

Contents	Page
Directors' Report	2
Auditor's Independence Declaration	21
Statement of Corporate Governance Practices	22
Independent Auditor's Report	28
Directors' Declaration	30
Income Statement	31
Statement of Comprehensive Income	32
Statement of Financial Position	33
Statement of Cash Flows	34
Statement of Changes in Equity	35
Notes to the Financial Statements	36
Shareholder Information	98

Financial Calendar 2015

Preliminary report and dividend announcement	27 August
Record date for final dividend	17 September
Final dividend payable	2 October
Annual Report and Notice of Annual General Meeting Mailed to Shareholders	20 October
Annual General Meeting	19 November
Half year end	31 December

The Annual General Meeting of Shareholders of Gazal Corporation Limited will be held at The J.S. Gazal Building, 3-7 McPherson Street Banksmeadow on 19 November 2015 at 11:30am. A formal notice of meeting is enclosed with this Annual Report, setting out the business of the Annual General Meeting.

Directors' Report

For the year ended 30 June 2015

Your Directors have pleasure in submitting their report for the year ended 30 June 2015.

Directors

The names and details of the Company's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Names, Qualifications, Experience and Special Responsibilities

Michael J. Gazal B.COM. (Age 53)

Executive Chairman - Joined the Gazal Group in 1986 after gaining experience in merchant banking and stock broking. In November 1989 after the passing of Mr. J.S. Gazal A.M, his father and founding Chairman of the Gazal Group, he was appointed Chief Executive Officer and was responsible for the day-to-day management of the Group.

Patrick Robinson B.SCI., MBA (Age 53)

Executive Director - Mr. Robinson was appointed a director of the Company at the November 2012 AGM. He has had an extensive and successful career in the retail and consumer goods industry over the past 15 years including senior roles within David Jones and buying and marketing roles with Blockbuster and Myer.

Bruce Klatsky (Age 67)

Non-Executive Director and Lead Independent Director - Mr Klatsky was CEO of Phillips-Van Heusen (PVH) from 1993 to 2005 and Chairman from 1995 to 2007. PVH is one of the largest apparel and footwear companies in the world and listed on the New York Stock Exchange. He is a member of the Audit and Risk Committee and Chairman of the Remuneration and Nomination Committee.

David J. Gazal (Age 47)

Executive Director - Joined the Gazal Group in 1987, appointed Director on 24 April 1999 and has performed a number of key roles within the Group since joining including Group Divisional Manager of Surf and Casual wear and Managing Director of Mambo. He is currently the General Manager of certain group operating divisions.

Craig Kimberley (Age 74)

Non-Executive Director - Formerly the founder of the Just Jeans retail chain he has had 30 years experience in the retail and apparel industries. He is a member of the Remuneration and Nomination Committee and the Audit and Risk Committee.

Graham Paton AM B.Ec FCPA (Age 70)

Non-Executive Director - Previously a partner for twenty three years in Arthur Andersen, Chartered Accountants, retiring from that firm and public practice in July 2001. He is presently a Director of Harvey Norman Holdings Limited, a position he has held since 26 June 2005. He is the Chairman of the Audit and Risk Committee.

Richard V. Gazal (Age 41)

Executive Director - Joined the Gazal Group in 2000 and was appointed a Director at the November 2012 AGM. He has performed a number of functions in the retail businesses and has played an integral role in the expansion of those businesses. He is currently the General Manager of Retail.

Company Secretary

Peter J. Wood CA FICS

Has been the Company Secretary of Gazal Corporation Limited for 28 years. Prior to holding this position he held the role of Financial Controller of related Gazal companies for 6 years. Mr. Wood has been a Chartered Accountant for over 30 years.

Gazal Corporation Limited
Directors' Report (continued)
For the year ended 30 June 2015

Interests in the shares and options of the Company and related body corporate

At the date of this report, the interests of the Directors in the shares and other equity securities of the Company and related body corporate are:

Director	Ordinary Shares	Relevant Interest In Ordinary Shares Held	Options	Performance Rights
M.J. Gazal	1,202,211	8,996,600 ⁽¹⁾ 1,007,554 ⁽²⁾ 9,546,633 ⁽³⁾	-	-
P. Robinson	-	-	-	232,000
B. Klatsky	2,000,000	-	-	-
D.J. Gazal	416,665	8,996,600 ⁽¹⁾ 1,007,554 ⁽²⁾ 10,253,423 ⁽⁴⁾	-	-
C. Kimberley	-	1,015,000	-	-
G. Paton	-	700,000	-	-
R.V. Gazal	20,356	8,996,600 ⁽¹⁾ 1,007,554 ⁽²⁾ 9,464,920 ⁽⁵⁾	-	-

- 1-2 M.J. Gazal, D.J. Gazal and R.V. Gazal have a relevant interest in Gazal Corporation Limited shares held by a wholly owned subsidiary of Gazal Nominees Pty Limited (1) and directly by Gazal Nominees Pty Limited (2) as each of M.J. Gazal, D.J. Gazal and R.V. Gazal have a 25% shareholding in Gazal Nominees Pty Limited.
- 3 M.J. Gazal has a relevant interest in Gazal Corporation Limited shares held by MJ and HH Gazal Pty Limited as trustee for the Michael Gazal Family Trust as M.J. Gazal has a 50% shareholding in MJ and HH Gazal Pty Limited.
- 4 D.J. Gazal has a relevant interest in Gazal Corporation Limited shares held by The David Gazal Family Company Pty Limited as trustee for the David Gazal Family Trust as D.J. Gazal has a 50% shareholding in The David Gazal Family Company Pty Limited.
- 5 R.V. Gazal has a relevant interest in Gazal Corporation Limited shares held by Cinu Investments Pty Limited as trustee for the Unic Trust as R.V. Gazal has a 50% shareholding in Cinu Investments Pty Limited.

Gazal Corporation Limited
Directors' Report (continued)
For the year ended 30 June 2015

Directors' Meetings

The names of Directors and members of Committees of the Board are outlined below. The attendances of the Directors at meetings of the Board and of its Committees held during the financial year were:

	Board of Directors		Audit and Risk Committee		Remuneration and Nomination Committee	
	Attended	Maximum Possible Attended	Attended	Maximum Possible Attended	Attended	Maximum Possible Attended
M.J. Gazal	8	8	-	-	-	-
P. Robinson	8	8	-	-	-	-
B. Klatsky	8	8	3	3	1	1
D.J. Gazal	8	8	-	-	-	-
C. Kimberley	8	8	2	3	1	1
G. Paton	8	8	3	3	-	-
R.V. Gazal	8	8	-	-	-	-

Principal Activities

The principal activities of Gazal Corporation Limited and its subsidiaries ("the economic entity", "the group" or "the Company") in the course of the financial year were the design, manufacture, importation, wholesale and retail of well known branded apparel and accessories.

Dividends

The following dividends of the economic entity have been paid, declared or recommended since the end of the preceding financial year:

	On ordinary shares \$'000
Final fully franked dividend for 2014 (11c per share) as declared in the 2014 Directors' report paid 1 October 2014	6,356
Interim fully franked dividend for 2015 (6c per share) paid 2 April 2015	3,466
Final fully franked dividend for 2015 (8c per share) as recommended and declared by the Directors, payable 2 October 2015	4,622

Operating and Financial Review
Review of Operations

Gazal Corporation Limited is a publicly listed, for profit, branded apparel company. The company specialises in developing and building national and international brands in the apparel and fashion accessories industry.

The Gazal Group operates a mix of business activities in the apparel industry. The Wholesale Group is a leading apparel supplier of corporate uniforms and workwear sold under such brand names as Bisley and Bracks.

The Direct to Consumer Group sells apparel brands and related accessories which it owns or acquires from third parties to consumers through the retail outlets trading as Trade Secret. This is shown as part of discontinued operations.

Gazal Corporation Limited

Directors' Report (continued)

For the year ended 30 June 2015

Review of Financial Performance

Gazal Corporation Limited has posted a 149.9% rise in Profit After Tax from \$12.5 million last year to \$31.1 million for the 12 months ended 30th June 2015.

The after-tax profit includes profit from ongoing operations, as well as the profit resulting from the sale of businesses during the period.

As previously announced, the Board and Management are viewing FY2015 and FY2016 as an important time to focus on the Group's forward strategy. With the changes occurring to the Australian retail landscape, the Group is reviewing opportunities to leverage global relationships, assess the strategic fit of existing businesses and considering other opportunities to grow shareholder value for the long term.

In line with the group's forward strategy, the existing joint venture ("JV") with PVH Corp ("PVH") was significantly expanded in February 2015 through the acquisition of the Tommy Hilfiger business in Australia from PVH Corp. and the acquisition of the Van Heusen, Nancy Ganz and other shirting, tailored and shapewear brands (collectively known as "Heritage Brands") from Gazal.

In addition to the sale of Heritage Brands to the JV noted above, Gazal also concluded the sale of the Midford school-wear business in June 2015. The profit recognized on the sale of Heritage Brands and Midford has been recognized in the FY15 results.

Following the year end, Gazal announced the sale of the Trade Secret off-price retail business to The TJX Companies, Inc in July 2015. Based in Framingham, Massachusetts, USA, TJX is the leading off-price retailer of apparel and home fashions in the U.S. and worldwide.

As a consequence of the sale of the Heritage Brands, Midford and Trade Secret businesses, the financial results for Gazal to 30 June include discontinuing operations.

Expansion of PVH Brands Australia Joint Venture

In February 2014, the PVH Brands Australia joint venture ("JV") initially brought together the Calvin Klein Underwear and Calvin Klein Jeans businesses in Australia and New Zealand. On 3 February 2015, the JV was significantly expanded through the acquisition of the existing Tommy Hilfiger business in Australia from PVH Corp. and the acquisition the Van Heusen, Nancy Ganz and other shirting, tailored and shapewear brands (collectively known as Heritage Brands) from Gazal.

The JV not only gives Gazal a unique partnership with one of the world's leading apparel powerhouses in PVH Corp., but it also achieves longevity on global megabrands such as Calvin Klein, Tommy Hilfiger and Van Heusen.

As part of the sale of Heritage Brands businesses to the JV, Gazal recognised proceeds of \$33.6m which it re-invested into the JV in addition to contributing a further \$11.9m of working capital. In return, Gazal subscribed for shares totalling \$45.5m which matched the contribution and valuation of the Tommy Hilfiger business made by PVH Corp. As a result, Gazal increased its 50% investment in the JV to a total of \$52.8m.

In the seven months to 3 February 2015, the Heritage Brands operations generated a net profit after tax of \$2.5 million. Going forward, Gazal will share 50% of the profits of the JV in addition to generating further revenue from the provision of corporate services and logistics support.

Sale of Midford Schoolwear division

In February 2015, Gazal announced it had entered into an agreement to sell its Midford Schoolwear business to schoolwear specialist Georges Apparel and associated entities. The business was formally transferred to Georges Apparel on 30 June 2015 and Gazal received sale proceeds of \$10.5 million.

Gazal Corporation Limited

Directors' Report (continued)

For the year ended 30 June 2015

Sale of Trade Secret – Subsequent event

In July 2015, Gazal announced that it had signed an agreement to sell its Trade Secret off-price retail business to The TJX Companies, Inc. Based in Framingham, Massachusetts, USA, TJX is the leading off-price retailer of apparel and home fashions in the U.S. and worldwide.

The Trade Secret operations are also an off-price retailer, offering branded apparel for women, men and children, as well as footwear, accessories and home fashions. Trade Secret opened its first store in 1992 and has grown to a 35 store chain with locations in New South Wales, Victoria, Queensland and the Australian Capital Territory.

Gross proceeds from the planned sale of shares of the Trade Secret entity are expected to be AUD\$80 million on a cash and debt free basis. Completion of the deal is subject to customary closing conditions, and is targeted to close by the end of calendar 2015.

At 30 June, the Trade Secret division has been disclosed as a discontinuing operation.

Review of Financial Position

The Gazal Group maintained its net debt to equity at conservative levels finishing FY 2015 with a ratio of 36.3% compared to 33.3% in FY2014. Cash flows from operating activities were lower than last year as a result of a shorter trading period for Heritage Brands (only 7 months in FY15) as a result of the sale to the PVH JV. Stock levels also increased in both Direct to consumer segment (as a result of increased opportunistic buys at the end of the year) and in the workwear division in anticipation of higher sales from newly developed products in H1 FY16.

Cash flows were also impacted as a result of transaction and transition costs associated with the various transactions noted above. As the proceeds from the sale of Midford are being largely reinvested in supporting the initial working capital requirements of the joint venture, the net debt levels have increased by \$11.8m from FY14.

Each year, an independent valuer determines the fair value of the land and buildings. In FY15, the valuation indicated an increase in the overall value to \$42.0m which was a \$3.0m increase from the prior year. The valuation includes land, buildings and the plant that forms an integral part of the building.

Wholesale Group

The continuing operations of the wholesale group were made up primarily of the workwear and corporate uniforms business. In FY15, wholesale revenue improved by 11.6% as a result of the introduction of new products during the year. Although the wholesale business incurred increased costs as a result of the new product development, these costs were largely offset by the higher sales in the second half. While Gazal does hedge against the currency risks, we were also slightly impacted by the drop in the Australian dollar which is expected to continue into the 2016 financial year.

Direct to Consumer Group

At 30 June, the Direct to Consumer group was totally represented by the off-price retail channel Trade Secret. As noted above, the Trade Secret operations were sold subsequent to the year end and are therefore no longer disclosed as "Continuing Operations".

PVH Brands Australia Joint Venture ("JV")

As noted above, the JV gives the Company a unique partnership with one of the world's leading apparel powerhouses in PVH Corp. As a JV partner, Gazal recognises a 50% share of the JV's profits as well as revenue from the provision of corporate services and logistics support.

Gazal Corporation Limited
Directors' Report (continued)
For the year ended 30 June 2015

PVH Brands Australia Joint Venture ("JV") (continued)

The JV, which commenced operations on 3 February 2014, initially brought together the Calvin Klein Underwear and Calvin Klein Jeans businesses in Australia and New Zealand. Following the most recent acquisition of Heritage Brands and Tommy Hilfiger, the JV now has a robust stable of key brands which are poised to grow further in the Australian market.

In FY2015, the JV focussed on the integration of the Heritage Brands and Tommy Hilfiger operations into the overall Gazal shared services and logistics platform. A key focus was also the development of new product categories including Calvin Klein White Label Handbags, Casual Sportswear, Active Sportswear and women's accessories.

Operating margins have been maintained despite the impact of the deteriorating Australian dollar due to higher underlying margins in the new businesses and the mix of overall sales. As a result, of the higher sales and good cost control, the operating profit after tax has improved to \$1.8m (FY2014 \$0.6m loss).

Outlook

In FY16, the results of the Gazal Group will reflect the continuing wholesale operations comprising of work-wear and corporate uniforms, the share of the JV profit and revenue from providing corporate services and logistics support

Although overall retail trading conditions remain patchy in line with current economic indicators, both the JV and wholesale operations have seen good demand in FY16. For the wholesale operations, results for the month of July were ahead of plan driven by a sales benefit from the earlier investments in new product development. For the JV, results for July were also ahead of plan driven by the benefit from new outlets, the continuing strength of newly introduced brands such as Tommy Hilfiger and the expansion of categories such as Calvin Klein White Label.

As noted above, in FY16 the Board will continue to review opportunities to assess the strategic fit of existing businesses and consider other opportunities to grow shareholder value for the long term. At this stage, the Directors believe it is too early to give shareholders any guidance on the half or full year earnings. However, it is expected that a trading update will be provided at the AGM in November 2015.

Likely Developments and Expected Results

The Gazal Corporation Group intends to continue its principal activity of designing, manufacturing, importing, wholesaling and retailing well known branded apparel and accessories.

With the changes occurring to the Australian retail landscape, the Board and Management are viewing FY2015 and FY2016 as an important time to focus on the Group's forward strategy. This includes leveraging global relationships, reviewing the strategic fit of existing businesses and considering other strategic opportunities to grow shareholder value for the long term.

As with all the recent transactions noted above, the Company continues to explore other opportunities to strengthen its position in the market place and will keep the ASX and shareholders apprised as required.

Any further information on the likely developments in the operations of the economic entity and the expected results of those operations in future financial years have not been disclosed, as the Directors have reasonable grounds to believe that it would be likely to result in unreasonable prejudice to the economic entity.

Gazal Corporation Limited
Directors' Report (continued)
For the year ended 30 June 2015

Material Business Risks

Both the wholesale segment and the JV import the majority of their products in USD denominated purchase orders from Asia in particular China. A decline in the USD exchange rate could place upward pressure on import prices to the extent that overseas purchases are not sufficiently hedged.

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the economic entity that occurred during the financial year not otherwise disclosed in this report or the consolidated financial statements.

Significant Events after the Balance Date

As noted above, the Trade Secret operations were sold in July 2015 to The TJX Companies based in Framingham, Massachusetts, USA. Following completion, proceeds from the planned sale will be used initially to provide for the payment of capital gains tax and to reduce debt. Subject to there being no adverse developments, the balance of surplus proceeds estimated to be in the range of AUD\$37 million to AUD\$41 million are proposed to be distributed to shareholders.

On 21 August 2015, the directors declared a full year dividend of 8 cents per share fully franked (2014: 11 cents per share fully franked). The record date for determining the shareholders' entitlement for the full year is 17 September 2015 and the full year dividend is payable on 2 October 2015.

Other than the declaration of the above final dividend there are no other matters or circumstances that have arisen since 30 June 2015 that have significantly affected or may significantly affect the operations of the economic entity, the results of those operations or the state of affairs of the economic entity in subsequent financial years.

Environmental Regulation and Performance

The economic entity's environmental obligations are regulated under both State and Federal Law. The Audit Committee monitors environmental obligations. The economic entity has a policy of at least complying with its environment performance obligations. No environmental breaches have been notified by any Government agency during the year ended 30 June 2015.

Share Options

Details of options granted to Directors or relevant executives as part of their remuneration are set out in the section of this report headed Remuneration Report. Details of shares and interests under option, or issued during or since the end of the financial year to the date of this report due to the exercise of an option, are set out in Note 19 of the financial statements and form part of this report.

Indemnification and Insurance of Directors, Auditors and Officers

Insurance arrangements established in the previous year concerning officers of the economic entity were renewed during 2015.

Indemnity agreements have been entered into between Gazal Corporation Limited and each of the Directors of the Company named earlier in this report. Under the agreement, the Company has agreed to provide reasonable protection for the Directors against liabilities, which may arise as a result of work performed in their respective capacities.

Gazal Corporation Limited
Directors' Report (continued)
For the year ended 30 June 2015

Indemnification and Insurance of Directors, Auditors and Officers (continued)

As part of the above agreement Gazal Corporation Limited paid an insurance premium in respect of a contract insuring each of the Directors of the Company named earlier in this report and each full-time executive officer, Director and Secretary of Gazal Corporation Limited and its controlled entities, against all liabilities and expenses arising as a result of work performed in their respective capacities, to the extent permitted by law. The terms of the above insurance policy prohibit disclosure of the nature of the risks insured or the premium paid.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Company under ASIC CO 98/0100. The Company is an entity to which the Class Order applies.

Remuneration Report (audited)

This report outlines the remuneration arrangements in place for directors and executives of Gazal Corporation Limited and its subsidiaries (the Company and/or the Group), in accordance with the requirements of the Corporations Act 2001 and its regulations. For the purposes of this report Key Management Personnel (KMP) of the group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and group, directly or indirectly, including any director (whether executive or otherwise) of the parent Company. This information has been audited as required by section 308 (3C) of the Corporations Act 2001.

Details of key management personnel

(a) Details of Key Management Personnel

(i) Directors

M.J. Gazal	Executive Chairman
P. Robinson	Executive Director and Chief Executive Officer
B. Klatsky	Non- Executive Director
D.J. Gazal	Executive Director and General Manager - Certain operating divisions
C. Kimberley	Non- Executive Director
G. Paton	Non- Executive Director
R.V. Gazal	Executive Director

(ii) Executives

C. Barnett	Chief Operating Officer
G. Griffiths	Chief Financial Officer
P. Wood	Company Secretary

Mr C. Barnett resigned on 3 February 2015 and was re-employed as Chief Operating Officer of the PVH Brands Australia Pty Limited Joint Venture.

There were no other changes to KMP after the reporting date and before the date the financial report was authorised for issue.

Gazal Corporation Limited
Directors' Report (continued)
For the year ended 30 June 2015

Remuneration Report (audited) continued

Remuneration and Nomination Committee

The Remuneration and Nomination Committee of the Board of Directors of the Company is responsible for determining and reviewing compensation arrangements for the Directors, the chief executive officer and the senior management team. The Remuneration and Nomination Committee assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team. Such officers are given the opportunity to receive their base emolument in a variety of forms including cash and fringe benefits such as motor vehicles. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company.

To assist in achieving these objectives, the Remuneration and Nomination Committee links the nature and amount of executive Directors' and officers' emoluments to the Company's financial and operational performance. All Directors and executives have the opportunity to qualify for participation in the Gazal Employee Share Option Plan. In addition, all executives are entitled to annual bonuses payable upon the achievement of annual divisional and corporate profitability measures.

Remuneration report approval at FY14 AGM

The FY14 remuneration report received positive shareholder approval at the FY14 AGM with a vote of 95% in favor.

Remuneration principles and strategy

The performance of the Company depends upon the quality of its directors and executives and to grow and prosper, the Company must attract, motivate and retain highly skilled directors and executives. To this end, the Company embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high caliber executives.
- Link variable executive remuneration to financial and operational performance.
- Link executive rewards to shareholder value.

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

Non-executive director remuneration

Objective

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors of the highest caliber, whilst incurring a cost which is acceptable to shareholders.

Structure

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. The latest determination was at the Annual General Meeting held on 21 October 2010 when shareholders approved an aggregate remuneration of \$750,000 per year.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external consultants when necessary as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process. The Company did not use Remuneration consultants during the year.

Gazal Corporation Limited
Directors' Report (continued)
For the year ended 30 June 2015

Remuneration Report (audited) continued

Structure (continued)

Each non-executive director receives a fee for being a director of the Company. Non-executive directors have long been encouraged by the Board to hold shares in the Company (purchased by the director on market). The non-executive directors of the Company can participate in the Gazal Employee Share Option Plan. This plan is currently under review.

Relationship of rewards to performance

The Directors consider the alignment of shareholder value and executive performance is achieved by tying optimal executive variable remuneration on Short Term Incentives ("STI") to company performance and on Long Term Incentives ("LTI") to increases in the company share price.

Company performance

In order for non-executives directors to fully benefit materially from the grant of options previously granted, there needs to be a sustained increase in the trading price of the Company's shares over a period of one to five years. There are no LTI option vesting conditions linked to company performance.

The remuneration of non-executive directors for the year ending 30 June 2015 is detailed in the Table on page 18 of this report.

Senior manager and executive director remuneration ("executives")

Objective

The Company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company so as to:

- reward executives for Company, business unit and individual performance against financial and operating performance;
- link reward with the strategic goals and performance of the Company; and ensure total remuneration is competitive by market standards; and
- align the interests of executives with those of shareholders.

Structure

In determining the level and make-up of executive remuneration, the Remuneration and Nomination Committee obtains independent advice when necessary on market levels of remuneration of comparable executives before the Committee makes its recommendations to the Board.

The Remuneration and Nomination Committee considers it appropriate that employment contracts are entered into with the executive directors and senior management. Details of the contracts with the executive directors Messrs M J Gazal, D J Gazal and R V Gazal and Mr. P Robinson the CEO are provided on page 15.

Approach to setting remuneration

The executive remuneration framework in FY14 consisted of fixed remuneration and short and long-term variable remuneration incentives as outlined below. The Company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company and aligned with market practice. Variable reward opportunities are intended to provide the opportunity to earn up to approximately 60% of total remuneration for outstanding performance against the stretch targets set.

Remuneration levels are considered annually through a remuneration review by the Remuneration Committee. The process consists of a review of Company wide, business unit and individual performance, relevant comparative remuneration in the market and internal and, where appropriate, external advice on policies and practices.

Gazal Corporation Limited
Directors' Report (continued)
For the year ended 30 June 2015

Remuneration Report (audited) continued

External advice

The Committee has the resources and authority appropriate to discharge its duties and responsibilities, including the authority to engage external professionals, on terms it determines appropriate without seeking approval of the Board. External professionals are engaged from time to time when required. All information relevant to matters being considered by the Committee has been made available to its members. Members of the Committee did not separately and independently retain any advisors during the year. All advisors are independent and were engaged solely on the basis of their competency in the relevant field.

The following summarises the CEO's and executives' target remuneration mix between fixed and variable remuneration:

	Target Fixed remuneration	Target Variable remuneration
CEO	60%	40%
Other executives	50-80%	20-50%

Fixed Remuneration

Objective

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market.

Structure

Executives are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including fringe benefits such as motor vehicles. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company.

The fixed remuneration component of executives is detailed in the Table on page 18.

Variable Remuneration – Short Term Incentive (STI)

Objective

The objective of the STI program is to link the achievement of the Company and or divisional performance with the remuneration received by the executives charged with meeting the Company and or divisional performance. The total potential STI provides sufficient incentive to the executives to achieve the Company and or divisional performance such that the cost to the Company is reasonable in the circumstances.

Structure

Actual STI payments usually granted in September each year to each executive depends mainly on the performance of the executive as the key driver of either the Company in the case of the CEO or other executives in relation to their division(s). Operational measures cover mainly financial and some non-financial measures of performance. The usual process for evaluating performance and KPI measures include contribution to net profit before tax, risk management, product management, inventory management and leadership/team contribution.

The financial performance measure driving STI payment outcomes is a requirement that the executive must meet a percentage of budgeted profitability as determined by the Remuneration and Nomination Committee which is set before the commencement of the financial year. In addition to this measure STI can be enhanced if certain ratios such as inventory turnover reach preset limits. The executive can exceed their base salary package as a STI bonus.

Gazal Corporation Limited
Directors' Report (continued)
For the year ended 30 June 2015

Remuneration Report (audited) continued

Structure (continued)

On an annual basis, after consideration of divisional performance each executive is reviewed in accordance with the above process and STI's assessed and allocated to each executive who is deemed to have met their performance target. Some executives did not receive a bonus as their performance measure was not achieved.

The aggregate of annual STI payments available for executives across the Company is subject to the approval of the Remuneration and Nomination Committee. Payments made are usually delivered as a cash bonus.

STI Bonus for 2014 and 2015 financial years

The entire STI cash bonus of \$480,000 for the 2014 financial year as accrued in the previous period vested to executives was paid in the 2015 financial year. The Remuneration and Nomination Committee has approved the STI payments for the 2015 financial year of \$582,842 which were accrued at June 2015. This amount has been accrued on the basis that it is probable that the executives have met their respective financial targets for the year. Any adjustments between the actual amounts to be paid as determined by the Remuneration and Nomination Committee and the amounts accrued will be adjusted in the 2016 financial year. The STI bonus plan was amended in 2009 to align financial targets to the Company's budget in that year.

There was no alteration to the STI bonus plan for the year.

The variable remuneration component of executives is detailed in the Table on page 18.

There were no bonuses forfeited in the year ended 30 June 2015 or 30 June 2014.

Variable Remuneration – Long Term Incentive Options (LTI-O)

Structure

LTI grants to executives are delivered in the form of share options administered under a Share Option Plan ("SOP"). This plan is currently under review.

Variable Remuneration – Long Term Incentive Performance Rights (LTI-PR)

The LTI-PR plan was approved by shareholders at the 2012 AGM. The plan has been initially set up to provide a long term incentive to Mr. P Robinson who was appointed CEO and Executive Director on 15 November 2012. As part of his LTI-PR plan, he has been offered a maximum of 1,280,000 performance rights.

The performance rights are divided into 4 equal tranches of 320,000 performance rights, with each tranche to be tested sequentially over a 4-year performance period commencing 13 August 2012. Each tranche is subject to a performance condition based on growth in the Group's consolidated profit after tax from continuing operations ("PAT") relative to specified PAT growth targets in each financial year during the performance period.

- In relation to FY13, 50% of the performance rights in the first tranche will vest if the Group maintains the minimum PAT target and full vesting of performance rights in the first tranche will occur if PAT growth over the previous year is at least 5% (stretch PAT target).
- The remaining three tranches will be tested in FY14, FY15 and FY16, respectively. The minimum PAT target for each of these years is an amount which is 5% higher than the minimum PAT target for the immediately preceding financial year. The stretch PAT target for each of these years is an amount which is 10% higher than the stretch PAT target for the immediately preceding financial year.

Gazal Corporation Limited
Directors' Report (continued)
For the year ended 30 June 2015

Remuneration Report (audited) continued

Variable Remuneration – Long Term Incentive Performance Rights (LTI-PR) (continued)

- 50% of the performance rights in a tranche will vest if PAT in relation to the relevant financial year is equal to the minimum PAT target for that year and full vesting of the performance rights in a tranche will be achieved if PAT is at least equal to the stretch PAT target for that year. Vesting will occur on a pro rata basis between threshold vesting and full vesting

The table below summarises the minimum and stretch PAT targets for each year of the performance period.

Tranche	Testing Period	No. of Rights in tranche	PAT Growth Targets (showing, in relation to FY14, % increase on previous PAT from FY13 and, in relation to subsequent FYs, % increase on previous FY's corresponding growth target)		No. of Rights that may Vest	
			Target	Stretch	Target	Stretch
1	FY13	320,000	0% (PAT of \$12,413,000)	5% (PAT of \$13,034,000)	160,000	320,000
2	FY14	320,000	5% (PAT of \$13,034,000)	10% (PAT of \$14,337,000)	160,000	320,000
3	FY15	320,000	5%	10%	160,000	320,000
4	FY16	320,000	5%	10%	160,000	320,000

- If the performance condition is not satisfied in relation to a tranche of performance rights, 50% of the performance rights in that tranche will be re-tested in the next financial year and vest if the minimum PAT target for that year is achieved. Further, there is opportunity for any unvested rights to vest at the end of the 4 year performance period if the aggregate PAT of the Group over the performance period exceeds the aggregate of the stretch targets for each of the relevant financial years. All other unvested performance rights will lapse.
- For the purpose of the performance condition, the Board, acting reasonably, may adjust any PAT target or the PAT in respect of a financial year, in order to allow for any non-recurrent or one-off items or the effect of any material transaction undertaken by the Gazal Group. Further the Board may also modify the number of rights that vest in any one year at its discretion.
- In addition to the performance condition, Mr. Robinson must also be employed by the Group continuously until the date that shares are allocated on vesting of a performance right and not have given, or received, a notice of termination of employment on or before that date.
- If Mr. Robinson ceases employment in 'good leaver' circumstances, the performance condition will be tested after the end of the financial year in which his employment ceases and, if the performance condition is satisfied, a pro rata number of performance rights will vest having regard to the period Mr. Robinson was employed during that financial year.
- Shares allocated on vesting of the performance rights will be subject to a dealing restriction for one year from their date of allocation. In general, these shares will be forfeited if Mr. Robinson ceases employment during the restriction period other than in 'good leaver' circumstances.

Gazal Corporation Limited
Directors' Report (continued)
For the year ended 30 June 2015

Remuneration Report (audited) continued

Variable Remuneration – Long Term Incentive Performance Rights (LTI-PR) (continued)

- For the purposes of Mr. Robinson's performance rights, 'good leaver' circumstances are defined as death, disability or other circumstances approved by the Board.

LTI-PR vesting outcomes for FY13, FY14 and FY15

The target PAT was not achieved in FY13 and accordingly no performance rights were granted.

The target PAT was not achieved in FY14. The Board exercised its discretion to modify the number of equity instruments subject to an award to 100,000 performance rights for a PAT growth rate of 0 – 5% for FY14. The incremental fair value granted as a result of those modifications was \$252,615. The modified awards will vest in accordance with the original awards. A total of \$290,000 shares were allocated in September 2014 on the vesting of the 100,000 performance rights awarded to Mr Robinson.

The target PAT was not achieved in FY15. The Board exercised its discretion to modify the number of equity instruments subject to an award to 132,000 performance rights for a PAT growth rate of 0 – 5% for FY15. The incremental fair value granted as a result of the modifications is \$300,000. The modified awards will vest in accordance with the original awards.

Employment contracts

Executive Chairman

The Executive Chairman, Mr. Michael J Gazal, is employed under a contract. Mr. Gazal's current contract is on the basis of 12 months notice by the company. Under the terms of the contract, Mr. Gazal may resign from his position and thus terminate the contract by giving 3 months written notice. On resignation any options granted would be forfeited.

In the event of extended absence by Mr. M J Gazal by reason of illness or permanent incapacity to the extent that he is unable to perform his responsibilities and duties, the Company may terminate the contract by providing 3 months written notice. In these circumstances the Company may elect to provide payment in lieu of the notice period (based on the fixed component of Mr. M J Gazal's remuneration).

CEO

The CEO, Mr. Patrick Robinson, is employed under a contract. Mr. Robinson's contract is on the basis of 6 months notice by the company. Under the terms of the contract, Mr. Robinson may resign from his position and thus terminate the contract by giving 6 months written notice. After employment ends Mr. Robinson will be obliged for a further period of 6 months to provide debriefing and assistance services.

On resignation any unvested performance rights will lapse unless cessation of employment is due to death, disability or otherwise in circumstances approved by the Board.

In the event of extended absence by Mr. Robinson for a period of three consecutive months or a total of three months in any 12 month period or termination for cause, the Company may terminate the contract without notice or pay in lieu of notice. In these circumstances the Company may elect to provide payment up to the date of termination only (based on the fixed component of Mr. Robinson's remuneration).

Gazal Corporation Limited
Directors' Report (continued)
For the year ended 30 June 2015

Remuneration Report (audited) continued

Employment contracts (continued)

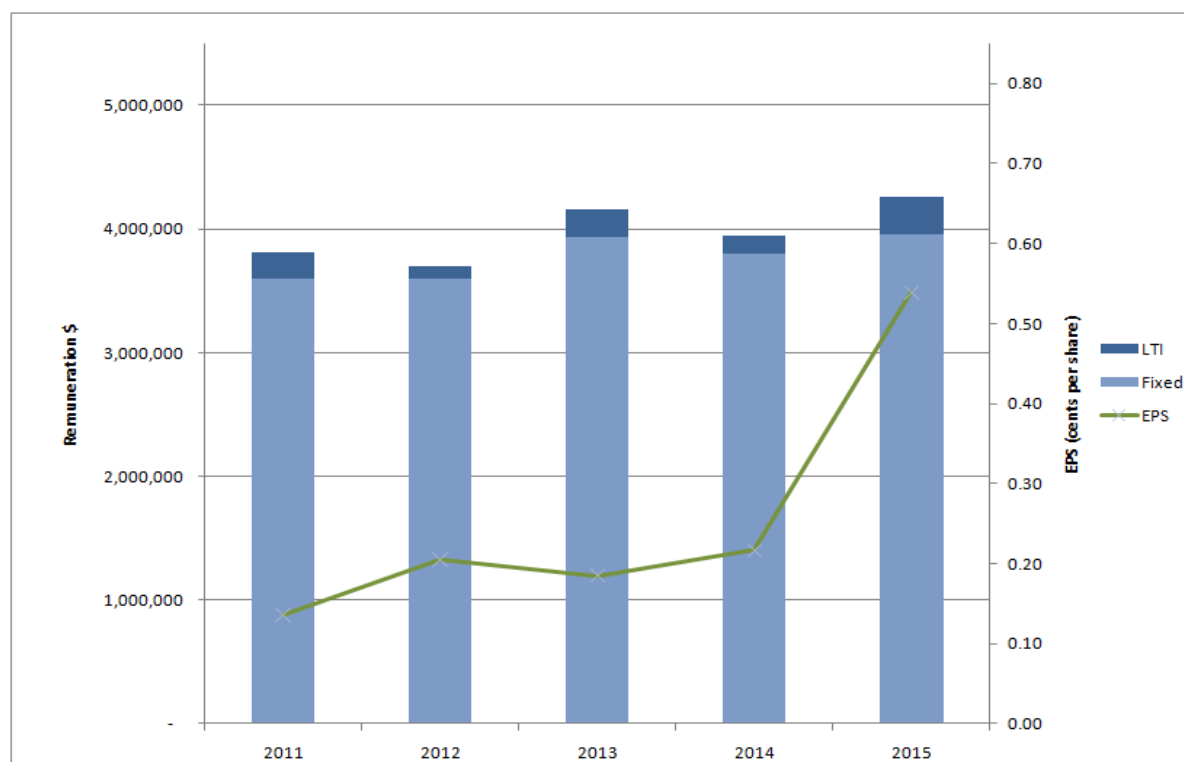
Other Executives

Mr. David J Gazal is also employed under a contract. The current contract continues on the basis of 12 months notice by either party. The contract also contains termination provisions which are similar to those under Mr. Michael Gazal's contract described above. Mr. Richard V Gazal is currently employed under verbal contract with an understanding of the notice and termination provisions being consistent with Mr. David J Gazal as described above.

All other executives have similar contracts which may be terminated by providing between 6 months and one month written notice or providing payment in lieu of the notice period (based on the fixed component of the executive's remuneration). On notice of termination by the company, any LTI options that have vested or that will vest during the notice period will be forfeited. LTI options that have not vested will also be forfeited. The Company may terminate written contracts at any time without notice if serious misconduct has occurred.

Relationship between executive remuneration and the performance of the company over the last 5 financial years.

The graph below illustrates the company's performance for the past 5 financial years.



As indicated in the graph above total executive remuneration has remained relatively stable despite EPS increasing substantially in 2015. This is largely as a result of the sale of the Heritage brands business to the PVH JV and the sale of the Midford business in 2015.

Gazal Corporation Limited
Directors' Report (continued)
For the year ended 30 June 2015

Remuneration Report (audited) continued

Directors and Executives Remuneration for the year ended 30 June 2015

Details of the nature and amount of each element of the remuneration of each Director of the Company and each key management personnel of the Company and the consolidated entity receiving remuneration during the financial year are as follows.

Directors	Year	Short term benefits				Post Employment		Long-term benefits	Share based	Total Performance related %	
		Salary & Fees	Cash Bonus (a)	Non Monetary benefits	Other	Superannuation	Retirement benefits	Long Service Leave	LTI Options/ Performance Rights		
M.J. Gazal	2015	586,500	-	-	32,105	25,000	-	9,774	-	653,379	-
Executive Chairman	2014	586,500	-	-	34,079	25,000	-	9,774	-	655,353	-
P. Robinson	2015	575,500	500,000	-	6,585	24,500	-	9,592	300,000	1,416,177	56.49
Chief Executive Officer	2014	575,500	250,000	-	5,035	24,500	-	9,592	144,820	1,009,447	39.11
B. Klatsky	2015	126,468	-	-	-	-	-	-	-	126,468	-
Non-executive	2014	120,135	-	-	-	-	-	-	-	120,135	-
D.J. Gazal	2015	307,500	-	-	30,588	25,000	-	5,125	-	368,213	-
Executive	2014	307,500	-	-	28,932	25,000	-	5,125	-	366,557	-
C. Kimberley	2015	75,000	-	-	-	7,500	-	-	-	82,500	-
Non-executive	2014	75,000	-	-	-	7,500	-	-	-	82,500	-
G. Paton	2015	85,000	-	-	-	8,500	-	-	-	93,500	-
Non-executive	2014	85,000	-	-	-	8,500	-	-	-	93,500	-
R.V. Gazal	2015	304,250	-	-	35,864	25,000	-	5,071	-	370,185	-
Executive	2014	304,250	-	-	29,300	25,000	-	5,071	-	363,621	-
Total Directors	2015	2,060,218	500,000	-	105,142	115,500	-	29,562	300,000	3,110,422	
	2014	2,053,885	250,000	-	97,346	115,500	-	29,562	144,820	2,691,113	

Key Management Personnel	Year	Short term benefits				Post Employment		Long-term benefits	Share based payment	Total Performance related %	
		Salary & Fees	Cash Bonus (a)	Non Monetary benefits	Other	Superannuation	Retirement benefits	Long Service Leave	LTI Options/ Performance Rights		
C. Barnett (b)	2015	202,708	50,842	-	19,040	19,028	-	3,378	-	294,996	17.23
Chief Operating Officer	2014	307,500	100,000	-	30,174	25,000	-	5,125	-	467,799	21.38
G. Griffiths	2015	331,216	106,880	-	3,567	18,784	-	5,520	-	465,967	22.94
Chief Financial Officer	2014	332,225	80,000	-	4,808	17,775	-	5,520	-	440,328	18.17
P. Wood	2015	248,000	100,000	19,114	834	18,848	-	4,125	-	390,921	25.58
Company Secretary	2014	248,000	50,000	18,935	1,335	18,848	-	4,133	-	341,251	14.65
Total Executive KMP	2015	781,924	257,722	19,114	23,441	56,660	-	13,023	-	1,151,884	
	2014	887,725	230,000	18,935	36,317	61,623	-	14,778	-	1,249,378	

Notes

(a) Cash bonuses are payable subsequent to 30 June 2015

(b) Mr C. Barnett resigned on 3 February 2015 and was re-employed as Chief Operating Officer of the P.V.H. Brands Australia Pty Limited Joint Venture.

Gazal Corporation Limited
Directors' Report (continued)
For the year ended 30 June 2015

Remuneration Report (audited) continued

Remuneration Options: Granted and Vested (audited)

There were no options granted to KMPs in either FY14 or FY15.

Value of Options exercised and lapsed during the year (audited)

There were no options granted to KMPs in either FY14 or FY15.

Shares issued on exercise of remuneration options (audited)

30-Jun-15	Shares issued Number	Paid \$ per share	Unpaid \$ per share	30-Jun-14	Shares issued Number	Paid \$ per share	Unpaid \$ per share
Directors				Directors			
B. Klatsky	-	-	-	B. Klatsky	-	-	-
C. Kimberley	-	-	-	C. Kimberley	-	-	-
G. Paton	-	-	-	G. Paton	166,667	133	-

Remuneration Performance Rights: Granted and Vested (audited)

There were 132,000 performance rights awarded with respect to the year ended 30 June 2015 (30 June 2014: 100,000).

A total of \$290,000 shares were allocated in September 2014 on the vesting of the 100,000 performance rights awarded to Mr Robinson in FY14.

Key Management Personnel

(a) Remuneration by Category: Key Management Personnel

	Consolidated	
	Year ended 30 June 2015	Year ended 30 June 2014
Short-Term	3,747,561	3,574,208
Post Employment	172,160	177,123
Long-Term Benefits	42,585	44,340
Share-based Payments	300,000	144,820
	4,262,306	3,940,491

Gazal Corporation Limited
Directors' Report (continued)
For the year ended 30 June 2015

Key Management Personnel (continued)

(b) Shareholdings of Key Management Personnel and Related Parties

30 June 2015	Balance 1 July 2014	Granted as Remuneration Ordinary	On Exercise of Options Ordinary	Net Change Other Ordinary	Balance 30 June 2015
Shares held in Gazal Corporation Limited (Number)	Ordinary	Ordinary	Ordinary	Ordinary	Ordinary
Directors					
B. Klatsky	2,000,000	-	-	-	2,000,000
P. Robinson	-	-	-	-	-
M.J. Gazal (1)	11,217,163	-	-	-	11,217,163
D.J. Gazal (1)	11,923,953	-	-	-	11,923,953
C. Kimberley	1,015,000	-	-	-	1,015,000
G. Paton	700,000	-	-	-	700,000
R.V. Gazal (1)	11,135,450	-	-	-	11,135,450
Executives					
C. Barnett (2)	150,000	-	-	(150,000)	-
G Griffiths	99,659	-	-	-	99,659
P. Wood	324,000	-	-	-	324,000
30 June 2014	Balance 1 July 2013	Granted as Remuneration Ordinary	On Exercise of Options Ordinary	Net Change Other Ordinary	Balance 30 June 2014
Shares held in Gazal Corporation Limited (Number)	Ordinary	Ordinary	Ordinary	Ordinary	Ordinary
Directors					
B. Klatsky	2,000,000	-	-	-	2,000,000
P. Robinson	-	-	-	-	-
M.J. Gazal (1)	11,940,120	-	-	(722,957)	11,217,163
D.J. Gazal (1)	11,923,953	-	-	-	11,923,953
C. Kimberley	1,015,000	-	-	-	1,015,000
G. Paton	533,333	-	166,667	-	700,000
R.V. Gazal (1)	11,858,407	-	-	(722,957)	11,135,450
Executives					
C. Barnett	150,000	-	-	-	150,000
G Griffiths	-	-	-	99,659	99,659
P. Wood	324,000	-	-	-	324,000

- (1) Excludes Gazal Corporation Limited shares totalling 10,004,154 in which M.J. Gazal, D.J. Gazal and R. Gazal each have a relevant interest in the shares held by a wholly owned subsidiary of Gazal Nominees Pty Limited (8,996,600) and directly by Gazal Nominees Pty Limited (1,007,554) as each of M.J. Gazal, D.J. Gazal and R. Gazal have a 25% shareholding in Gazal Nominees Pty Limited.
- (2) Mr C. Barnett resigned on 3 February 2015 and accordingly is no longer a KMP at 30 June 2015. He was re-employed following his resignation as Chief Operating Officer of the PVH Brands Australia Pty Limited Joint Venture.

(c) Loans to Key Management Personnel and their Related Parties

There are no loans to Directors or executives and their related parties.

(d) Other Transactions and Balances with Key Management Personnel

Messrs M.J. Gazal, D.J. Gazal and R.V. Gazal are Directors of Gazal Industries Pty Limited, a director related entity. During the year Gazal Corporation Limited provided for the payment of expenses on behalf of Gazal Industries Pty Limited. These expenses have been recharged in full to Gazal Industries Pty Limited.

Mr G. Paton is a Director of Harvey Norman Holdings Limited. During the year subsidiaries of Harvey Norman Holdings Limited leased two premises to Fashion Factory Outlets (Trade Secret) Pty Limited on normal commercial terms amounting to amounting to \$1,101,932 (2014:\$1,059,810).

During the year Harvey Norman Flooring Pty Limited trading as Austfloor another subsidiary of Harvey Norman Holdings Limited provided flooring on normal commercial terms amounting to \$nil (2014: \$4,965).

Gazal Corporation Limited
Directors' Report (continued)
For the year ended 30 June 2015

Related Party Disclosures

The following table provides the total amount of transactions and outstanding balances that have been entered into with related parties for the relevant financial year.

	Sales to	Purchases	Amounts	Amounts
	related	from	owed by	owed to
	parties	related	related	related
	parties	parties	parties	parties
	\$'000	\$'000	\$'000	\$'000

Joint venture in which the Parent is a venturer:

PVH Brands Australia Pty Limited	2015	2,557	2,619	486	272
	2014	1,636	694	346	221

Shares price

The company's share price movement on the ASX for the last three financial year ends is as follow:-

30 June 2013	\$2.85
30 June 2014	\$2.75
30 June 2015	\$2.35

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

The directors received an independence declaration from the auditor of Gazal Corporation Limited, refer to page 21.

NON-AUDIT SERVICES

The following non-audit services were provided by the entity's auditor, Ernst & Young. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Ernst & Young Australia received or are due to receive the following amounts for the provision of non-audit services:

Tax compliance services and corporate tax planning	\$94,971
--	----------

This report has been made in accordance with a resolution of the Directors.

Signed for and on behalf of the Directors



M.J. Gazal
Executive Chairman

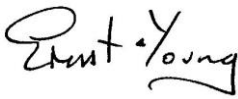


P. Robinson
Executive Director

Dated at Sydney the 3rd day of September 2015.

Auditor's Independence Declaration to the Directors of Gazal Corporation Limited

In relation to our audit of the financial report of Gazal Corporation Limited for the financial year ended 30 June 2015, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.



Ernst & Young



Gregory J Logue
Partner
Sydney
3 September 2015

Gazal Corporation Limited

Statement of Corporate Governance Practices

For the year ended 30 June 2015

This statement provides an outline of the main corporate governance practices that the company had in place during the past financial year.

The Board is committed to conducting the company's business ethically and in accordance with high standards of corporate governance. The Board (together with the company's management) regularly reviews the company's policies, practices and other arrangements governing and guiding the conduct of the company.

The Board believes the company's corporate governance practices are compliant with the Corporate Governance Council's principles and recommendations, unless indicated otherwise in this statement. The company maintains a corporate website at www.gazal.com.au which provides further information on corporate governance policies and practices adopted by Gazal Corporation Limited, including:

- A Board Charter;
- A Remuneration and Nomination Charter;
- A Code of Conduct;
- A Whistleblowers Policy;
- A Securities Trading Policy Summary;
- An Audit and Risk Charter;
- A Risk Management Policy;
- A Continuous Disclosure Policy;
- A Shareholder Communication Policy;
- A Diversity Policy and
- A Human Rights Policy.

The Board of Directors

The Board of Directors of Gazal Corporation Limited is responsible for the corporate governance of the consolidated entity. The Board operates in accordance with a broad statement of principles included in its Charter which mainly sets out the Boards composition and responsibilities and functions and is available from the company's web site.

The Role of the Board

The role of the Board of Directors is to protect and optimise the performance of the Group and accordingly the Board takes accountability for setting strategic direction, establishing policy, overseeing the financial position and monitoring the business and affairs of the Group on behalf of shareholders to whom they are accountable. Responsibility for the day-to-day management of the Company is delegated to the Managing Director and senior management and their relationship with the board and responsibilities are also included in the Board Charter on the company's web site.

Structure of the Board

The Board comprises Directors with a broad range of experience reflecting the character of the Group's business. The Board is structured in such a way that it has proper understanding and competency in the current and emerging issues facing the Company, and can effectively review and challenge management's decisions. Details of the Directors as at the date of this report, including their qualifications, experience, expertise, terms of office, other past and present Directorships and special responsibilities are set out on page 2 of the Directors' report.

Directors of Gazal Corporation Limited are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the exercise of their unfettered and independent judgment. The Board's framework for determining director independence is included in the Board Charter.

Gazal Corporation Limited
Statement of Corporate Governance Practices (continued)
For the year ended 30 June 2015

The following is a list of all directors in the company. In accordance with the definition of independence included in the Board's charter, and the materiality thresholds set, the following Directors of Gazal Corporation Limited with an asterisk below are considered to be independent :

Name	Position	Name	Position
B. Klatsky	Non-Executive Director*	M. J. Gazal	Executive Chairman
G. Paton	Non-Executive Director*	P. Robinson	Chief Executive Officer
C. Kimberley	Non-Executive Director*	D. J. Gazal	Executive Director
		R. V. Gazal	Executive Director

Messrs MJ Gazal, DJ Gazal and RV Gazal are not considered to be independent as their family interests have a majority ownership of the Gazal Corporation Limited as indicated on page 99 of the shareholder information in this financial report.

The directors appointed Michael Gazal as Executive Chairman. Mr Gazal has previously served as Managing Director for 25 years and is considered to have the experience and skills to act as Executive Chairman despite his appointment being a departure from the Corporate Governance Council's recommendations.

Although the Board will not have a majority of independent directors, the Board considers that the composition set out above is appropriate having regard to the Company's size, the skills and experience of each of the Directors and the extent of the aggregate shareholding of Gazal family interests in the Company. In addition, it is noted that:

- Mr Bruce Klatsky is the Lead Independent Director, in which capacity he will, amongst other things, serve as a liaison between the independent directors and the Company and work with the Executive Chairman in the running of the Board.
- Each of the Company's Board Committees¹ consists exclusively of independent directors.
- Each of the Directors is legally obliged to act in the best interests of shareholders as a whole.

There are procedures in place, agreed by the Board, to enable Directors in furtherance of their duties to seek independent professional advice at the company's expense. Directors also have access to senior executives, including the Company Secretary, when required and to any further information required to make informed decisions.

In carrying out its responsibilities and functions, the Board may delegate any of its powers to a Board committee, a Director, employee or other person subject to ultimate responsibility of the Directors under the *Corporations Act 2001*.

The term in office held by each Director in office at the date of this report is as follows:

Name	Term in office	Name	Term in office
B. Klatsky	6 years	M.J. Gazal	29 years
C. Kimberley	11 years	P. Robinson	3 years
G. Paton	9 years	D.J. Gazal	16 years
		R.V. Gazal	3 years

For additional details regarding Board appointments, please refer to our website.

The Remuneration and Nomination Committee

The Board has established a Remuneration and Nomination Committee, which meets at least annually, to assist and advise the Board on matters relating to the appointment and remuneration of the Non-Executive Directors, Chairman and other senior executives of the company.

¹ The Audit & Risk Committee and the Remuneration & Nomination Committee.
Gazal Corporation Limited Annual Report 2015

Gazal Corporation Limited
Statement of Corporate Governance Practices (continued)
For the year ended 30 June 2015

The Remuneration and Nomination Committee is responsible for monitoring the length of service of current Board members (although a strict tenure policy has not been adopted), monitoring the skills and expertise of Board members, considering succession planning issues and identifying the likely order of retirement by rotation of Non Executive Directors.

The Board is responsible for determining and reviewing compensation arrangements for the Directors themselves and the Chief Executive Officer and the Executive team. Remuneration levels are competitively set to attract and retain appropriately qualified and experienced personnel. Performance, duties and responsibilities, market comparison and independent advice are all considered as part of the remuneration process. The structure and details of the remuneration paid to the Directors and senior executives during the period are set out in the Remuneration Report and Key Management Personnel on pages 9 to 20 of the Directors' Report.

The Remuneration and Nomination Committee comprises two Non-Executive Directors. Members of the Remuneration Committee throughout the year were Mr B. Klatsky (Chairman) and Mr C. Kimberley.

For details of Directors' attendance at meetings of the Remuneration and Nomination Committee, refer to page 4 of the Directors' Report. For additional details regarding the Remuneration and Nomination Committee and its policies, please refer to our website.

Performance Reviews

The performance of the Board and senior Executives is reviewed regularly. The performance criteria against which Directors and senior Executives are assessed is aligned with the financial and non-financial objectives of Gazal Corporation Limited. Directors and executives whose performance is consistently unsatisfactory may be asked to leave.

The Chairman carried out a review in the current year of the directors and the committees they were members of. The process of evaluation consists of assessing the relative strengths and weaknesses of the directors and the committees they are members of and identifying areas that can be improved. The process for evaluating the performance of senior executives during the year is included in the Remuneration Report.

Audit and Risk Committee

The Board has established an Audit and Risk Committee, which operates under a charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators. The Board has delegated the responsibility for the establishment and maintenance of a framework of internal control and ethical standards for the management of the consolidated entity to the Audit and Risk Committee.

The committee has appropriate financial expertise and all members are financially literate and have an appropriate understanding of the industry in which the company operates. The committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial reports. All members of the Audit Committee are Non-Executive Directors and are independent. Members of the Audit Committee during the year were Mr G. Paton (Chairman) and Messrs B. Klatsky and C. Kimberley.

A copy of the Audit and Risk Charter is available on the company's web site which includes details of the procedures for selection, appointment and rotation of the external auditors and its engagement partners.

Qualifications of Audit and Risk Committee Members

Mr G. Paton has had extensive experience in the accounting industry and was previously a partner of twenty three years in Arthur Andersen, Chartered Accountants, retiring from that firm and public practice in July 2001. He is the Chairman of the Audit and Risk Committee.

Gazal Corporation Limited
Statement of Corporate Governance Practices (continued)
For the year ended 30 June 2015

Qualifications of Audit Committee Members (continued)

Mr B. Klatsky has significant experience in the management of clothing companies, having served as a CEO and Chairman of Phillips-Van Heusen (PVH) one of the largest apparel and footwear companies in the world and listed on the New York Stock Exchange.

Mr C. Kimberley founded the Just Jeans retail chain and has had 30 years experience in the retail and apparel industries.

Members of management may attend meetings of the committee at the invitation of the Committee Chairman. It is the practice of the Committee that the Chairman, the Chief Executive Officer, the Chief Financial Officer and the Company Secretary attend all Audit Committee meetings. Further, in fulfilling its responsibilities, the Committee has rights of access to management and to auditors without management present and may seek explanations and additional information. The Committee may, with the approval of the Board, engage any independent advisers in relation to any matter pertaining to the powers, duties and responsibilities of the Committee.

For details on the number of meetings of the Audit Committee held during the year and the attendees at those meetings, refer to page 4 of the Directors' Report.

Risk Reporting

The Chief Executive Officer and Chief Financial Officer have made the following certifications to the Board:

- That the company's financial reports present a true and fair view, in all material respects, of the financial condition and operational results of the company and are in accordance with relevant accounting standards;
- That the company has adopted an appropriate system of risk management and internal compliance and control which implements the policies adopted by the Board and forms the basis for the statement given above; and
- That the company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

Risk Management and Internal Controls

The Board, through the Audit and Risk Committee, is responsible for ensuring there are adequate policies in relation to the management and oversight of material risks and internal compliance and control systems. It is part of the Board's oversight role to regularly review the effectiveness of the company's implementation of that system. Management is responsible for identifying and managing both financial and non-financial risks to the company's businesses and reports any material exposures. The Board, through the committee, monitors the management of these risks. Any material risks are disclosed in the financial statements and notes to the accounts.

The company has an internal audit function which reports directly to the Audit and Risk committee chair and it reports on various matters including financial, operational, personnel and WHS matters.

The company has further developed its risk management policy into a Gazal Corporation Risk Management Framework which encompasses policies on code of conduct, whistle blowing, fraud control, risk reviews and securities trading.

This framework which was reviewed in accordance with changes in the Australian Securities Exchange Corporate Governance Council's recommendations is designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the company's business objectives. The annual report specifically considers a number of categories of risk including interest rate, credit and foreign currency risks which are disclosed in note 26 to these accounts.

Gazal Corporation Limited
Statement of Corporate Governance Practices (continued)
For the year ended 30 June 2015

Risk Framework

A vigorous control environment is fundamental to the effectiveness of the company's risk management framework. The company has a clear organisational structure with clearly drawn lines of accountability and delegation of authority. Matters reserved for the Board are set out in the Board Charter which is available on the company's web site.

All Directors, executives and employees are required to adhere to the Code of Conduct (mentioned below) and the Board actively promotes a culture of quality and integrity. Procedures have been established at the Board and executive management level to evaluate risk and the associated internal controls necessary to safeguard the assets and interests of Gazal Corporation Limited and to ensure the integrity of reporting. These include accounting, financial reporting and internal control policies and procedures. For more details on the company's risk assessment and management policy refer to the company's website.

Code of Conduct

A Code of Conduct has been adopted which requires that all Directors, senior management and employees act with the utmost integrity and honesty. It aims to further strengthen the company's ethical climate by promoting practices that promote the company's key values. The Code of Conduct is publicly available on the company's website.

The company has also adopted various other policies covering a number of matters such as occupational health and safety, environment, community support and human rights which are encompassed in corporate social responsibility.

In conjunction with the Code of Conduct the company has a Whistleblowers' policy which encourages all officers, employees, contractors, agents or people associated with the company to report any potential breaches to the Company Secretary. This may be done anonymously.

The company has a formal policy governing the trading of the company's securities by Directors, officers and employees which is set out below.

Securities Trading Policy

The Board has a policy that Directors and employees may not buy or sell Gazal Corporation Ltd shares except within specified trading windows which are:

- The next business day after the day on which the half-year results are released until 30 June; and
- The next business day after the day on which the full-year results are released until 31 December.

The policy supplements the *Corporations Act 2001* provisions that preclude Directors and employees from trading in securities when they are in possession of "insider information". A summary of the Share Trading Policy including prohibitions on equity-based incentives is available on the company's website. As required by the ASX listing rules, the Company notifies the ASX of any transaction conducted by directors in the securities of the Company.

Continuous Disclosure and Shareholder Communication

The company is committed to providing relevant and timely information to its shareholders and the market, in accordance with its obligations under the ASX continuous disclosure regime. All shareholders are encouraged to participate at meetings of security holders. Security holders are able to send communications to the company or the company registry listed in the company directory. Details of the company policy on continuous disclosure together with its established procedures for compliance and other investor related information together with a separate policy on shareholders' communications is publicly available on the company's web site.

Gazal Corporation Limited
Statement of Corporate Governance Practices (continued)
For the year ended 30 June 2015

Diversity at Gazal

The Group supports and complies with the recommendations contained in the ASX Corporate Governance Principles and Recommendations to promote ethical and responsible decision-making.

The Group's policy on diversity is to recognise the important contribution to the organisation by employing people with varying experience, skills, ethnicity and cultural background. The Group believes its diverse workforce is the key to its continued growth, performance and improved productivity.

The Group greatly values and embraces the diversity of our employees and are committed to creating an inclusive workplace where everyone is treated equally and fairly, where discrimination, harassment and inequity are not tolerated. While the Group is committed to fostering diversity at all levels, gender diversity has been and continues to be a priority for the Group. The diversity policy is available in the corporate governance section on the Group's website.

The table below provides a summary of the diversity objectives established by the board, the steps taken during the year to achieve these objectives, and the outcomes.

Objectives

To maintain the percentage of women in senior management positions.

Steps taken/Outcomes

At 30 June 2015, women represented 79% of the Group's workforce (2014: 77%).

During the year, women were appointed to 24 Manager positions (2014: 10).

For the 2015 year, the Group's target is to again maintain overall female representation at present levels within the Group's workforce. Women presently represent 74% of manager and senior manager positions.

To provide more flexibility in work arrangements.

During the year, Gazal employed and or allowed an existing 11 workers to move to flexible work arrangements (2014: 9).

These flexible work arrangements included working less hours or working more days at home.

To provide study training incentives for employees completing tertiary qualifications in their chosen career.

During the year, the company continued to assist 4 employees with study incentives and are discussing the program with a further employee.

To promote a culture that treats the workforce with fairness and respect.

Gazal continues to communicate one of our company's cornerstone core values is we respect each other and there is zero tolerance for discrimination against any employees.

To enhance training for existing and newly appointed management.

During the year, the company continued its in-house "Management Essentials" program for middle level managers.

To facilitate employment of people with disabilities.

The company continued its program on employing people with a disability in Queensland and NSW, ACT and Victoria.

Independent auditor's report to the members of Gazal Corporation Limited

Report on the financial report

We have audited the accompanying financial report of Gazal Corporation Limited, which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

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

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

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

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Opinion

In our opinion:

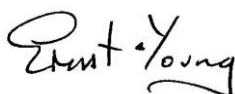
- a. the financial report of Gazal Corporation Limited is in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Report on the remuneration report

We have audited the Remuneration Report included on pages 9 to 20 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Gazal Corporation Limited for the year ended 30 June 2015, complies with section 300A of the *Corporations Act 2001*.



Ernst & Young



Gregory J Logue
Partner
Sydney
3 September 2015

Gazal Corporation Limited
Directors' Declaration
For the year ended 30 June 2015

In accordance with a resolution of the directors of Gazal Corporation Limited, we state that:

1. In the opinion of the directors:

- a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards and the Corporations Regulations 2001;
- b) the financial statement and notes also comply with International Financial Reporting Standards as disclosed in note 2; and
- c) there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable; and
- d) as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in Note 30 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.

2. This declaration has been made after receiving the declarations required to be made to the directors from the chief executive officer and chief financial officer in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2015.

On behalf of the Board



M.J. Gazal
Executive Chairman



P. Robinson
Executive Director

Dated at Sydney the 3rd day of September 2015.

Gazal Corporation Limited
Income Statement
For the year ended 30 June 2015

	Notes	Consolidated	
		Year ended 30 June 2015	Year ended 30 June 2014
		\$'000	\$'000
Sales revenue	4	50,993	45,694
Cost of sales		(29,960)	(24,727)
Gross profit		21,033	20,967
Other revenues	4	3,256	1,142
Selling and marketing expenses		(7,528)	(8,003)
Distribution expenses		(8,510)	(7,933)
Administration expenses		(3,691)	(3,202)
Finance costs		(1,997)	(1,942)
Share of profit/(loss) of joint venture	29	785	(300)
Profit before income tax from continuing operations		3,348	729
Income tax expense	5	(914)	(511)
Profit after tax from continuing operations		2,434	218
Discontinued operations			
Profit after tax from discontinuing operations	6	28,711	12,246
Net profit for the period		31,145	12,464
Profit for the period is attributable to: Owners of the parent		31,145	12,464
Earnings per share (cents per share)			
Basic for profit for the year	7	53.9	21.6
Basic for profit from continuing operations	7	4.2	0.4
Diluted for profit for the year	7	53.9	21.6
Diluted for profit from continuing operations	7	4.2	0.4

The accompanying notes form an integral part of the income statement.

Gazal Corporation Limited
Statement of Comprehensive Income
For the year ended 30 June 2015

	Notes	Consolidated	
		Year ended 30 June 2015 \$'000	Year ended 30 June 2014 \$'000
Profit after tax for the period		31,145	12,464
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges:			
Gain/(loss) taken to equity		1,762	(1,856)
Transferred to income statement		1,898	(5,749)
Income tax on items of other comprehensive income		(1,098)	2,282
Other comprehensive income from joint venture	29	101	-
Items that will not be reclassified subsequently to profit or loss			
Fair value revaluation of land and buildings		2,973	2,908
Income tax on items of other comprehensive income		(892)	(873)
Other comprehensive income for the period, net of tax		4,744	(3,288)
Total comprehensive income for the period		35,889	9,176
Total comprehensive income for the period is attributable to: Owners of the parent		35,889	9,176

The accompanying notes form an integral part of the statement of comprehensive income.

Gazal Corporation Limited
Statement of Financial Position
As at 30 June 2015

	Notes	Consolidated	
		As at 30 June 2015	As at 30 June 2014
		\$'000	\$'000
Current assets			
Cash and cash equivalents	24(a)	19,348	6,163
Trade and other receivables	9	9,319	12,748
Inventories	10	15,750	51,152
Derivative financial instruments	26	2,422	-
Income tax receivable		-	661
Other current assets	11	6,439	7,871
		53,278	78,595
Assets of disposal group classified as held for sale	6	51,440	-
Total current assets		104,718	78,595
Non-current assets			
Property, plant and equipment	12	43,430	55,383
Intangible assets	13	5,559	14,501
Investment in joint venture	29	52,777	6,433
Total non-current assets		101,766	76,317
Total assets		206,484	154,912
Current liabilities			
Trade and other payables	14	10,561	37,835
Derivative financial instruments	26	-	1,898
Interest-bearing loans and borrowings	15	25,894	929
Income tax payable		1,871	-
Provisions	16	2,654	4,814
		40,980	45,476
Liabilities directly associated with the assets classified as held for sale	6	28,130	-
Total current liabilities		69,110	45,476
Non-current liabilities			
Interest-bearing loans and borrowings	17	30,000	30,000
Provisions	18	608	754
Deferred tax liabilities	5	5,970	4,367
Total non-current liabilities		36,578	35,121
Total liabilities		105,688	80,597
Net assets		100,796	74,315
Equity			
Contributed equity	19	62,473	62,183
Reserves	20	26,975	22,107
Retained earnings / (Accumulated losses)	21	11,348	(9,975)
Total Equity		100,796	74,315

The accompanying notes form an integral part of the statement of financial position.

Gazal Corporation Limited
Statement of Cash Flows
For the year ended 30 June 2015

	Notes	Consolidated	
		Year ended 30 June 2015	Year ended 30 June 2014
		\$'000	\$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		295,639	300,583
Payments to suppliers and employees (inclusive of GST)		(288,849)	(284,862)
Interest received		(198)	98
Interest and other costs of finance paid		(1,997)	(1,942)
Income taxes paid		(1,307)	(4,742)
Net cash flows from operating activities	24(b)	3,288	9,135
Cash flows from investing activities			
Purchases of property, plant and equipment		(4,082)	(5,783)
Proceeds from sale of buildings, plant and equipment		86	1,833
Proceeds/ (purchase) of intangibles		(175)	(1,007)
Proceeds from sale of investment	6	10,484	9,391
Investment in joint venture		(11,885)	(4,577)
Net cash flows used in investing activities		(5,572)	(143)
Cash flows from financing activities			
Proceeds from share issue		290	376
Payment for share buy back		-	(1,503)
Proceeds from borrowings		35,000	22,000
Repayment of borrowings		(10,000)	(22,000)
Dividends paid		(9,822)	(10,452)
Net cash flows used in financing activities		15,468	(11,579)
Net increase/ (decrease) in cash and cash equivalents		13,184	(2,587)
Cash and cash equivalents at the beginning of the period		6,163	8,754
Net foreign exchange differences		1	(4)
Cash and cash equivalents at the end of the year	24(a)	19,348	6,163

The accompanying notes form an integral part of the statement of cash flows.

Gazal Corporation Limited
Statement of Changes in Equity
For the year ended 30 June 2015

	Consolidated							
	Attributable to shareholders of Gazal Corp Ltd							
	Issued Capital \$'000	Asset Revaluation Reserve \$'000	Asset Realisation Reserve \$'000	Employee Equity Benefit Reserve \$'000	Cash Flow Hedge Reserve \$'000	Reserves from joint venture \$'000	(Accumulated Losses)/ Retained Earnings \$'000	Total Equity \$'000
At 1 July 2014	62,183	21,661	562	1,213	(1,329)	-	(9,975)	74,315
Profit for the period	-	-	-	-	-	-	31,145	31,145
Other comprehensive income	-	2,081	-	-	2,562	101	-	4,744
Total comprehensive income for the period	-	2,081	-	-	2,562	101	31,145	35,889
Transactions with owners in their capacity as owners:								
Cost of share-based payments	-	-	-	414	-	-	-	414
Share issue	290	-	-	(290)	-	-	-	-
Dividends paid	-	-	-	-	-	-	(9,822)	(9,822)
At 30 June 2015	62,473	23,742	562	1,337	1,233	101	11,348	100,796
At 1 July 2013	63,310	19,626	562	1,174	3,995	-	(11,987)	76,680
Profit for the period	-	-	-	-	-	-	12,464	12,464
Other comprehensive income	-	2,035	-	-	(5,324)	-	-	(3,289)
Total comprehensive income for the period	-	2,035	-	-	(5,324)	-	12,464	9,175
Transactions with owners in their capacity as owners:								
Cost of share-based payments	-	-	-	39	-	-	-	39
Share buy back	(1,503)	-	-	-	-	-	-	(1,503)
Exercise of options	376	-	-	-	-	-	-	376
Dividends paid	-	-	-	-	-	-	(10,452)	(10,452)
At 30 June 2014	62,183	21,661	562	1,213	(1,329)	-	(9,975)	74,315

The accompanying notes form an integral part of the statement of changes in equity.

Gazal Corporation Limited
Notes to the Annual Financial Report
For the year ended 30 June 2015

1 CORPORATE INFORMATION

The annual financial report of Gazal Corporation Limited for the year ended 30 June 2015 was authorised for issue in accordance with a resolution of the directors on 3 September 2015.

Gazal Corporation Limited is a Company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian stock exchange.

The nature of the operations and principal activities of the Group are described in the Director's Report.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, applicable Australian Accounting Standards and other mandatory professional reporting requirements.

The financial report has also been prepared on a historical cost basis, except for land & buildings, derivative financial instruments and share-based payments, which have been measured at fair value.

The financial report is presented in Australian dollars, the functional currency of the principal operating subsidiaries of the Company.

All values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the class order applies.

Statement of compliance

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board. The financial report also complies with International Financial Reporting Standards (IFRS) as issued by International Accounting Standard Board.

Gazal Corporation Limited
Notes to the Annual Financial Report (continued)
For the year ended 30 June 2015

Statement of compliance (continued)

New Accounting Standards and Interpretations

- (i) New and amended standards and interpretations.
The accounting policies adopted are consistent with those of the previous financial reporting.
The Group has adopted the following new and amended Australian Accounting Standards and AASB interpretations as of 1 July 2014:

Reference	Title
AASB 2012-3	Amendments to Australian Accounting Standards - <i>Offsetting Financial Assets and Financial Liabilities</i>
Interpretation 21	Levies
AASB 2013-3	<i>Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets</i>
AASB 2013-4	Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting [AASB 139]
AASB 2013-5	Amendments to Australian Accounting Standards – <i>Investment Entities</i> [AASB 1, AASB 3, AASB 7, AASB 10, AASB 12, AASB 107, AASB 112, AASB 124, AASB 127, AASB 132, AASB 134 & AASB 139]
AASB 2013-7	Amendments to AASB 1038 arising from AASB 10 in relation to Consolidation and Interests of Policyholders [AASB 1038]
AASB 1031	Materiality
AASB 2013-9	Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments
AASB 2014-1	Amendments to Australian Accounting Standards - Part A Annual Improvements to IFRSs 2010–2012 Cycle
AASB 2014-1	Amendments to Australian Accounting Standards - Part A Annual Improvements to IFRSs 2011–2013 Cycle
Amendments to Australian Accounting Standards - Part B	Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)
Amendments to AASB 1053	Transition to and between Tiers, and related Tier 2 Disclosure Requirements

The adoption of these new and amended standards and interpretations had no material impact on the financial position or performance of the Group.

The Group has early adopted the following new and amended Australian Accounting Standards and AASB interpretation:

Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (AASB 2014-10)

AASB 2014-10 amends AASB 10 Consolidated Financial Statements and AASB 128 Investments in Associates and Joint Ventures to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require:

- (a) a full gain or loss to be recognised when a transaction involves a business (whether it is housed in a subsidiary or not); and
(b) a partial gain or loss to be recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

Gazal Corporation Limited
Notes to the Annual Financial Report (continued)
For the year ended 30 June 2015

Statement of compliance (continued)

New Accounting Standards and Interpretations(continued)

The effective date for entities to apply the amendments of AASB 2014-10 issued in September 2014 has been deferred by the IASB however early application of the September 2014 amendment is permitted. The Group has early adopted the amendments of AASB 2014-10 in the current period. Accordingly, these amendments have been considered when accounting for the sale of the Heritage and Shapewear businesses to PVH Brands Australia Pty Limited, a jointly controlled entity, in the current period.

(ii) Accounting standards issued but not yet effective.

The directors have not early adopted any of these new or amended standards and interpretations. These are outlined in the table below:

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 9	Financial Instruments	<p>AASB 9 (December 2014) is a new Principal standard which replaces AASB 139. This new Principal version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.</p> <p>AASB 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early application. The own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments.</p> <p>The final version of AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.</p> <p>Amendments to AASB 9 (December 2009 & 2010 editions and AASB 2013-9) issued in December 2013 included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures.</p> <p>AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139.</p> <p>The main changes are described below.</p> <ol style="list-style-type: none"> Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising 	1 January 2018	The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2018

Gazal Corporation Limited
Notes to the Annual Financial Report (continued)
For the year ended 30 June 2015

Statement of compliance (continued)

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
		<p>d. the gains and losses on them, on different bases.</p> <p>e. Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:</p> <ul style="list-style-type: none"> ▶ The change attributable to changes in credit risk are presented in other comprehensive income (OCI) ▶ The remaining change is presented in profit or loss <p>AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss.</p> <p>Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 – Part E.</p> <p>AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9 in Dec 2014.</p> <p>AASB 2014-8 limits the application of the existing versions of AASB 9 (AASB 9 (December 2009) and AASB 9 (December 2010)) from 1 February 2015 and applies to annual reporting periods beginning on after 1 January 2015.</p>			
AASB 14	Regulatory deferral accounts	<p>AASB 14 permits first-time adopters to continue to account for amounts related to rate regulation in accordance with their previous GAAP when they adopt Australian Accounting Standards. However, to enhance comparability with entities that already apply Australian Accounting Standards and do not recognise such amounts, AASB 14 requires that the effect of rate regulation must be presented separately from other items. An entity that is not a first-time adopter of Australian Accounting Standards will not be able to apply AASB 14.</p> <p>AASB 2014-1 Part D makes amendments to AASB 1 <i>First-time Adoption of Australian Accounting Standards</i>, which arise from the issuance of AASB 14 <i>Regulatory Deferral Accounts</i> in June 2014.</p>	1 January 2016	The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2016

Gazal Corporation Limited
Notes to the Annual Financial Report (continued)
For the year ended 30 June 2015

Statement of compliance (continued)

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 2014-3	Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]	AASB 2014-3 amends AASB 11 to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. The amendments require: (a) the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in AASB 3 <i>Business Combinations</i> , to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and (b) the acquirer to disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations. This Standard also makes an editorial correction to AASB 11	1 January 2016	The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2016
AASB 2014-4	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)	AASB 116 and AASB 138 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendment also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.	1 January 2016	The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2016
AASB 2014-6	<i>Amendments to Australian Accounting Standards – Agriculture: Bearer Plants</i> [AASB 101, AASB 116, AASB 117, AASB 123, AASB 136, AASB 140 & AASB 141]	The amendments require that bearer plants such as grape vines, rubber trees and oil palms, should be accounted for in the same way as property, plant and equipment in AASB 116 Property, Plant and Equipment, because their operation is similar to that of manufacturing. The produce growing on bearer plants will remain within the scope of AASB 141. This Standard also makes various editorial corrections to other Australian Accounting Standards.	1 January 2016	The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2016
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	IAS 16 and IAS 38 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.	1 January 2016	The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2016

Gazal Corporation Limited
Notes to the Annual Financial Report (continued)
For the year ended 30 June 2015

Statement of compliance (continued)

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 15	Revenue from Contracts with Customers	<p>In May 2014, the IASB issued IFRS 15 <i>Revenue from Contracts with Customers</i>, which replaces IAS 11 <i>Construction Contracts</i>, IAS 18 <i>Revenue</i> and related Interpretations (IFRIC 13 <i>Customer Loyalty Programmes</i>, IFRIC 15 <i>Agreements for the Construction of Real Estate</i>, IFRIC 18 <i>Transfers of Assets from Customers</i> and SIC-31 <i>Revenue – Barter Transactions Involving Advertising Services</i>). The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:</p> <p>(a) Step 1: Identify the contract(s) with a customer (b) Step 2: Identify the performance obligations in the contract (c) Step 3: Determine the transaction price (d) Step 4: Allocate the transaction price to the performance obligations in the contract (e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation</p> <p>Early application of this standard is permitted.</p> <p>(a) AASB 2014-5 incorporates the consequential amendments to a number Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15.</p>	1 January 2017	The Group has not yet determined the extent of the impact of the amendments, if any.	Expected 1 January 2018
AASB 1056	<i>Superannuation Entities</i>	AASB 1056 is a new Standard applying to superannuation entities replacing AAS 25 <i>Financial Reporting by Superannuation Plans</i> . This new standard specifies requirements for general purpose financial statements of superannuation entities and results in significant changes to presentation of financial statements, measurement and disclosure of defined benefit obligations and disclosure of disaggregated financial information.	1 July 2016	The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2016
AASB 2014-9	Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements	<p>AASB 2014-9 amends AASB 127 <i>Separate Financial Statements</i>, and consequentially amends AASB 1 <i>First-time Adoption of Australian Accounting Standards</i> and AASB 128 <i>Investments in Associates and Joint Ventures</i>, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements.</p> <p>AASB 2014-9 also makes editorial corrections to AASB 127.</p> <p>AASB 2014-9 applies to annual reporting periods beginning on or after 1 January 2016. Early adoption permitted.</p>	1 January 2016	The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2016

Gazal Corporation Limited
Notes to the Annual Financial Report (continued)
For the year ended 30 June 2015

Statement of compliance (continued)

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 2015-1	Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements	<p>The subjects of the principal amendments to the Standards are set out below:</p> <p><i>AASB 5 Non-current Assets Held for Sale and Discontinued Operations:</i></p> <ul style="list-style-type: none"> Changes in methods of disposal – where an entity reclassifies an asset (or disposal group) directly from being held for distribution to being held for sale (or visa versa), an entity shall not follow the guidance in paragraphs 27–29 to account for this change. <p><i>AASB 7 Financial Instruments: Disclosures:</i></p> <ul style="list-style-type: none"> Servicing contracts - clarifies how an entity should apply the guidance in paragraph 42C of AASB 7 to a servicing contract to decide whether a servicing contract is ‘continuing involvement’ for the purposes of applying the disclosure requirements in paragraphs 42E–42H of AASB 7. Applicability of the amendments to AASB 7 to condensed interim financial statements - clarify that the additional disclosure required by the amendments to AASB 7 <i>Disclosure–Offsetting Financial Assets and Financial Liabilities</i> is not specifically required for all interim periods. However, the additional disclosure is required to be given in condensed interim financial statements that are prepared in accordance with AASB 134 <i>Interim Financial Reporting</i> when its inclusion would be required by the requirements of AASB 134. <p><i>AASB 119 Employee Benefits:</i></p> <ul style="list-style-type: none"> Discount rate: regional market issue - clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability. Further it clarifies that the depth of the market for high quality corporate bonds should be assessed at the currency level. <p><i>AASB 134 Interim Financial Reporting:</i> Disclosure of information ‘elsewhere in the interim financial report’ -amends AASB 134 to clarify the meaning of disclosure of information ‘elsewhere in the interim financial report’ and to require the inclusion of a cross-reference from the interim financial statements to the location of this information.</p>	1 January 2016	The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2016

Gazal Corporation Limited
Notes to the Annual Financial Report (continued)
For the year ended 30 June 2015

Statement of compliance (continued)

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 2015-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	The Standard makes amendments to AASB 101 <i>Presentation of Financial Statements</i> arising from the IASB’s Disclosure Initiative project. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in the financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. The amendments also clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures.	1 January 2016	The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2016
AASB 2015-3	Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality	The Standard completes the AASB’s project to remove Australian guidance on materiality from Australian Accounting Standards.	1 July 2015	The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2015
AASB 2015-4	Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent	The amendment aligns the relief available in AASB 10 <i>Consolidated Financial Statements</i> and AASB 128 <i>Investments in Associates and Joint Ventures</i> in respect of the financial reporting requirements for Australian groups with a foreign parent.	1 July 2015	The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2015
AASB 2015-5	Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception	This makes amendments to AASB 10, AASB 12 <i>Disclosure of Interests in Other Entities</i> and AASB 128 arising from the IASB’s narrow scope amendments associated with Investment Entities.	1 July 2015	The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2015
AASB 2015-6	Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, AASB 124 & AASB 1049]	This Standard makes amendments to AASB 124 <i>Related Party Disclosures</i> to extend the scope of that Standard to include not-for-profit public sector entities.	1 July 2016	The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2016

Gazal Corporation Limited
Notes to the Annual Financial Report (continued)
For the year ended 30 June 2015

Basis of consolidation

The consolidated financial statements comprise the financial statements of Gazal Corporation Limited and its subsidiaries ("the Group"). The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All inter-company balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Investment in joint venture

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investments in its joint venture is accounted for using the equity method. Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of profit or loss reflects the Group's share of the results of operations of the joint venture. Any change in other comprehensive income ("OCI") of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture. The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the joint venture.

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, then recognises the loss as 'Share of loss of a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Gazal Corporation Limited
Notes to the Annual Financial Report (continued)
For the year ended 30 June 2015

Operating segments

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

Operating segments have been identified based on the information provided to the chief operating decision makers – being the Board of Directors.

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

- Nature of the products and services,
- Nature of the production processes,
- Type or class of customer for the products and services, and
- Nature of the regulatory environment.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately.

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

Foreign currency translation

i) Functional and Presentation Currency

Both the functional and presentation currency of Gazal Corporation Limited and its Australian subsidiaries is Australian dollars (A\$).

ii) Transactions and Balances

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

All exchange differences in the consolidated financial report are taken to the income statement. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

iii) Transactions of overseas subsidiaries

The functional currency of the various overseas subsidiaries includes New Zealand dollars, Hong Kong dollars, and Chinese yuan.

As at the reporting date the assets and liabilities of these overseas subsidiaries are translated into the presentation currency of the Group at the rate of exchange ruling at the balance sheet date and the income statements are translated at the weighted average exchange rates for the year.

Gazal Corporation Limited
Notes to the Annual Financial Report (continued)
For the year ended 30 June 2015

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within current interest-bearing loans and borrowings on the statement of financial position.

Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

The policy relating to tax consolidation is in Note 5(f).

Deferred income tax liabilities are recognised for all taxable temporary differences except:

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

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

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

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

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Gazal Corporation Limited
Notes to the Annual Financial Report (continued)
For the year ended 30 June 2015

Income tax (continued)

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

Other taxes

The net amount of Goods & Services Tax ("GST") or other value added taxes ("VAT") recoverable from, or payable to, the taxation authority or the relevant revenue authority is included as part of trade receivables or payables in the statement of financial position.

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

Commitments and contingencies are disclosed net of the amount of GST or VAT recoverable from, or payable to, the taxation authority or the relevant revenue authority.

Inventories

Inventories include raw materials, work in progress and finished goods.

Costs incurred in bringing each product to its present location and condition is accounted for as follows:

Raw Materials – purchase cost on moving average cost basis. The cost of purchase comprises the purchase price including the transfer from equity of gains and losses on qualifying cash flow hedges of purchases of raw materials, import duties and other taxes (other than those subsequently recoverable by the entity from

the taxing authorities) transport, handling and other costs directly attributable to the acquisition of raw materials. Volume discounts and rebates are included in determining the cost of purchase.

Finished goods and work-in-progress – cost of direct materials and labour and a proportion of variable and fixed manufacturing overheads based on normal operating capacity. Costs of imported goods are assigned on moving average cost basis and includes freight, duty and other inward charges.

The basis of valuation of inventories is the lower of cost and net realisable value. Net realisable value is the estimated selling prices in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Property, plant and equipment

Land and buildings are measured at fair value less accumulated depreciation and any impairment in value. Revaluations are made in accordance with a regular policy whereby independent valuations are obtained and carrying amounts adjusted accordingly.

Plant and equipment are valued at historical cost less accumulated depreciation and any impairment losses. Depreciation is provided on a straight-line basis, their economic lives as follows:

	Life
Buildings	40 years
Leasehold improvements	Term of lease
Plant and machinery	2.5 - 17 years

Gazal Corporation Limited
Notes to the Annual Financial Report (continued)
For the year ended 30 June 2015

Property, plant and equipment (continued)

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate at each financial year end.

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and machinery is the greater of the fair value less costs to sell or value in use. 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.

Revaluations of Land and Buildings

Following initial recognition at cost, land and buildings are carried at a revalued amount which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and accumulated impairment losses.

Fair value is determined by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

Any revaluation increment is credited to the asset revaluation reserve included in the equity section (net of tax) of the statement of financial position unless it reverses a revaluation decrement of the same asset previously recognised in the income statement, in which case the increment is recognised in the income statement.

Any revaluation decrement is recognised in the statement of comprehensive income unless it offsets a previous revaluation increment for the same asset, in which case the decrement is debited directly to the asset revaluation reserve to the extent of the credit balance existing in the revaluation reserve for that asset.

In addition, any accumulated depreciation as at revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Independent valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the asset's fair value at the balance sheet date.

Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset or its disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of comprehensive income in the year the item is derecognised.

Gazal Corporation Limited
Notes to the Annual Financial Report (continued)
For the year ended 30 June 2015

Procurement Fee

This represents amounts prepaid in respect to procurement of future services and goods. This will be expensed over the term of the agreement.

Goodwill

Goodwill on acquisition is initially measured at cost, being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

At the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment losses recognised for goodwill are not subsequently reversed.

Intangible assets

Intangible assets acquired separately are capitalised at cost. Intangible assets acquired from a business combination are capitalised at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to the class of intangible assets.

The useful lives of intangible assets are assessed to be either finite in the case of industrial designs and other finite intangible licenses and distribution agreements or infinite in the case of trademarks. Where amortisation is charged on assets with finite lives, this expense is taken to the income statement through the "depreciation and amortisation" line item.

Intangible assets created within the business, excluding capitalised developmental costs, are not capitalised. Such expenditure is charged against profits in the period in which the expenditure is incurred. Intangible assets are tested for impairment where an indicator of impairment exists or, in the case of indefinite life intangibles, annually, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Gains and losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when asset derecognised.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete and its ability to use or sell the asset

Gazal Corporation Limited
Notes to the Annual Financial Report (continued)
For the year ended 30 June 2015

Intangible assets (continued)

- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

Provisions

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

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

Employee leave benefits

(i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other provisions in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wages and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Post-employment benefits

In respect of the Group's accumulated contribution superannuation funds, any contributions made to the superannuation funds by entities within the group consolidated entity are recognised against profits when due.

Gazal Corporation Limited
Notes to the Annual Financial Report (continued)
For the year ended 30 June 2015

Recoverable amount of assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Non-financial assets other than goodwill that suffer an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

Trade and other receivables

Trade receivables, which generally have 30-60 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

Collectability of trade receivables is reviewed on an ongoing basis at an operating unit level. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

Trade and other payables

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

Derivative financial instruments and hedging

The Group uses derivative financial instruments such as forward currency contracts to hedge its risks associated with foreign currency fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Gazal Corporation Limited
Notes to the Annual Financial Report (continued)
For the year ended 30 June 2015

Derivative financial instruments and hedging (continued)

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

The fair value of forward currency contracts are calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

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

- Fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset or liability; or
- Cash flow hedges when they hedge the exposure to variability in cash flows that is attributable either to a particular risk associated with a recognised asset or liability or to a forecast transaction; or
- A hedge of the foreign currency risk of a firm commitment is accounted for as a cash flow hedge.

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

i) Cash flow hedges

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

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

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

Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

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

Gazal Corporation Limited
Notes to the Annual Financial Report (continued)
For the year ended 30 June 2015

Interest-bearing loans and borrowings (continued)

Borrowing costs

Borrowing costs are recognised as an expense when incurred.

Assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through sale rather than through continuing use. Such non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the sale, excluding the finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of the classification. Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

A disposal group qualifies as a discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale or distribution, and:

- Represents a separate major line of business or geographical area of operations
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations

Or

- Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss. Additional disclosures are provided in Note 6. All other notes to the financial statements include amounts for continuing operations, unless otherwise mentioned.

Share-based payment transactions

The Group provides benefits to certain employees (including directors) of the Group in the form of share options and performance rights, whereby employees render services in exchange for future options or rights over shares ("equity-settled transactions"). The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value is determined by using a binomial pricing model.

The Gazal Group Employee Share Option Plan was established in 2005 to provide benefits to eligible participants as determined by the Board. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date"). The cumulative expense recognised for equity settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Gazal Corporation Limited
Notes to the Annual Financial Report (continued)
For the year ended 30 June 2015

Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of goods

Revenue from sale of goods is recognised after deducting returns, settlement and trade discounts and rebates and is recognised when there is persuasive evidence, usually in the form of an executed sales agreement at the time of delivery of the goods to customer, indicating that there has been a transfer of risks and rewards to the customer, no further work or processing is required, the quantity and quality of the goods has been determined, the price is fixed and generally title has passed.

(ii) Interest revenue

Interest income is recognised as it accrues using the effective interest method.

(iii) Royalty revenue

Royalty income from licensees and sub-licensees is recognised based on the percentage of sales as stipulated in the relevant contract.

(iv) Dividends

Revenue is recognised when the Group's right to receive the payment is established.

(v) Fees from joint venture

Revenue for services performed on behalf of the joint venture is recognised by reference to the completion of the services.

Contributed equity

Issued and paid up capital is recognised at the fair value of consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity (net of tax) as a reduction of the share proceeds received. The fair value of equity instruments granted and other estimates of other expected share issues are recognised as a separate component of equity.

Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration if reissued is recognised in share capital. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them. Share options exercised during the reporting period are satisfied with treasury shares.

Earnings per share

Basic earnings per share is calculated as profit after tax attributable to members of the parent entity, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share are calculated as net profit attributable to members, adjusted for:

(i) costs of servicing equity (other than dividends);

Gazal Corporation Limited
Notes to the Annual Financial Report (continued)
For the year ended 30 June 2015

Earnings per share (continued)

(ii) the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
(iii) other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

Operating leases

The Group has entered into operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Lease incentives are recognised in the income statement as an integral part of the total lease expense and are amortised over the lease term on a straight line basis.

Investments and other financial assets

The parent Company carries investments in subsidiary companies initially at cost. The carrying value of subsidiaries is assessed at regular intervals having regard to net assets and future cash flows of these entities. A provision for diminution is established should the carrying value of a subsidiary be considered impaired.

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available –for-sale financial assets. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

(i) Loans and receivables

Loans and receivables including loan notes and loans to key management personnel are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process

Fair value measurement

The Group measures financial instruments, such as, derivatives, and non-financial assets such as land and buildings, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Gazal Corporation Limited
Notes to the Annual Financial Report (continued)
For the year ended 30 June 2015

Fair value measurement (continued)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

External valuers are involved for valuation of significant assets, such as properties. Involvement of external valuers is decided upon annually. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The Group, in conjunction with the external valuers, also compares each the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

On an interim basis, the valuation results are presented to the audit committee and the Group's independent auditors. This includes a discussion of the major assumptions used in the valuations. For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES & ASSUMPTIONS

In applying the Group's accounting policies management continually evaluates judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgements, estimates and assumptions. Significant judgements, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

Gazal Corporation Limited
Notes to the Annual Financial Report (continued)
For the year ended 30 June 2015

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES & ASSUMPTIONS (continued)

Impairment of goodwill and intangibles with indefinite useful lives

The Group determines whether goodwill and intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units to which the goodwill and intangibles with indefinite useful lives are allocated. There were no impairment adjustments in the year. The assumptions used in this estimation of recoverable amount and the carrying amount of goodwill and intangibles with indefinite useful lives are discussed in note 13.

Long service leave provision

As discussed in note 2, the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at balance date. In determining the present value of the liability, attrition rates and pay increases through promotion and inflation have been taken into account.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience as well as manufacturers' warranties (for plant and equipment), lease terms (for leased equipment) and turnover policies. In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful life are made when considered necessary. Depreciation charges are included in note 12.

Bonus provision

Bonus payments granted to each executive depends mainly on the performance of the Company and or their division. Operational measures cover mainly financial and some non-financial measures of performance. The usual measures include contribution to net profit before tax, stock turnover ratios, risk management, product and inventory management, and leadership/team contribution.

On an annual basis, after consideration of divisional performance each executive is reviewed in accordance with the above process and STIs assessed and allocated to each executive who is deemed to have met their performance target.

Share based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant.

This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 19.

Stock obsolescence provision

At each balance date, inventories are assessed on receipt date/selling season and any inventory holdings that were received into the warehouse greater than one year prior to balance date are subject to a write-down ranging from 40% to 100%.

This charge against profit will take the form of a provision which is returned to profit when the inventory to which the provisions apply are sold or otherwise disposed of.

Gazal Corporation Limited
Notes to the Annual Financial Report (continued)
For the year ended 30 June 2015

4 REVENUES AND EXPENSES

	Consolidated	
	Year ended 30 June 2015	Year ended 30 June 2014
	\$'000	\$'000
<i>Revenue and Expense</i>		
(i) Revenue		
Sales revenue	50,993	45,694
Other revenue		
Interest revenue	92	98
Royalty revenue	55	74
Fees from joint venture	2,781	480
Other	328	490
Total other revenue	3,256	1,142
Total revenue	54,249	46,836
(ii) Expenses and losses		
Depreciation, amortisation and impairment		
Depreciation of buildings	473	430
Depreciation of plant and equipment	943	909
Depreciation of leasehold improvements	5	4
Amortisation of intangible	-	162
Amortisation of software	865	768
	2,286	2,273
Employee benefit expense		
Wages and salaries	12,047	12,032
Defined contribution superannuation expense	1,088	1,149
Employee entitlements	1,342	1,230
Share-based payments	404	147
	14,881	14,558
Borrowing costs - Interest expenses	1,997	1,942
Bad & doubtful debts	2	-
Operating lease rentals	598	497
Provision/(release) of inventories obsolescence	(106)	-
Foreign exchange (gain)	(325)	(587)
Net loss on disposal of non-current assets	39	21

Gazal Corporation Limited
Notes to the Annual Financial Report (continued)
For the year ended 30 June 2015

5 INCOME TAX

	Note	Consolidated	
		Year ended 30 June 2015	Year ended 30 June 2014
		\$'000	\$'000
Income Statement			
<i>Current income tax</i>			
Current income tax charge attributable to continuing operations		788	769
Adjustments in respect of current income tax of previous years		108	(213)
<i>Deferred income tax</i>			
Relating to origination and reversal of temporary differences		18	(45)
Income tax expense reported in the income statement		914	511
(b) Amounts charged or credited directly to equity			
<i>Deferred income tax related to items charged or credited directly to equity</i>			
Net (loss)/gain on cash flow hedges		1,098	(2,282)
Net gain on revaluation of buildings		892	873
Income tax expense/(benefit) reported in equity		1,990	(1,409)
(c) Numerical reconciliation between aggregate Tax expense recognised in the income statement and tax expense calculated per the statutory income tax rate			
A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:			
Accounting profit before income tax		3,348	729
Profit before tax from discontinued operations	6	31,244	14,161
Accounting profit before income tax		34,592	14,890
At statutory income tax rate of 30% (2014: 30%)		10,378	4,467
Amortisation of intangibles		-	49
Entertainment expenses		38	36
Effect of higher rates of tax on overseas income		(23)	(23)
Share of profit / (loss) of joint venture		(236)	90
Utilisation of previously unrecognised capital losses		(6,748)	(1,950)
Other items		(71)	(30)
Amounts under/ (over) provided in prior years		108	(213)
Total income tax attributable to operating profit		3,447	2,426
Income tax reported in the consolidated income statement		914	511
Income tax attributable to a discontinued operation	6	2,533	1,915
		3,447	2,426

Gazal Corporation Limited
Notes to the Annual Financial Report (continued)
For the year ended 30 June 2015

5 INCOME TAX (continued)

(d) Recognised deferred tax assets and liabilities

Deferred income tax at 30 June relates to the following:

	Note	Statement of Financial	Income Statement		
		Position	As at	Year ended	Year ended
		30-Jun-15	30-Jun-14	30-Jun-15	30-Jun-14
		\$'000	\$'000	\$'000	\$'000
CONSOLIDATED					
<i>Deferred tax liabilities</i>					
Revaluation of land and buildings to fair value		(9,544)	(8,727)	66	-
Accelerated amortisation/depreciation for tax purposes		(484)	(648)	(164)	46
Accelerated depreciation for book purposes		33	33	-	-
Software development expenses for book purposes		240	295	55	(16)
Provisions for employee benefits		1,865	2,018	153	(146)
Other provisions not deductible		60	-	(452)	-
Provisions relating to inventory		543	761	218	129
Doubtful debts		35	35	-	(5)
Accrual for rent free period		1,433	1,069	(364)	306
Prepayments/other		(57)	-	57	-
Uplift to retail stock value		36	115	79	(114)
Share based payments		-	121	98	(111)
Derivative liability/(asset)		(130)	561	-	-
<i>Net deferred tax liabilities</i>		(5,970)	(4,367)	(254)	89
CONSOLIDATED					
<i>Net deferred tax liabilities</i>		(5,970)	(4,367)	(254)	89

(e) Tax losses

The Group has utilised all its Australian capital gains tax losses during the financial period.

(f) Tax consolidation

(i) Members of the tax consolidated group and the Tax Sharing Agreement

Gazal Corporation Limited and its 100% owned Australian resident subsidiaries have formed a tax consolidated group with effect from 1 July 2003. Gazal Corporation Limited is the head entity of the tax consolidated group. Members of the group have entered into a tax sharing arrangement in order to allocate income tax liabilities to the wholly owned subsidiaries, based on the formula as set out in the agreement. In addition the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At the balance date, the possibility of default is remote.

(ii) Tax effect accounting by members of the tax consolidated group

Members of the tax consolidated group have entered into a tax funding agreement. The tax funding agreement provides for the allocation of current taxes to members of the tax consolidated group, while deferred taxes are allocated to members of the tax consolidated group in accordance with the principles of AASB 112 *Income Taxes*. Allocations under the tax funding agreement are made annually.

The allocation of taxes under the tax funding agreement is recognised as an increase/decrease in the subsidiaries' inter-company accounts with the tax consolidated group head company, Gazal Corporation Limited.

Gazal Corporation Limited
Notes to the Annual Financial Report (continued)
For the year ended 30 June 2015

5 INCOME TAX (continued)

(g) Taxation of financial arrangements (TOFA)

Legislation is in place which changes the tax treatment of financial arrangements including the tax treatment of hedging transactions. The Group has assessed the impact of these changes on the Group's tax position. No impact has been recognised in the accounts at this point of time.

6 DISCONTINUED OPERATIONS

On 19 December 2014, the Group announced the decision of its board of directors to dispose of the Heritage and Shapewear businesses. The disposal was completed on 3 February 2015 for gross proceeds of \$34m. As at 30 June 2015, the Heritage and Shapewear businesses are classified as discontinued operations.

On 6 February 2015, the Group announced the decision of its board of directors to dispose of the Midford business. The disposal was completed on 29 June 2015 for gross proceeds of \$10m. As at 30 June 2015, the Midford business is classified as a discontinued operation.

On 29 July 2015, the Group announced the decision of its board of directors to dispose of the Trade Secret business. The disposal is expected to be completed by 31 December 2015. As at 30 June 2015, the Trade Secret business is classified as a discontinued operation.

The results of the discontinued operations are presented below:

	Year ended 30 June 2015				Year ended 30 June 2014				
	Heritage and Shapewear*	Midford	Trade Secret	Total	Heritage and Shapewear	Midford	Underwear	Trade Secret	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trading									
Sales revenue	30,571	18,080	164,825	213,476	45,551	18,034	13,146	153,606	230,337
Other revenue	30	60	-	90	127	17	97	(4)	237
Cost of sales	(14,894)	(9,113)	(101,194)	(125,201)	(20,840)	(8,728)	(4,705)	(93,668)	(127,941)
Depreciation and amortisation	(268)	(125)	(3,521)	(3,914)	(519)	(121)	(221)	(3,870)	(4,731)
Employees benefit expenses	(4,076)	(4,024)	(23,928)	(32,028)	(6,668)	(3,687)	(2,273)	(22,932)	(35,559)
Other expenses	(8,196)	(4,639)	(34,551)	(47,386)	(12,704)	(4,393)	(3,847)	(33,737)	(54,682)
Profit/(loss) before tax from discontinued operations	3,167	239	1,631	5,037	4,948	1,122	2,197	(606)	7,661
Tax (expense)/benefit	(950)	(72)	(569)	(1,591)	(1,495)	(324)	(449)	352	(1,915)
Profit for the period from discontinued operations	2,217	167	1,062	3,446	3,453	798	1,748	253	5,746
Gain on sale of discontinued operations after tax	21,179	4,086	-	25,265	-	-	6,500	-	6,500
Total profit from discontinued operations	23,396	4,253	1,062	28,711	3,453	798	8,248	253	12,246

*Note: Heritage and Shapewear represents 7 months trading in the year ended 30 June 2015 (30 June 2014: 12 months).

	30 June 2015	30 June 2014
	cents	cents
Earnings per share - cents per share:		
- Basic from discontinuing operations	0.50	0.21

Gazal Corporation Limited
Notes to the Annual Financial Report (continued)
For the year ended 30 June 2015

6 DISCONTINUED OPERATIONS (continued)

Details of the net gain on sale of the discontinued operations are presented below:

	Year ended 30 June 2015			Year ended 30 June 2014	
	Heritage and Shapewear \$'000	Midford \$'000	Total \$'000	Underwear \$'000	Total \$'000
Gross sale proceeds	33,574	10,710	44,284	14,215	14,215
Working capital adjustment received	477	(226)	251	-	-
Total gross sale proceeds	34,051	10,484	44,535	14,215	14,215
Less: amounts re-invested in the joint venture	(34,051)	-	(34,051)	(4,824)	(4,824)
Proceeds recognised in cash flow statement	-	10,484	10,484	9,391	9,391
Carrying amount of net assets sold	(12,272)	(5,349)	(17,621)	(4,465)	(4,465)
Gain on sale before transaction costs	21,779	5,135	26,914	9,750	9,750
Transaction costs	(600)	(107)	(707)	-	-
Elimination of profit on sale to joint venture	-	-	-	(3,250)	(3,250)
Net gain on sale of discontinued operations before income tax	21,179	5,028	26,207	6,500	6,500
Tax expense	-	(942)	(942)	-	-
Net gain on sale of discontinued operations after income tax	21,179	4,086	25,265	6,500	6,500

The group has early adopted AASB 2014-10 in the current period which amends AASB 10 Consolidated Financial Statements and AASB 128 Investments in Associates and Joint Ventures. These amendments have been considered when accounting for the sale of the Heritage and Shapewear businesses to PVH Brands Australia Pty Limited, the jointly controlled entity in the current period.

The effect of the disposal of the Heritage and Shapewear and Midford businesses on the financial position of the Group is presented below:

Effect of disposal on the financial position of the Group

	Year ended 30 June 2015			Year ended 30 June 2014	
	Heritage and Shapewear \$'000	Midford \$'000	Total \$'000	Underwear \$'000	Total \$'000
Plant and equipment	1,321	360	1,681	1,714	1,714
Intangible	5,515	115	5,630	-	-
Inventories	6,094	5,248	11,342	4,371	4,371
Other assets	3	9	12	1,571	1,571
Payables	-	-	-	(3,162)	(3,162)
Employee benefits	(661)	(157)	(818)	(29)	(29)
Working capital adjustment	-	(226)	(226)	-	-
Net Assets	12,272	5,349	17,621	4,465	4,465

Gazal Corporation Limited
Notes to the Annual Financial Report (continued)
For the year ended 30 June 2015

6 DISCONTINUED OPERATIONS (continued)

The major classes of assets and liabilities classified as held for sale as part of the discontinued operations as at 30 June 2015 are disclosed in the Statement of Financial Position:

	30 June 2015		30 June 2014
	Trade Secret \$'000	Total \$'000	Total \$'000
Assets			
Inventory	33,066	33,066	-
Fixed assets	12,513	12,513	-
Intangibles	1,930	1,930	-
Other receivables	3,931	3,931	-
Assets classified as held for sale	51,440	51,440	-
Liabilities			
Trade and other payables	26,519	26,519	-
Provisions	1,611	1,611	-
Liabilities classified as held for sale	28,130	28,130	-
Net assets attributable to discontinued operations	23,310	23,310	-

Net cash flows of the discontinued operations are as follows:

	Year ended 30 June 2015		Year ended 30 June 2014
	Trade Secret \$'000	Total \$'000	Total \$'000
Operating activities	5,152	5,152	-
Investing activities	(2,519)	(2,519)	-
Net cash inflow/(outflow)	2,633	2,633	-

Gazal Corporation Limited
Notes to the Annual Financial Report (continued)
For the year ended 30 June 2015

7 EARNINGS PER SHARE

The following reflects the income and share data used in the calculations of basic and diluted earnings per share:

	Consolidated	
	Year ended 30 June 2015 \$'000	Year ended 30 June 2014 \$'000
Net Profit / (Loss) attributable to ordinary equity holders of the parent from continuing operations	2,434	218
Profit attributable to ordinary equity holders of the parent from discontinuing operations	28,711	12,246
Earnings used in calculating basic and diluted earnings per share	31,145	12,464
	Number of Shares	
	Number of Shares	Number of Shares
Weighted average number of ordinary shares used in calculating basic earnings per share and diluted earnings	57,769,289	57,659,729
Share options	-	-
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	57,769,289	57,659,729

There are no share options outstanding at 30 June 2015 or 30 June 2014. The Group did not buy back shares during the reporting period (2014: \$1,503,000).

8 SEGMENT INFORMATION - OPERATING SEGMENTS

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 (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on the manner in which the product is sold. Discrete financial information about each of these operating businesses is reported to the Board of Directors on at least a monthly basis.

The reportable segments are based on aggregated operating segments determined by the similarity of the market and customer base, as these are the sources of the Group's major risks and have the most effect on the rates of return.

Types of markets and customer groups

Wholesale

The wholesale business services our traditional retail customers. The products sold are primarily workwear and corporate uniforms.

Gazal Corporation Limited
Notes to the Annual Financial Report (continued)
For the year ended 30 June 2015

8 SEGMENT INFORMATION - OPERATING SEGMENTS (continued)

Direct to consumer

This segment is our off-price retail channel Trade Secret and Midford shops. This is shown as part of discontinued operations.

Accounting policies and inter-segment transactions

The accounting policies used by the Group in reporting segments internally are the same as those contained in note 2. The key elements of the policy are described below.

Inter-entity sales

Inter-entity sales are recognised based on the internally set transfer price. The price is set to reflect what the business operation could achieve if they sold their output and services to external parties at arm's length.

Corporate charges

Corporate charges comprise non-segmental expenses such as head office expenses and interest. Corporate charges are allocated to each business segment on a proportionate basis linked to segment revenue and capital employed so as to determine a segment result.

It is the Group's policy that if items of revenue and expense are not allocated to operating segments then any associated assets and liabilities are also not allocated to segments. This is to avoid asymmetrical allocations within segments which management believe would be inconsistent.

The following items and associated assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Fair value gains/losses on derivatives
- Net gains on disposal of available-for-sale investments
- Finance costs – including adjustments on provisions due to discounting
- Impairment charges
- Depreciation and amortisation on corporate property, plant and equipment
- Income tax balances

Gazal Corporation Limited
Notes to the Annual Financial Report (continued)
For the year ended 30 June 2015

8 SEGMENT INFORMATION - OPERATING SEGMENTS (continued)

	Wholesale	Direct to Consumer	Unallocated Items	Total
	\$'000	\$'000	\$'000	\$'000
Year ended 30 June 2015				
Revenue				
Sales to external customers	50,993	-	-	50,993
Other revenues from external customers	144	-	-	144
Segment Revenue	51,137	-	-	51,137
Segment net operating profit before tax	3,362	-	-	3,362
includes the following:				
- Interest revenue	-	-	92	92
- Interest expense	-	-	(1,997)	(1,997)
- Depreciation and amortisation	(86)	-	(2,200)	(2,286)
- Other non-cash expenses	-	-	(493)	(493)
- Discontinued operations before income tax	2,879	2,158	-	5,037
Segment assets	31,924	674	-	32,598
Capital expenditure	449	2,869	764	4,082
Segment liabilities	10,798	1,415	-	12,213
	Wholesale	Direct to Consumer	Unallocated Items	Total
	\$'000	\$'000	\$'000	\$'000
Year ended 30 June 2014				
Revenue				
Sales to external customers	45,695	-	-	45,695
Other revenue	147	-	-	147
Inter-segment sales	-	-	-	-
Segment revenue	45,842	-	-	45,842
Segment net profit before tax	3,386	-	-	3,386
includes the following:				
- Interest revenue	-	-	94	94
- Interest expense	-	-	(1,942)	(1,942)
- Depreciation and amortisation	(101)	-	(2,697)	(2,798)
- Other non-cash expenses	-	-	(83)	(83)
- Discontinued operations before income tax	7,548	114	-	7,662
Segment assets	46,773	49,090	-	95,863
Capital expenditure	703	2,806	2,274	5,783
Segment liabilities	15,216	26,177	-	41,393

Gazal Corporation Limited
Notes to the Annual Financial Report (continued)
For the year ended 30 June 2015

8 SEGMENT INFORMATION - OPERATING SEGMENTS (continued)

Major customers

The Group has a number of customers to which it provides products. The Group's major customer which is included in the Wholesale segment accounted for 4.4% of external revenue (2014: 8.5%). The next most significant customer accounted for 3.2% (2014: 3.5%) of external revenue.

i) Segment revenue reconciliation to the income statement

	Consolidated	
	Year ended 30 June 2015	Year ended 30 June 2014
	\$'000	\$'000
Reconciliation of segment revenue to the income statement		
Total segment revenue	51,137	45,842
Other revenues	3,112	994
Total revenue and other revenues per the income statement	54,249	46,836

ii) Segment net operating profit before tax reconciliation to the income statement

The Board of Directors meet on a periodical basis to assess the performance of each segment by analysing the segment's net operating profit before tax. A segment's net operating profit before tax excludes non operating income and expense such as fair value gains and losses, gains and losses on disposal of assets, finance cost and impairment charges.

	Consolidated	
	Year ended 30 June 2015	Year ended 30 June 2014
	\$'000	\$'000
Reconciliation of segment net operating profit before tax to net profit before tax		
Segment net operating profit before tax	3,362	3,386
Interest revenue	92	94
Interest expense	(1,997)	(1,942)
Depreciation and amortisation	(2,200)	(2,697)
Other non-cash expenses	(493)	(83)
Share of profit/(loss) of joint venture	785	(300)
Over-allocation of corporate overhead to segments	3,799	2,271
Total net profit before tax for continuing operations per the income statement	3,348	729

Gazal Corporation Limited
Notes to the Annual Financial Report (continued)
For the year ended 30 June 2015

8 SEGMENT INFORMATION - OPERATING SEGMENTS (continued)

iii) Segment assets reconciliation to the statement of financial position

In assessing the segment performance, the Board of Directors analyse the segment result as described above and its relation to segment assets. Segment assets are those operating assets of the entity that the management committee views as directly attributing to the performance of the segment. These assets include plant and equipment, receivables, inventory and intangibles and exclude available-for-sale assets, cash at bank, derivative assets, deferred tax assets.

	Consolidated	
	As at	As at
	30 June 2015	30 June 2014
	\$'000	\$'000
Reconciliation of segment operating assets to total assets		
Segment operating assets	32,598	95,863
Cash at bank	19,348	6,163
Corporate property, plant and equipment	41,550	40,529
Corporate IT software	4,149	5,263
Derivative assets	2,422	-
Investment in joint venture	52,777	6,433
Income tax receivable	-	661
Other related party receivable	1,872	-
Other receivable	328	-
Assets of disposal group classified as held for sale	51,440	-
Total assets per statement of financial position	206,484	154,912

iv) Segment liabilities reconciliation to the statement of financial position

Segment liabilities include trade and other payables. The Group has a centralised finance function that is responsible for raising debt and capital for the entire operations. Each entity or business uses this central function to invest excess cash or obtain funding for its operations.

	Consolidated	
	As at	As at
	30 June 2015	30 June 2014
	\$'000	\$'000
Reconciliation of segment operating liabilities to total liabilities		
Segment operating liabilities	12,213	41,393
Borrowings	55,894	30,929
Income tax payable	1,871	-
Provisions	1,610	2,010
Derivative financial instruments	-	1,898
Deferred tax liabilities	5,970	4,367
Liabilities directly associated with assets classified as held for sale	28,130	-
Total liabilities per statement of financial position	105,688	80,597

Gazal Corporation Limited
Notes to the Annual Financial Report (continued)
For the year ended 30 June 2015

9 TRADE AND OTHER RECEIVABLES (CURRENT)

	Consolidated	
	As at	As at
	30 June 2015	30 June 2014
	\$'000	\$'000
Trade receivables	9,437	12,798
Allowance for impairment loss (a)	(118)	(50)
Carrying amount	9,319	12,748

(a) Allowance for impairment loss

Trade receivables are non-interest bearing and are generally on 30-60 day terms. A provision for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. An impairment charge of \$68,000 (2014: \$83,000 gain) has been recognised by the Group in the current year. These amounts have been included in the selling and administrative expense items.

Movements in the provision for impairment loss were as follows

At 1 July	50	133
(Reversal)/ Charge for the year	66	(111)
Written off	2	28
At 30 June	118	50

	Total	0-30 Days	31-60 Days	61-90 Days	61-90 Days	+91 Days	+91 Days
				PDNI*	CI*	PDNI*	CI*
2015 Consolidated	9,437	9,055	121	116	0	27	118
2014 Consolidated	12,798	12,411	141	59	3	134	50

* Past due not impaired ('PDNI')
 Considered Impaired ('CI')

Receivables past due but not considered impaired are: Consolidated \$143,000(2014: \$193,000). Payment terms on these amounts have not been re-negotiated however credit has been stopped until full payment is made. Each operating unit has been in direct contact with the relevant debtor and is satisfied that payment will be received in full.

Other balances within trade and other receivables do not contain impaired assets and are not past due. It is expected that these other balances will be received when due.

(b) Related party receivables

For the terms and conditions of related party receivables refer to Note 30. Loans to wholly owned group entities are repayable on demand.

Gazal Corporation Limited
Notes to the Annual Financial Report (continued)
For the year ended 30 June 2015

9 TRADE AND OTHER RECEIVABLES (CURRENT) (continued)

(c) Fair value and credit risk

Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above. Refer to note 26 for more information on the financial risk management policy of the Group.

(d) Foreign exchange and interest rate risk

Detail regarding foreign exchange and interest rate risk exposure is disclosed in note 26.

10 INVENTORIES (CURRENT)

	Consolidated	
	As at	As at
	30 June 2015	30 June 2014
	\$'000	\$'000
Raw materials and stores, at cost	-	30
Provision for inventory obsolescence	-	(30)
Raw materials and stores, net	-	-
Finished goods, at cost	14,743	46,617
Provision for inventory obsolescence	(647)	(3,440)
	14,096	43,177
Stock in transit	1,654	7,975
Total inventories	15,750	51,152

(a) Inventory expenses

Inventories recognised as an expense for the year ended 30 June 2015 totalled \$155,837,000 (2014: \$151,916,000) for the Group. This expense has been included in cost of sales. The obsolescence expense/net realisable value loss of \$677,162 (2014: \$752,375 gain) has been included as an expense in the cost of sales.

11 OTHER ASSETS (CURRENT)

	Consolidated	
	As at	As at
	30 June 2015	30 June 2014
	\$'000	\$'000
Prepayments	3,169	5,838
Other	3,270	2,033
Total other current assets	6,439	7,871

Gazal Corporation Limited
Notes to the Annual Financial Report (continued)
For the year ended 30 June 2015

12 PROPERTY, PLANT AND EQUIPMENT

(a) Reconciliation of carrying amounts at the beginning and end of the period

	Consolidated			
	Land & Building	Leasehold Improvement	Plant & Machinery	Total
Year ended 30 June 2015	\$'000	\$'000	\$'000	\$'000
At 1 July 2014 net of accumulated depreciation	37,748	5,587	12,048	55,383
Additions	-	78	4,004	4,082
Disposals	-	(89)	(1,762)	(1,851)
Revaluation	2,973	-	-	2,973
Depreciation charge for the year	(473)	(1,160)	(3,011)	(4,644)
Assets included in discontinued operations (note 6)	-	(4,394)	(8,119)	(12,513)
At 30 June 2015 net of accumulated depreciation	40,248	22	3,160	43,430
At 30 June 2015				
Cost or fair value	40,248	307	19,669	60,224
Accumulated depreciation	-	(285)	(16,509)	(16,794)
Net carrying amount	40,248	22	3,160	43,430

	Consolidated			
	Land & Building	Leasehold Improvement	Plant & Machinery	Total
Year ended 30 June 2014	\$'000	\$'000	\$'000	\$'000
At 1 July 2013 net of accumulated depreciation	35,270	6,652	11,859	53,781
Additions	-	1,080	4,703	5,783
Disposals	-	(802)	(1,034)	(1,836)
Revaluation	2,908	-	-	2,908
Depreciation charge for the year	(430)	(1,345)	(3,464)	(5,239)
Others - Currency translation difference	-	2	(16)	(14)
At 30 June 2014 net of accumulated depreciation	37,748	5,587	12,048	55,383
At 30 June 2014				
Cost or fair value	37,748	14,986	40,154	92,888
Accumulated depreciation	-	(9,399)	(28,106)	(37,505)
Net carrying amount	37,748	5,587	12,048	55,383

All assets are secured by first mortgages, deeds of charge and mortgage debentures.

Gazal Corporation Limited
Notes to the Annual Financial Report (continued)
For the year ended 30 June 2015

12 PROPERTY, PLANT AND EQUIPMENT (continued)

(b) Revaluation of land and buildings

The Group engaged CB Richard Ellis, an accredited independent valuer, to determine the fair value of its land and buildings. Fair value is determined directly by reference to market-based evidence, which is the amounts for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date. The effective date of the revaluation was 30 June 2015.

The fair value is measured using Level 3 inputs.

Significant unobservable valuation input	Range
Price per square metre	\$1,300 - \$1,800

Significant increases/(decreases) is estimated price per square metre in isolation would result in a significantly higher/ (lower) fair value.

If land and buildings were measured using the cost model the carrying amounts would be as follows:

	Consolidated	
	As at 30 June 2015 \$'000	As at 30 June 2014 \$'000
Cost	13,599	13,599
Accumulated depreciation	(5,451)	(5,111)
Net carrying amount	8,148	8,488

(c) Property, plant and equipment pledged as security for liabilities

The carrying amounts of property, plant and equipment are pledged as securities for current and non-current interest bearing liabilities as disclosed in note 25(c).

Gazal Corporation Limited
Notes to the Annual Financial Report (continued)
For the year ended 30 June 2015

13 INTANGIBLE ASSETS

(a) Reconciliation of carrying amounts at the beginning and end of the period

	Consolidated			
	Trademarks \$'000	Goodwill \$'000	Software \$'000	Total \$'000
Year ended 30 June 2015				
At 1 July 2014 net of accumulated amortisation	2,015	6,920	5,566	14,501
Additions	-	-	464	464
Disposal	(2,015)	(3,613)	(291)	(5,919)
Amortisation	-	-	(1,557)	(1,557)
Intangibles included in discontinued operations (note 6)	-	-	(1,930)	(1,930)
At 30 June 2015 net of accumulated amortisation	-	3,307	2,252	5,559
At 30 June 2015				
Cost (gross carrying amount)	-	3,307	12,226	19,529
Accumulated amortisation	-	-	(9,974)	(13,970)
Net carrying amount	-	3,307	2,252	5,559
Year ended 30 June 2014				
At 1 July 2013 net of accumulated amortisation	2,015	6,920	6,287	15,383
Additions	-	-	1,007	1,007
Disposal	-	-	(126)	(126)
Amortisation	-	-	(1,602)	(1,763)
At 30 June 2014 net of accumulated amortisation	2,015	6,920	5,566	14,501
At 30 June 2014				
Cost (gross carrying amount)	2,015	6,920	14,378	27,309
Accumulated amortisation	-	-	(8,812)	(12,808)
Net carrying amount	2,015	6,920	5,566	14,501

Carrying amounts attributed to trademarks and goodwill are as follows:

Cash Generating-Unit

	As at 30 June 2015		As at 30 June 2014	
	Trademarks \$'000	Goodwill \$'000	Trademarks \$'000	Goodwill \$'000
Wholesale	-	3,307	2,015	3,628
Direct to consumer	-	-	-	3,292
Total trademarks & goodwill	-	3,307	2,015	6,920

Gazal Corporation Limited
Notes to the Annual Financial Report (continued)
For the year ended 30 June 2015

13 INTANGIBLE ASSETS (continued)

(b) Description of the Group's intangible assets

(i) Trademarks

Trademark values are assessed at brand level within each cash generating unit (CGU). The useful lives of trademarks are estimated as indefinite and the relief from royalty method is utilised for the measurement of fair value when recognised on acquisition. The trademarks are determined to have indefinite life when it is the Company's intention to support, maintain and enhance the market perception of the trademarks. The methodology is based on an estimate of arms' length royalty of 7% (2014: 7%) which would be payable to a third party licensor on sales of trademark branded product. Estimated royalty values (less brand maintenance expenses) are discounted to arrive at a Net Present Value ('NPV') of the royalty income attributable to the trademark. The trademark is deemed not to be impaired if the resulting fair value calculation described above is greater than the carrying value of the trademark. The trademark was sold during the period. Refer to note 6 for more information.

(ii) Goodwill

Goodwill is measured for each CGU by calculating its enterprise value being the NPV of future free cash flows and deducting from this value the net tangible assets and identifiable intangible assets used by the CGU. A CGU for Gazal consists of like style product groupings and risk is deemed to be constant across all groupings. Goodwill which has been purchased as a part of a business combination is regarded as having an indefinite life. Value in use of goodwill is tested at least annually for impairment, and always at the end of financial year to ensure that assets are carried at a recoverable value.

The recoverable amount of the Wholesale CGU, \$23,868,000 at 30 June 2015, has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five year period. A discount rate of 11.0% (2014: 10.1% to 12.0%) used in the goodwill calculation takes into account the Company's actual pre tax weighted average cost of capital for the year in review. Valuations have assumed budget sales growth in the ensuing year and further growth of 2% (2014: 2%) for the subsequent three years plus terminal value. A reasonably possible change in growth rates and discount rates would not result in impairment.

(iii) Software

All software is capitalised and written off over the estimated useful life which presently ranges from 2.5 to 7 years.

Gazal Corporation Limited
Notes to the Annual Financial Report (continued)
For the year ended 30 June 2015

14 TRADE AND OTHER PAYABLES (CURRENT)

	Consolidated	
	As at	As at
	30 June 2015	30 June 2014
	\$'000	\$'000
Trade payables (a)	7,586	27,551
Other payables	2,318	9,593
Goods and services tax	657	691
Total trade and other payables	10,561	37,835

(a) Foreign exchange risk

The carrying amounts of the Group's trade and other payables denominated in foreign currencies are:

Great British Pound	-	31
Hong Kong Dollar	-	9
Euro	-	435
New Zealand Dollar	-	1
US Dollar	3,020	1,664
Carrying amount of foreign currency trade and other payables	3,020	2,140

(i) Trade payables are non-interest bearing and are normally settled between 30-60 days terms.

(ii) Other payables are non-interest bearing and are normally settled between 0-90 days terms.

(b) Fair value

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

(c) Foreign exchange, interest rate and liquidity risk

Detail regarding foreign exchange, interest rate and liquidity risk exposure is disclosed in note 26. Refer to note 26 for further information relating to the sensitivity of trade and other payables to foreign currency risk.

(d) Financial guarantees

The Group has provided the financial guarantees to its associates which commits the Group to make payments on behalf of these entities upon their failure to perform under the terms of the relevant contract. Refer to note 23 and note 31 for further information relating to the Parent's financial guarantee.

Gazal Corporation Limited
Notes to the Annual Financial Report (continued)
For the year ended 30 June 2015

15 INTEREST-BEARING LOANS AND BORROWING (CURRENT)

	Consolidated	
	As at	As at
	30 June 2015	30 June 2014
	\$'000	\$'000
Bank loans - secured (Refer Note 17(a))	25,894	929
Total current borrowings	25,894	929

16 PROVISIONS (CURRENT)

	Consolidated		
	Provision for annual leave	Provision for long service leave	Total
	\$'000	\$'000	\$'000
At 30 June 2014	3,285	1,529	4,814
Arising during the year	2,664	700	3,364
Utilised	(4,458)	(1,067)	(5,524)
At 30 June 2015	1,491	1,162	2,654

(a) *Long service leave*

Refer to note 2 and note 3, respectively for the relevant accounting policy and a discussion of the significant estimations and assumptions applied in the measurement of this provision.

17 INTEREST-BEARING LOANS AND BORROWING (NON-CURRENT)

	Consolidated	
	As at	As at
	30 June 2015	30 June 2014
	\$'000	\$'000
Bank loans - secured (a)	30,000	30,000
Total non-current borrowings	30,000	30,000

- (a) The Bank loans of \$55,894,000 (2014: \$30,929,000) are secured by a first mortgage over freehold land and buildings and by deeds of charge, and mortgage debentures over all tangible assets of the economic entity with total assets pledged as security totaling \$122,789,000 (2014: \$122,789,000), refer to Note 25(c). Bank loans have been classified as non-current and current liabilities. The loan facilities with our bankers do not expire until 30 September, 2016. The current portion is the portion which will be repaid over the next 12 months as indicated in Note 15. The non-current portion (\$30million) of the bank facility may be extended for a further two years from the date of each annual review. The bank reserves the right to withdraw the facilities if in the opinion of the bank there has been a breach or event of default and certain financial ratios are not maintained to the satisfaction of the bank.

Gazal Corporation Limited
Notes to the Annual Financial Report (continued)
For the year ended 30 June 2015

17 INTEREST-BEARING LOANS AND BORROWING (NON-CURRENT) (continued)

- (a) (continued) Westpac has agreed amended the fixed charge cover ratio to not be less than 1.70x for the June 2015 quarter. The fixed cover charge covenant was 1.73x for June 2015. The Company's bank covenants were compliant at 30 June 2015.

The interest rates on floating rate borrowings at year-end ranged from 2.14% to 2.86% (2014: 2.61% to 2.86%). Borrowings at 30 June 2015 were in Australian dollars and New Zealand dollars.

The fair value of the interest- bearing loans is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Interest-bearing loans and borrowings are classified as level 2 financial instruments. The carrying value represents the approximate fair value at reporting date.

Fair values of the Groups interest bearing borrowings are determined using the DCF method using discount rates that reflect the issuers borrowing rates at the end of the reporting period.

18 PROVISIONS (NON-CURRENT)

	Consolidated
	Provision for long service leave \$'000
At 1 July 2014	754
Utilised during the year	(146)
At 30 June 2015	608

(a) *Long service leave*

Refer to note 2 and note 3 respectively for the relevant accounting policy and a discussion of the significant estimations and assumptions applied in the measurement of this provision.

Gazal Corporation Limited
Notes to the Annual Financial Report (continued)
For the year ended 30 June 2015

19 CONTRIBUTED EQUITY

	Consolidated	
	As at	As at
	30 June 2015	30 June 2014
	\$'000	\$'000
Ordinary shares		
Issued and fully paid	62,473	62,183

Movements in contributed equity for the year

	Consolidated	
	Number	Value
	'000	\$'000
Opening balance 1 July 2013	57,950	63,310
Share buy-back	(578)	(1,503)
Exercise of options	297	376
Closing balance at 30 June 2014	57,669	62,183
Opening balance 1 July 2014	57,669	62,183
Shares issued	100	290
Closing balance at 30 June 2015	57,769	62,473

Ordinary Shares

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

Share Based Payment Plans

In November 2005 the Company established the Gazal Group Employee Share Option Plan. The exercise price of options under this option plan is equal to a formula based on the market price of the shares sold on the ASX on the five preceding days to the grant date.

There are no share options outstanding at 30 June 2015 or 30 June 2014.

Gazal Corporation Limited
Notes to the Annual Financial Report (continued)
For the year ended 30 June 2015

19 CONTRIBUTED EQUITY (continued)

Share Based Payment Plans (continued)

In October 2012, the Company established a new Long Term Incentive Performance Rights Plan which was subsequently ratified by the shareholders at the November 2012 AGM. The plan has been initially set up to provide long term incentives to Mr. P Robinson who was appointed CEO and Executive Director in 2012.

The Long Term Incentive awards (LTI) are delivered in the form of performance rights which vest over a period of four years subject to meeting performance measures. The Group uses PAT targets as the performance measure for the LTI.

The fair value of performance rights granted is estimated at the date of grant using a Black-Scholes simulation model, taking into account the terms and conditions upon which the performance rights were granted. The exercise price of the performance rights is equal to the market price of the underlying shares on the date of grant. The contractual term of the performance rights is four years and there are no cash settlement alternatives for the employees. The Group does not have a past practice of cash settlement for these awards.

Capital Management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

Management is constantly adjusting the capital structure to take advantage of favourable costs of capital or higher returns on assets. As the market is constantly changing, management may change the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

During 2015, management paid dividends of \$9,822,000 (2014: \$10,452,000).

Management monitors capital through the gearing ratio (net debt/total capital). The gearing ratios based on continuing operations at 30 June 2015 and 2014 were as follows:

	Consolidated	
	As at	As at
	30 June 2015	30 June 2014
	\$'000	\$'000
Total borrowings *	66,455	68,764
Less cash and cash equivalents	(19,348)	(6,163)
Net debt	47,107	62,601
Total equity	100,796	74,315
Total Capital	147,903	136,916
Gearing ratio	32%	46%

* Includes interest bearing loans and borrowings and trade and other payables

The Group considers a gearing ratio of 30% to 60% to be the optimal level. The Group is required under its bank covenants to maintain shareholder funds at no less than \$60million or 85% of the prior year level.

Gazal Corporation Limited
Notes to the Annual Financial Report (continued)
For the year ended 30 June 2015

20 RESERVES

	Consolidated	
	As at	As at
	30 June 2015	30 June 2014
	\$'000	\$'000
Asset revaluation	23,742	21,661
Asset realisation	562	562
Employee equity benefit	1,337	1,213
Cash flow hedge	1,233	(1,329)
Reserves from joint venture	101	-
Total reserves	26,975	22,107
Transfer to/(from) reserves:		
(a) Asset revaluation reserve		
Opening balance	21,661	19,626
Revaluation of land and building	2,973	2,908
Income tax related to movement in Asset revaluation reserve	(892)	(873)
Closing balance	23,742	21,661
(b) Employee equity benefits reserve		
Opening balance	1,213	1,174
Recognition of share-based payment cost	414	39
Closing balance	1,627	1,213
(c) Cash flow hedge reserve		
Opening balance	(1,329)	3,995
Transferred to statement of financial position	3,660	(7,605)
Income tax related to movement in cash flow hedge reserve	(1,098)	2,281
Closing balance	1,233	(1,329)
(d) Reserves from joint venture		
Opening balance	-	-
Gain/(loss) taken to equity	101	-
Closing balance	101	-

Nature and purpose of reserves

Asset revaluation reserve

The asset revaluation reserve is used to record increments and decrements in the fair value of land and buildings to the extent that they offset one another. The reserve can only be used to pay dividends in limited circumstances.

Asset realisation reserve

This reserve is used to record realised increases in the fair value of non-current assets which have been sold.

Employee equity benefits reserve

This reserve is used to record the value of share based payments provided to directors and employees, including key management personnel, as part of their remuneration. Refer to the Directors Report for further details of these plans.

Cash flow hedge reserve

This reserve records the portion of the gain or loss on hedging instruments in a cash flow hedge that are determined to be effective hedges.

Gazal Corporation Limited
Notes to the Annual Financial Report (continued)
For the year ended 30 June 2015

20 RESERVES (continued)

Reserves from joint venture

This reserve records the 50% of the portion of the gain or loss on hedging instruments in a cash flow hedge that are determined to be effective hedges in the joint venture.

21 RETAINED PROFITS AND DIVIDENDS

	Consolidated	
	Year ended 30 June 2015	Year ended 30 June 2014
	\$'000	\$'000
Accumulated losses		
(a) Movement in accumulated losses		
Balance at the beginning of the financial year	(9,975)	(11,987)
Net profit attributable to members	31,145	12,464
Dividends provided for or paid	(9,822)	(10,452)
Balance at the end of the financial year	11,348	(9,975)
(b) Dividends paid during the financial year		
Interim franked dividend 6 cents (2014: 7 cents) paid 2 April 2015	3,466	4,077
Final fully franked dividend for the financial year 30 June 2014, 11 cents per share (2013: 11 cents per share)	6,356	6,375
(c) Dividends declared but not recognised as a liability		
Final fully franked dividend 8 cents (2014: 11 cents) payable 2 October 2015	4,622	6,344
Franking credit balance		
Franking credits available for the subsequent financial year are:		
Balance at the end of the financial year at 30% (2014: 30%)	11,347	14,773
Franking credits that will arise from the payment/(receipt) of income tax payable/(receivable) as at the end of the financial year	-	-
	11,347	14,773
The amount of franking credits available for future reporting periods:		
Impact on the franking account of dividends proposed or declared before the financial report was authorised for issued but not recognised as a distribution to equity holders during the periods	(1,981)	(2,719)
	9,366	12,054

Gazal Corporation Limited
Notes to the Annual Financial Report (continued)
For the year ended 30 June 2015

22 COMMITMENTS

	Consolidated	
	Year ended	Year ended
	30 June 2015	30 June 2014
	\$'000	\$'000
(a) Commitments		
Capital expenditure contracted for is payable as follows:		
Not later than one year	-	1,188
Continuing operating lease expenditure contracted for is payable as follows:		
Not later than one year	491	566
Later than one year but not later than five years	420	754
Later than five years	-	-
	911	1,320
Discontinuing operating lease expenditure contracted for is payable as follows:		
Not later than one year	18,855	17,705
Later than one year but not later than five years	59,514	57,795
Later than five years	16,649	20,824
	95,018	96,324

Operating leases have remaining terms between 1 and 10 years with an average lease term of 5 years (2014: 5 years) and an average implicit interest rate of 6.4% (2014: 6.4%). Leases include a clause to enable upward revision of the rental charge on an annual basis. Assets that are the subject of operating leases are rental properties and office machines.

23 CONTINGENT LIABILITIES

The parent entity has given guarantees in relation to a number of controlled entities' retail shops.

The parent entity has entered into a Deed of Cross Guarantee in accordance with a class order issued by the Australian Securities and Investments Commission. The parent entity, and all the controlled entities which are a party to the Deed, have guaranteed the payment of all current and future creditors in the event any of these companies are wound up.

There are no other contingent liabilities at 30 June 2015 (30 June 2014: nil).

24 CASH AND CASH EQUIVALENTS (CURRENT)

(a) Reconciliation of cash

For the purpose of the Cash Flow Statement, cash includes cash on hand and in banks and short-term deposits at call, net of outstanding bank overdrafts. Cash at the end of financial year as shown in the Statement of Financial Position is as follows:

	Consolidated	
	As at	As at
	30 June 2015	30 June 2014
	\$'000	\$'000
Cash at bank and on hand	19,348	6,163
	19,348	6,163

Gazal Corporation Limited
Notes to the Annual Financial Report (continued)
For the year ended 30 June 2015

24 CASH AND CASH EQUIVALENTS (CURRENT) (continued)

(b) Reconciliation of net cash provided by operating activities to operating profit after income tax

	Consolidated	
	As at	As at
	30 June 2015	30 June 2014
	\$'000	\$'000
Operating profit after income tax	31,145	12,464
Adjustments for non-cash income & expenses items:		
Depreciation and amortisation expense	6,201	7,003
Loss on sale of property, plant and equipment	84	3
Foreign exchange gains	(35)	-
Share based payment expense	114	39
Profit on sale of business	(25,265)	(6,500)
Share of profit of joint venture	(785)	-
Changes in assets and liabilities		
(Increase)/ decrease in trade debtors	3,429	570
(Increase)/ decrease in inventory	(9,113)	9,917
(Increase)/ decrease in prepaid expenses	(2,285)	(4,597)
(Increase)/ decrease in investment	-	(2,989)
Increase/ (decrease) in trade creditors	1,537	(2,288)
Increase/ (decrease) in other creditors	(2,952)	(1,768)
Increase/ (decrease) in income tax payable	1,598	(887)
Increase/ (decrease) in deferred income tax	(386)	(1,726)
Increase/ (decrease) in employee entitlements provisions	1	(106)
Net cash flows from operating activities	3,288	9,135

25 FINANCING FACILITIES AVAILABLE

(a) Terms and conditions

Bank overdrafts

The bank overdrafts are secured by a fixed and floating charge over all of the Group's assets. The bank overdraft facilities may be withdrawn at any time and may be terminated by the bank if in the opinion of the bank there has been a breach or event of default and certain financial ratios are not maintained to the satisfaction of the bank.

Secured bank loan

The facility is secured by a first charge over certain of the Group's land and buildings and a fixed and floating charge over the Group's plant and machinery.

Gazal Corporation Limited
Notes to the Annual Financial Report (continued)
For the year ended 30 June 2015

25 FINANCING FACILITIES AVAILABLE (continued)

(b) Financing facilities available

At reporting date, the following financing facilities have been negotiated and were available:

	Consolidated		
	Accessible	Drawndown	Unused
	\$'000	\$'000	\$'000
At 30 June 2015			
Bank overdraft facility	3,078	(111)	2,967
Bank loan facilities	55,783	(55,783)	-
Total financing facilities	58,861	(55,894)	2,967
<hr/>			
At 30 June 2014	\$'000	\$'000	
Bank overdraft facility	3,078	-	3,078
Bank loan facilities	55,783	(30,929)	24,854
Total financing facilities	58,861	(30,929)	27,932

Expiry date: 30 September 2016 (2014: 30 September 2015)

All of the economic entity's facilities are subject to annual review and subject to the conditions referred to Note 17(a).

At reporting date, the Group has approximately \$2.9million of unused credit facilities available for its immediate use.

(c) Assets pledged as security

The carrying amounts of assets pledged as security for current and non-current interest bearing liabilities are:

	Note	Consolidated	
		As at	As at
		30 June 2015	30 June 2014
		\$'000	\$'000
Current			
<i>Floating charge</i>			
Cash at bank	24(a)	19,348	6,163
Receivables	9	9,319	12,748
Inventory	10	15,750	51,152
Total current assets pledged as security		44,417	70,063
<hr/>			
Non-current			
<i>First mortgage</i>			
Freehold land and buildings	12	40,248	37,748
<i>Floating charge</i>			
Leasehold improvement	12	22	5,587
Plant and machinery	12	3,160	12,048
Total non-current assets pledged as security		43,430	55,383
<hr/>			
Total assets pledged as security		87,847	125,446

Gazal Corporation Limited
Notes to the Annual Financial Report (continued)
For the year ended 30 June 2015

26 DERIVATIVE FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group operates in several countries and is reliant on external debt finance. These operations give rise to significant exposure to market risks due to changes in interest rates and foreign exchange rates. Derivative financial instruments are used by the economic entity to reduce these risks, as explained in this note. The Group does not hold or issue financial instruments for speculative or trading purposes.

Primary responsibility for identification and control of financial risks rests with management and the Board. The Board reviews and agrees policies for managing each of the risks identified below, including the setting of limits for hedging cover of foreign currency and interest rate risk, credit allowances, and future cash flow forecast projections.

The Group's principal financial instruments comprise receivables, payables, bank loans and overdrafts, cash and short-term deposits and derivatives. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations

Notional Amounts and Credit Exposures of Derivatives

The notional amounts of derivatives, as summarised below, represent the contract or face values of these derivatives and do not represent amounts exchanged by the parties. The amounts to be exchanged are calculated on the basis of the notional amounts and other terms of the derivatives, which relate to interest rates or exchange rates.

a) Interest Rate Risk Management

The economic entity has short and long term debt at both fixed and floating rates. In order to minimise risk, interest rate swaps are used to convert floating rate debt to fixed rates. Under the swaps, the economic entity agrees with other parties to exchange, at specified intervals, the difference between the fixed-rate and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

At reporting date, the Group had the following mix of financial assets and liabilities exposed to Australian variable interest rate risk that are not designated in cash flow hedges:

	Consolidated	
	As at 30 June 2015	As at 30 June 2014
	\$'000	\$'000
<i>Financial assets</i>		
Cash and cash equivalents	19,348	6,163
	19,348	6,163
<i>Financial liabilities</i>		
Bank loans at floating rate	25,894	-
	25,894	-
Net exposure	(6,546)	6,163

Interest bearing assets and liabilities are denominated in Australian dollars and New Zealand dollars.

Gazal Corporation Limited
Notes to the Annual Financial Report (continued)
For the year ended 30 June 2015

26 DERIVATIVE FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

a) Interest Rate Risk Management (continued)

The economic entity is exposed to interest rate risk through primary financial assets and liabilities,

The Group constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing, alternative hedging positions and the mix of fixed and variable interest rates.

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date:

At 30 June, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

Judgements of reasonable possible movements:	Post Tax Profit Higher/(Lower)		Equity Higher/(Lower)	
	Year ended 30 June 2015	Year ended 30 June 2014	As at 30 June 2015	As at 30 June 2014
	\$'000	\$'000	\$'000	\$'000
Consolidated				
+1% (100 basis points)	(46)	43	-	-
-0.5% (50 basis points)	23	(22)	-	-

The movements in profit are due to higher/lower interest costs from variable rate debt and cash balances. The movement in equity is due to an increase/decrease in the fair value of derivative instruments designated as cash flow hedges.

Significant assumptions used in the interest rate sensitivity analysis include:

- i) Reasonably possible movements in interest rates were determined based on the Australian interest rates, relationships with finance institutions, the level of debt that is expected to be renewed as well as a review of the last two year's historical movements and economic forecaster's expectations.
- ii) The net exposure at balance date is representative of what the Group was and is expecting to be exposed to in the next twelve months from the reporting date.
- iii) The effect on other comprehensive income is the effect on the cash flow hedge reserve.

Gazal Corporation Limited
Notes to the Annual Financial Report (continued)
For the year ended 30 June 2015

26 DERIVATIVE FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

b) Foreign Currency Risk

As a result of large purchases of inventory denominated in United States Dollars, the Group's statement of financial position can be affected significantly by movements in the AUD/USD exchange rates. The Group also has transactional currency exposures. Such exposure arises from sales or purchases by an operating entity in currencies other than the functional currency.

The Group uses forward currency contracts to eliminate the currency exposures on individual transactions.

At 30 June 2015, the Group had the following exposure to USD foreign currency that is not designated in cash flow hedges:

	Consolidated	
	As at 30 June 2015	As at 30 June 2014
	\$'000	\$'000
<i>Financial assets</i>		
Cash and cash equivalents	77	45
Trade and other receivables	42	23
Net exposure	119	68

The Group has forward currency contracts designated as cash flow hedges that are subject to fair value movements through equity for the effective portion and the income statement for the ineffective portion as foreign exchange rates move.

Valuation techniques

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

Gazal Corporation Limited
Notes to the Annual Financial Report (continued)
For the year ended 30 June 2015

26 DERIVATIVE FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

b) Foreign Currency Risk (continued)

The following sensitivity is based on the foreign currency risk exposures in existence at the reporting date:

At 30 June 2015, had the Australian Dollar moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

Judgements of reasonable possible movements:	Post Tax Profit Higher/(Lower)		Equity Higher/(Lower)	
	Year ended	Year ended	As at	As at
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
	\$'000	\$'000	\$'000	\$'000
Consolidated				
AUD/USD +10%	6	5	(2,946)	(5,405)
AUD/USD -5%	(3)	(2)	2,128	2,316

The movements in profit in 2015 are higher than the previous year due to the lower level of US Dollar receivables not designated as cash flow hedges at balance date. The movements in equity are lower at 30 June 2015 than at 30 June 2014 owing to the lower level of USD hedging of inventory purchases as at 30 June 2015.

Significant assumptions used in the foreign currency exposure sensitivity analysis include:

- Reasonably possible movements in foreign currency were determined based on a review of the last two year's historical movements and economic forecaster's expectations.
- The reasonably possible movement was calculated by taking the USD spot rate as at reporting date, moving this spot rate by the reasonably possible movements and then re-converting the USD into AUD with the "new spot rate". This methodology reflects the translation methodology undertaken by the Group.
- The net exposure at reporting date is representative of what the Group was and is expecting to be exposed to in the next twelve months from reporting date.
- The effect on other comprehensive income is the effect on the cash flow hedge reserve.

Management believes that the reporting date risk exposures are representative of the risk exposure inherent in the financial instruments.

Gazal Corporation Limited
Notes to the Annual Financial Report (continued)
For the year ended 30 June 2015

26 DERIVATIVE FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

c) Liquidity Risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and committed available credit lines.

The table below reflects all contractually fixed pay-offs and receivables for settlement, repayments and interest resulting from recognised financial assets and liabilities, including derivative financial instruments as of 30 June 2015. For derivative financial instruments the market value is presented, whereas for the other obligations the respective undiscounted cash flows for the respective upcoming fiscal years are presented. Cash flows for financial assets and liabilities without fixed amount or timing are based on the conditions existing at 30 June 2015.

The remaining contractual maturities of the Group's financial liabilities are:

	Consolidated	
	As at 30 June 2015 \$'000	As at 30 June 2014 \$'000
<i>Financial liabilities</i>		
0-12 months	36,455	40,662
1-5 years	31,349	31,581
Over 5 years	-	-
	67,804	72,243

d) Hedging Instruments

With respect to the use of derivative financial instruments, it is Company policy that financial derivatives are only used as a defensive mechanism to cover real financial and trading risks associated with the Company's business. Key procedures to provide effective control for financial derivatives include separation of duties between deal making/accounting functions, and setting authority limits and approving confirmation of dealings.

Hedging activities

	Consolidated	
	Year ended 30 June 2015 \$'000	Year ended 30 June 2014 \$'000
<i>Current assets</i>		
Forward currency contracts - cash flow hedges	2,422	-
	2,422	-
<i>Current liabilities</i>		
Forward currency contracts - cash flow hedges	-	1,898
	-	1,898

Gazal Corporation Limited
Notes to the Annual Financial Report (continued)
For the year ended 30 June 2015

26 DERIVATIVE FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

a) Instruments used by the Group

Derivative financial instruments are used by the Group in the normal course of business in order to hedge exposure to fluctuations in interest rate and foreign exchange rates.

(i) Forward currency contracts

Gazal has entered into foreign exchange contracts to buy foreign currency to offset inventory purchase obligations and to protect against exchange rate movements. These contracts are hedging highly probable forecasted purchases which are timed to mature when payments are scheduled to be made and are therefore considered 100% effective.

As these are designated effective hedges, an adjustment of \$3,660,000 (2014: \$7,647,000) has been made to the hedge reserve while no adjustment has been included in the net profit for the year relating to the forward exchange contracts. There is a derivative asset of \$2,421,572 (2014: \$nil) and a liability of \$nil (2014: \$1,898,000) at 30 June 2015.

The cash flows are expected to occur between 0-12 months from 1 July 2015 and the profit and loss within cost of sales will be affected over the next few years as the inventory is either used in production or sold. At reporting date, the details of outstanding contracts are:

Year ended 30 June 2015	Amount	Expiry Date	Rate
<i>Consolidated</i>			
Forward Exchange Contracts - Buy (US\$'000)	USD 29,112	31.07.15 - 31.05.16	0.7689 - 0.9239
Year ended 30 June 2014	Amount	Expiry Date	Rate
<i>Consolidated</i>			
Forward Exchange Contracts - Buy (US\$'000)	USD 65,492	07.07.14 - 15.06.15	0.8791 - 1.0078

Gazal Corporation Limited
Notes to the Annual Financial Report (continued)
For the year ended 30 June 2015

26 DERIVATIVE FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

a) Instruments used by the Group (continued)

The forward exchange contracts are considered to be highly effective hedges as they are matched against forecast inventory purchases and any gain or loss on the contracts attributable to the hedged risk is taken directly to equity. When the inventory is delivered the amount recognised in equity is adjusted to the inventory account in the statement of financial position.

	Consolidated	Consolidated
	30 June 2015	30 June 2014
	\$'000	\$'001
Opening balance	(1,898)	5,749
Transferred to inventory	1,898	(5,749)
Charge to equity	2,422	(1,898)
Closing balance	2,422	(1,898)

b) Fair Value

All derivative financial instruments have been categorised as level 2 in the fair value hierarchy at all times during the year.

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

27 EVENTS AFTER BALANCE DATE

The Trade Secret operations were sold in July 2015 to The TJX Companies based in Framingham, Massachusetts, USA. Following completion, proceeds from the planned sale will be used initially to provide for the payment of capital gains tax and to reduce debt. Subject to there being no adverse developments, the balance of surplus proceeds estimated to be in the range of AUD\$37 million to AUD\$41 million are proposed to be distributed to shareholders.

On 21 August 2015, the directors declared a full year dividend of 8 cents per share fully franked compared to the 2014 financial year of 11 cents per share fully franked. The record date for determining the shareholders' entitlement for the full year is 17 September 2015 and the full year dividend is payable on 2 October 2015.

There are no other matters or circumstances that have arisen since 30 June 2015 that have significantly affected or may significantly affect the operations of the economic entity, the results of those operations or the state of affairs of the economic entity in subsequent financial years.

Gazal Corporation Limited
Notes to the Annual Financial Report (continued)
For the year ended 30 June 2015

28 REMUNERATION OF AUDITOR

	Year ended 30 June 2015	Year ended 30 June 2014
	\$	\$
Audit and review services		
Ernst & Young		
- Audit	165,380	187,880
- Royalty and turnover audits	-	18,750
- Taxation	94,971	53,000
- Other non-audit services	-	111,255
	260,351	370,885

29 INVESTMENT IN JOINT VENTURE

The Group has a 50% interest in PVH Brands Australia Pty Ltd, a jointly controlled entity, which commenced operations on 3 February 2014.

The Group's interest has been accounted for using the equity method in the consolidated financial statements.

Summarised financial information of the joint venture and reconciliation with the carrying amount of the investment in consolidated financial statements are set out below:

	As at 30 June 2015	As at 30 June 2014
	\$'000	\$'000
Current assets	56,000	12,661
Non-current assets	82,625	9,921
Current liabilities	23,104	5,980
Non-current liabilities	6,006	48
Equity	109,515	16,554
Portion of Group's ownership 50%	54,758	8,277
Carrying amount of investment:		
Opening	6,433	-
Investment	45,458	5,327
Capitalised costs	-	1,406
Share of profit	904	(300)
Elimination of unrealsised profit	(119)	-
Other comprehensive income	101	-
Closing	52,777	6,433

Gazal Corporation Limited
Notes to the Annual Financial Report (continued)
For the year ended 30 June 2015

29 INVESTMENT IN JOINT VENTURE (continued)

Summarised statement of profit or loss of PVH Brands Australia Pty Limited:

	Year ended 30 June 2015	Year ended 30 June 2014
	\$'000	\$'000
Sales revenue	83,669	14,281
Cost of sales	(31,885)	(5,594)
Gross profit	51,784	8,687
Other revenues	319	188
Selling and marketing expenses	(18,837)	(6,562)
Distribution expenses	(4,694)	(708)
Administration expenses	(25,382)	(2,354)
Profit before income tax	3,190	(749)
Income tax (expense)/benefit	(1,381)	150
Profit for the year	1,809	(599)
Group's share of profit/(loss) for the year	904	(300)
Elimination of unrealised profit	(119)	-
Share of profit/(loss) from joint venture in the income statement	785	(300)
Group's share of other comprehensive income	101	-

The Group has an agreement with PVH Brands Australia Pty Limited that the profits of the joint venture will not be distributed until it obtains the consent from the two venture partners. The joint venture had no contingent liabilities or capital commitments as at 30 June 2015 or 30 June 2014.

Gazal Corporation Limited
Notes to the Annual Financial Report (continued)
For the year ended 30 June 2015

30 RELATED PARTY DISCLOSURES

The consolidated financial statements as at 30 June 2015 include the financial statements of Gazal Corporation Limited and the controlled entities listed in the table below.

Name of controlled entity	Equity interest			
	Notes	Country of incorporation	2015	2014
Gazal Corporation Limited		Australia	-	-
Gazal Apparel Pty Limited	(a)	Australia	100	100
Fashion Factory Outlets (Trade Secret) Pty Limited	(a)	Australia	100	100
Gazal Clothing Company Pty Limited	(a)	Australia	100	100
Manline Clothing Company Pty Limited	(a)	Australia	100	100
M. Graphics Pty Limited	(a)	Australia	100	100
M. Street Pty Limited	(a)	Australia	100	100
064 814 240 Pty Limited	(a)	Australia	100	100
Bracks Apparel Pty Limited	(b)	Australia	100	100
Coronet Corporate Pty Limited	(b)	Australia	100	100
Gazal Employee Share Plan Pty Ltd	(b)	Australia	100	100
E-Commerce Apparel Pty Limited	(b)	Australia	100	100
PVH Brands Australia Pty Limited		Australia	50	50
Gazal (NZ) Limited		New Zealand	100	100
Gazal Apparel Trading Company Limited (Shanghai)		China	100	100
Gazal Hong Kong Limited		Hong Kong	100	100

(a) These companies have entered into a deed of cross guarantee dated 26 March 1993 with Gazal Corporation Limited which provides that all parties to the deed will guarantee to each creditor payment of any debt of each Company participating in the deed on winding-up of that Company. In addition, as a result of the Class Order 98/1418 issued by the Australian Securities and Investments Commission these companies are relieved from the requirement to prepare financial statements.

The consolidated statement of comprehensive income and statement of financial position of all entities included in the class order “closed group” are set out at footnote (c).

(b) These companies meet the definition of small proprietary companies. As a result these companies are relieved from the requirement to prepare financial statements.

Gazal Corporation Limited
Notes to the Annual Financial Report (continued)
For the year ended 30 June 2015

30 RELATED PARTY DISCLOSURES (continued)

(c) Financial information for class order “closed group”

Gazal Corporation Limited Closed Group
Income Statement for the year ended 30 June 2015

	Consolidated	
	Year ended 30 June 2015	Year ended 30 June 2014
	\$'000	\$'000
Sales revenue	45,099	34,393
Cost of sales	(23,914)	(18,368)
Gross profit	21,185	16,025
Other revenues	3,152	1,116
Selling and marketing expenses	(6,489)	(5,878)
Distribution expenses	(7,852)	(7,014)
Administration expenses	(3,147)	(2,261)
Finance costs	(1,951)	(1,864)
Share of (loss)/profit of joint venture	785	(300)
Profit/(loss) before income tax expense	5,683	(176)
Income tax expense	(659)	(282)
Net profit/(loss) after tax from continuing operations	5,024	(458)
Profit after tax from discontinuing operations	28,711	12,246
Net profit for the year	33,735	11,788
Accumulated losses at the beginning	(11,351)	(12,687)
Dividends paid	(9,822)	(10,452)
Retained profits/ (accumulated losses) at the ending	12,562	(11,351)

Gazal Corporation Limited
Notes to the Annual Financial Report (continued)
For the year ended 30 June 2015

30 RELATED PARTY DISCLOSURES (continued)

(c) Financial information for class order “closed group” (continued)

Gazal Corporation Limited Closed Group
Statement of Financial Position at 30 June 2015

	Consolidated	
	As at 30 June 2015 \$'000	As at 30 June 2014 \$'000
Current assets		
Cash and cash equivalents	19,258	4,338
Trade and other receivables	8,474	15,382
Inventories	15,750	49,723
Derivative financial instruments	2,422	-
Income tax receivable	-	330
Other current assets	6,411	7,806
	52,315	77,579
Assets of disposal group classified as held for sale	51,440	-
Total current assets	103,755	77,579
Non-current assets		
Property, plant and equipment	43,430	55,307
Investment	57,283	11,127
Intangibles	2,965	8,363
Total non-current assets	103,678	74,797
Total assets	207,433	152,376
Current liabilities		
Trade and other payables	10,561	37,951
Derivative financial instruments	-	1,898
Interest-bearing loans and borrowings	25,894	-
Income tax payable	1,919	-
Provisions	2,654	4,790
	41,028	44,639
Liabilities directly associated with the assets classified as held for sale	28,130	-
Total current liabilities	69,158	44,639
Non-current liabilities		
Interest bearing liabilities	30,000	30,000
Provisions	608	754
Deferred tax liabilities	6,000	4,387
Total non-current liabilities	36,608	35,141
Total liabilities	105,766	79,780
Net assets	101,667	72,596
Equity		
Contributed equity	62,129	61,839
Reserves	26,975	22,108
Retained earnings	12,563	(11,351)
Total Equity	101,667	72,596

Gazal Corporation Limited
Notes to the Annual Financial Report (continued)
For the year ended 30 June 2015

31 PARENT ENTITY

Gazal Corporation Limited is the ultimate parent. The parent entity in conjunction with other related corporations has given intercompany guarantees in respect of certain bank facilities of related corporations. The parent has given guarantees in relation to a number of controlled entities' retail shops.

Financial information relating to Gazal Corporation Limited below:

Statement of Financial Position at 30 June

	As at 30 June 2015 \$'000	As at 30 June 2014 \$'000
Current assets		
Trade and other receivables	42,998	29,253
Tax receivable	7,883	11,742
Total current assets	50,881	40,995
Non-current assets		
Investment	37,722	37,722
Deferred tax assets	466	466
Total non-current assets	38,188	38,188
Total assets	89,069	79,183
Current liabilities		
Total liabilities	-	13
Net assets	89,069	79,170
Equity		
Contributed equity	62,473	62,183
Employee equity benefit reserve	1,121	997
Retained earnings	25,475	15,990
Total Equity	89,069	79,170

Income Statement for the year ended 30 June

	Year ended 30 June 2015 \$'000	Year ended 30 June 2014 \$'000
Other revenues	20,000	15,438
Administration expenses	(944)	(703)
Profit before income tax benefit	19,056	14,735
Income tax benefit	251	448
Net profit and total comprehensive income after related income tax expense	19,307	15,183
Retained profits at the beginning	15,990	11,259
Dividends paid	(9,822)	(10,452)
Retained profits at the ending	25,475	15,990

Gazal Corporation Limited

Shareholder Information

Supplementary Information as Required by Australian Stock Exchange Listing Requirements.

Ordinary Shareholders as at 14 August 2015

These statistics relate to 768 shareholders of 57,769,289 Ordinary Shares. The proportion of shares held by the twenty largest shareholders is 89.6%. There are 69 shareholders who hold less than a marketable parcel.

Voting Rights

On a show of hands or on a poll, every member present in person or by proxy shall have one vote for every ordinary share held.

Distribution of Shareholders and Shareholdings as at 14 August, 2014.

Size of Holding	Number of Shareholders	Number of Ordinary Shares	% of Total
1 - 1,000	259	113,209	0.20
1,001 - 5,000	281	797,895	1.38
5,001 - 10,000	93	725,446	1.26
10,001 - 100,000	105	3,109,448	5.38
100,001 and over	30	53,023,291	91.78
Total	768	57,769,289	100.00

Substantial Shareholders

The following information is extracted from the Company's Register of substantial shareholders as at 14 August 2015.

Name	Relevant Interest in fully paid shares	Percentage
Michael Joseph Gazal	20,752,998	35.8
David Joseph Gazal	20,674,242	35.7
Richard Victor Gazal	19,489,430	33.6
Judith Ann Gazal	10,025,452	17.7
Gazal Nominees Pty Limited as trustees of the Mathilda Malouf Settlement Trust, a trust established for the benefit of the family of the late J.S. Gazal	10,004,154	17.7
RBC Global Services Australia Nominees Pty Limited	3,703,813	6.1

Gazal Corporation Limited

Top 20 Shareholders

Top 20 Shareholders as at 14 August 2015

	Registered Holder.	Number of Ordinary Shares	% of Total Shares
1	DAVID GAZAL FAMILY COMPANY PTY LIMITED	10,253,423	17.75
2	M J & H H GAZAL PTY LIMITED	9,546,633	16.52
3	CINU INVESTMENTS PTY LIMITED	9,464,920	16.38
4	WOODCRAY PTY LIMITED	8,996,600	15.57
5	RBC INVESTOR SERVICES AUSTRALIA NOMINEES PT	3,570,698	6.18
6	MR BRUCE KLATSKY	2,000,000	3.46
7	MR MICHAEL JOSEPH GAZAL	1,202,211	2.08
8	DOUBLE JAY GROUP HOLDINGS PTY LTD <KIMBERL	1,015,000	1.76
9	GAZAL NOMINEES PTY LIMITED <MATHILDA MALC	1,007,554	1.74
10	YOOGALU PTY LIMITED	1,000,000	1.73
11	ANDREW RICH ENTERPRISES PTY LIMITED	738,480	1.28
12	MR G & MRS V PATON (ANCHORAGE SUPER FUND)	525,666	0.91
13	UBS WEALTH MANAGEMENT AUSTRALIA NOMINEI	507,445	0.88
14	MR DAVID JOSEPH GAZAL	416,665	0.72
15	MR DAVID JOHN COGHLAN	412,085	0.71
16	RALPH LAUREN 57 PTY LTD	250,000	0.43
17	P & M WOOD NOMINEES PTY LIMITED	235,500	0.41
18	DE BRUIN SECURITIES PTY LTD	225,965	0.39
19	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	200,880	0.35
20	BUDUVA PTY LTD	195,934	0.34
		51,765,659	89.60

Corporate Information

Auditors

Ernst & Young
680 George Street, Sydney NSW 2000

Bankers

Westpac Banking Corporation
60 Martin Place, Sydney NSW 2000

Company Secretary

Peter James Wood CA, FICS

Registered Office & Principal Place of Business

3-7 McPherson Street,
Banksmeadow NSW 2019
Telephone: (02) 9316 2800
Fax (02) 9316 7207
Web: www.gazal.com.au

Share Registry

Boardroom Limited
Level 12, 225 George Street, Sydney, NSW 2000
Telephone: Within Australia 1300 737 760, Outside Australia +61 2 9290 9600

Solicitor

Johnston Winter Slattery
20 Bond Street, Sydney NSW 2000

Ashurst Australia
225 George Street, Sydney NSW 2000

State of Incorporation

Victoria, Australia

Stock Exchange Listings

Gazal Corporation Limited shares are quoted on the Australian Securities Exchange

ASX Code

GZL