XPD Soccer Gear Group Limited
ABN 96 169 695 283

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ASX ANNOUNCEMENT

28 August 2015

ASX Market Announcements Office
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

By electronic lodgement

Appendix 4D and Half-year Financial Report

XPD Soccer Gear Group Limited (ASX: XPD) lodges the attached Appendix 4D and the half-year Financial Report for the period ended 30 June 2015.

This document contains all the half-year information required by ASX LR 4.2A. The information enclosed should be read in conjunction with the most recent annual financial report.

XPD Soccer Gear Group Limited Communications and Investor Relations:
T: (03) 9909 7412
E: ting@xpdsoccer.com.au

Appendix 4D

1. Company Details

Name of Entity

XPD Soccer Gear Group Limited

ABN	Half year ended ("current period")	Half year ended ("previous period")
96 169 695 283	30 June 2015	30 June 2014

2. Results for announcement to the market

			$
2.1 Revenues from continuing operations	Up	56.3% to	46,556,329
2.2 Profit / (loss) from continuing operations after tax attributable to members	Up	22.6% to	7,220,097
2.3 Net profit / (loss) for the period attributable to members	Up	22.6% to	7,220,097

2.4 Dividends	Amount per security	Franked amount per security
Interim dividend declared	N/A	N/A
2.5 Record date for determining entitlements to the dividend		N/A

2.6 Brief explanation of any of the figures in 2.1 to 2.4 above necessary to enable figures to be understood

Revenue for the half-year ended 30 June 2015 was $ 46.6 million, representing an increase of 56.3% on the comparative period of 2014. The increase in revenue was mainly attributable to the increase in sales of XPD brand soccer sportswear. NPAT increased by 22.6% on corresponding period of 2014 to $7.2 million, which was impacted by costs associated with the initial public offering of the company in May 2015, and by increases in staff costs and marketing expenses.

3. Net tangible assets per security

	30 June 2015	30 June 2014
Net tangible asset backing per ordinary security	15.95 cents	N/A

4. Details of entities over which control has been gained or lost

4.1. Control gained over entities

China Soccer Holdings Co. Limited, a company incorporated in Hong Kong and Jinjiang Chaoda Shoes and Garment Co., Ltd, a company incorporated in PRC.

4.2. Control lost over entities

N/A

5. Dividends

Individual dividends per security

	Date dividend is payable	Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
Interim dividend: Current year	N/A	N/A	N/A	N/A
Previous year	N/A	N/A	N/A	N/A

6. Dividend reinvestment plans

The dividend or distribution plans shown below are in operation.

N/A	
The last date(s) for receipt of election notices for the dividend or distribution plans.	N/A

7. Details of associates and joint entities

The Group has 26% of share interest in Henan Yuanlong Industrial Co., Ltd

8. Foreign entities

For foreign entities, details of origin of accounting standards used in compiling the report.
The half –year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards including AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with international accounting standards. Chinese Accounting Standards have been adopted for PRC incorporated subsidiary and Hong Kong Financial Reporting Standards have been adopted for Hong Kong incorporated subsidiary.

9. If the accounts are subject to audit dispute or qualification, details are described below.

N/A

Sign here: Andrew L Smith Date: 28 August 2015

Deputy Chairman

Print Name: Andrew Smith

XPD SOCCER GEAR GROUP LIMITED AND ITS CONTROLLED ENTITIES

ABN 96 169 695 283

HALF YEAR FINANCIAL REPORT

FOR THE SIX MONTHS ENDED 30 JUNE 2015

Contents

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Corporate Information

XPD Soccer Gear Group Limited Shares (ASX Code: XPD)

Directors
Mr Shui-Chiao Chang, Non-Executive Chairman
Mr Jiameng Zhang, Managing Director and CEO
Mr Jiashun Zhang, Executive Director and COO
Mr Andrew Smith, Independent Non-Executive Director and Deputy Chairman
Mr Andrew Plympton, Independent Non-Executive Director
Mr Ben Meikle, Independent Non-Executive Director

Company Secretary
Mr Ting Jiang

Registered Office
Level 1, Exchange Tower
530 Little Collins Street
Melbourne VIC 3000

Share Registry
Boardroom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000

Banker
ANZ
Collins Place
55 Collins Street
Melbourne VIC 3000

Auditor
Grant Thornton Audit Pty Ltd
Level 1, 67 Greenhill Road
Wayville SA 5034

Website Address
www.xpdsoccer.com.au

All monetary amounts in this report are in Australian dollars unless stated otherwise.

The financial year begins on 1 January and ends on 31 December each year.

Directors' Report

The Directors of XPD Soccer Gear Group Limited (XPD or the Company) present their Report together with the financial statements of the Consolidated Entity, being XPD and its Controlled Entities ('the Group') for the half-year ended 30 June 2015.

Director details

The following persons were Directors of XPD during or since the end of the financial half-year:

Directors	Appointment Date
Mr Shui-Chiao Chang, Non-Executive Chairman	9 February 2015
Mr Jiameng Zhang, Managing Director and CEO	6 November 2014
Mr Jiashun Zhang, Executive Director and COO	9 February 2015
Mr Andrew Smith, Independent Non-Executive Director and Deputy Chairman	31 January 2015 and 26 August 2015
Mr Andrew Plympton, Independent Non-Executive Director	21 February 2015
Mr Ben Meikle, Independent Non-Executive Director	6 February 2015

Company secretary

Mr Ting Jiang (appointed 18 November 2014)

Principal activities

The Company's principal activities are designing, developing, manufacturing, distributing and marketing sportswear under the "XPD" brand.

Review of operations and financial results

During the first half of 2015, sales of sportswear products experienced another round of growth thanks to on-going changes in lifestyle and supportive policies of the Chinese Government. Along with the Chinese Central Government's move to make soccer a compulsory part of the school curriculum for the nation and to further promote soccer among youngsters, the demand for XPD brand soccer sportswear has been growing significantly.

As a result, revenue for the half-year ended 30 June 2015 was $ 46.6 million, representing an increase of 56.3% on the comparative period of 2014. The increase in revenue was mainly attributable to the increase in sales of XPD brand soccer sportswear. Gross profit margin gained a further 2.5% to 33.5%. NPAT increased by 22.6% on corresponding period of 2014 to $7.2 million, which was impacted by costs associated with the initial public offering of the company in May 2015, and by increases in staff costs and marketing expenses.

In connection with the IPO on 21 May 2015 the Company completed a capital raising of $6,615,100 with the issue of 33,075,500 shares at an issue price of $0.20 per share

The Group had cash on hand of $29.6 million as at 30 June 2015.

As of 30 June 2015, the Group had 2,010 retail outlets, representing 72 net additions compared with the outlet numbers at the end of 2014. Number of distributors in China increased to 237 from 226 at the end of 2014.

There are no significant events or transaction during the period under review other item those disclosed in the interim financial statements.

Directors' Report

A copy of the Auditor's Independence Declaration as required under s307C of the *Corporations Act 2001* is included on page 5 of this financial report and forms part of this Directors Report.

Signed in accordance with a resolution of the Directors.

Andrew Smith
Deputy Chairman

28 August 2015

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Wayville SA 5034

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AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF XPD SOCCER GEAR GROUP LIMITED

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of XPD Soccer Gear Group Limited for the half-year ended 30 June 2015, 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 review; and

b No contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J L Humphrey
Partner – Audit & Assurance

Adelaide, 28 August 2015

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 30 June 2015

	Note	30 Jun 2015 $	30 Jun 2014 $
Revenue		46,556,329	29,794,112
Cost of goods sold		(30,961,027)	(20,551,095)
Gross profit		**15,595,302**	**9,243,017**
Other revenues		68,261	21,110
Operating expenses		(321,516)	(165,681)
Sales & Marketing expenses		(2,738,480)	(686,821)
Capital raising expenses		(791,783)	-
Administration expenses		(1,358,687)	(311,898)
Finance costs		(372,021)	(293,483)
Profit before income tax		**10,081,076**	**7,806,244**
Income tax expense		(2,860,979)	(1,918,856)
Profit for the period		**7,220,097**	**5,887,388**
Other comprehensive income :			
Items that may be reclassified to profit or loss:			
Exchange difference on translating foreign operations		3,023,622	(1,659,248)
Total comprehensive income for the period		**10,243,719**	**4,228,140**
Earnings per share on profit attributable to ordinary equity holders			
Basic earnings per share (cents per share)	6	2.73	2.29
Diluted earnings per share (cents per share)	6	2.73	2.29

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

As at 30 June 2015

	Note	30 Jun 2015 $	31 Dec 2014 $
Current assets			
Cash and cash equivalents	7	29,561,318	12,635,117
Trade and other receivables		16,486,741	16,030,378
Inventories		11,145,502	5,994,092
Other current assets		484,361	567,099
Total current assets		57,677,922	35,226,686
Non-current assets			
Property, plant and equipment	8	7,458,331	7,252,452
Intangible assets		629,866	594,459
Investment in an associate	9	15,992,240	14,915,120
Total non-current assets		24,080,437	22,762,031
Total assets		**81,758,359**	**57,988,717**
Current liabilities			
Trade and other payables		5,647,687	3,295,900
Financial liabilities	10	12,718,963	12,233,190
Current tax liabilities		1,235,385	1,876,941
Total current liabilities		19,602,035	17,406,031
Non-Current liabilities			
Long-term financial liabilities	10	427,600	-
Total liabilities		**20,029,635**	**17,406,031**
Net assets		**61,728,724**	**40,582,686**
Equity			
Issued capital	11	13,668,653	2,766,334
Reserves		7,792,528	4,768,906
Retained earnings		40,267,543	33,047,446
Total equity		**61,728,724**	**40,582,686**

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the half-year ended 30 June 2015

	Issued Capital $	Reserves $	Retained earnings $	Total $
Balance at 1 January 2014	**2,761,410**	**1,382,250**	**17,744,530**	**21,888,190**
Transaction with owners in their capacity as owners:				
Issuance of share capital	2,884	-	-	2,884
Other capital contributions	-	281	-	281
Profit for the period	-	-	5,887,388	5,887,388
Other comprehensive income for the period	-	(1,659,248)	-	(1,659,248)
Total comprehensive income for the period	**-**	**(1,659,248)**	**5,887,388**	**4,228,140**
Balance at 30 June 2014	**2,764,294**	**(276,717)**	**23,631,918**	**26,119,495**
Balance at 1 January 2015	**2,766,334**	**4,768,906**	**33,047,446**	**40,582,686**
Transaction with owners in their capacity as owners:				
Issuance of share capital, net of related issuance costs	10,902,319	-	-	10,902,319
Profit for the period	-	-	7,220,097	7,220,097
Other comprehensive income for the period	-	3,023,622	-	3,023,622
Total comprehensive income for the period	**-**	**3,023,622**	**7,220,097**	**10,243,719**
Balance at 30 June 2015	**13,668,653**	**7,792,528**	**40,267,543**	**61,728,724**

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the half year ended 30 June 2015

	Note	30 Jun 2015 $	30 Jun 2014 $
Cash flows from operating activities			
Receipts from customers		47,249,075	30,392,261
Payments to suppliers and employees		(39,468,727)	(25,152,900)
Government grant received		2,950	3,560
Interest received		65,310	17,196
Finance costs		(372,021)	(293,483)
VAT and other taxes paid		(428,120)	(315,808)
Income tax paid		(3,638,082)	(2,554,592)
Net cash provided by operating activities		**3,410,385**	**2,096,234**
Cash flows from investing activities			
Payments for an investment in an associate (Yuan Long)		-	(4,300,000)
Purchase of property, plant and equipment		-	(11,026)
Net cash used in investing activities		**-**	**(4,311,026)**
Cash flows from financing activities			
Repayment of borrowings		(1,924,200)	-
Repayment of non-related party loans		-	161,819
Payments for capital raising costs		(804,600)	-
Repayments of related party loans		8,552	220,092
Proceeds from issuance of shares		11,814,988	3,165
Proceeds from borrowings		3,407,972	516,000
Net cash provided by financing activities		**12,502,712**	**901,076**
Net change in cash held		15,913,097	(1,313,716)
Cash at beginning of the period		12,635,117	5,853,899
Effect of exchange rates on cash holdings in foreign currencies		1,013,104	(589,134)
Cash and cash equivalents at end of the period	**7**	**29,561,318**	**3,951,049**

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial Statements

1. General Information

XPD Soccer Gear Group Limited (the Company) is a public company listed on the Australian Securities Exchange (ASX: XPD), incorporated in Australia on 22 May 2014.

The principal activities of the Company and its subsidiaries (the Group) during the course of half-year were development, manufacture, marketing and distribution of sportswear with a focus on soccer gear.

The Group operates in two business segments, sportswear under its owned XPD brand and OEM business for overseas brands but in one geographical segment, being the People's Republic of China.

There were no other significant changes in the nature of the Group's principal activities during the half-year of 2015.

2. General information and basis of preparation

The condensed interim consolidated financial statements ('the interim financial statements') of the Group are for the six (6) months ended 30 June 2015 and are presented in Australian Dollar ($AUD), which is the functional currency of the Parent Company. These general purpose interim financial statements have been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 Interim Financial Reporting. They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the Corporations Act 2001.

The interim financial statements have been approved and authorised for issue by the Board of Directors on 28 August 2015.

3. Significant accounting policies

a. Principle of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by XPD Soccer Gear Group Limited. A controlled entity is any entity that XPD Soccer Gear Group Limited has the power to control the financial and reporting policies of the entity so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

A list of controlled entities is contained in Note 15 to the financial statements. All controlled entities have a December financial year end.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year, where controlled entities have entered the Group during the year, their operating results have been included as if the combination had taken place at the beginning of the earliest comparative period presented (Refer to Business Combination Note).

Notes to the Consolidated Financial Statements (Cont'd)

All inter-company balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Business Combination
XPD Soccer Gear Group Limited and China Soccer Holdings Co., Limited are owned and controlled by the same shareholders before and after the business combination, and the control is not transitory, therefore the business combination represents a common control combination.

Business combination involving entities under common control is scoped out under AASB 3 Business Combination. AASB provides no guidance on the accounting for these types of transactions; however requires an entity to develop an accounting policy. The two most common methods utilised are the purchase method and the pooling of interest –type method (predecessor value method). A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties, both before and after the business combination, and control is not transitory.

Management have determined the pooling of interest-type method to be the most appropriate. The pooling of interest –type method requires the financial statements to be prepared using the predecessor book value without any step up to fair value. The difference between any consideration given and aggregate book value of the assets and liabilities of the acquired entity are recorded as an adjustment to equity. This may be recorded in retained earnings / reserve and no additional goodwill is created by the transaction. The comparatives have been presented as if the combination had occurred from the date when the combining entities first came under the control of the controlling parties.

All transaction costs incurred in relation to the business combination are expensed to the statement of profit or loss and other comprehensive income.

Consolidated Financial Statement Presentation
The consolidation financial statements (post combination) can be presented using one of two methods. The first method, being the consolidated financial statements can incorporate the acquired entity's results as if both entities (acquirer and acquiree) had always been combined. Alternatively the consolidated financial statements can incorporate the acquired entity's results only from the date on which the transaction occurred.

Management have determined to use option one – reporting comparatives as though the Group had always been combined.

b. Income Tax
The income tax expense (revenue) for the year comprises current income tax expense (benefit).

Current tax
Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date.

Notes to the Consolidated Financial Statements (Cont'd)

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur.

c. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Property, Plant and equipment are measured at cost less depreciation and impairment losses.

The cost of fixed assets constructed within the Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

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

d. Depreciation

The depreciable amount of all fixed assets including building and capitalised leased assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the Group commencing from the time the asset is held ready for use. Leased assets are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the assets.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate	Depreciation Basis
Office equipment	20%	Straight line
Manufacturing equipment	10%	Straight line
Motor vehicle	20%	Straight line
Buildings	5%	Straight line

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting period date.

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the Statement of Profit or Loss and Other Comprehensive Income.

Notes to the Consolidated Financial Statements (Cont'd)

e. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis on normal operating capacity. Costs are assigned on the basis of weighted average costs.

f. Investments in associates and joint arrangements

Associates are those entities over which the Group is able to exert significant influence but which are not subsidiaries.

A joint venture is an arrangement that the Group controls jointly with one or more other investors, and over which the Group has rights to a share of the arrangement's net assets rather than direct rights to underlying assets and obligations for underlying liabilities. A joint arrangement in which the Group has direct rights to underlying assets and obligations for underlying liabilities is classified as a joint operation.

Investments in associates and joint ventures are accounted for using the equity method. Interests in joint operations are accounted for by recognising the Group's assets (including its share of any assets held jointly), its liabilities (including its share of any liabilities incurred jointly), its revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation and its expenses (including its share of any expenses incurred jointly).

Any goodwill or fair value adjustment attributable to the Group's share in the associate or joint venture is not recognised separately and is included in the amount recognised as investment.

The carrying amount of the investment in associates and joint ventures is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate and joint venture, adjusted where necessary to ensure consistency with the accounting policies of the Group.

Unrealised gains and losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

g. Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the Group are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Notes to the Consolidated Financial Statements (Cont'd)

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

h. Financial Instruments

Initial recognition and measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires. Financial instruments are classified and measured as set out below.

Effective interest rate method

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Income is recognised on an effective interest rate basis for debt instruments other than those financial assets 'at fair value through profit or loss'.

Classification and subsequent measurement

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Notes to the Consolidated Financial Statements (Cont'd)

Financial assets at fair value through profit or loss
Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short-term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy.

Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Held-to-maturity investments
These investments have fixed maturities, and it is the Group's intention to hold these investments to maturity. Any held-to-maturity investments held by the Group are stated at amortised cost using the effective interest rate method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognised in profit or loss.

Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments. They are held at fair value with changes in fair value taken through the financial assets reserve directly in equity.

Financial liabilities
The Group's financial liabilities include trade and other payables and short-term borrowings. Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Fair value
Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment of financial assets
At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets including uncollectible trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Notes to the Consolidated Financial Statements (Cont'd)

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in the financial assets reserve in other comprehensive income.

i. Impairment of Non-Financial Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Impairment testing is performed annually for intangible assets with indefinite lives and intangible assets not yet available for use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

j. Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

k. Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Notes to the Consolidated Financial Statements (Cont'd)

l. Revenue

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

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

m. Borrowing Costs

Borrowing costs can include interest, amortisation of discounts or premiums relating to borrowings, ancillary costs incurred in connection with arrangement of borrowings. Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use of sale. All other borrowing costs are recognised in the statement of profit or loss and other comprehensive income in the period in which they are incurred.

n. Value Added Tax (VAT) / Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of VAT & GST, except where the amount of VAT& GST incurred is not recoverable from the Local Taxation Office. In these circumstances, the VAT& GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of VAT& GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the VAT & GST component of investing and financing activities, which are disclosed as operating cash flows.

o. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

p. Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group. Actual results may differ from these estimates.

Notes to the Consolidated Financial Statements (Cont'd)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key estimates — Impairment of non-financial assets

The Group assesses impairment at each reporting date by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

q. Land use rights

Land use rights have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight line method to allocate the cost of land use rights over their estimated useful lives.

Notes to the Consolidated Financial Statements (Cont'd)

4. Business Combination

Pursuant to a share sale deed dated 16 February 2015 XPD Soccer Gear ("XPD") issued 349,999,990 ordinary shares to the existing shareholders of China Soccer Holdings Co., Limited and its controlled entities ("China Soccer Group") as purchase consideration for 100% of the share capital of that entity.

Through this transaction effective control of China Soccer Group passed to the shareholders of XPD. The transaction is one referred to in AASB 3 Business Combinations as a common control transaction, as the nature and substance of this transaction is a group restructure where following the reconstruction XPD took control of China Soccer Group with no change in underlying control.

As XPD was incorporated specifically for the purpose of this transaction and the subsequent equity raising, the fair value of the equity instruments issued has been estimated by reference to the value of historical (China Soccer Group's) net assets as of 31 December 2014.

The following has been extracted from the audited financial information of China Soccer Group as at 31 December 2014:

The assets and liabilities of China Soccer Group as at 31 December 2014 were:	
	$
Cash and cash equivalents	12,635,117
Trade and other receivables	16,030,378
Inventories	5,994,092
Prepayments	567,099
Property, plant and equipment	7,252,452
Intangible assets	594,459
Investment in an associate	14,915,120
Trade and other payables	(3,295,900)
Financial liabilities	(12,233,190)
Current tax liabilities	(1,876,941)
Total net assets acquired	**40,582,686**
Accounted for as:	
Issued capital	2,766,334
Reserves	4,768,906
Retained earnings	33,047,446
	40,582,686

The acquisition has been treated as a common control transaction and therefore the information has been prepared on the basis that the acquisition has occurred prior to the current comparative period.

Notes to the Consolidated Financial Statements (Cont'd)

5. Segment Reporting

Management identifies its operating segments based on the Group's product category and service offerings, which represent the main products and services provided by the Group. The Group's two (2) main operating segments are:

- Own-brand sales (XPD brand)
- Contract third-party sales (OEM)

The Company operates predominately in one geographical segment, being the People's Republic of China.

During the six (6) month period to 30 June 2015, there have been no changes from prior periods in the measurement methods used to determine operating segments and reported segment profit or loss.

The revenues and profit generated by each of the Group's operating segments and segment assets are summarised as follows

	Own-brand $	Contract third-party $	Unallocated $	Total $
For the period ended 30 June 2015				
Revenue from external customers [(a)]	45,392,270	1,164,059	-	46,556,329
COGS for external sales	(30,196,285)	(764,742)	-	(30,961,027)
Segment Result	**15,195,985**	**399,317**	**-**	**15,595,302**
Finance costs	-	-	(372,021)	(372,021)
Depreciation and amortisation	-	-	(94,129)	(94,129)
Listing expenses	-	-	(791,783)	(791,783)
Other expenses	-	-	(4,256,293)	(4,256,293)
Profit/(loss) before income tax	**15,195,985**	**399,317**	**(5,514,226)**	**10,081,076**
Income tax expense	-	-	(2,860,979)	(2,860,979)
Profit after income tax	**15,195,985**	**399,317**	**(8,375,205)**	**7,220,097**
30 June 2015				
Segment assets [(b)]	-	-	81,758,359	81,758,359
Segment liabilities [(b)]	-	-	20,029,635	20,029,635
	-	-	61,728,724	**61,728,724**

Notes to the Consolidated Financial Statements (Cont'd)

5. Segment Reporting (cont'd)

	Own-brand $	Contract third-party $	Unallocated $	Total $
For the period ended 30 June 2014				
Revenue from external customers [a]	28,334,151	1,459,961	-	29,794,112
COGS for external sales	(19,396,059)	(1,155,036)	-	(20,551,095)
Segment Result	**8,938,092**	**304,925**	**-**	**9,243,017**
Finance costs	-	-	(293,483)	(293,483)
Depreciation and amortisation	-	-	(80,417)	(80,417)
Other expenses	-	-	(1,062,874)	(1,062,873)
Profit/(loss) before income tax	8,938,092	304,925	(1,436,774)	7,806,244
Income tax expense	-	-	(1,918,856)	(1,918,856)
Profit after income tax	8,938,092	304,925	(3,355,630)	5,887,388
30 June 2014				
Segment assets [b]	-	-	41,484,039	41,484,039
Segment liabilities [b]	-	-	15,364,543	15,364,543
Total net assets from continuing operations	-	-	26,119,496	26,119,496

(a) The Group's exposure to customer concentration risk relates to its dependence on major customers. The Company's top 10 customers in June 2015 generated 54% (25,147,378) (June 2014: 50% 14,892,702) of the Company's revenues during the current financial period.

(b) Group assets and liabilities are not specifically allocated across operating segments

6. Earnings per share

Both the basic earnings per share have been calculated using the profit attributable to shareholders of the Company as the numerator, i.e. no adjustments to profits were necessary during the six (6) months period to 30 June 2015:

	30 Jun 2015	30 Jun 2014
Profit used to calculate basic EPS	7,220,097	5,887,388
Weighted average number of shares used in basic and diluted EPS	264,598,200	256,986,294

The Company was established on 22 May 2014 with 10 fully paid ordinary shares on issue as at 30 June 2014. Given the nature of the business combination that occurred during the period, the EPS calculation for 30 June 2014 is based on the current period weighted average number of shares prior to the IPO transaction.

Notes to the Consolidated Financial Statements (Cont'd)

7. Cash and cash equivalents

	30 Jun 2015 $	31 Dec 2014 $
Cash at bank and on hand	27,779,388	9,605,832
Security deposit for notes payable	1,781,930	3,029,285
	29,561,318	12,635,117

8. Property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial period is as follows:

	Buildings $	Machinery and Office Equipment $	Motor Vehicles $	Total $
1 July 2014	6,038,788	1,052,276	32,283	7,123,347
Additions	-	115,322	-	115,322
Disposals	-	(38,433)	-	(38,433)
Depreciation charges	(355,665)	(123,197)	(9,696)	(488,558)
Exchange differences	457,744	81,394	1,636	540,774
31 December 2014	**6,140,867**	**1,087,362**	**24,223**	**7,252,452**
1 January 2015	**6,140,867**	**1,087,362**	**24,223**	**7,252,452**
Depreciation charges	(205,502)	(99,183)	(5,601)	(310,286)
Exchange differences	438,451	76,102	1,612	516,165
30 June 2015	**6,373,816**	**1,064,281**	**20,234**	**7,458,331**

Notes to the Consolidated Financial Statements (Cont'd)

9. Investment in an associate

The investment represents 26% of share interest in Henan Yuanlong Industrial Co., Ltd ("HYI") located in Henan Province, China and funds advanced to the HYI for land acquisition and construction of a manufacturing facility. On the basis of the percentage of interest in Henan Yuanlong Limited held by the Company, the investee was assessed to not be controlled by the Company yet elements of a significant influence are present. As a result the investment is recognised as an associate and equity accounting of the Company's share of profit and loss will be accounted for once the investee commences operations.

There is no profit or loss item recognised by the associate during the period given the site is still under construction and all the costs incurred are capitalised as assets.

	30 Jun 2015 $	31 Dec 2014 $
Opening balance	14,915,120	-
Fund transfer and share contribution	-	14,915,120
Net exchange differences	1,077,120	-
Net carrying value	15,992,240	14,915,120

10. Financial liabilities

The financial liabilities of the Group include the following:

	Interest rates (%)	30 Jun 2015 $	31 Dec 2014 $
Current			
Notes payable	-	3,918,955	5,010,922
Short term borrowings	6.06 – 8.10	8,800,008	7,222,268
		12,718,963	12,233,190
Non-Current			
Long term borrowing	8.50	427,600	-
		13,146,563	12,233,190

The notes payable are guaranteed against interest bearing short-term deposits of $1.78mil (31 Dec 2014: $3.03mil). The borrowings of the Group are unsecured and carry fixed interest rates as mentioned above.

Notes to the Consolidated Financial Statements (Cont'd)

11. Issued capital

	30-Jun-15	31-Dec-14	30-Jun-15	31-Dec-14
	No. of shares	No. of shares	$	$
Fully paid ordinary shares [1]				
Balance at beginning of the period/incorporation [2]	10	10	10	10
Acquisition of China Soccer Group [2]	349,999,990	-	7,966,312	-
IPO share issue, net of related issuance expenses[3]	33,075,500	-	5,702,331	-
End of the period	383,075,500	10	13,668,653	10

(1) Fully paid ordinary shares carry one vote per share and carry the right to dividends.

(2) XPD Soccer Gear Group Limited was incorporated on 22 May 2014 with 10 ordinary shares. Pursuant to a Share Sale Deed dated 16 February 2015 the Company has issued additional 349,999,990 ordinary shares to the existing shareholders of China Soccer Group as purchase consideration for 100% of the share capital of China Soccer Group.

(3) The issue of 33,075,500 ordinary shares at an issue price of $0.20 per share pursuant to a public offer at ASX together with related issuance expenses of $912,769.

12. Related party transactions

a) Transaction with related parties and key management personnel

The following comprises transactions with entities in which the Directors have an interest

	30 June 2015	30 June 2014
Jinjiang XPD Import and Export Ltd		
Sales made to the related party	1,140,501	2,094,836
Payment received from the related party	(1,112,997)	257,574
Cash advanced to the related party	-	20,489

	30 June 2015	30 June 2014
Zhang Shaohua (Director)		
Cash advanced to the related party	1,018,665	38,799
Payment received from the related party	1,027,013	37,635
Zhang Jiameng (Director)		
IPO cost paid on behalf of the group	1,624,301	-
Repayment made to the related party	782,600	-

Notes to the Consolidated Financial Statements (Cont'd)

b) Related party balances

Amounts receivable from and payable to key management personnel and their related entities at reporting date arising are as follows:

30 June 2015	Receivable from related party	Payable to related party
Jinjiang XPD Import and Export Ltd	1,098,290	-
Zhang Shaohua (Director)	-	8,552
Zhang Jiameng (Director)	-	841,701
Henan Yuanlong Ltd	-	-
	1,098,290	**850,253**

31 December 2014	Receivable from related party	Payable to related party
Jinjiang XPD Import and Export Ltd	998,039	-
Zhang Shaohua (Director)	-	-
Henan Yuanlong Ltd	-	-
	998,039	**-**

Related party balances comprise trade receivable arisen from normal course of business and related party loans, no specific terms and conditions have been attached to the above transactions.

13. Dividends

The Board has not recommended the payment of any dividend for the half year ended 30 June 2015.

14. Contingent liabilities

As at 30 June 2015, the Group is not aware of any contingent assets or liabilities that should be disclosed in accordance with AASB 137.

Notes to the Consolidated Financial Statements (Cont'd)

15. Controlled Entities

Details of subsidiaries controlled by the Company as at 30 June 2015 are as follows:

	Country of Incorporation	Percentage Owned (%)[1] 30 Jun 2015 %	31 Dec 2014 %
XPD Soccer Gear Group Limited[3]	Australia		
Subsidiaries of XPD Soccer Gear Group Limited:			
- China Soccer Holdings Co., Limited [2]	Hong Kong	100	-[3]
- Jinjiang Chaoda Shoes and Garment Co., Ltd	People's Republic of China	100	-[3]

Note:
(1) Percentage of voting power is in proportion to ownership;
(2) China Soccer Holdings Co., Limited is the intermediate parent entity of Jinjiang Chaoda Shoes and Garment Co., Ltd.
(3) XPD Soccer Gear Group Limited was incorporated on 22 May 2014 with 10 ordinary shares. Pursuant to a Share Sale Deed dated 16 February 2015 the Company has issued additional 349,999,990 ordinary shares to the existing shareholders of China Soccer Group as purchase consideration for 100% of the share capital of China Soccer Group.

16. Events after the reporting date

After the reporting date, no material events occurred which had a significant impact on our results of operations, financial position and net assets.

Directors' Declaration

In the opinion of the Directors of XPD Soccer Gear Group Limited:

a. The consolidated financial statements and notes of XPD Soccer Gear Group Limited are in accordance with the *Corporations Act 2001*, including:

i. Giving a true and fair view of its financial position as at 30 June 2015 and of its performance for the half-year ended on that date; and

ii. Complying with Accounting Standard AASB 134 *Interim Financial Reporting*; and

b. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:

Director
Andrew Smith

Dated on 28 August 2015

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INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF XPD SOCCER GEAR GROUP LIMITED

We have reviewed the accompanying half-year financial report of XPD Soccer Gear Group Limited ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 30 June 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of XPD Soccer Gear Group Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the XPD Soccer Gear Group Limited consolidated entity's financial position as at 30 June 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of XPD Soccer Gear Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of XPD Soccer Gear Group Limited is not in accordance with the Corporations Act 2001, including:

a giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the half-year ended on that date; and

b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Grant Thornton.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J L Humphrey
Partner – Audit & Assurance

Adelaide, 28 August 2015