

**BRONSON GROUP LIMITED  
AND CONTROLLED ENTITIES  
(ABN 60 006 569 124)**

**APPENDIX 4E**

**PRELIMINARY FINAL REPORT  
YEAR ENDED 30 JUNE 2015**

**RESULTS FOR ANNOUNCEMENT TO THE MARKET**

Key Information	Year Ended 30 June 2015	Year Ended 30 June 2014	% Change
	\$	\$	
Revenue from ordinary activities	3,140,090	3,702,630	(15.19%)
(Loss) after tax from ordinary activities attributable to members	(1,476,795)	(3,783,134)	60.96%
(Loss) attributable to members	(1,476,795)	(3,783,134)	60.96%

**COMMENTARY ON THE RESULTS FOR THE PERIOD**

The commentary on the results for the period is contained in the attached "Review of Operations".

**NET TANGIBLE ASSETS PER SHARE**

	Year Ended 30 June 2015 Cents per Share	Year Ended 30 June 2014 Cents per Share
Net tangible assets per share	(0.01377)	(0.03931)

## 1. Overview of Results

### Trading Operations

Revenues from ordinary activities for the year ended 30<sup>th</sup> June 2015 was \$3,140,090 compared to \$3,702,630 for the year ended 30<sup>th</sup> June 2014. This represents a significant turnaround during what was a tough retail trading year. The drop in revenue was mainly a result of a major customer - Discount Superstores Group (DSG) going into liquidation with the loss of significant sales, as well as the termination of all trading in the US operation. Consequently Bronson recorded a drop in sales of over 16%. Meanwhile the US division which has performed poorly has been shut down.

The after tax loss from ordinary activities for the year ended 30<sup>th</sup> June 2015 was \$1,476,795, a reduction of \$2,306,339 from the previous year. The significant reduction in loss is attributed to the major company restructure and overhead reduction. The reported loss was primarily attributed to a number of non-cash items including the impairment cost of \$267,618, provision for slow moving stock of \$406,944, restructure consultancy fee of \$220,000 and foreign currency loss of \$200,058 from the closure of the US division.

While the Company experienced a loss in financial year 2015, we achieved a breakeven for the last quarter as well as a profit for the first month of financial year 2016.

### Borrowings issued during the year

A total of \$634,045 was raised from loans and share capital raising.

### Australian operations

While we have endured a very difficult trading period, the Company has now reached a breakeven trading position and is further encouraged by posting a profit in the first month of financial year 2016. Not only have we been able to strengthen our core business in personal care with the major retailers but our diversification program is rapidly gaining traction.

- More recently we launched our SoloDiesel misfuelling cap, a device which prevents fuelling petrol into diesel vehicles. This is an exciting product which every diesel vehicle should have, as misfuelling is quite a common occurrence and repairs can be expensive. Additionally there is no effective comparable product on the market today. This product is attracting much interest and we are pleased to report that the responses from the market have exceeded our expectations. More information can be obtained by visiting the website [www.solodiesel.eu](http://www.solodiesel.eu).
- In a few weeks our modern showroom will be ready to commence operations on marketing LED lighting and a range of solar products.
- Our fulfilment services are now expanding to service new contracts secured and this would be a major contribution to overhead recovery.
- We have secured 64 new shelf lines for distribution into a leading supermarket chain.
- We have a number of new products that will be featured in the Home Shopping TV channel in the next few months.

Our interest payments on loans as well as our cost base has been drastically reduced as a result of the recent Company restructure. With changes in the management team and new products locked in, we have every reason to be confident that 2016 will be the year this company returns to profitability.

### American operations

All American operations have been shut down during the year which will no longer have a negative effect on our resources, cash flow and overall profitability.

### Subsequent events

There are no events of a significant nature that have occurred since the end of the financial year that will materially affect the accounts of the Group.

The Company's Accounts are currently in the process of being audited by Hall Chadwick, Chartered Accountants

**BRONSON GROUP LIMITED ABN 60 006 569 124  
AND CONTROLLED ENTITIES**

2. Appendix 4E Financial Statements for the Year ended 30 June 2015

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME FOR THE  
YEAR ENDED 30 JUNE 2015**

		<b>Consolidated Group</b>	
	<b>Note</b>	<b>30.06.2015</b>	<b>30.06.2014</b>
		<b>\$</b>	<b>\$</b>
<b>Revenue</b>	2	3,140,090	3,702,630
<b>Expenses</b>			
Cost of product sold		2,115,391	2,131,731
Advertising and media expenses		21,405	77,574
Travel expenses		12,019	22,911
Financial expenses		285,692	449,431
Depreciation and amortisation		7,648	87,677
Employee benefit expenses		512,008	782,959
Legal compliance and professional fees		465,249	120,426
Rental and operating lease expenses		183,408	171,319
Obsolete stock		406,944	143,950
Provision for profit drawings in advance		-	671,516
Provision for doubtful debt		-	30,252
Bad debt		3,945	8,307
Impairment of intangible asset		267,618	2,317,956
Option Issue Expense		-	52,534
Warehouse and distribution costs		33,040	303,408
Other expenses		95,067	113,813
Foreign currency losses		200,058	-
Total Expenses	3	4,609,492	7,485,764
(Loss) before income tax		(1,469,402)	(3,783,134)
Income tax benefit/(expense)		-	-
<b>Net (Loss) from continuing operations</b>		(1,469,402)	(3,783,134)
<b>Discontinued operations</b>			
(Loss) from discontinued operations after tax		(7,393)	-
<b>Net (Loss) for the year</b>		(1,476,795)	(3,783,134)
<b>Other comprehensive income</b>			
Items that may be reclassified to profit or loss			
Adjustments from translation of foreign controlled entities		200,058	(9,840)
Other comprehensive income for the year, net of tax		200,058	(9,840)
Total comprehensive income for the year		(1,276,737)	(3,792,974)
Loss attributable to members of the parent entity		(1,476,795)	(3,783,134)
Non-controlling interests		-	-
		(1,476,795)	(3,783,134)

**BRONSON GROUP LIMITED ABN 60 006 569 124  
AND CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED  
30 JUNE 2015**

		<b>Consolidated Group</b>	
	<b>Note</b>	<b>30.06.2015</b>	<b>30.06.2014</b>
		<b>\$</b>	<b>\$</b>
Total comprehensive income attributable to members of the parent entity		(1,276,737)	(3,783,134)
Non-controlling interest		-	-
		<u>(1,276,737)</u>	<u>(3,783,134)</u>
<b>Earnings per share</b>			
From continuing operations			
Basic earnings per share (cents)	17	(0.01315)	(0.05630)
Diluted earnings per share (cents)		(0.01315)	(0.02837)

The accompanying notes form part of these financial statements.

**BRONSON GROUP LIMITED ABN 60 006 569 124  
AND CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015**

		<b>Consolidated Group</b>	
	<b>Note</b>	<b>30.06.2015</b>	<b>30.06.2014</b>
		<b>\$</b>	<b>\$</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	3,460	13,747
Trade and other receivables	5	636,267	607,155
Inventories	6	483,398	680,882
Other current assets	7	9,962	17,678
<b>TOTAL CURRENT ASSETS</b>		<b>1,133,087</b>	<b>1,319,462</b>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment	9	27,270	37,227
Intangible assets	8	162,519	230,137
<b>TOTAL NON-CURRENT ASSETS</b>		<b>189,789</b>	<b>267,364</b>
<b>TOTAL ASSETS</b>		<b>1,322,876</b>	<b>1,586,826</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	1,123,534	1,151,023
Short-term provisions	12	55,775	154,706
Financial liabilities	10	730,656	766,361
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,909,965</b>	<b>2,072,090</b>
<b>NON-CURRENT LIABILITIES</b>			
Financial liabilities	10	797,564	3,180,538
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>797,564</b>	<b>3,180,538</b>
<b>TOTAL LIABILITIES</b>		<b>2,707,529</b>	<b>5,252,628</b>
<b>NET ASSETS</b>		<b>(1,384,653)</b>	<b>(3,665,802)</b>
<b>EQUITY</b>			
Issued capital	13	11,988,070	8,431,687
Reserves		-	180,923
Retained earnings		(13,372,723)	(12,278,483)
<b>Parent interest</b>		<b>(1,384,653)</b>	<b>(3,665,873)</b>
Non controlling interests		-	71
<b>TOTAL EQUITY</b>		<b>(1,384,653)</b>	<b>(3,665,802)</b>

The accompanying notes form part of these financial statements.

BRONSON GROUP LIMITED ABN 60 006 569 124  
AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED  
30 JUNE 2015

	Share Capital Ordinary	Accumulated (Losses)/ Profit	Option Reserve	Foreign Currency Translation Reserve	Non Controlling Interests	Total
	\$	\$	\$	\$	\$	\$
<b>Balance at 1.7.2013</b>	8,281,687	(8,813,505)	568,040	(191,792)	71	(155,499)
(Loss) attributable to members of parent entity	-	(3,783,134)	-	-	-	(3,783,134)
Shares issued during the period	150,000	-	80,137	-	-	230,137
Transfer of expired options from option reserve to accumulated losses	-	318,156	(318,156)	-	-	-
Options issued during the period	-	-	52,534	-	-	52,534
Total other comprehensive income for the year	-	-	-	(9,840)	-	(9,840)
<b>Balance at 30.06.2014</b>	8,431,687	(12,278,483)	382,555	(201,632)	71	(3,665,802)
<b>Balance at 1.7.2014</b>	8,431,687	(12,278,483)	382,555	(201,632)	71	(3,665,802)
(Loss) attributable to members of parent entity	-	(1,276,737)	-	-	-	(1,276,737)
Shares issued during the period	3,556,383	-	-	-	-	3,556,383
Transfer of expired options from option reserve to accumulated losses	-	382,555	(382,555)	-	-	-
Transfer of Foreign Currency Translation Reserve	-	(200,058)	-	200,058	-	-
Options issued during the period	-	-	-	-	-	-
Total other comprehensive income for the year	-	-	-	1,574	(71)	1,503
<b>Balance at 30.06.2015</b>	11,988,070	(13,372,723)	-	-	-	(1,384,653)

The accompanying notes form part of these financial statements.

BRONSON GROUP LIMITED ABN 60 006 569 124  
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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED  
30 JUNE 2015

	<b>Consolidated Group</b>	
<b>Note</b>	<b>30.06.2015</b>	<b>30.06.2014</b>
	<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	3,043,296	3,826,863
Payments to suppliers	(3,482,935)	(3,572,868)
Interest received	77	191
Interest paid	(239,315)	(350,623)
Other income	67,604	9,134
<b>Net cash inflow/(outflow) from operating activities</b>	<b>14b (611,273)</b>	<b>(87,303)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payment for plant and equipment	(946)	(2,732)
Payment for intangible assets	-	-
Receipts from sale of plant and equipment	500	24,941
<b>Net cash (outflow)/inflow from investing activities</b>	<b>(446)</b>	<b>22,209</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	435,000	-
Proceeds from convertible notes		50,000
Repayment of convertible notes		(25,000)
Proceeds from borrowings	199,045	33,041
Repayment of borrowings	(1,867)	-
<b>Net cash inflow/(outflow) from financing activities</b>	<b>632,178</b>	<b>58,041</b>
Net Increase/(decrease) in cash held	20,459	(7,053)
Cash at beginning of period	(452,643)	(445,785)
Effect of exchange rates on cash holdings in foreign currencies	787	195
<b>Cash at end of period</b>	<b>14a (431,398)</b>	<b>(452,643)</b>

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

This financial report includes the consolidated financial statements and notes of Bronson Group Limited and controlled entities ('Consolidated Group' or 'Group').

**Basis of Preparation**

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The group is a for profit entity for financial reporting purpose under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

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

**Going Concern**

The financial statements have been prepared on the going concern basis, which assumes the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The net loss after income tax for the consolidated entity for the financial year ended 30 June 2015 was \$1,476,795.

The Directors nevertheless believe that it is appropriate to prepare the financial report on a going concern basis for the following reasons:-

- The Group has raised funds throughout the year through capital raising and loans to fund the company's ongoing working capital requirements.
- The Group has the ability to raise further funding for its operations through the further issue of convertible notes, equity or loans.
- Based on the Group's budget for the year ended June 2016, the directors expect the Group to be profitable in the 2016 financial year.
- The diversification into new categories will broaden the Group distribution base and revenue stream.

**a. Principles of Consolidation**

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Bronson Group Limited at the end of the reporting period. A controlled entity is any entity over which Bronson Group Limited has the ability and right to govern the financial and operating policies so as to obtain benefits from the entity's activities.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 15 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated in full on consolidation.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are reported separately within the equity section of the consolidated statement of financial position and statement of comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

*Reverse Acquisition*

The consolidated financial statements have been prepared using reverse acquisition accounting. In reverse acquisition accounting, the cost of the business combination is deemed to have been incurred by the legal subsidiary Bronson Marketing Pty Ltd (the acquirer for accounting purposes) in the form of equity instruments issued to the owners of the legal parent, Bronson Group Limited (the acquiree for accounting purposes).



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

*Business Combinations*

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

**b. Income Tax**

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

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

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

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

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

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

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. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

*Tax Consolidation*

Bronson Group Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under tax consolidation legislation. Each entity in the group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the 'stand-alone taxpayer' approach to allocation. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity. The group notified the Australian Tax Office that it had formed an income tax consolidated group under the tax consolidation regime. The tax consolidated group has entered a tax funding arrangement whereby each company in the group contributes to the income tax

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

payable by the group in proportion to their contribution to the group's taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding arrangement are recognised as either a contribution by, or distribution to the head entity.

c. **Inventories**

Inventories are measured at the lower of cost and net realisable value.

d. **Plant and Equipment**

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

Plant and equipment is measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

**Depreciation**

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line or diminishing value basis as appropriate over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

<b>Class of Fixed Asset</b>	<b>Depreciation Rate</b>
Plant and equipment	11–40%
Office equipment	10– 50%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet 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 and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

e. **Impairment of 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. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

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

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.

f. **Intangibles**

**Patents and web design**

Patents and web design are recognised at cost. Patents and web design have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents and web design are amortised over their useful life.

<b>Class of Intangible Asset</b>	<b>Useful Life</b>
Patents	10 years
Web design	2 years

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

Supply agreement 5 years

**g. Foreign Currency Transactions and Balances**

**Functional and presentation currency**

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

**Transaction and balances**

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of comprehensive income.

**Group companies**

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the balance sheet. These differences are recognised in the statement of comprehensive income in the period in which the operation is disposed.

**h. Employee Benefits**

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

**i. Provisions**

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

**j. Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

**k. 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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

Revenue from the 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 recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

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

**l. Trade and Other Payables**

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period which remains unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

**m. Borrowing Costs**

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

**n. Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the 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 balance sheet are shown inclusive of GST.

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

**o. Share-based payments**

Equity-settled share-based payments are measured at fair value at the date of grant. Fair value is measured by use of the Black Scholes Option Pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

**p. Comparative Figures**

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

**q. Critical Accounting Estimates and Judgments**

The directors evaluate estimates and judgments incorporated into the financial report 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.

*Key Estimates — Impairment*

The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

The discounted cash flow method has been used to arrive at the carrying value of Triple R Agreement in the accounts.

*Key Judgements*

All American subsidiaries have been deconsolidated from the Group.

BRONSON GROUP LIMITED ABN 60 006 569 124  
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015

**Consolidated**

**2015                      2014**  
**\$                              \$**

**NOTE 2 – REVENUE**

**Revenue from operating activities**

Product sales	3,072,409	3,693,305
Interest received or due and receivable from other persons	77	191
Other revenue	67,604	9,134
	<u>3,140,090</u>	<u>3,702,630</u>

**NOTE 3 – OPERATING (LOSS)**

(Loss) before income tax expense includes the following expenses:

Cost of product sold	2,115,391	2,131,731
Financial expenses	285,692	449,431
Depreciation and amortization	275,266	87,677
Employee benefit expenses	512,008	782,959
Rental and operating lease expenses	183,408	171,319
Impairment of goodwill	-	2,317,956
Provision for slow moving stock	406,944	143,950
Provision for profit drawings, in advance	-	671,516
Provision for doubtful debt	-	30,252
Bad debt	3,945	8,307
Legal compliance and professional fees	465,249	120,426
Warehouse and distribution costs	<u>33,040</u>	<u>303,408</u>

**NOTE 4 – CASH AND CASH EQUIVALENTS**

Cash at bank and in hand	<u>3,460</u>	<u>13,747</u>
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**NOTE 5 – TRADE AND OTHER RECEIVABLES**

**CURRENT**

Trade receivables	679,127	691,568
Provision for doubtful debt	-	(30,252)
Provision for settlement discount	(42,860)	(54,161)
	<u>636,267</u>	<u>607,155</u>

**NOTE 6 – INVENTORIES**

Finished goods, at cost	452,574	811,950
Stock in transit, at cost	30,824	12,882
Less provision for slow moving stock	-	(143,950)
	<u>483,398</u>	<u>680,882</u>

**NOTE 7 – OTHER ASSETS**

**CURRENT**

Prepayments & deposits	<u>9,962</u>	<u>17,678</u>
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BRONSON GROUP LIMITED ABN 60 006 569 124  
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015

	<b>Consolidated</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 8 – INTANGIBLES</b>		
Triple R agreement	200,000	230,137
	(37,481)	
Net carrying value	<u>162,519</u>	<u>230,137</u>

**NOTE 9 – PLANT AND EQUIPMENT**

Office furniture, equipment and motor vehicles	173,339	190,608
Less Accumulated depreciation	(146,069)	(153,381)
	<u>27,270</u>	<u>37,227</u>

**NOTE 10 – FINANCIAL LIABILITIES**

<b>CURRENT</b>		
Bank overdraft	434,858	466,390
Trade finance	295,798	299,971
	<u>730,656</u>	<u>766,361</u>
<b>NON CURRENT</b>		
Loans from related parties	779,955	982,929
Convertible notes	-	1,915,000
Other loans	17,609	282,609
	<u>797,564</u>	<u>3,180,538</u>

**NOTE 11 – TRADE AND OTHER PAYABLES**

<b>CURRENT</b>		
Trade Payables	882,733	897,775
Sundry payables and accrued expenses	240,801	253,248
	<u>1,123,534</u>	<u>1,151,023</u>

**NOTE 12 – PROVISIONS**

<b>CURRENT</b>		
Employee entitlements	<u>55,775</u>	<u>154,706</u>

BRONSON GROUP LIMITED ABN 60 006 569 124  
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015

	Consolidated	
	2015 \$	2014 \$
<b>NOTE 13 – CONTRIBUTED EQUITY</b>		
<b>Share capital</b>		
218,752,410 (2014: 99,111,278) Ordinary shares, fully paid	11,988,070	8,431,687
<b>Ordinary shares</b>		
	<b>No.</b>	<b>No.</b>
At the beginning of reporting period	99,111,278	49,111,278
Shares issued during the year		
- 19 February 2014	-	50,000,000
- 26 September 2014	34,027,777	-
- 22 October 2014	39,885,662	-
- 25 November 2014	27,777,778	-
Before share consolidation on 31 December 2014	200,802,495	99,111,278
After share consolidation (5:1) on 31 December 2014	40,160,499	-
- 31 December 2014	138,591,911	-
- 24 March 2015	7,000,000	-
- 09 April 2015	33,000,000	-
At the end of the reporting period	<b>218,752,410</b>	<b>99,111,278</b>
	<b>\$</b>	<b>\$</b>
At the beginning of reporting period	8,431,687	8,281,687
Shares issued during the year		
- 19 February 2014		150,000
- 26 September 2014	125,000	-
- 22 October 2014	159,544	-
- 25 November 2014	100,000	-
- 31 December 2014	2,771,839	-
- 24 March 2015	70,000	-
- 09 April 2015	330,000	-
At the end of the reporting period	<b>11,988,070</b>	<b>8,431,687</b>

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015

**NOTE 13 – CONTRIBUTED EQUITY**

**a) Reserves**

**i. Foreign Currency Translation Reserve**

The foreign currency translation reserve records exchange differences arising on translation of foreign controlled subsidiaries.

**ii. Option Reserve**

The option reserve records items recognised as expenses on valuation of employee share options.

**b) Options**

As at 30 June 2015, there are no options on issue.

**NOTE 14 – CASH FLOW INFORMATION**

	<b>Consolidated</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Reconciliation of Cash</b>		
Cash at the end of the financial year as showing in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
Cash and cash equivalents	3,460	13,747
Bank overdraft	(434,858)	(466,390)
	<u>(431,398)</u>	<u>(452,643)</u>
<b>(b) Reconciliation of (loss) from ordinary activities after income tax expense to net cash provided by operating activities</b>		
(Loss) from ordinary activities after income tax	(1,476,795)	(3,783,134)
(Less)/add non-cash flows in (loss) from ordinary activities:		
Depreciation	7,648	87,677
Profit/(Loss) on sale of fixed assets	2,755	-
Provision for profit drawings in advance	-	671,516
Provision for slow moving stock	406,944	143,950
Option issue expense	-	52,533
Impairment of intangible asset	200,000	2,317,956
Loss on disposal of subsidiaries	7,393	-
Reclassification losses of foreign currency translation reserve	200,058	-
Changes in assets and liabilities:		
Decrease /(Increase) in Trade & Other Receivable	(30,259)	123,526
(Increase)/Decrease in Inventory	195,028	(276,531)
Decrease/(Increase) in Prepayments & Other Current Assets	6,718	388,055
(Increase)/Decrease in Other Non-current Assets	-	(370,260)
Increase/(Decrease) in Trade & Other Payables	(31,832)	557,614
(Decrease)/Increase in Employee entitlements	(98,931)	(205)
	<u>(611,273)</u>	<u>(87,303)</u>



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015

**NOTE 15 – INTERESTS IN CONTROLLED ENTITIES**

**a) Controlled Entities**

Name	Country of Incorporation	Percentage of ordinary shares equity interest held by the controlled entities	
		2015	2014
Bronson Marketing Pty Ltd	Australia	100%	100%
Icon Marketing International Pty Ltd	Australia	100%	100%
Bay Street Brands LLC (subsidiary of Icon Marketing International Pty Ltd)	USA	Dissolved	100%
Ab Solutions LLC (subsidiary of Icon Marketing International Pty Ltd)	USA	Dissolved	80.16%
Home & Business Consumer Products LLC USA	USA	Dissolved	51%

**b) Controlled Entities Acquired**

No controlled entities have been acquired or disposed of in the financial year.

**NOTE 16 – OPERATING SEGMENTS**

**Segment Information**

**Identification of reportable segments**

The group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of geographic segments. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- the products sold and/or services provided by the segment;
- the type or class of customer for the products or service;
- the distribution method; and
- external regulatory requirements.

**Types of products and services by segment**

(i) *Australia*

Marketing and distribution of consumer based products to large retailers.

(ii) *Corporate*

Provide corporate and legal services to the Group.

**Basis of accounting for purposes of reporting by operating segments**

*Accounting policies adopted*

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision makers with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

*Inter-segment transactions*

All such transactions are eliminated on consolidation in the Group's financial statements.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015

**NOTE 16 – OPERATING SEGMENTS (CONTINUED)**

*Segment assets*

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

*Segment liabilities*

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Segment liabilities include trade and other payables and certain direct borrowings.

*Comparative information*

This is the first reporting period in which AASB 8: Operating Segments has been adopted. Comparative information has been re-stated to conform to the requirements of the Standard.

	<b>USA \$</b>	<b>Australia \$</b>	<b>Corporate \$</b>	<b>Total \$</b>
<b>Year Ended 30.06.2015</b>				
<b>Revenue</b>				
External Sales	-	3,072,409	-	3,072,409
Interest Income	-	-	77	77
Other Revenue	-	53,709	13,895	67,604
Inter-Segment Sales	-	-	-	-
<b>Total Segment Revenue</b>				
Inter-Segment Elimination	-	-	-	-
<b>Total Group Revenue</b>	<b>-</b>	<b>3,126,118</b>	<b>13,972</b>	<b>3,140,090</b>
<b>Segment Net (Loss)/Profit (before tax)</b>	<b>-</b>	<b>(465,885)</b>	<b>(1,010,910)</b>	<b>(1,476,795)</b>
<b>Year Ended 30.06.2014</b>				
<b>Revenue</b>				
External Sales	56,633	3,636,672	-	3,693,305
Interest Income	-	1	190	191
Other Revenue	-	9,134	-	9,134
Inter-Segment Sales	-	-	-	-
<b>Total Segment Revenue</b>	<b>56,633</b>	<b>3,645,807</b>	<b>190</b>	<b>3,702,630</b>
Inter-Segment Elimination	-	-	-	-
<b>Total Group Revenue</b>	<b>56,633</b>	<b>3,645,807</b>	<b>190</b>	<b>3,701,630</b>
<b>Segment Net (Loss)/Profit (before tax)</b>	<b>(904,107)</b>	<b>(113,273)</b>	<b>(2,765,754)</b>	<b>(3,783,134)</b>
<b>(ii) Segment Assets</b>				
<b>As at 30.06.2015</b>				
<b>Segment Assets</b>	-	1,165,563	228,768	1,394,331
Segment asset increases for the period				
Capital Expenditure	-	946	-	946
Inter-segment eliminations	-	(8,285)	(64,116)	(72,401)
<b>Total Group Assets</b>	<b>-</b>	<b>1,158,224</b>	<b>164,652</b>	<b>1,322,876</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015

**NOTE 16 – OPERATING SEGMENTS (CONTINUED)**

	USA \$	Australia \$	Corporate \$	Total \$
<b>As at 30.06.2014</b>				
<b>Segment Assets</b>	857,371	8,645,982	232,242	9,735,595
Segment asset increases for the period				
Capital Expenditure	-	2,732	-	2,732
Inter-segment eliminations	(844,674)	(7,306,727)	(100)	(8,151,501)
<b>Total Group Assets</b>	<b>12,697</b>	<b>1,341,987</b>	<b>232,142</b>	<b>1,586,826</b>

**(iii) Segment Liabilities**

<b>As at 30.06.2015</b>				
Segment Liabilities	-	9,504,817	246,222	9,751,039
Inter-segment eliminations	-	(6,979,494)	(64,016)	(7,043,510)
<b>Total Liabilities</b>	<b>-</b>	<b>2,525,323</b>	<b>182,206</b>	<b>2,707,529</b>

**Segment Liabilities**

<b>As at 30.06.2014</b>				
Segment Liabilities	8,085,556	9,587,126	3,056,391	20,729,073
Inter-segment eliminations	(8,068,066)	(6,979,811)	(428,568)	(15,476,445)
<b>Total Liabilities</b>	<b>17,490</b>	<b>2,607,315</b>	<b>2,627,823</b>	<b>5,252,628</b>

**(iv) Major customers**

The Group has a number of customers to which it provides products.

In the Australia segment the Group supplies one external customer which accounts for 56.57% of external revenue (2014: 55.20%). The next most significant client accounts for 21.20% (2014: 13.70%).

	2015 \$	2014 \$
<b>NOTE 17 – EARNINGS PER SHARE</b>		
(a) Net (Loss)	(1,476,795)	(3,783,134)
Net (loss) used in the calculation of basic and dilutive EPS		
(b) Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share.	112,340,121	67,193,470

**NOTE 18 – EVENTS SUBSEQUENT TO BALANCE DATE**

There are no events of a significant nature that have occurred since the end of the financial year that will materially affect the accounts of the Group.