in accordance with relevant accounting standards.

Audit Committee

Members of the Audit Committee:

- Eddy Chieng - Independent Non-Executive Director and Chairman of the Audit Committee;
- John P Schmoll- Independent Non-Executive Chairman of the Board
- Samuel S Weiss- Lead Independent Non-Executive Director.

Details of membership, member qualifications and attendance are contained in the Directors' Report.

Audit Committee Charter and Responsibilities

The purpose, importance and responsibilities of the Audit Committee are to assist the Board in its oversight responsibilities. It has the following functions:

- To ensure the OrotonGroup accounting policies and practices are in accordance with current and emerging accounting standards promulgated by the Australian Accounting Standards Board (AASB);
- Reviewing the scope of the audit through discussion with the external auditors of the Consolidated Entity;
- To ensure adherence to the External Auditors' independence requirements, including reviewing and approving the level of non-audit services provided by the External Auditors and ensure it does not adversely impact on auditor independence;
- To monitor and approve the selection, appointment and continued engagement of the External Auditor and for the rotation of External Audit Engagement Partners;
- Review any significant disagreements between the auditors and management, irrespective of whether they have been resolved;
- Provide external auditors with a clear line of direct communication at any time to either the Chairman of the Audit Committee or the Chairman of the Board;
- To ensure compliance with legal and regulatory requirements and policies in this regard;
- To oversee the adequacy of internal controls and the overall efficiency and effectiveness of financial operations;
- Oversee the effective operation of the risk management framework.

Meetings of the Audit Committee

The Audit Committee may have in attendance or by invitation such members of management or others as it may deem necessary to provide appropriate information or explanations.

The Audit Committee meets each quarter and more frequently if required.

External Auditor

PricewaterhouseCoopers was appointed as the external auditor on 14 December 2000 following the completion of a tender process. PricewaterhouseCooper's policy is to rotate audit engagement partners on listed companies at least every five years. The performance of the external auditor is reviewed annually by the Audit Committee and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs.

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in note 34 to the financial statements. It is the policy of the external auditors to provide an annual declaration of their independence. This declaration is included in the 2014 Annual Report on page 42.

The External Auditor attends Audit Committee meetings when requested by the Audit Committee Chairman. The external auditor will attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

Principle 5 – Make timely and balanced disclosure

The ASX Corporate Governance Council states that OrotonGroup should "Promote timely and balanced disclosure of all material matters concerning OrotonGroup".

ASX Listing Rule 3.1 requires OrotonGroup once it is or becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of OrotonGroup securities, to immediately advise the ASX of that information. OrotonGroup has a policy that all shareholders and investors have equal access to OrotonGroup information and has procedures to ensure that all price sensitive information is disclosed to the ASX in accordance with the disclosure requirements of the Corporations Act 2001 (Clth) and ASX Listing Rules.

OrotonGroup is committed to the provision of timely, full and accurate disclosure of material information and has this publicly available on its website at www.orotongroup.com

Financial information is contained in the Annual Report under the Financial Report. This information is also publicly available on its website at www.orotongroup.com

Principle 6 – Respect the rights of shareholders

The ASX Corporate Governance Council states that a company should "Respect the rights of shareholders and facilitate the effective exercise of those rights".

Communications with Shareholders

OrotonGroup has adopted a Shareholder Communications Policy which requires OrotonGroup to communicate information effectively, to facilitate participation in shareholder meetings and deal with shareholders' inquiries in an open and helpful manner, within the constraints of its continuous disclosure obligations. Details of the Shareholder Communications Policy can be found on the OrotonGroup website at www.orotongroup.com

Information is communicated to shareholders through:
- The OrotonGroup Annual Report;
- The Annual General Meeting;
- The Interim Report (6 months results report);
- Results announcements and press releases;
- OrotonGroup website, which has a dedicated investor relations section.

The Board's strategy to promote effective communication with shareholders is as follows:
- All announcements made to the market and all related information (such as information provided to analysts or media during briefings) are placed on the OrotonGroup website at www.orotongroup.com immediately after they have been released to the ASX;
- The full text of all Notices of Meetings and explanatory material are placed on the OrotonGroup website at www.orotongroup.com

The OrotonGroup website, www.orotongroup.com includes the financial reports for the last 11 years and major announcements from January 2006.

Shareholder and External Auditor Attendance

The Board encourages full participation of shareholders at the Annual General Meeting.

The External Auditor is also notified and invited to the OrotonGroup Annual General Meeting and is provided with the agenda. The External Auditor is provided time to answer any questions from the shareholders and the members concerning the audit and the content of the Auditor's Report.

Principle 7 – Recognise and Manage risk

The ASX Corporate Governance Council states that a company should "Establish a sound system of risk oversight and management and internal control".

Risk Management

The responsibility for Risk Management and oversight is coordinated through the Audit Committee, in conjunction with Management. Management is required to:
- Identify the risk profile from a company-wide perspective and prioritise such risks;
- Develop, implement, monitor, assess and review risk management, risk compliance and risk control strategies with an emphasis on continuous improvement;
- Attend formal strategic planning sessions;
- Prepare and review periodic reports to the Board and Audit Committee identifying and prioritising issues that represent risk and the manner in which these are being responded to.

Risk Policies

For the 2014 year, the Risk Management function implemented the appropriate compliance and control elements by way of the management certification process (see below). OrotonGroup will continue to enhance its policies and processes around oversight, risk profile and risk management across all areas of the business.

Policy areas under development include:
- Business Risk – focusing on principles and policies to manage OrotonGroup's strategic planning, decision making and execution risks;
- Financial Risk – focusing on principles and policies to manage OrotonGroup's exposures to foreign currencies and interest rates;
- Legal Compliance Risk – focusing on principles and policies to manage compliance with all major legal requirements in the conduct of OrotonGroup business;
- Safety, Health and Environment – focusing on principles and policies to manage OrotonGroup's safety, health and environmental liabilities and legal responsibilities.

The effectiveness of Risk Management is reviewed by the Board and the Audit Committee.

Risk Profile

Significant changes to OrotonGroup's risk profile are communicated to investors by way of its continuous disclosure obligations. This is particularly so in cases where the change is likely to have a material impact on the value of OrotonGroup's shares.

Management Certification Process

A management certification process has been introduced across the business.

The key steps in the certification process are the completion of a questionnaire by key management covering information that is critical to the financial statements, risk management and internal controls ;

The certification process carried out by the Managing Director and Chief Financial Officer and reported to the Board provides that:

- The financial statements provide a true and fair view, in all material respects of OrotonGroup's financial condition and operating results (in accordance with ASX Corporate Governance best practice recommendation 4.1);
- A sound system of risk management and internal compliance and control is in place;
- There is compliance with relevant laws and regulations;
- OrotonGroup's risk management, internal compliance and control systems are operating efficiently and effectively in all material respects.

The process of certification serves the following purposes:

- Provide assurance to the Board to support their approval of the Annual Report and other financial reports;
- Formalises the process by which the Executive Team signs-off on those areas of risk responsibility delegated to them by the Board;
- Ensures a true and fair view of OrotonGroup's financial statements.

Internal Audit Function

There is not a dedicated internal audit function, however, considerable importance is placed on maintaining a strong control environment in the Consolidated Entity. There is an organisation structure with clearly drawn lines of accountability and delegation of authority. Internal control reviews are undertaken on a periodic basis and the results are reported to OrotonGroup's Audit Committee. The Board receives and reviews the minutes of the meetings of all Board committees.

The external audit function is separate and independent of the above processes.

Corporate reporting

The Board is provided by the Managing Director and Chief Financial Officer with reports from management on the financial performance of OrotonGroup. The reports include details of all key financial results reported against budgets approved by the Board, with regular updates on forecasts for the year. Similarly, the written statement by the Managing Director and Chief Financial Officer provided to the Board, in relation to OrotonGroup's half and full year accounts states that:

- OrotonGroup's financial reports present a true and fair view, in all material respects of the financial condition and operational results of the company and Consolidated Entity and are in accordance with relevant accounting standards;
- The above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board and that the company's risk management and internal compliance and control is operating efficiently and effectively in all material respects.

Principle 8 – Remunerate fairly and responsibly

The ASX Corporate Governance Council states that a company should "Ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to corporate and individual performance is defined".

Remuneration Committee

The People and Organisation Committee review OrotonGroup remuneration policies and strategies including specific remuneration structures, levels and performance criteria for the Managing Director and Executive Team. For more details in respect of the Remuneration Committee, see Principle 2 of this Corporate Governance Statement.

Remuneration Disclosure

The Remuneration Report discloses the Directors', Non-Executive Directors' and Key Management Personnel remuneration, benefits, incentives and allowances where relevant.

Contents **Page**

General information

The financial statements cover OrotonGroup Limited as a consolidated entity consisting of OrotonGroup Limited and its subsidiaries. The financial statements are presented in Australian dollars, which is OrotonGroup Limited's functional and presentation currency.

OrotonGroup Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 2
409 George Street
Waterloo NSW 2017
Australia

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 17 September 2014. The directors have the power to amend and reissue the financial statements.

Through the use of the internet, we have ensured that our corporate reporting is timely and complete. All press releases, financial reports and other information are available on our website: www.orotongroup.com.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 26 JULY 2014

		Consolidated	
		2014	2013
	Note	$'000	$'000
Revenue from continuing operations	4	124,889	99,496
Share of losses of joint ventures accounted for using the equity method	5	(811)	-
Other income		31	16
Expenses			
Cost of sales		(46,875)	(32,664)
Warehouse and distribution		(2,830)	(1,724)
Marketing		(1,870)	(2,477)
Selling		(46,563)	(38,361)
Administration		(12,536)	(12,341)
Finance costs	6	(272)	(754)
Profit before income tax expense from continuing operations		13,163	11,191
Income tax expense	7	(4,905)	(4,050)
Profit after income tax expense from continuing operations		8,258	7,141
Profit after income tax expense from discontinued operations	8	-	20,312
Profit after income tax expense for the year attributable to the owners of OrotonGroup Limited	29	8,258	27,453
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Net change in the fair value of cash flow hedges taken to equity, net of tax	28	(3,175)	3,013
Foreign currency translation	28	141	537
Share of joint venture's hedging reserve	28	(417)	-
Other comprehensive income for the year, net of tax		(3,451)	3,550
Total comprehensive income for the year attributable to the owners of OrotonGroup Limited		**4,807**	**31,003**
Total comprehensive income for the year is attributable to:			
Continuing operations		4,807	10,691
Discontinued operations		-	20,312
		4,807	**31,003**

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 26 JULY 2014

		Consolidated	
		2014	**2013**
	Note	**$'000**	**$'000**
		Cents	**Cents**
Earnings per share from continuing operations attributable to the owners of OrotonGroup Limited			
Basic earnings per share	45	20.20	17.47
Diluted earnings per share	45	20.15	17.43
Earnings per share for profit from discontinued operations attributable to the owners of OrotonGroup Limited			
Basic earnings per share	45	-	49.69
Diluted earnings per share	45	-	49.57
Earnings per share for profit attributable to the owners of OrotonGroup Limited			
Basic earnings per share	45	20.20	67.15
Diluted earnings per share	45	20.15	66.99

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

STATEMENT OF FINANCIAL POSITION

AS AT 26 JULY 2014

	Note	Consolidated 2014 $'000	Consolidated 2013 $'000
Assets			
Current assets			
Cash and cash equivalents	9	10,128	23,044
Trade and other receivables	10	5,287	4,741
Inventories	11	27,598	18,457
Derivative financial instruments	12	-	1,621
Tax receivable	13	18	18
Total current assets		43,031	47,881
Non-current assets			
Receivables	14	4,336	-
Investments accounted for using the equity method	15	47	-
Derivative financial instruments	16	-	518
Property, plant and equipment	17	11,057	9,697
Intangibles	18	709	467
Deferred tax	19	3,361	1,888
Total non-current assets		19,510	12,570
Total assets		62,541	60,451
Liabilities			
Current liabilities			
Trade and other payables	20	17,625	9,078
Derivative financial instruments	21	1,417	-
Income tax	22	1,063	1,304
Provisions	23	529	467
Total current liabilities		20,634	10,849
Non-current liabilities			
Derivative financial instruments	25	1,195	-
Provisions	26	3,829	3,205
Total non-current liabilities		5,024	3,205
Total liabilities		25,658	14,054
Net assets		**36,883**	**46,397**
Equity			
Issued capital	27	22,523	22,523
Reserves	28	(4,063)	(1,008)
Retained profits	29	18,423	24,882
Total equity		**36,883**	**46,397**

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 26 JULY 2014

	Issued capital $'000	Reserves $'000	Retained profits $'000	Total equity $'000
Consolidated				
Balance at 29 July 2012	22,523	(4,067)	17,869	36,325
Profit after income tax expense for the year	-	-	27,453	27,453
Other comprehensive income for the year, net of tax	-	3,550	-	3,550
Total comprehensive income for the year	-	3,550	27,453	31,003
Transactions with owners in their capacity as owners:				
Net movement in share-based payments reserve	-	(491)	-	(491)
Dividends paid (note 30)	-	-	(20,440)	(20,440)
Balance at 27 July 2013	**22,523**	**(1,008)**	**24,882**	**46,397**

	Issued capital $'000	Reserves $'000	Retained profits $'000	Total equity $'000
Consolidated				
Balance at 28 July 2013	22,523	(1,008)	24,882	46,397
Profit after income tax expense for the year	-	-	8,258	8,258
Other comprehensive income for the year, net of tax	-	(3,451)	-	(3,451)
Total comprehensive income for the year	-	(3,451)	8,258	4,807
Transactions with owners in their capacity as owners:				
Net movement in share-based payments reserve	-	396	-	396
Dividends paid (note 30)	-	-	(14,717)	(14,717)
Balance at 26 July 2014	**22,523**	**(4,063)**	**18,423**	**36,883**

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 26 JULY 2014

	Note	Consolidated 2014 $'000	Consolidated 2013 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		135,093	206,828
Payments to suppliers and employees (inclusive of GST)		(111,253)	(153,751)
		23,840	53,077
Interest received		178	75
Interest and other finance costs paid		(272)	(754)
Income taxes paid		(5,259)	(12,544)
Net cash from operating activities	44	18,487	39,854
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	39	(7,204)	-
Payment for investment in joint venture		(1,275)	-
Loans advanced to joint venture		(4,336)	-
Payments for property, plant and equipment	17	(3,386)	(3,326)
Payments for software	18	(546)	(135)
Payments for security deposits		-	(392)
Proceeds from sale of property, plant and equipment		-	119
Proceeds from release of security deposits		151	-
Proceeds from disposal of discontinued operations		-	12,825
Proceeds from transition payment		-	1,470
Net cash from/(used in) investing activities		(16,596)	10,561
Cash flows from financing activities			
Proceeds from borrowings		2,500	28,500
Dividends paid	30	(14,717)	(20,440)
Repayment of borrowings		(2,500)	(34,000)
Shares purchased through employee share trust	28	(90)	-
Net cash used in financing activities		(14,807)	(25,940)
Net increase/(decrease) in cash and cash equivalents		(12,916)	24,475
Cash and cash equivalents at the beginning of the financial year		23,044	(1,431)
Cash and cash equivalents at the end of the financial year	9	**10,128**	**23,044**

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

Note 1. Significant accounting policies

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

New, revised or amending Accounting Standards and Interpretations adopted
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 period.

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

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 10 Consolidated Financial Statements
The consolidated entity has applied AASB 10 from 28 July 2013, which has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights that give it the current ability to direct the activities that significantly affect the investee's returns. The consolidated entity not only has to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes.This will be considered in any future business expansion plans and there is no impact on the consolidated entity.

AASB 11 Joint Arrangements
The consolidated entity has applied AASB 11 from 28 July 2013. The standard defines which entities qualify as joint arrangements and removes the option to account for joint ventures using proportional consolidation. Joint ventures, where the parties to the agreement have the rights to the net assets are accounted for using the equity method. Joint operations, where the parties to the agreements have the rights to the assets and obligations for the liabilities, will account for its share of the assets, liabilities, revenues and expenses separately under the appropriate classifications.The new Brooks Brothers Australia joint venture has been accounted for using the equity method.

AASB 12 Disclosure of Interests in Other Entities
The consolidated entity has applied AASB 12 from 28 July 2013. The standard contains the entire disclosure requirement associated with other entities, being subsidiaries, associates, joint arrangements (joint operations and joint ventures) and unconsolidated structured entities. The disclosure requirements have been significantly enhanced when compared to the disclosures previously located in AASB 127 'Consolidated and Separate Financial Statements', AASB 128 'Investments in Associates', AASB 131 'Interests in Joint Ventures' and Interpretation 112 'Consolidation - Special Purpose Entities'. Additional disclosure has been included in note 41.

AASB 127 Separate Financial Statements (Revised), AASB 128 Investments in Associates and Joint Ventures (Reissued) and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards
The consolidated entity has applied AASB 127, AASB 128 and AASB 2011-7 from 28 July 2013. AASB 127 and AASB 128 have been modified to remove specific guidance that is now contained in AASB 10, AASB 11 and AASB 12 and AASB 2011-7 makes numerous consequential changes to a range of Australian Accounting Standards and Interpretations. AASB 128 has also been amended to include the application of the equity method to investments in joint venture, as disclosed in note 41.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement
The consolidated entity has applied 2011-4 from 28 July 2013, which amends AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel ('KMP'). Corporations and Related Legislation Amendment Regulations 2013 and Corporations and Australian Securities and Investments Commission Amendment Regulation 2013 (No.1) now specify the KMP disclosure requirements to be included within the directors' report.

26 JULY 2014

Note 1. Significant accounting policies (continued)

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

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

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 38.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of OrotonGroup Limited ('company' or 'parent entity') as at 26 July 2014 and the results of all subsidiaries for the year then ended. OrotonGroup Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

The consolidated entity utilises a trust to administer the consolidated entity's employee share scheme. The trust is consolidated into the consolidated entity.

Treasury shares acquired by the trust are recorded in the share-based payment trust reserve. Information relating to these shares is disclosed in note 28.

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

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation

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

Note 1. Significant accounting policies (continued)

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

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rate at the date of the transaction, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The consolidated entity recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the consolidated entity's activities as described below.

Sale of goods
The consolidated entity operates retail stores and a premium wholesaling business. Revenue from the sale of goods is recognised when a group entity sells a product to the customer. Retail sales are usually paid via credit card or cash. Revenue from licence fees, franchise fees and commissions are recognised and accrued in the period in which the fees are earned.

Interest income
Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the consolidated entity reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

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

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

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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

Note 1. Significant accounting policies (continued)

OrotonGroup Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Discontinued operations

A discontinued operation is a component of the consolidated entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

Current and non-current classification

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

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

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

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

Cash and cash equivalents

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

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

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

Inventories

Finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises purchase and delivery costs, net of rebates and discounts received or receivable.

Note 1. Significant accounting policies (continued)

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

Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives are classified as current or non-current depending on the expected period of realisation.

Cash flow hedges

Cash flow hedges are used to cover the consolidated entity's exposure to variability in cash flows that is attributable to particular risk associated with a recognised asset or liability or a firm commitment which could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, whilst the ineffective portion is recognised in profit or loss. Amounts taken to equity are transferred out of equity and included in the measurement of the hedged transaction when the forecast transaction occurs.

Cash flow hedges are tested for effectiveness on a regular basis both retrospectively and prospectively to ensure that each hedge is highly effective and continues to be designated as a cash flow hedge. If the forecast transaction is no longer expected to occur, amounts recognised in equity are transferred to profit or loss.

If the hedging instrument is sold, terminated, expires, exercised without replacement or rollover, or if the hedge becomes ineffective and is no longer a designated hedge, amounts previously recognised in equity remain in equity until the forecast transaction occurs.

Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Income earned from joint venture entities reduce the carrying amount of the investment.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets

The consolidated entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for loans and receivables carried at amortised cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If there is a reversal of impairment, the reversal cannot exceed the amortised cost that would have been recognised had the impairment not been made and is reversed to profit or loss.

Note 1. Significant accounting policies (continued)

Property, plant and equipment

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

Plant and equipment is depreciated on a straight line basis over their estimated useful lives commencing from the time the asset is held ready for use. Items of plant and equipment are depreciated at rates ranging from 7.5% to 33.3% per annum.

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

Leasehold improvements are depreciated over a period of 5 years or the estimated useful life of the assets, whichever is shorter.

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

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term.

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

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 4 years.

Impairment of non-financial assets

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

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

Note 1. Significant accounting policies (continued)

Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

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

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

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

Employee benefits
Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

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

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Employee benefit on-costs
Employee benefit on-costs, including payroll tax, are recognised and included in employee benefit liabilities when the related employee benefit liability is incurred.

Bonuses
The consolidated entity recognises a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The consolidated entity recognises a provision when contractually obliged or where there is a past practice that has created a constructive obligation.

Share-based payments
Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or rights over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Monte Carlo or Black-Scholes option pricing model that takes into account the exercise price, the term of the right, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the right, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Monte Carlo or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:
- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement

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

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

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital

Ordinary shares are classified as equity.

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

Note 1. Significant accounting policies (continued)

Dividends

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

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of OrotonGroup Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

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

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

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

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

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

Note 1. Significant accounting policies (continued)

Rounding of amounts

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 26 July 2014. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments and its consequential amendments

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2018 and completes phases I and III of the IASB's project to replace IAS 39 (AASB 139) 'Financial Instruments: Recognition and Measurement'. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. Chapter 6 'Hedge Accounting' supersedes the general hedge accounting requirements in AASB 139 and provides a new simpler approach to hedge accounting that is intended to more closely align with risk management activities undertaken by entities when hedging financial and non-financial risks. The consolidated entity will adopt this standard and the amendments from 29 July 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

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

These amendments are applicable to annual reporting periods beginning on or after 1 January 2014. The disclosure requirements of AASB 136 'Impairment of Assets' have been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, if measured using a present value technique, the discount rate is required to be disclosed. The adoption of these amendments from 27 July 2014 may increase the disclosures by the consolidated entity.

AASB 2013-4 Amendments to Australian Accounting Standards - Novation of Derivatives and Continuation of Hedge Accounting

These amendments are applicable to annual reporting periods beginning on or after 1 January 2014 and amends AASB 139 'Financial Instruments: Recognition and Measurement' to permit continuation of hedge accounting in circumstances where a derivative (designated as hedging instrument) is novated from one counter party to a central counterparty as a consequence of laws or regulations. The adoption of these amendments from 27 July 2014 will not have a material impact on the consolidated entity.

Note 2. Critical accounting judgements, estimates and assumptions

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

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Monte Carlo or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Provision for impairment of inventories

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

Impairment of property, plant and equipment

The consolidated entity assesses impairment of property, plant and equipment at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs to sell or value-in-use calculations, which incorporate a number of key estimates and assumptions, including future cash flows.

Income tax

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

Derivative financial instruments

Forward foreign exchange contracts, designated as cash flow hedges, are measured at fair value. Reliance is placed on future cash flows and judgement is made on a regular basis, through prospective and retrospective testing, including at the reporting date, that the hedges are still highly effective.

Business combinations

For business combinations, the fair value of assets acquired, liabilities and contingent liabilities assumed are estimated by the consolidated entity taking into consideration all available information at the reporting date.

Note 3. Operating segments

Identification of reportable operating segments

Management has determined the operating segments based on internal reports that are reviewed and used by the Board of Directors (collectively referred to as the Chief Operating Decision Maker ('CODM')) in assessing performance and in determining the allocation of resources. The operating segments have been aggregated in accordance with AASB 8 on the basis that they share similar economic characteristics.

The CODM reviews both EBIT (earnings before interest and tax) and EBITDA (earnings before interest, tax, depreciation and amortisation) on a monthly basis. Amounts presented with respect to total assets are measured in a manner consistent with that of the financial statements.

Types of products and services

The reportable segment operates principally in the retailing and wholesaling of fashion apparel and accessories.

Note 4. Revenue

	Consolidated	
	2014	**2013**
From continuing operations	**$'000**	**$'000**
Sales revenue		
Sale of goods	122,499	98,375
Licence and franchise fees	1,412	1,046
	123,911	99,421
Other revenue		
Management fees	800	-
Interest received	178	75
	978	75
Revenue from continuing operations	**124,889**	**99,496**

Note 5. Share of losses of joint ventures accounted for using the equity method

	Consolidated	
	2014	**2013**
	$'000	**$'000**
Share of loss - joint ventures	**(811)**	**-**

Note 6. Expenses

	Consolidated	
	2014 $'000	2013 $'000
Profit before income tax from continuing operations includes the following specific expenses:		
Depreciation and amortisation of assets		
Depreciation of plant and equipment	5,195	5,011
Amortisation of software	304	239
Total depreciation and amortisation of assets	5,499	5,250
Finance costs		
Interest and finance charges paid/payable	272	754
Net foreign exchange loss/(gain)		
Net foreign exchange loss/(gain)	155	(87)
Net loss on disposal		
Net loss on disposal of property, plant and equipment	179	493
Rental expense relating to operating leases		
Minimum lease payments	16,663	12,850
Amortisation of deferred lease incentives	(369)	(292)
Total rental expense relating to operating leases	16,294	12,558
Superannuation expense		
Defined contribution superannuation expense	1,619	1,372
Employee benefits expense excluding superannuation		
Employee benefits expense excluding superannuation	23,372	20,451
Other charges against assets		
Inventories	1,060	1,103

Note 7. Income tax expense

	Consolidated	
	2014	**2013**
	$'000	**$'000**
Income tax expense		
Current tax	5,170	10,596
Deferred tax - origination and reversal of temporary differences	(113)	1,580
Adjustment recognised for prior periods	(152)	(78)
Aggregate income tax expense	**4,905**	**12,098**
Income tax expense is attributable to:		
Profit from continuing operations	4,905	4,050
Profit from discontinued operations	-	8,048
Aggregate income tax expense	**4,905**	**12,098**
Deferred tax included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets (note 19)	(113)	1,580
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense from continuing operations	13,163	11,191
Profit before income tax expense from discontinued operations	-	28,360
	13,163	39,551
Tax at the statutory tax rate of 30%	3,949	11,865
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share of loss - joint ventures	243	-
Sundry items	104	(408)
	4,296	11,457
Adjustment recognised for prior periods	(152)	(78)
Current year tax losses not recognised	761	719
Income tax expense	**4,905**	**12,098**

Note 7. Income tax expense (continued)

	Consolidated	
	2014 **$'000**	**2013** **$'000**
Amounts charged/(credited) directly to equity		
Deferred tax assets (note 19)	(1,360)	1,291
Tax losses not recognised		
Unused tax capital losses for which no deferred tax asset has been recognised	18,206	18,206
Potential tax benefit @ 30%	5,462	5,462
Unused tax losses for which no deferred tax asset has been recognised	6,255	4,524
Potential tax benefit at statutory tax rates	1,192	872

The above potential tax benefit for either capital losses or tax losses has not been recognised in the statement of financial position. The tax capital losses can only be utilised against capital gains in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

Tax consolidation legislation

OrotonGroup Limited and its wholly owned Australian subsidiaries implemented the tax consolidation legislation as of 3 August 2003.

OrotonGroup Limited, as the head entity in the tax consolidated group, recognises current tax amounts relating to transactions, events and balances of the wholly owned Australian Controlled Entities in this group in its financial statements as if those transactions, events and balances were its own transactions, events and balances. There is no formal tax sharing agreement in place.

Note 8. Discontinued operations

Description

On 30 June 2013 the consolidated entity's exclusive licence agreement with Ralph Lauren Corporation (RLC) in Australia and New Zealand expired.

As part of the expiration, RLC purchased inventory and store assets as well as providing for employment of retail store team members and transition of lease arrangements as at 30 June 2013. In addition, a payment of USD1,500,000 was made by RLC to the consolidated entity.

Financial performance information

	Consolidated	
	2014	2013
	$'000	$'000
Sale of goods	-	86,729
Total revenue	-	86,729
Cost of sales	-	(28,308)
Warehouse and distribution	-	(1,360)
Marketing	-	(2,276)
Selling	-	(30,554)
Administration	-	(1,023)
Total expenses	-	(63,521)
Profit before income tax expense	-	23,208
Income tax expense	-	(6,944)
Profit after income tax expense	-	16,264
Gain on sale before income tax	-	3,682
Transition payment	-	1,470
Income tax expense	-	(1,104)
Gain on disposal after income tax expense	-	4,048
Profit after income tax expense from discontinued operations	**-**	**20,312**

Cash flow information

	Consolidated	
	2014	2013
	$'000	$'000
Net cash from operating activities	-	27,605
Net cash from investing activities	-	14,132
Net increase in cash and cash equivalents from discontinued operations	**-**	**41,737**

Note 8. Discontinued operations (continued)

Carrying amounts of assets and liabilities disposed

	Consolidated	
	2014	2013
	$'000	$'000
Inventories	-	7,155
Other current assets	-	39
Property, plant and equipment	-	4,552
Total assets	-	11,746
Provisions	-	2,603
Total liabilities	-	2,603
Net assets	**-**	**9,143**

Details of the disposal

	Consolidated	
	2014	2013
	$'000	$'000
Total sale consideration	-	12,825
Carrying amount of net assets disposed	-	(9,143)
Gain on disposal before tax income	-	3,682
Transition payment	-	1,470
Income tax expense	-	(1,104)
Gain on disposal after income tax	**-**	**4,048**

Note 9. Current assets - cash and cash equivalents

	Consolidated	
	2014	2013
	$'000	$'000
Cash at bank	10,128	8,044
Cash on deposit	-	15,000
	10,128	**23,044**

As at 26 July 2014, the cash balances were interest bearing at a rate of 2.48% (2013: 2.75%) for cash at bank and nil (2013: 3.15%) for cash on deposit. Refer to note 31 for further information on cash and cash equivalents.

Note 10. Current assets - trade and other receivables

	Consolidated	
	2014	**2013**
	$'000	**$'000**
Trade receivables	2,213	1,906
Other receivables	36	14
Prepayments	2,391	2,023
Security deposits	647	798
	5,287	**4,741**

Past due but not impaired

Customers with balances past due but without provision for impairment of receivables amount to $181,000 as at 26 July 2014 ($176,000 as at 27 July 2013).

The consolidated entity did not consider a credit risk on the aggregate balances after reviewing credit terms of customers based on recent collection practices.

The ageing of the past due but not impaired receivables are as follows:

	Consolidated	
	2014	**2013**
	$'000	**$'000**
0 to 3 months overdue	120	21
3 to 6 months overdue	28	86
Over 6 months overdue	33	69
	181	**176**

Foreign exchange and interest rate risk

Information about the consolidated entity's exposure to foreign currency risk and interest rate risk in relation to trade and other receivables is provided in note 31.

Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. The fair value of securities held for certain trade receivables is insignificant. Refer to note 31 for more information on the risk management policy of the consolidated entity and the credit quality of the entity's trade receivables.

Note 11. Current assets - inventories

	Consolidated	
	2014	**2013**
	$'000	**$'000**
Finished goods - at cost	27,905	18,783
Less: Provision for impairment	(307)	(326)
	27,598	**18,457**

Note 12. Current assets - derivative financial instruments

	Consolidated	
	2014 $'000	2013 $'000
Forward foreign exchange contracts - cash flow hedges	-	1,621

Refer to note 32 for further information on fair value measurement.

Note 13. Current assets - tax receivable

	Consolidated	
	2014 $'000	2013 $'000
Income tax refund due	18	18

Note 14. Non-current assets - receivables

	Consolidated	
	2014 $'000	2013 $'000
Receivable from Brooks Brothers Australia joint venture	4,336	-

Note 15. Non-current assets - investments accounted for using the equity method

	Consolidated	
	2014 $'000	2013 $'000
Investment in Brooks Brothers Australia joint venture	47	-

Refer to note 41 for further information on interests in joint ventures.

Note 16. Non-current assets - derivative financial instruments

	Consolidated	
	2014 $'000	2013 $'000
Forward foreign exchange contracts - cash flow hedges	-	518

Refer to note 32 for further information on fair value measurement.

Note 17. Non-current assets - property, plant and equipment

	Consolidated	
	2014	**2015**
	$'000	**$'000**
Plant and equipment - at cost	39,261	33,899
Less: Accumulated depreciation	(28,204)	(24,202)
	11,057	**9,697**

Reconciliations

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

	Plant and equipment $'000	Total $'000
Consolidated		
Balance at 29 July 2012	18,996	18,996
Additions	3,326	3,326
Classified as held for sale	(612)	(612)
Disposals	(4,552)	(4,552)
Exchange differences	274	274
Depreciation expense	(7,735)	(7,735)
Balance at 27 July 2013	9,697	9,697
Additions	3,386	3,386
Additions through business combinations (note 39)	3,348	3,348
Disposals	(179)	(179)
Exchange differences	(82)	(82)
Depreciation expense	(5,113)	(5,113)
Balance at 26 July 2014	**11,057**	**11,057**

Note 18. Non-current assets - intangibles

	Consolidated	
	2014	2013
	$'000	$'000
Software - at cost	6,211	5,665
Less: Accumulated amortisation	(5,502)	(5,198)
	709	**467**

Reconciliations

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

	Software	Total
	$'000	$'000
Consolidated		
Balance at 29 July 2012	571	571
Additions	135	135
Amortisation expense	(239)	(239)
Balance at 27 July 2013	467	467
Additions	546	546
Amortisation expense	(304)	(304)
Balance at 26 July 2014	**709**	**709**

Note 19. Non-current assets - deferred tax

	Consolidated	
	2014 $'000	2013 $'000
Deferred tax asset comprises temporary differences and tax losses attributable to:		
Amounts recognised in profit or loss:		
Tax losses	26	-
Employee benefits	802	728
Accrued expenses	188	457
Deferred revenue	157	114
Depreciation	19	19
Stock provision	80	84
Lease incentives and fixed rental increases	915	711
Stock valuation	475	436
	2,662	2,549
Amounts recognised in equity:		
	699	(661)
Deferred tax asset	**3,361**	**1,888**
Amount expected to be recovered within 12 months	2,508	1,185
Amount expected to be recovered after more than 12 months	853	703
	3,361	**1,888**
Movements:		
Opening balance	1,888	4,759
Credited/(charged) to profit or loss (note 7)	113	(1,580)
Credited/(charged) to equity (note 7)	1,360	(1,291)
Closing balance	**3,361**	**1,888**

Note 20. Current liabilities - trade and other payables

	Consolidated	
	2014 $'000	2013 $'000
Trade payables	10,023	1,728
Other payables	7,602	7,350
	17,625	**9,078**

Refer to note 31 for further information on financial instruments.

Note 20. Current liabilities - trade and other payables (continued)

Fair value

Due to the short-term nature of these payables, their carrying amount is assumed to approximate their fair value.

Amounts not expected to be settled within the next 12 months

Other payables include accruals for annual leave. The entire obligation is presented as current, since the consolidated entity does not have an unconditional right to defer settlement. However, based on past experience, the consolidated entity does not expect all employees to take the full amount of accrued leave within the next 12 months.

The following amounts reflect leave that is not expected to be taken within the next 12 months:

	Consolidated	
	2014 $'000	2013 $'000
Annual leave obligation expected to be settled after 12 months	**117**	**116**

Note 21. Current liabilities - derivative financial instruments

	Consolidated	
	2014 $'000	2013 $'000
Forward foreign exchange contracts - cash flow hedges	**1,417**	**-**

Refer to note 31 for further information on financial instruments.
Refer to note 32 for further information on fair value measurement.

Note 22. Current liabilities - income tax

	Consolidated	
	2014 $'000	2013 $'000
Provision for income tax	**1,063**	**1,304**

Note 23. Current liabilities - provisions

	Consolidated	
	2014 $'000	2013 $'000
Employee benefits	192	263
Deferred lease incentives	337	204
	529	**467**

Deferred lease incentives

The provision represents operating lease incentives received. The incentives are allocated to profit or loss in such a manner that the rent expense is recognised on a straight-line basis over the lease term.

Note 23. Current liabilities - provisions (continued)

Movements in provisions

Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

	Deferred lease incentives $'000
Consolidated - 2014	
Carrying amount at the start of the year	204
Additional provisions recognised	30
Additions through business combinations (note 39)	156
Amounts transferred from non-current	292
Amounts used	(345)
Carrying amount at the end of the year	**337**

Amounts not expected to be settled within the next 12 months

The current provision for long service leave includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the consolidated entity does not have an unconditional right to defer settlement. However, based on past experience, the consolidated entity does not expect all employees to take the full amount of accrued long service leave or require payment within the next 12 months.

The following amounts reflect leave that is not expected to be taken within the next 12 months:

	Consolidated	
	2014 $'000	2013 $'000
Long service leave obligation expected to be settled after 12 months	**174**	**116**

Note 24. Non-current liabilities - borrowings

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated	
	2014	**2013**
	$'000	**$'000**
Total facilities		
Bank overdraft	5,000	5,000
Working capital facilities	25,000	35,000
	30,000	40,000
Used at the reporting date		
Bank overdraft	-	-
Working capital facilities	4,118	5,862
	4,118	5,862
Unused at the reporting date		
Bank overdraft	5,000	5,000
Working capital facilities	20,882	29,138
	25,882	34,138

The financing arrangements are secured by a first mortgage over the consolidated entity's assets.

The bank overdraft facilities and working capital facilities may be drawn at any time. In addition to the unused credit facilities disclosed above, the consolidated entity has access to the cash balances as disclosed in note 9. Bank facilities are arranged with the general terms, conditions and covenants being set and agreed from time to time. The $5m bank overdraft facility is repayable and terminable on demand and the $25m working capital facilities are due for renewal on 31 October 2015.

On 19 August 2014 (subsequent to the reporting date) the total facilities were increased, at the consolidated entity's request, from $30m to $40m (bank overdraft facility $8m and working capital facilities $32m).

Note 25. Non-current liabilities - derivative financial instruments

	Consolidated	
	2014	**2013**
	$'000	**$'000**
Forward foreign exchange contracts - cash flow hedges	**1,195**	**-**

Refer to note 31 for further information on financial instruments.
Refer to note 32 for further information on fair value measurement.

Note 26. Non-current liabilities - provisions

	Consolidated 2014 $'000	Consolidated 2013 $'000
Employee benefits	397	461
Deferred lease incentives	1,320	985
Lease make good	989	835
Fixed rental increases	1,123	924
	3,829	**3,205**

Deferred lease incentives

The provision represents operating lease incentives received. The incentives are allocated to profit or loss in such a manner that the rent expense is recognised on a straight-line basis over the lease term.

Lease make good

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

Fixed rental increases

The consolidated entity is required to straight line fixed rental increases over the lease term resulting in a provision for fixed rental increases.

Movements in provisions

Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

	Deferred lease incentives $'000	Lease make good $'000	Fixed rental increases $'000
Consolidated - 2014			
Carrying amount at the start of the year	985	835	924
Additional provisions recognised	119	-	199
Additions through business combinations (note 39)	508	236	-
Amounts transferred to current	(292)	-	-
Amounts used	-	(29)	-
Unused amounts reversed	-	(53)	-
Carrying amount at the end of the year	**1,320**	**989**	**1,123**

Note 27. Equity - issued capital

	Consolidated 2014 Shares	Consolidated 2013 Shares	Consolidated 2014 $'000	Consolidated 2013 $'000
Ordinary shares - fully paid	**40,880,902**	**40,880,902**	**22,523**	**22,523**

Note 27. Equity - issued capital (continued)

Ordinary shares

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

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

Share buy-back

There is no current on-market share buy-back.

Oroton Performance Based Incentive Scheme

Information relating to the Oroton Performance Based Incentive Scheme, including details of shares provided under the scheme, is set out in note 46.

Capital risk management

The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The capital risk management policy remains unchanged from the 27 July 2013 Annual Report.

Note 28. Equity - reserves

	Consolidated	
	2014	**2013**
	$'000	**$'000**
Foreign currency reserve	280	139
Share-based payments reserve	(2,305)	(2,701)
Hedging reserve - cash flow hedges	(2,038)	1,554
	(4,063)	**(1,008)**

Foreign currency reserve

The reserve is used to recognise exchange differences arising from translation of the financial statements of foreign operations to Australian dollars.

Share-based payments reserve

The reserve is used to recognise the fair value of all shares and performance rights both issued and issued but not exercised under the employee share plans.

Hedging reserve - cash flow hedges

The reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised directly in equity. Amounts are recognised in profit and loss when the associated hedged transaction affects profit and loss.

26 JULY 2014

Note 28. Equity - reserves (continued)

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

	Foreign currency $'000	Share-based payments $'000	Hedging $'000	Total $'000
Consolidated				
Balance at 29 July 2012	(398)	(2,210)	(1,459)	(4,067)
Foreign currency translation	537	-	-	537
Revaluation of cash flow hedges - gross	-	-	2,861	2,861
Deferred tax effect on revaluation of cash flow hedges	-	-	(858)	(858)
Transfer to inventory - gross	-	-	1,443	1,443
Deferred tax effect on transfer to inventory	-	-	(433)	(433)
Share-based payment expense	-	(491)	-	(491)
Balance at 27 July 2013	139	(2,701)	1,554	(1,008)
Foreign currency translation	141	-	-	141
Revaluation of cash flow hedges - gross	-	-	(4,751)	(4,751)
Deferred tax effect on revaluation of cash flow hedges	-	-	1,425	1,425
Transfer to inventory - gross	-	-	216	216
Deferred tax effect on transfer to inventory	-	-	(65)	(65)
Share of joint venture's hedging reserve	-	-	(417)	(417)
Share-based payment expense	-	486	-	486
Shares purchased through employee share trust	-	(90)	-	(90)
Balance at 26 July 2014	**280**	**(2,305)**	**(2,038)**	**(4,063)**

Note 29. Equity - retained profits

	Consolidated	
	2014 $'000	2013 $'000
Retained profits at the beginning of the financial year	24,882	17,869
Profit after income tax expense for the year	8,258	27,453
Dividends paid (note 30)	(14,717)	(20,440)
Retained profits at the end of the financial year	**18,423**	**24,882**

Note 30. Equity - dividends

Dividends

Dividends paid during the financial year were as follows:

	Consolidated	
	2014 $'000	2012 $'000
Final dividend for the year ended 27 July 2013 (2013: 28 July 2012) of 28.0 cents (2013: 28.0 cents) per fully paid ordinary share fully franked based on a tax rate of 30%	11,446	11,446
Interim dividend for the year ended 26 July 2014 (2013: 27 July 2013) of 8.0 cents (2013: 22.0 cents) per fully paid ordinary share fully franked based on a tax rate of 30%	3,271	8,994
	14,717	**20,440**

In addition to the above dividends, since year end the directors have declared a fully franked final dividend of 8 cents per ordinary share to be paid on 22 October 2014.

Franking credits

	Consolidated	
	2014 $'000	2013 $'000
Franking credits available for subsequent financial years based on a tax rate of 30%	**23,593**	**24,957**

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:
- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

Note 31. Financial instruments

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and foreign exchange risks and ageing analysis for credit risk.

Financial risk management is carried out by the Finance department (Finance) under policies approved by the Board of Directors. Finance identifies and evaluates financial risks in close co-operation with the consolidated entity's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as mitigating foreign exchange, interest rate and credit risk and use of derivative financial instruments.

Market risk

Foreign currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations. This is primarily through the purchase of inventory in United States Dollars.

26 JULY 2014

Note 31. Financial instruments (continued)

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

In order to protect against exchange rate movements, the consolidated entity has entered into forward exchange contracts to purchase US dollars. These contracts are hedging highly probable forecasted cash flows for the ensuing financial year. Management has a risk management policy to hedge 85% of anticipated transactions in US dollars for the subsequent 24 months

The maturity, settlement amounts and the average contractual exchange rates of the consolidated entity's outstanding forward foreign exchange contracts at the reporting date was as follows:

	Sell Australian dollars		Average exchange rates	
	2014 $'000	2013 $'000	2014	2013
Buy US dollars				
Maturity:				
0 - 6 months	25,137	12,071	0.9097	1.0029
6 - 12 months	21,044	13,415	0.8940	0.9519
12 - 24 months	30,878	18,961	0.8747	0.9233
	77,059	44,447		

Amounts disclosed above represent currency sold measured at contract rate.

The proportion of gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity. When the cash flows occur, the consolidated entity adjusts the initial measurement of the component recognised in the statement of financial position by the related amount deferred in equity.

At the reporting date the fair value of these contracts represented a liability of $2,612,000 (2013: asset of $2,139,000).

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date was as follows:

	Assets		Liabilities	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Consolidated				
US dollars	**472**	**622**	**3,413**	**275**

The consolidated entity had net liabilities denominated in foreign currency of AUD$2,941,000 (assets AUD$472,000 less liabilities AUD$3,413,000) as at 26 July 2014. Based on this exposure, had the Australian Dollar weakened/strengthened by 10% against the the US Dollar with all other variables held constant, the consolidated entity's profit after tax for the year would have been $327,000 lower/$267,000 higher and equity for the year would have been $5,779,000 higher/$4,708,000 lower. The equity adjustment is higher because the consolidated entity uses hedging accounting. The 10% change is the expected overall volatility of the US Dollar. The actual foreign exchange loss for the year ended 26 July 2014 was $155,000 (2013: Gain of $92,000).

Price risk

The consolidated entity is not exposed to any significant price risk.

Interest rate risk

The consolidated entity's main interest rate risk arises from cash on deposit, with the variable rates exposing the consolidated entity to interest rate risk.

For the consolidated entity the cash and cash equivalents balances, totalling $10,082,000, are subject to variable interest rates. A decrease in interest rates one percentage point (100 basis points) would have an adverse affect on profit after tax of $71,000 per annum.

Note 31. Financial instruments (continued)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has policies in place to ensure that sales of products are made to customers with an appropriate credit history. Derivative counterparts and cash transactions are limited to high credit quality financial institutions. The maximum exposure to credit risk, excluding the value of any collateral or other security, at the reporting date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The consolidated entity manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Due to the dynamic nature of the underlying businesses, consolidated entity Finance department aims at maintaining flexibility in funding by keeping committed credit lines available. Surplus funds are generally only invested in instruments that are tradeable in highly liquid markets.

The consolidated entity maintains relationships with banks with at least an A+ credit rating.

Financing arrangements

Unused borrowing facilities at the reporting date:

	Consolidated	
	2014 $'000	2013 $'000
Bank overdraft	5,000	5,000
Working capital facilities	20,882	29,138
	25,882	34,138

The bank overdraft facilities may be drawn at any time and may be terminated by the bank under certain conditions. The bank loan facilities may be drawn at any time.

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2014	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	-%	10,023	-	-	-	10,023
Other payables	-%	7,602	-	-	-	7,602
Total non-derivatives		17,625	-	-	-	17,625
Derivatives						
Forward foreign exchange						
Contracts net settled	-%	1,417	1,195	-	-	2,612
Total derivatives		1,417	1,195	-	-	2,612

26 JULY 2014

Note 31. Financial instruments (continued)

Consolidated - 2013	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	-%	1,728	-	-	-	1,728
Other payables	-%	7,350	-	-	-	7,350
Total non-derivatives		9,078	-	-	-	9,078

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 32. Fair value measurement

Fair value hierarchy

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

Consolidated - 2014	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Liabilities				
Forward foreign exchange contracts	-	2,612	-	2,612
Total liabilities	-	2,612	-	2,612

Consolidated - 2013	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Forward foreign exchange contracts	-	2,139	-	2,139
Total assets	-	2,139	-	2,139

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

Valuation techniques for fair value measurements categorised within level 2

Derivative financial instruments have been valued using quoted market rates. This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates.

Note 33. Key management personnel disclosures

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2014	**2013**
	$	**$**
Short-term employee benefits	1,696,540	2,883,658
Post-employment benefits	85,367	109,678
Long-term benefits	(194,812)	104,124
Termination benefits	245,556	-
Share-based payments	209,868	(352,806)
	2,042,519	**2,744,654**

Detailed remuneration disclosures are provided in the Remuneration Report on pages 28 to 41.

Loans to key management personnel

There have not been any loans made to the directors of OrotonGroup Limited or any other key management personnel of the consolidated entity, including their personally related parties for the 2014 and 2013 financial years. There are no other transactions involving key management personnel during the 2014 and 2013 financial years.

Note 34. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by PricewaterhouseCoopers Australia, the auditor of the company, and its network firms:

	Consolidated	
	2014	**2013**
	$	**$**
Audit services - PricewaterhouseCoopers Australia		
Audit or review of the financial statements	219,000	263,000
Other services - PricewaterhouseCoopers Australia		
Other services	78,782	93,556
Tax compliance services, including review of company income tax returns	20,000	27,400
	98,782	120,956
	317,782	**383,956**
Audit services - network firms of PricewaterhouseCoopers Australia		
Audit or review of the financial statements	57,500	33,000
Other services - network firms of PricewaterhouseCoopers Australia		
Other services	14,278	6,853
Tax compliance services, including review of company income tax returns	30,244	27,000
	44,522	33,853
	102,022	**66,853**

It is the consolidated entity's policy to employ PricewaterhouseCoopers on assignment additional to their statutory audit duties where PricewaterhouseCoopers' expertise and experience with the consolidated entity are important. These assignments are principally tax advice and due diligence reporting on acquisitions, or where PricewaterhouseCoopers is awarded assignments on a competitive basis. It is the consolidated entity's policy to seek competitive tenders for all major consulting projects.

Note 35. Contingent liabilities

Details and estimates of maximum amounts of contingent liabilities are as follows:

Guarantees and letters of responsibility have been given to lending institutions by OrotonGroup Limited and OrotonGroup (Australia) Pty Limited in respect of borrowings and documentary letters of credit of controlled entities in the normal course of business. Entities in the consolidated entity have guaranteed each other in respect of amounts advanced under banking and finance arrangements in the normal course of business.

OrotonGroup Limited has guaranteed OrotonGroup (Australia) Pty Limited, OrotonGroup (Licence Company) Pty Limited and OrotonGroup (New Zealand) Pty Limited in respect of the tenancy of a total of 60 (2013: 60) properties, occupied in the normal course of business. The contingent liability under the leases, covering the period to the lease expiry dates, is assessed at $76,103,000 at 26 July 2014 (2013: $32,286,000).

No material liabilities, not already provided for in the financial statements, are anticipated in respect of the above.

Note 36. Commitments

	Consolidated	
	2014	**2013**
	$'000	**$'000**
Capital commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Property, plant and equipment	**562**	**348**
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	18,805	12,660
One to five years	49,204	22,630
More than five years	11,261	1,452
	79,270	**36,742**
Lease commitments - operating - sub-leases		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	209	1,259
One to five years	-	209
	209	**1,468**

Not included in the above operating lease commitments are contingent rental payments which may arise in the event that a pre-determined percentage of sales produced in certain leased shops exceed the basic rent provided for in the lease. The contingent rentals payable are based on varying percentages of sales revenue.

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

Note 37. Related party transactions

Parent entity
OrotonGroup Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 40.

Joint ventures
Interests in joint ventures are set out in note 41.

Key management personnel
Disclosures relating to key management personnel are set out in note 33 and the remuneration report in the directors' report.

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated	
	2014	**2013**
	$	**$**
Sale of goods and services:		
Management fees received from Brooks Brothers Australia joint venture	800,000	-

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	2014	**2013**
	$	**$**
Non-current receivables:		
Receivable from Brooks Brothers Australia joint venture	4,335,510	-

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates, except for the non-interest bearing receivable from Brooks Brothers Australia joint venture, which is due to be repaid in line with the joint ventures business plan.

Note 38. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2014 $'000	2013 $'000
Profit after income tax	13,905	20,848
Total comprehensive income	13,488	20,848

Statement of financial position

	Parent	
	2014 $'000	2013 $'000
Total current assets	3,735	5,251
Total assets	35,909	37,378
Total current liabilities	1,085	1,325
Total liabilities	1,085	1,325
Equity		
Issued capital	22,523	22,523
Reserves	(385)	32
Retained profits	12,686	13,498
Total equity	**34,824**	**36,053**

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity and some of its subsidiaries are party to a deed of cross guarantee under which each company guarantees the debts of the others. No deficiencies of assets exist in any of these subsidiaries as at 26 July 2014 and 27 July 2013.

Contingent liabilities

Contingent liabilities are set out in note 35.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment at as 26 July 2014 and 27 July 2013.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

• Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

Note 39. Business combinations

On 31 October 2013, OrotonGroup (Licence Company) Pty Limited, a subsidiary, acquired certain assets and liabilities of the GAP brand in Australia for total consideration of $7,204,000. This is a fashion apparel retailer and it was acquired to broaden the consolidated entity's brand portfolio. The values identified in relation to the acquisition are final as at 26 July 2014.

Details of the acquisition are as follows:

	Fair value $'000
Inventories	4,849
Plant and equipment	3,348
Employee benefits	(93)
Deferred lease incentives provision	(664)
Lease make good provision	(236)
Net assets acquired	7,204
Goodwill	-
Acquisition-date fair value of the total consideration transferred	**7,204**
Representing:	
Cash paid to vendor	**7,204**
Acquisition costs expensed to profit or loss	**150**

	Consolidated 2014 $'000	Consolidated 2013 $'000
Cash used to acquire business, net of cash acquired:		
Acquisition-date fair value of the total consideration transferred	**7,204**	**-**

Note 40. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest 2014 %	Ownership interest 2013 %
OrotonGroup (Australia) Pty Limited	Australia	100.00	100.00
OrotonGroup (Number One) Pty Limited	Australia	100.00	100.00
OrotonGroup (New Zealand) Pty Limited	New Zealand	100.00	100.00
Oroton Share Plan Company Pty Limited	Australia	100.00	100.00
OrotonGroup (International) Pty Limited	Australia	100.00	100.00
OrotonGroup (Malaysia) SDN BHD	Malaysia	100.00	100.00
OrotonGroup (Singapore) Pte Ltd	Singapore	100.00	100.00
OrotonGroup (Hong Kong) Ltd	Hong Kong	100.00	100.00
Oroton (Shanghai) Trading Co., Ltd	China	100.00	100.00
OrotonGroup (Licence Company) Pty Limited	Australia	100.00	-

Note 41. Interests in joint ventures

Interests in joint ventures are accounted for using the equity method of accounting. Information relating to joint ventures that are material to the consolidated entity are set out below:

Name	Principal place of business / Country of incorporation	Ownership interest 2014 %	Ownership interest 2013 %
Brooks Brothers Australia joint venture	Retailing of fashion apparel in Australia	51.00%	-%

Summarised financial information

	Brooks Brothers Australia 2014 $'000	Brooks Brothers Australia 2013 $'000
Summarised statement of financial position		
Total assets	12,735	-
Total liabilities	12,642	-
Net assets	**93**	**-**
Summarised statement of profit or loss and other comprehensive income		
Revenue	**3,199**	**-**
Loss before income tax	(1,590)	-
Other comprehensive income	(818)	-
Total comprehensive income	**(2,408)**	**-**
Reconciliation of the consolidated entity's carrying amount		
Opening carrying amount	-	-
Investment in joint venture	1,275	-
Share of loss after income tax	(811)	-
Share of other comprehensive income	(417)	-
Closing carrying amount	**47**	**-**

Additional information

The consolidated entity elects 3 out of the 6 joint venture Board members and unanimous agreement for Board decisions is required, thus control is shared despite the consolidated entity's 51% ownership interest.

The consolidated entity and Brooks Brothers intend for the joint venture to operate for an initial term of 10 years, with a 5 year renewal option. The consolidated entity may choose, or be required by Brooks Brothers, to exit the joint venture for fair market value after 5 years in certain circumstances. There are also 'event of default' exit rights, including upon a change of control.

Note 42. Deed of cross guarantee

The following entities are party to a deed of cross guarantee under which each company guarantees the debts of the others:

OrotonGroup Limited
OrotonGroup (Number One) Pty Limited
Oroton Share Plan Company Pty Limited
OrotonGroup (Australia) Pty Limited
OrotonGroup (New Zealand) Pty Limited
OrotonGroup (Licence Company) Pty Limited

By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare financial statements and directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission ('ASIC').

The above companies represent a 'Closed Group' for the purposes of the Class Order, and as there are no other parties to the Deed of Cross Guarantee that are controlled by OrotonGroup Limited, they also represent the 'Extended Closed Group'.

Set out below is a consolidated statement of profit or loss and other comprehensive income and statement of financial position of the 'Closed Group'.

Statement of profit or loss and other comprehensive income	2014 $'000	2013 $'000
Revenue	121,969	184,816
Share of losses of joint ventures accounted for using the equity method	(811)	-
Other income	11	5,152
Cost of sales	(46,680)	(61,052)
Warehouse and distribution	(2,823)	(3,077)
Marketing	(1,852)	(4,624)
Selling	(41,835)	(65,545)
Administration	(13,575)	(16,260)
Finance costs	(272)	(754)
Profit before income tax expense	14,132	38,656
Income tax expense	(4,904)	(12,098)
Profit after income tax expense	9,228	26,558
Other comprehensive income		
Cash flow hedges transferred to profit or loss, net of tax	(3,592)	3,013
Foreign currency translation	(410)	546
Other comprehensive income for the year, net of tax	(4,002)	3,559
Total comprehensive income for the year	**5,226**	**30,117**

Equity - retained profits	2014 $'000	2013 $'000
Retained profits at the beginning of the financial year	26,863	20,745
Profit after income tax expense	9,228	26,558
Dividends paid	(14,717)	(20,440)
Retained profits at the end of the financial year	**21,374**	**26,863**

Note 42. Deed of cross guarantee (continued)

Statement of financial position	2014 $'000	2013 $'000
Current assets		
Cash and cash equivalents	9,542	22,677
Trade and other receivables	4,420	3,847
Inventories	25,731	16,759
Derivative financial instruments	-	1,621
Tax receivable	18	18
	39,711	44,922
Non-current assets		
Receivables	10,429	5,996
Investments accounted for using the equity method	47	-
Derivative financial instruments	-	518
Other financial assets	127	127
Property, plant and equipment	10,271	8,441
Intangibles	704	452
Deferred tax	3,361	1,888
	24,939	17,422
Total assets	64,650	62,344
Current liabilities		
Trade and other payables	17,040	8,755
Derivative financial instruments	1,417	-
Income tax	1,063	1,304
Provisions	530	467
	20,050	10,526
Non-current liabilities		
Derivative financial instruments	1,195	-
Provisions	3,665	2,983
	4,860	2,983
Total liabilities	24,910	13,509
Net assets	**39,740**	**48,835**
Equity		
Issued capital	22,523	22,523
Reserves	(4,157)	(551)
Retained profits	21,374	26,863
Total equity	**39,740**	**48,835**

Note 43. Events after the reporting period

Apart from the dividend declared as disclosed in note 30, no other matter or circumstance has arisen since 26 July 2014 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 44. Reconciliation of profit after income tax to net cash from operating activities

	Consolidated	
	2014	**2013**
	$'000	**$'000**
Profit after income tax expense for the year	8,258	27,453
Adjustments for:		
Depreciation and amortisation	5,499	7,700
Net loss on disposal of property, plant and equipment	179	493
Share of loss - joint ventures	811	-
Non-cash employee benefits expense share-based payments	486	(491)
Foreign currency differences	141	537
Gain on sale of discontinued operations	-	(3,682)
Transition payment	-	(1,470)
Change in operating assets and liabilities, net of the effect of purchase of business:		
Decrease/(increase) in trade and other receivables	(411)	4,386
Decrease/(increase) in inventories	(4,076)	10,386
Decrease in income tax refund due	-	49
Decrease/(increase) in deferred tax assets	(113)	1,580
Increase in other operating assets	(286)	(1,124)
Increase/(decrease) in trade and other payables	8,547	(3,989)
Decrease in provision for income tax	(241)	(2,075)
Increase/(decrease) in other provisions	(307)	101
Net cash from operating activities	**18,487**	**39,854**

Note 45. Earnings per share

	Consolidated 2014 $'000	Consolidated 2013 $'000
Earnings per share for profit from continuing operations		
Profit after income tax attributable to the owners of OrotonGroup Limited	**8,258**	**7,141**

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	40,880,572	40,880,902
Adjustments for calculation of diluted earnings per share:		
Performance rights	112,048	96,909
Weighted average number of ordinary shares used in calculating diluted earnings per share	**40,992,620**	**40,977,811**

	Cents	Cents
Basic earnings per share	20.20	17.47
Diluted earnings per share	20.15	17.43

	Consolidated 2014 $'000	Consolidated 2013 $'000
Earnings per share for profit from discontinued operations		
Profit after income tax attributable to the owners of OrotonGroup Limited	**-**	**20,312**

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	-	40,880,902
Adjustments for calculation of diluted earnings per share:		
Performance rights	-	96,909
Weighted average number of ordinary shares used in calculating diluted earnings per share	**-**	**40,977,811**

	Cents	Cents
Basic earnings per share	-	49.69
Diluted earnings per share	-	49.57

	Consolidated 2014 $'000	Consolidated 2013 $'000
Earnings per share for profit		
Profit after income tax attributable to the owners of OrotonGroup Limited	**8,258**	**27,453**

26 JULY 2014

Note 45. Earnings per share (continued)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	40,880,572	40,880,902
Adjustments for calculation of diluted earnings per share:		
Performance rights	112,048	96,909
Weighted average number of ordinary shares used in calculating diluted earnings per share	**40,992,620**	**40,977,811**

	Cents	Cents
Basic earnings per share	20.20	67.15
Diluted earnings per share	20.15	66.99

Note 46. Share-based payments

Oroton Performance Based Incentive Scheme

The Oroton Performance Based Incentive Scheme is designed to provide long and short-term incentives to deliver shareholder returns. Under the scheme, participants are granted performance rights which only vest if certain performance standards are met. Participation in the scheme is at the Board's discretion and no individual has a contractual right to participate in the scheme or to receive any guaranteed benefits.

The amount of performance rights that will vest depends on the achievement of the performance conditions attached which include earnings per share (EPS) and total shareholder return (TSR).

Once vested, the performance rights remain exercisable for a period of two years. Performance rights are granted under the scheme for no consideration and carry no dividend or voting rights.

When exercisable, each performance right is convertible into one ordinary share. The performance rights have no exercise price.

In addition to performance rights, in certain circumstances, employees are granted retention rights in order to encourage longevity of employment for key employees.

Note 46. Share-based payments (continued)

Set out below are summaries of performance rights granted under the plan:

2014 Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
24/10/2011	26/07/2016	$0.00	79,377	-	-	(79,377)	-
28/11/2012	26/07/2016	$0.00	20,000	-	-	(20,000)	-
28/11/2012	25/07/2017	$0.00	26,080	-	-	(26,080)	-
04/12/2012	25/07/2017	$0.00	100,855	-	-	-	100,855
08/05/2013	26/07/2016	$0.00	41,984	-	-	-	41,984
15/10/2013	30/07/2018	$0.00	-	100,205	-	-	100,205
28/11/2013	30/07/2018	$0.00	-	56,122	-	-	56,122
			268,296	156,327	-	(125,457)	299,166

2013 Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
02/08/2010	27/07/2015	$0.00	76,924	-	-	(76,924)	-
01/12/2010	27/07/2015	$0.00	84,037	-	-	(84,037)	-
24/10/2011	26/07/2016	$0.00	84,609	-	-	(5,232)	79,377
28/11/2012	26/07/2016	$0.00	-	20,000	-	-	20,000
28/11/2012	25/07/2017	$0.00	-	26,080	-	-	26,080
04/12/2012	25/07/2017	$0.00	-	106,800	-	(5,945)	100,855
08/05/2013	26/07/2016	$0.00	-	41,984	-	-	41,984
			245,570	194,864	-	(172,138)	268,296

The weighted average remaining contractual life of performance rights outstanding at the end of the period was 3.39 years (2013: 3.00 years).

Fair value of performance rights granted

The assessed fair value at grant date of performance rights granted during the years ended 26 July 2014 and 27 July 2013 is disclosed in the table below. The fair value at grant date is independently determined using a Black-Scholes pricing model for grants with an EPS hurdle and a Monte Carlo valuation model for grants based on TSR. These valuations take into account the exercise price, the term of the performance right, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the performance right.

Retention rights

Set out below are summaries of retention rights granted under the plan:

2014 Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
24/10/2011	26/07/2016	$0.00	10,667	-	-	-	10,667
04/12/2012	27/07/2015	$0.00	15,000	-	(15,000)	-	-
04/12/2012	26/07/2016	$0.00	15,000	-	-	-	15,000
04/12/2012	25/07/2017	$0.00	12,519	-	-	-	12,519
			53,186	-	(15,000)	-	38,186

26 JULY 2014

Note 46. Share-based payments (continued)

2013 **Grant date**	**Expiry date**	**Exercise price**	**Balance at the start of the year**	**Granted**	**Exercised**	**Expired/ forfeited/ other**	**Balance at the end of the year**
24/10/2011	26/07/2016	$0.00	10,667	-	-	-	10,667
04/12/2012	27/07/2015	$0.00	-	15,000	-	-	15,000
04/12/2012	26/07/2016	$0.00	-	15,000	-	-	15,000
04/12/2012	25/07/2017	$0.00	-	12,519	-	-	12,519
			10,667	42,519	-	-	53,186

The weighted average remaining contractual life of retention rights outstanding at the end of the financial year was 2.33 years (2013: 2.95 years).

The model inputs for performance rights granted during the years ended 26 July 2014 and 27 July 2013 are as follows:

- performance rights are granted with no consideration and vest based on OrotonGroup Limited's performance; or based on other pre-determined performance related targets
- all performance rights granted during the year have a nil exercise price.

Grant date	**Expiry date**	**Share price at grant date**	**Exercise price**	**Expected volatility**	**Dividend yield**	**Risk-free interest rate**	**Fair value at grant date**
28/11/2012	26/07/2016	$6.49	$0.00	33.00%	7.60%	2.70%	$5.750
28/11/2012	25/07/2017	$6.49	$0.00	33.00%	7.60%	2.70%	$5.280
04/12/2012	25/07/2017	$6.55	$0.00	33.00%	7.60%	2.70%	$5.340
08/05/2013	26/07/2016	$7.09	$0.00	30.00%	7.10%	2.50%	$6.600
15/10/2013	30/07/2018	$5.05	$0.00	31.00%	5.50%	2.90%	$4.330
28/11/2013	30/07/2018	$4.71	$0.00	31.00%	5.50%	2.90%	$4.070

The model inputs for retention rights granted during the years ended 26 July 2014 and 27 July 2013 are as follows:

Grant date	**Expiry date**	**Share price at grant date**	**Exercise price**	**Expected volatility**	**Dividend yield**	**Risk-free interest rate**	**Fair value at grant date**
04/12/2012	27/07/2015	$6.55	$0.00	33.00%	7.60%	2.70%	$6.300
04/12/2012	26/07/2016	$6.55	$0.00	33.00%	7.60%	2.70%	$5.810
04/12/2012	25/07/2017	$6.55	$0.00	33.00%	7.60%	2.70%	$5.340

The expected price volatility is based on the historic volatility (based on the remaining life of the performance rights and retention rights), adjusted for any expected changes to future volatility due to publicly available information.

Performance rights and retention rights granted under the scheme carry no dividend or voting rights. There were 156,327 (2013: 194,864) performance rights and nil (2013: 42,519) retention rights granted in the 2014 financial year.

Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense was $486,000 in 2014 (2013: net recovery of $491,000) for the consolidated entity.

DIRECTOR’S DECLARATION

26 JULY 2014

In the directors’ opinion:

- the attached 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 financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;

- the attached financial statements and notes thereto give a true and fair view of the consolidated entity’s financial position as at 26 July 2014 and of its performance for the financial year ended on that date;

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

- at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 42 to the financial statements.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

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

On behalf of the directors

John P Schmoll
Non-Executive Chairman

17 September 2014
Sydney

pwc

Independent auditor's report to the members of OrotonGroup Limited

Report on the financial report

We have audited the accompanying financial report of OrotonGroup Limited (the company), which comprises the consolidated statement of financial position as at 26 July 2014, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for OrotonGroup Limited Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at year's end or from time to time during the financial year.

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 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 as issued by the International Accounting Standards Board.

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 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 consolidated entity's preparation and fair presentation of the financial report 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*.

PricewaterhouseCoopers, ABN 52 780 433 757
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

Auditor's opinion

In our opinion:

(a) the financial report of OrotonGroup Limited 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 26 July 2014 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*.

(b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 28 to 41 of the directors' report for the year ended 26 July 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of OrotonGroup Limited for the year ended 26 July 2014 complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

P.J. Carney

Paddy Carney
Partner

Sydney
17 September 2014

SHAREHOLDER INFORMATION

26 JULY 2014

The shareholder information set out below was applicable as at 15 September 2014.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares
1 to 1,000	1,550
1,001 to 5,000	1,499
5,001 to 10,000	298
10,001 to 100,000	196
100,001 and over	20
	3,563
Holding less than a marketable parcel	**239**

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
J P Morgan Nominees Australia Limited	5,070,846	12.40
HSBC Custody Nominees (Australia) Limited	4,664,452	11.41
National Nominees Limited	2,553,763	6.25
Hubbas Pty Ltd	2,150,000	5.26
Hazakson Pty Ltd	2,150,000	5.26
Batiha Pty Ltd	2,121,250	5.19
Robert Boyd Lane	2,097,974	5.13
UBS Nominees Pty Ltd	1,742,658	4.26
Velcara Pty Limited	1,504,896	3.68
Josseck Pty Limited	1,103,473	2.70
Citicorp Nominees Pty Limited	784,564	1.92
Citicorp Nominees Pty Limited (Colonial First State Inv A/C)	631,921	1.55
JW Investments Pty Ltd	621,830	1.52
Manderrah Pty Ltd	569,757	1.39
BNP Paribas Noms Pty Ltd	558,291	1.37
CJH Holdings Pty Limited	540,729	1.32
HSBC Custody Nominees (Australia) Limited (Nt-Comnwlth Super Corp A/C)	315,669	0.77
Mr David Calogero Loggia	163,095	0.40
Mutual Appreciation Society Pty Limited	120,148	0.29
All Tapes (NSW) Pty Ltd	104,424	0.26
	29,569,740	**72.33**

26 JULY 2014

Unquoted equity securities

	Number on issue	Number of holders
Performance rights over ordinary shares issued	299,166	9
Retention rights over ordinary shares issued	38,186	2

Substantial holders

Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Robert Lane, Ross Lane, Tom Lane and Anna Hookway under the deed dated 21 October 2008	8,652,000	21.16
J W Vicars	5,477,013	13.40

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

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

There are no other classes of equity securities.

OROTON

CHINA

Jing An Kerry Centre
1551 Nanjing Road West
Shanghai
China 200040

Hysan Avenue
Shop 9, G/F
Empire Court
2-4 Hysan Avenue
Causeway Bay
Hong Kong

SINGAPORE

ION Mall
Unit 3-10, Ion Orchard
2 Orchard Turn
Singapore

MALAYSIA

The Gardens
G-208A, The Gardens Mall
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

KLCC
Shop 118A-2,
Level 1 Suria KLCC
Kuala Lumpur City Centre
50088 Kuala Lumpur

Johor Bahru
Suite 314
Johor Premium Outlets
Persiaran Indah Pura
Kulai 81000 Johor Bahru

1 Utama
Shop G358
1 Lebur Bandar Utama
Bandar Utama City Center,
Bandar Utama 47800,
Petaling Jaya,
Selangor Darul Ehsan

Pavilion
Lot 2.01.12
Pavilion Kuala Lumpur
168 Jalan Bukit Bintang
Bukit Bintang
55100 Kuala Lumpur

AUSTRALIA

ACT

Canberra
Shop CF22, Canberra Centre
City Walk
Canberra ACT 2601

NEW SOUTH WALES

Bondi Junction
Shop 4003,
Westfield Shopping town
500 Oxford Street
Bondi Junction NSW 2022

Burwood
Shop 209,
Westfield Shopping town
100 Burwood Road
Burwood NSW 2134

Castle Hill
Shop 528,
Castle Towers
Shopping Centre
Castle Street
Castle Hill NSW 2154

Chatswood
Shop L128, Gallery Level
Chatswood Chase
91 Archer Street
Chatswood NSW 2067

David Jones Bondi
Westfield Shopping town
Bondi Junction NSW 2022

David Jones Chatswood
91 Archer Street
Chatswood NSW 2067

David Jones Elizabeth Street
86 – 108 Castlereagh Street
Sydney NSW 2000

Drummoyne
(Factory Outlet)
Shop 4, Birkenhead Point
Shopping Centre
Roseby Street
Drummoyne NSW 2047

Drummoyne
(Intimates Factory Outlet)
Shop 56, Birkenhead Point
Shopping Centre
Roseby Street
Drummoyne NSW 2047

Homebush
(Factory Outlet)
Shop 3079,
Direct Factory Outlets (DFOs)
3-5 Underwood Road
Homebush NSW 2140

Homebush
(Intimates Factory Outlet)
Shop 3077,
Direct Factory Outlets (DFOs)
3-5 Underwood Road
Homebush NSW 2140

Hornsby
Shop 2081, Westfield Hornsby
236 Pacific Highway
Hornsby NSW 2077

Kotara
Shop 2059,
Westfield Kotara
Cnr Park Ave and
Northcott Drive
Kotara NSW 2289

Macquarie Centre
Shop 2217, Macquarie
Shopping Centre
Cnt Herring & Waterloo Roads
North Ryde NSW 2113

Miranda
Shop 2063,
Westfield Shoppingtown
600 The Kingsway
Miranda NSW 2228

Parramatta
Shop 4052,
Westfield Parramatta
159-175 Church Street
Parramatta NSW 2150

Pitt St Mall
Shop 1A, 183 Pitt Street Mall
(cnr King St)
Sydney NSW 2000

QVB
Shop 19, Ground Floor
Queen Victoria Building
Sydney NSW 2000

Sydney Domestic Airport
Shop 64, Terminal 3
Sydney Domestic Airport
Mascot NSW 2020

Sydney International Airport
Shop BT-773
Terminal 1, Departures
Sydney International Airport
Mascot NSW 2020

Warringah Mall
Shop 208, Warringah Mall
Cnr Old Pittwater Rd &
Condamine Street
Brookvale NSW 2100

Westfield Sydney
Shop 4014A
Cnr Pitt St Mall and Market St
Sydney 2000

QUEENSLAND

Biggera Waters
(Factory Outlet)
Shop C48,
Harbourtown Shopping Centre
9 Gateway Drive
Biggera Waters QLD 4216

Brisbane International Airport
Shop 319, The Circuit
Brisbane Airport QLD 4007

Brisbane Airport
(Factory Outlet)
Shop T30 DFO
Brisbane Airport QLD 4007

Cairns
(Factory Outlet)
Shop T62, Cairns DFO
274 Mulgrave Road
Cairns QLD 4870

Carindale
Shop 1047, Westfield Carindale
1151 Creek Road
Carindale QLD 4152

Chermside
Shop 380,
Westfield Chermside
cnr Gympie & Hamilton Roads
Chermside QLD 4032

David Jones Queens Plaza
210 Queen Street
Brisbane QLD 4000

Brisbane CBD
Shop 14A Macarthur Central
Cnr Elizabeth & Edwards Streets
Brisbane QLD 4000

Indooroopily
Shop 2011, Indooroopilly
Shopping Centre
318 Moggill Road
Indooroopily QLD 4068

Pacific Fair
Shop 316, The Arcade
Hooker Boulevarde
Pacific Fair QLD 4218

Robina
Shop 4080A,
Robina Town Centre Drive
Robina QLD 4230

SOUTH AUSTRALIA

Adelaide
32 Gawler Place
(Off Rundle Mall)
Adelaide SA 5000

Adelaide Harbourtown,
(Factory Outlet)
Shop T1D, 727 Tapleys Hill Road
West Beach, SA 5024

David Jones Adelaide
Central Plaza, 100 Rundle Mall
Adelaide SA 5000

Marion
Oaklands Park
Shop 1054/5 Westfield Marion
297 Diagonal Road
Oaklands Park SA 5046

Burnside
Shop 122,
Burnside Shopping Village
Portrush Road,
Glenside SA 5065

VICTORIA

Chadstone
Shop 444,
Chadstone Shopping Centre
1341 Dandenong Road
Chadstone VIC 3148

Collins Street
Shop 88 Collins Street
Melbourne VIC 3000

David Jones Bourke Street
310 Bourke Street
Melbourne VIC 3000

David Jones Chadstone
Princes Highway
Chadstone VIC 3148

Doncaster
Shop 1153
Westfield Doncaster
Shopping Centre
619 Doncaster Road
(Cnr Williamsons Rd)
Doncaster VIC 3108

Emporium
Shop G-035,
295 Lonsdale Street
Melbourne VIC 3000

Essendon
(Factory Outlet)
Oroton DFO
Shop T105 Essendon
100 Bulla Road
Strathmore VIC 3046

Highpoint
Shop 3094,
Highpoint Shopping Centre
Rosamond Road
Maribyrnong VIC 3032

Howey Place
3-5 Howey Place
Presgrave Building
277-279 Little Collins Street
Melbourne VIC 3000

Moorabbin
(Factory Outlet)
250 Centre Dandenong Road
Moorabbin Airport VIC 3939

Nunawading (Factory Outlet)
Shop 02, Brand Smart Outlet Mall
286 Whitehorse Road
Nunawading VIC 3131

The Glen
Shop 2.210a
The Glen Shopping Centre
235 Springvale Road
Glen Waverley VIC 3150

WESTERN AUSTRALIA

Claremont
Claremont Quarter
Shop L1.100
23 St Quentin Avenue
Claremont WA 6010

David Jones Hay Street
Ground Floor David Jones
Hay St Mall
Perth WA 6000

Garden City
Shop 175
Garden City Shopping Centre
125 Riseley Street
Booragoon WA 6154

Harbourtown
(Factory Outlet)
Shop B15, DFO Harbourtown
840 Wellington Street
West Perth WA 6005

Perth
Shop 4, 810-820 Hay Street
Perth WA 6000

Karrinyup
Shop G25
200 Karrinyup Road
Karrinyup WA 6018

NEW ZEALAND

Osborne St
24 Osborne St
Newmarket
Auckland

Onehunga
(Factory Outlet)
Shop 14A
Dress Smart Factory Outlet
Centre

GAP

NEW SOUTH WALES

Macquarie
Shop MM02,
Macquarie Shopping Centre
Waterloo Road,
North Ryde, NSW 2113

Westfield Sydney
188 Pitt Street
Sydney, NSW 2000

VICTORIA

Melbourne Central
211 La Trobe Street
VIC 3000

Chadstone Shopping Centre
1341 Dandenong Rd
Chadstone, VIC 3148

BROOKS BROTHERS

NEW SOUTH WALES

Chatswood
Shop 1-029,
345 Victoria Avenue
Chatswood, NSW 2067

David Jones
Elizabeth Street (Mens)
86-108 Elizabeth Street
Sydney, NSW 2000

David Jones
Market Street (Womens)
65-77 Market Street
Sydney, NSW 2000

Homebush
(Factory Outlet)
Shop 3-021,
3-5 Underwood Road
Homebush, NSW 2140

Martin Place
Shop 2, 44 Martin Place
Sydney, NSW 2000

QUEENSLAND

David Jones
Queen Street (Mens)
210 Queen Street
Brisbane, QLD 4000

Indooroopilly
Shop 2116,
Indooroopilly
Shopping Centre
322 Moggill Road
Indooroopillly, QLD 4068

SOUTH AUSTRALIA

David Jones
Adelaide (Mens)
Central Plaza,
100 Rundle Mall
Adelaide SA 5000

VICTORIA

Emporium
Shop 1-008,
295 Lonsdale Street
Melbourne, VIC 3000

Essendon
(Factory Outlet)
Shop T-42, 100 Bulla Road
Essendon, VIC 3041

David Jones
Bourke St (Mens)
310 Bourke Street
Melbourne, VIC 3000

David Jones
Bourke St (Womens)
310 Bourke S`treet
Melbourne, VIC 3000

WESTERN AUSTRALIA

David Jones
Hay Street (Mens)
622 Hay Street
Perth, WA 6000

GAP

OROTON

Brooks Brothers