

BRONSON GROUP LIMITED

A.B.N. 60 006 569 124

ANNUAL REPORT

FOR THE YEAR ENDED

30 JUNE 2015

**Bronson Group Limited ABN 60 006 569 124
and Controlled Entities**

COMPANY INFORMATION

Directors in Office:	Desmond Smale (Executive Director) Roger Smith (Non-executive Director, resigned on 21 st September 2015) Clay Moore (Executive Director, resigned on 29 th January 2015) Hon Tong Chu (Non-executive Director, appointed on 29 th January 2015) John White (Non-executive Director, appointed on 8 th July 2015)
Company Secretary:	Min Zhang (Roger Smith resigned on 21 st September 2015)
Auditors:	Hall Chadwick Level 40 2 Park Street Sydney NSW 2000
Share Registry:	Computershare Investor Services Pty Ltd. Level 12 565 Bourke Street Melbourne, Vic. 3000
Bankers	National Australia Bank Level 1, 252 Forest Road Hurstville NSW 2223
Registered Office:	Unit 1, 2 Turbo Road Kings Park, NSW, 2148 Telephone (02) 9672 8777 Facsimile (02) 9671 1808
Stock Exchange Listing:	The Australian Stock Exchange Limited ASX Code: BGR

**Bronson Group Limited ABN 60 006 569 124
and Controlled Entities**

Financial Report for the Year Ended 30 June 2015

DIRECTORS' REPORT

Your directors present their report of the company and its controlled entities for the financial year ended 30 June 2015.

Directors

The names of directors in office at any time during or since the end of the year are:

Desmond Smale, Executive Director

Roger Smith, Non-Executive Director, resigned on 21st September 2015

Clay Moore, Executive Director, resigned on 29th January 2015

Hon Tong Chu, Non-Executive Director, appointed on 29th January 2015

John White, Non-Executive Director, appointed on 8th July 2015

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

The following person held the position of company secretary at the end of the financial year:

Roger Smith

Principal Activities

The principal activity of the group during the year consisted of the marketing and distribution of consumer based products. There were no significant changes in the nature of the economic entity's principal activity during the financial year.

Operating Results

The consolidated loss of the group after providing for income tax amounted to \$1,476,795 (2014: \$3,783,134).

Dividends

No interim dividend (2014: Nil) was paid during the year. No final dividend is recommended by the Directors.

Review of Operations

Trading Operations

Revenues from ordinary activities for the year ended 30th June 2015 was \$3,140,090 compared to \$3,702,630 for the year ended 30th June 2014. This represents a significant turnaround during what was a tough retail trading year. The drop in revenue was mainly a result of a major customer - Discount Superstores Group (DSG) going into liquidation with the loss of significant sales, as well as the termination of all trading in the US operation. Consequently Bronson recorded a drop in sales of over 15%. Meanwhile the US division which has performed poorly has been shut down.

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

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

Australian Operations

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

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

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

American Operations

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

Significant Changes in the State of Affairs

Other than outlined in this report, there is no significant change in the state of the Company's affairs.

Borrowings issued during the year

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

Information on Directors

Desmond Smale	—	Executive Director
Experience and qualifications	—	Board member since 2007. Has a finance and marketing background having held various senior management positions in Qantas Airways.
Interest in Shares and Options	—	30,207,900 Ordinary Shares in Bronson Group Limited.
Directorships held in other listed entities	—	Nil
Roger Smith	—	Non-executive Director (Independent Director), resigned on 21 st September 2015
Experience and qualifications	—	Board member since 1991. Has many years experience in retail trade and financial planning.
Interest in Shares and Options	—	5,160,533 Ordinary Shares in Bronson Group Limited.
Directorships held in other listed entities	—	Nil
Clay Moore	—	Non-executive Director, resigned on 29 th January 2015
Experience and qualifications	—	Board member since December 2009. Has over 20 years experience in sales and marketing.
Interest in Shares and Options	—	Nil
Directorships held in other listed entities	—	Nil
Hon Tong Chu	—	Non-executive Director, appointed on 29 th January 2015
Experience and	—	Sole director of Triple R International Co Ltd. Triple R is a Chinese based

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DIRECTORS' REPORT

qualifications		company which supplies unique and marketable products for retail distribution. Whilst Triple R is a newly formed company, the stakeholders in Triple R have significant experience and a proven track record of exports exceeding \$200 million in recent years. Triple R is also a major manufacturer with factory operations in Northern China and an affiliated network of factories across China.
Interest in Shares and Options	—	30,000,000 Ordinary Shares in Bronson Group Limited.
Directorships held in other listed entities	—	Nil
John White	—	Non-executive Director, appointed on 8 th July 2015
Experience and qualifications	—	Highly skilled entrepreneur and currently owns and operates a number of successful companies.
Interest in Shares and Options	—	44,550,001 Ordinary Shares in Bronson Group Limited.
Directorships held in other listed entities	—	Nil

REMUNERATION REPORT

The remuneration policy of Bronson Group Limited has been designed to align key management personnel (KMP) objectives with shareholder and business objectives. The Board of Bronson Group Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain high-quality KMP to run and manage the consolidated group and to attain the targets set by the Board and management.

This report details the nature and amount of remuneration for each key management person of Bronson Group Limited, and for the executives receiving the highest remuneration.

Throughout the financial year, the company did not have a remuneration committee as the directors believe the size of the consolidated entity and the size of the Board did not warrant its existence.

The Board's policy for determining the nature and amount of remuneration for KMP of the consolidated group is based on the following:

- All KMP receive a base salary (which is based on factors such as length of service and experience), superannuation and options.
- Incentives paid in the form of options are intended to align the interests of the directors and company with those of the shareholders.

KMP receive a superannuation guarantee contribution required by the government, which is currently 9.5% of the individual's average weekly ordinary time earnings (AWOTE), and do not receive any other retirement benefits. Some individuals, however, have chosen to sacrifice part of their salary to increase payment towards superannuation.

Upon retirement, KMP are paid employee benefit entitlements accrued to the date of retirement. Any options not exercised before or on the date of termination will lapse. The Non-executive Directors are not entitled to retirement benefits.

All remuneration paid to KMP is valued at the cost to the company and expensed.

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DIRECTORS' REPORT

Key Management Personnel Remuneration

Key Management Person	Cash, salary and commissions	Superannuation	Options	Total
	\$	\$	\$	\$
2015				
Desmond Smale	136,890	26,767	-	163,657
Roger Smith	-	-	-	-
Clay Moore	-	-	-	-
Hon Tong Chu	-	-	-	-
	136,890	26,767	-	163,657
2014				
Desmond Smale	176,127	34,671	-	210,798
Michael Willoughby	81,525	30,996	-	112,521
Roger Smith	-	-	-	-
John White	-	-	-	-
Clay Moore	8,711	-	-	8,711
	266,363	65,667	-	332,030

KMP Options and Rights Holdings

The Number of Options over ordinary shares held by each KMP of the group during the financial year.

	Balance 1.7.2014	Granted as Compensation and Exercisable	Options Expired	Balance 30.06.2015
Desmond Smale	10,000,000	-	(10,000,000)	-
Roger Smith	10,000,000	-	(10,000,000)	-
Clay Moore	-	-	-	-
Hon Tong Chu	10,000,000	-	(10,000,000)	-
Total	30,000,000	-	(30,000,000)	-

	Balance 1.7.2013	Granted as Compensation and Exercisable	Options Expired	Balance 30.06.2014
Desmond Smale	17,500,000	-	(7,500,000)	10,000,000
Roger Smith	17,500,000	-	(7,500,000)	10,000,000
John White	17,500,000	-	(17,500,000)	-
Clay Moore	17,500,000	-	(7,500,000)	10,000,000
Michael Willoughby	-	-	-	-
Total	70,000,000	-	(40,000,000)	30,000,000

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KMP Shareholdings

The number of ordinary shares held by each KMP of the group during the financial year.

	Balance 01.07.2014	Received as Compensation	Options Exercised	Net Change Other*	Balance 30.06.2015
Desmond Smale	101,707,900	-	-	(71,500,000)	30,207,900
Roger Smith	1,160,533	4,000,000	-	-	5,160,533
Clay Moore	-	-	-	-	-
Hon Tong Chu	10,000,000	15,000,000	-	5,000,000	30,000,000
Total	112,868,433	19,000,000	-	(66,500,000)	65,368,433

	Balance 01.07.2013	Received as Compensation	Options Exercised	Net Change Other*	Balance 30.06.2014
Desmond Smale	472,289,494	-	-	-	472,289,494
Roger Smith	7,217,072	-	-	-	7,217,072
John White	1,500,000	-	-	-	1,500,000
Clay Moore	-	-	-	-	-
Michael Willoughby	-	-	-	-	-
Total	481,006,566	-	-	-	481,006,566

* Net Change Other refers to shares purchased, sold or transferred during the financial year.

Meetings of Directors

During the financial year, meetings of directors were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Desmond Smale	7	7
Roger Smith	7	7
Clay Moore	5	0
Hon Tong Chu	2	2

Indemnification and Insurance of Officers and Auditors

During the year the Company did not take out Directors and Officers Liability Insurance and did not take out any indemnification against company auditors.

Options

At the date of this report, there are no options on issue.

Events Subsequent to Balance Date

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

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DIRECTORS' REPORT

Environmental Regulations

To the best of the Directors' knowledge, all activities have been undertaken in compliance with the requirements of environmental regulations.

Gender Diversity

As at 30 June 2015, the proportion of women employed by the Company was as follows:

- Board of directors: 0%
- Senior executive: 50%
- Total employees: 57%

Corporate Governance

In recognising the need for the highest standard of corporate behaviour and accountability, the directors of Bronson Group Limited support and have adhered to the principles of good corporate governance. The company's corporate governance statement is on page 48.

Proceedings on behalf of the company

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

The company was not a party to any such proceedings during the year.

Non Audit Services

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by management prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees were paid or payable to Hall Chadwick for non-audit services provided during the year ended 30 June 2015.

	\$
Taxation Services	2,000
Professional Fee	<u>15,000</u>
Total	<u>17,000</u>

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2015 has been received and can be found on page 9 of the financial report.



John White, Director

Dated this 24th day of September 2015

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and Controlled Entities**

HALL CHADWICK  (NSW)

Chartered Accountants and Business Advisers

**BRONSON GROUP LIMITED
ABN 60 006 569 124**

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER S 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF BRONSON GROUP LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2015 there have been no contraventions of:

- (a) the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit, and
- (b) any applicable code of professional conduct in relation to the audit.

Hall Chadwick

Hall Chadwick
Level 40, 2 Park Street
Sydney, NSW 2000

Drew Townsend

Drew Townsend
Partner
Date: 24 September 2015

SYDNEY

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

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

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

	Note	Consolidated Group	
		30.06.2015	30.06.2014
		\$	\$
Total comprehensive income attributable to members of the parent entity		(1,276,737)	(3,783,134)
Earnings per share			
From continuing operations			
Basic earnings per share (cents)	8a	(0.01315)	(0.05630)
Diluted earnings per share (cents)	8b	(0.01315)	(0.02837)

The accompanying notes form part of these financial statements.

**Bronson Group Limited ABN 60 006 569 124
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

		Consolidated Group	
	Note	30.06.2015	30.06.2014
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	9	3,460	13,747
Trade and other receivables	10	636,267	607,155
Inventories	11	483,398	680,882
Other current assets	16	9,962	17,678
TOTAL CURRENT ASSETS		1,133,087	1,319,462
NON-CURRENT ASSETS			
Plant and equipment	14	27,270	37,227
Intangible assets	15	162,519	230,137
TOTAL NON-CURRENT ASSETS		189,789	267,364
TOTAL ASSETS		1,322,876	1,586,826
CURRENT LIABILITIES			
Trade and other payables	17	1,123,534	1,151,023
Short-term provisions	18	55,775	154,706
Financial liabilities	20	730,656	766,361
TOTAL CURRENT LIABILITIES		1,909,965	2,072,090
NON-CURRENT LIABILITIES			
Financial liabilities	20	797,564	3,180,538
TOTAL NON-CURRENT LIABILITIES		797,564	3,180,538
TOTAL LIABILITIES		2,707,529	5,252,628
NET ASSETS		(1,384,653)	(3,665,802)
EQUITY			
Issued capital	21	11,988,070	8,431,687
Reserves	22	-	180,923
Retained earnings		(13,372,723)	(12,278,483)
Parent interest		(1,384,653)	(3,665,873)
Non controlling interests		-	71
TOTAL EQUITY		(1,384,653)	(3,665,802)

The accompanying notes form part of these financial statements.

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

Consolidated Group

	Share Capital Ordinary	Accumulated (Losses)/ Profit	Option Reserve	Foreign Currency Translation Reserve	Non Controlling Interests	Total
	\$	\$	\$	\$	\$	\$
Balance at 1.7.2013	8,281,687	(8,813,505)	568,040	(191,792)	71	(155,499)
Loss attributable to members of parent entity	-	(3,783,134)	-	-	-	(3,783,134)
Shares issued during the period	150,000	-	-	-	-	150,000
Transfer of expired options from option reserve to accumulated losses	-	318,156	(318,156)	-	-	-
Options issued during the period	-	-	132,671	-	-	132,671
Total other comprehensive income for the year	-	-	-	(9,840)	-	(9,840)
Balance at 30.06.2014	8,431,687	(12,278,483)	382,555	(201,632)	71	(3,665,802)
Balance at 1.7.2014	8,431,687	(12,278,483)	382,555	(201,632)	71	(3,665,802)
Loss attributable to members of parent entity	-	(1,276,737)	-	-	-	(1,276,737)
Shares issued during the period	3,556,383	-	-	-	-	3,556,383
Transfer of expired options from option reserve to accumulated losses	-	382,555	(382,555)	-	-	-
Transfer of Foreign Currency Translation Reserve	-	(200,058)	-	200,058	-	-
Options issued during the period	-	-	-	-	-	-
Total other comprehensive income for the year	-	-	-	1,574	(71)	1,503
Balance at 30.06.2015	11,988,070	(13,372,723)	-	-	-	(1,384,653)

The accompanying notes form part of these financial statements.

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**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED
30 JUNE 2015**

		Consolidated Group	
	Note	30.06.2015	30.06.2014
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		3,043,296	3,826,863
Payments to suppliers		(3,482,935)	(3,572,868)
Interest received		77	191
Interest paid		(239,315)	(350,623)
Other income		67,604	9,134
Net cash (outflow)/inflow from operating activities	26b	(611,273)	(87,303)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for plant and equipment		(946)	(2,732)
Proceeds from sale of plant and equipment		500	24,941
Net cash (outflow)/inflow from investing activities		(446)	22,209
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		435,000	-
Proceeds from convertible notes		-	50,000
Repayment of convertible notes		-	(25,000)
Proceeds from borrowings		199,045	33,041
Repayment of borrowings		(1,867)	-
Net cash inflow/(outflow) from financing activities		632,178	58,041
Net increase/(decrease) in cash held		20,459	(7,053)
Cash at beginning of year		(452,643)	(445,785)
Effect of exchange rates on cash holdings in foreign currencies		786	195
Cash at end of year	26a	(431,398)	(452,643)

The accompanying notes form part of these financial statements.

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

The separate financial statements of the parent entity, Bronson Group Limited, have not been presented within this financial report as permitted by the Corporations Act 2001.

The financial report was authorised for issue on 24 September 2015 by the Board of Directors.

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

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

a. Going Concern

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

The net loss after income tax for the consolidated entity for the financial year ended 30 June 2015 was \$1,476,795, and as at 30 June 2015, total liabilities exceeded total assets by \$1,384,653.

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

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

b. Principles of Consolidation

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

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 13 to the financial statements.

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

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

Reverse Acquisition

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

As set out in Note 15, goodwill has been fully impaired.

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Business Combinations

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

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

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

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

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

c. Income Tax

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

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

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

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

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

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

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

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

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

**Bronson Group Limited ABN 60 006 569 124
and Controlled Entities**

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Tax Consolidation

Bronson Group Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under tax consolidation legislation. Each entity in the group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the 'stand-alone taxpayer' approach to allocation. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity. The group notified the Australian Tax Office that it had formed an income tax consolidated group under the tax consolidation regime. The tax consolidated group has entered a tax funding arrangement whereby each company in the group contributes to the income tax payable by the group in proportion to their contribution to the group's taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding arrangement are recognised as either a contribution by, or distribution to the head entity

d. Inventories

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

e. Plant and Equipment

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

Plant and equipment is measured on the cost basis.

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

Depreciation

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

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

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

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

f. Impairment of Assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

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

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

**Bronson Group Limited ABN 60 006 569 124
and Controlled Entities**

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

g. Intangibles

Patents and web design

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

Class of Intangible Asset	Useful Life
Patents	10 years
Web design	2 years
Supply agreement	5 years

h. Foreign Currency Transactions and Balances

Functional and presentation currency

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

Transaction and balances

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

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

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

Group companies

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

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

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

i. Employee Benefits

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

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

**Bronson Group Limited ABN 60 006 569 124
and Controlled Entities**

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

j. Provisions

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

k. Cash and Cash Equivalents

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

l. Revenue

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed.

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

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

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

m. Trade, Other Receivables and Other Assets

(i) Trade and other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

(ii) Other Assets

Other Assets include amounts receivable under the joint venture agreement between Home & Business Consumer Products LLC. Other assets expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other amounts are classified as non-current assets.

Other assets are initially recognised at fair value and subsequently measured at amortised cost, less any provision for impairment. Refer to Note 16 for further discussion on Other Assets.

n. Borrowing Costs

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

o. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

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

**Bronson Group Limited ABN 60 006 569 124
and Controlled Entities**

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

p. Share-based payments

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

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

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

q. Comparative Figures

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

Where the group has retrospectively applied an accounting policy, made a retrospective restatement of items in the financial statements or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

r. Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Key Estimates

Key Estimates — Impairment

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

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

Key Judgements

All American subsidiaries have been deconsolidated from the Group.

\$406,944 is provided for slow moving stock.

**Bronson Group Limited ABN 60 006 569 124
and Controlled Entities**

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

Consolidated Group

2015 2014
\$ \$

NOTE 2: REVENUE

Revenue from operating activities

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

NOTE 3: OPERATING (LOSS)

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

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

**Bronson Group Limited ABN 60 006 569 124
and Controlled Entities**

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

NOTE 4: INCOME TAX EXPENSE

		Consolidated Group	
		2015	2014
		\$	\$
a.	The components of income tax expense comprise:		
	Current tax	-	-
	Deferred tax	(363,602)	(1,157,077)
	Utilisation of deferred tax assets previously not recognised	-	-
	Deferred tax assets not recognised (losses)	598,956	199,745
	Deferred tax assets not recognised (temporary)	(235,354)	957,332
		<u>-</u>	<u>-</u>
b.	The prima facie tax on (loss) from ordinary activities before income tax is reconciled to the income tax as follows:		
	Prima facie tax payable on (loss) from ordinary activities before income tax at 30% (2014: 30%)	(443,039)	(1,134,940)
	Add:		
	Tax effect of:		
	— Sale of fixed assets	-	5,704
	— Other non-allowable items	(539)	1,605
	— Share options expensed during year	-	15,760
	— Amortisation of exclusive supply right	80,286	-
	Less:		
	Tax effect of:		
	— Difference in tax rate	(310)	(45,205)
	— Utilisation of deferred tax assets previously not recognised	-	-
	— Deferred tax assets not recognised (losses)	598,956	199,745
	— Deferred tax assets not recognised (temporary)	(235,354)	957,332
	Income tax expense/(benefit)	<u>-</u>	<u>-</u>

The deferred tax assets on carried forward tax losses is \$(4,408,202) (2014: \$(3,809,246)).

NOTE 5: INTERESTS OF KEY MANAGEMENT PERSONNEL (KMP)

- a. **Names and positions held of consolidated and parent entity key management personnel in office at any time during the financial year are:**

Key Management Person	Position
Desmond Smale	Executive Director
Roger Smith	Non-executive Director and Company Secretary
Clay Moore	Executive Director
Hon Tong Chu	Non-executive Director

**Bronson Group Limited ABN 60 006 569 124
and Controlled Entities**

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

NOTE 5: INTERESTS OF KEY MANAGEMENT PERSONNEL (KMP) (cont)

The totals of remuneration paid to KMP of the company and the Group during the year are as follows.

	2015	2014
	\$	\$
Short-term employee benefits	136,890	266,363
Post-employment benefits	26,767	65,667
	<u>163,657</u>	<u>332,030</u>

Key management personnel remuneration has been included in the Remuneration Report section of the Directors Report.

NOTE 6: AUDITORS' REMUNERATION

	Consolidated Group	
	2015	2014
	\$	\$
Remuneration of the auditor of the parent entity for:		
— audit and review of the financial report	64,701	80,061
— professional fee	15,000	-
— taxation services	2,000	450
Total	<u>81,701</u>	<u>80,511</u>

NOTE 7: DIVIDENDS

No dividends have been paid during the financial year.

NOTE 8: EARNINGS PER SHARE

		Consolidated Group	
		2015	2014
a.	Net (loss) used in the calculation of basic EPS	\$ (1,476,795)	(3,783,134)
	Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share.	No. 112,340,121	67,193,470
b.	Net (loss) used in the calculation of diluted EPS	\$ (1,476,795)	(3,783,134)
	Weighted average number of ordinary shares outstanding during the year used in the calculation of diluted earnings per share.	No. 112,340,121	133,357,853

	Consolidated Group	
	2015	2014
	\$	\$
NOTE 9: CASH AND CASH EQUIVALENTS		
Cash at bank and on hand	3,460	13,747
	<u>3,460</u>	<u>13,747</u>

**Bronson Group Limited ABN 60 006 569 124
and Controlled Entities**

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

NOTE 10: TRADE AND OTHER RECEIVABLES

	Consolidated Group	
	2015	2014
	\$	\$
CURRENT		
Trade receivables	679,127	691,568
Less provision for settlement discount	(42,860)	(54,161)
Less provision for doubtful debt	-	(30,252)
	<u>636,267</u>	<u>607,155</u>

Contract terms are up to 70 days. Of the above amount \$10,095 (2014: \$792) is past due not impaired. Settlement discounts are provided as part of trading terms for payment within specified time frames.

	Gross Amount	Past Due and Impaired	Past Due but Not Impaired (Days Overdue)	Within Initial Trade Terms		
			< 30	31-60	61-90	> 90
2015						
Trade receivables	679,127	-	261,554	340,539	66,939	10,095
Total	<u>679,127</u>	<u>-</u>	<u>261,554</u>	<u>340,539</u>	<u>66,939</u>	<u>10,095</u>
2014						
Trade receivables	691,568	-	240,875	240,005	209,896	792
Total	<u>691,568</u>	<u>-</u>	<u>240,875</u>	<u>240,005</u>	<u>209,896</u>	<u>792</u>

NOTE 11: INVENTORIES

	Consolidated Group	
	2015	2014
	\$	\$
CURRENT		
Finished Goods, at cost	452,574	811,950
Stock in transit, at cost	30,824	12,882
Less provision for slow moving stock	-	(143,950)
	<u>483,398</u>	<u>680,882</u>

**Bronson Group Limited ABN 60 006 569 124
and Controlled Entities**

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

NOTE 12: PARENT INFORMATION

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Accounting Standards.

	Parent Entity	
	2015	2014
	\$	\$
Financial position of the parent entity at year end		
Current assets	2,033	1,905
Total assets	228,768	232,242
Current Liabilities	122,177	198,171
Total liabilities	246,222	3,056,391
Total equity of the parent entity comprising of:		
Share capital	40,285,186	36,728,804
Reserves	534,627	1,235,338
Retained earnings	(40,837,267)	(40,788,290)
Total equity	(2,824,148)	(2,824,148)

Statement of Profit or Loss and Other Comprehensive Income

Total loss	(749,686)	(2,765,754)
Total comprehensive income	(749,686)	(2,765,754)

Parent entity guarantees in respect of its subsidiaries

The parent entity has guaranteed the liabilities of its subsidiary, Bronson Marketing Pty Ltd, to its bankers.

Contingent liabilities

Bronson Group Limited does not have any contingent liabilities at 30 June 2015.

NOTE 13: CONTROLLED ENTITIES

a. Controlled Entities Consolidated

	Country of Incorporation	Percentage Owned (%)*	
		2015	2014
Subsidiaries of Bronson Group Limited			
Bronson Marketing Pty Ltd	Australia	100%	100%
Icon Marketing International Pty Ltd #	Australia	100%	100%
Bay Street Brands LLC (subsidiary of Icon Marketing International Pty Ltd)	United States	Dissolved	100%
Ab Solutions LLC (subsidiary of Icon Marketing International Pty Ltd) #	United States	Dissolved	80.16%
Home & Business Consumer Products LLC	United States	Dissolved	51%

These companies did not trade during the financial year

* Percentage of voting power is in proportion to ownership

**Bronson Group Limited ABN 60 006 569 124
and Controlled Entities**

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

NOTE 13: CONTROLLED ENTITIES

b. Controlled Entities

No controlled entities were acquired during the financial year. Bay Street Brands LLC, Ab Solutions LLC and Home & Business Consumer Products LLC were dissolved during the financial year.

c. Disposal of Controlled Entities

On 30 June 2015, the parent disposed of its 100% interests in Bay Street Brands LLC. The total loss recognised in respect of the disposal of Bay Street Brands LLC amounted to \$123 and was recognised in profit or loss as loss from discontinued operations. No remaining interest in the entity was held by any member of the consolidated entity subsequent to disposal of the parent's 100% interest. Accordingly, no portion of the loss recorded on the disposal of the interest in Bay Street Brands LLC is attributable to measuring any investment retained in the former subsidiary when control was lost.

On 30 June 2015, the parent disposed of its 80.16% interests in Ab Solutions LLC. The total loss recognised in respect of the disposal of Ab Solutions LLC amounted to nil. No remaining interest in the entity was held by any member of the consolidated entity subsequent to disposal of the parent's 80.16% interest. Accordingly, no portion of the loss recorded on the disposal of the interest in Ab Solutions LLC is attributable to measuring any investment retained in the former subsidiary when control was lost.

On 30 June 2015, the parent disposed of its 51% interests in Home & Business Consumer Products LLC. The total loss recognised in respect of the disposal of Home & Business Consumer Products LLC amounted to \$7,270 and was recognised in profit or loss as loss from discontinued operations. No remaining interest in the entity was held by any member of the consolidated entity subsequent to disposal of the parent's 51% interest. Accordingly, no portion of the loss recorded on the disposal of the interest in Home & Business Consumer Products LLC is attributable to measuring any investment retained in the former subsidiary when control was lost.

NOTE 14: PLANT AND EQUIPMENT

	Consolidated Group	
	2015	2014
	\$	\$
Office furniture and equipment, motor vehicles	173,339	190,608
Less accumulated depreciation	(146,069)	(153,381)
	<u>27,270</u>	<u>37,227</u>
Opening Balance	37,227	70,502
Additions	946	2,732
Disposals	(3,255)	(24,941)
Depreciation	(7,648)	(11,066)
	<u>27,270</u>	<u>37,227</u>

NOTE 15: INTANGIBLE ASSETS

Goodwill at cost	-	14,791,630
Less accumulated impairment losses	-	(14,791,630)
	-	-
Patent & web design, at cost	-	76,965
Less accumulated impairment losses	-	(76,965)
	-	-
Supply agreement	230,137	230,137

**Bronson Group Limited ABN 60 006 569 124
and Controlled Entities**

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

NOTE 15: INTANGIBLE ASSETS

	Consolidated Group	
	2015	2014
	\$	\$
Add new agreement	200,000	-
Less accumulated impairment losses	(267,618)	-
Net carrying value	162,519	230,137

	Goodwill & Supply Agreement	Patent & Web Design
	\$	\$
Consolidated Group:		
Year ended 30 June 2014		
Balance at the beginning of the year	2,317,956	76,965
Additions	230,137	-
Amortisation charge	-	(76,965)
Impairment losses	(2,317,956)	-
Closing value at 30 June 2014	230,137	-

Year ended 30 June 2015

Balance at the beginning of the year	230,137	-
Additions	200,000	-
Amortisation charge	-	-
Impairment losses	(267,618)	-
Closing value at 30 June 2015	162,519	-

Supply Agreement Disclosure

Supply Agreement is allocated to cash-generating units which are based on the Group's reporting segments.

	2015	2014
	\$	\$
Distribution segment	162,519	230,137
Total	162,519	230,137

The recoverable amount of the cash-generating unit above is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections over a five-year period. The cash flows are discounted using a discount rate of 15%, based on a weighted average of the group's debt facilities, inclusive of a risk free premium.

The following assumptions were used in the value-in-use calculations:

	Year	Growth Rate	Discount Rate
Distribution segment	2017-2020	5%	15.0%

**Bronson Group Limited ABN 60 006 569 124
and Controlled Entities**

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

NOTE 15: INTANGIBLE ASSETS

Management has based the value-in-use calculations on budgets for each reporting segment. These budgets use future estimated average growth rates. Costs are calculated taking into account forecasted costs as well as estimated inflation rates over the period. For financial year 2016, the revenue used in the calculation is based on the budget. We are forecasting a revenue growth rate of 5% for revenue generated by Supply Agreement for financial year 2017 to 2020. This incorporates revenue from all new lines.

	Consolidated Group	
	2015	2014
	\$	\$

NOTE 16: OTHER ASSETS

CURRENT

Prepayments and deposits	9,962	17,678
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NON-CURRENT

Profit drawings in advance (i)	-	2,512,755
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Less provision for profit drawings in advance (i)	-	(2,512,755)
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	-	-
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(i) Profit drawings in advance is fully provided for at 30th June 2014 at this juncture of the Company's development.

NOTE 17: TRADE AND OTHER PAYABLES

CURRENT

Trade Creditors	882,733	897,775
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Sundry creditors and accrued expenses	240,801	253,248
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	1,123,534	1,151,023
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NOTE 18: SHORT TERM PROVISIONS

Employee entitlements	55,775	154,706
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	55,775	154,706
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Opening Balance	154,706	154,911
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Additional provisions	34,738	57,367
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Amounts used	(133,669)	(57,572)
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	55,775	154,706
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NOTE 19: CURRENT TAX LIABILITY

There is no tax liability.

**Bronson Group Limited ABN 60 006 569 124
and Controlled Entities**

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

	Consolidated Group	
	2015	2014
	\$	\$
NOTE 20: BORROWINGS		
CURRENT		
Secured liabilities		
Bank overdrafts	434,858	466,390
Trade finance	295,798	299,971
Total current borrowings	<u>730,656</u>	<u>766,361</u>
NON-CURRENT		
Unsecured liabilities		
Convertible notes	-	1,915,000
Loans from shareholders	-	802,777
Loans from related parties	779,955	180,152
Other loans	17,609	282,609
Total non-current borrowings	<u>797,564</u>	<u>3,180,538</u>
Total borrowings	<u>1,528,220</u>	<u>3,946,899</u>

Other loans are issued for a term of between 13 months and 24 months and are repayable on the loan maturity date. The interest rates on related party loans are nil on \$655,910 and 10% per annum on \$124,045. The interest rate on other loans from non-related parties is 21% per annum on \$17,609.

The bank overdraft and trade finance are secured by way of a charge over debtors and guarantees provided by Desmond Smale, Jennifer Smale, Scanbeer Pty Ltd and Bronson Group Limited.

**Bronson Group Limited ABN 60 006 569 124
and Controlled Entities**

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

NOTE 21: ISSUED CAPITAL

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

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

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

b. Options

- i. For information relating to the Bronson Group Limited options, including details of options issued, exercised and lapsed during the financial year and the options outstanding at year-end, refer to Note 27 Share-based Payments.
- ii. For information relating to share options issued as acquisition options and outstanding at year-end, refer to Note 27 Share-based Payments.

**Bronson Group Limited ABN 60 006 569 124
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

c. Capital Management

Management controls the capital of the group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the group can fund its operations and continue as a going concern.

The group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

Management effectively manages the group's capital by assessing the group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

NOTE 22: RESERVES

a. Foreign Currency Translation Reserve

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

b. Option Reserve

The option reserve records items recognised as expenses on valuation of employee share options and items recognised as asset on valuation of share based payment.

All options were expired and foreign controlled subsidiaries were dissolved during the financial year, hence no foreign currency translation reserve or option reserve were recorded at 30 June 2015.

NOTE 23: CAPITAL AND LEASING COMMITMENTS

		Consolidated Group	
		2015	2014
		\$	\$
a. Operating Lease Commitments			
Non-cancellable operating leases contracted for but not capitalised in the financial statements			
Payable			
minimum lease payments			
—	not later than twelve months	148,452	136,081
—	Later than twelve months but not later than 5 years	-	-
		<u>148,452</u>	<u>136,081</u>

The property lease is non-cancellable with one year term, and rent payable monthly in advance. Contingent rental provisions within the lease agreement require the minimum lease payments shall be increased by CPI per annum. An option exists to renew the lease at the end of one year term for an additional term of three years. A security deposit of \$61,871.06 is guaranteed by the bank.

b. Hire Purchase Commitments

There no hire purchase commitments.

NOTE 24: CONTINGENT LIABILITIES

There are no contingent liabilities within the group at reporting date.

**Bronson Group Limited ABN 60 006 569 124
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 25: SEGMENT REPORTING

Segment Information

Identification of reportable segments

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

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

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

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

Types of products and services by segment

(i) *Australia*

Marketing and distribution of consumer based products to large retailers.

(ii) *Corporate*

Provide corporate and legal services to the Group.

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

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

Inter-segment transactions

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

Segment assets

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

Segment liabilities

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

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

NOTE 25: SEGMENT REPORTING (CONTINUED)

	USA	Australia	Corporate	Total
	\$	\$	\$	\$
(i) Segment Performance				
Year Ended 30.06.2015				
Revenue				
External Sales	-	3,072,409	-	3,072,409
Interest Income	-	-	77	77
Other Revenue	-	53,709	13,895	67,604
Inter-Segment Sales	-	-	-	-
Total Segment Revenue	-	3,126,118	13,972	3,140,090
Inter-Segment Elimination	-	-	-	-
Total Group Revenue	-	3,126,118	13,972	3,140,090
Segment Net (Loss)/Profit (before tax)	-	(465,885)	(1,010,910)	(1,476,795)
Year Ended 30.06.2014				
Revenue				
External Sales	56,633	3,636,672	-	3,693,305
Interest Income	-	1	190	191
Other Revenue	-	9,134	-	9,134
Inter-Segment Sales	-	-	-	-
Total Segment Revenue	56,633	3,645,807	190	3,702,630
Inter-Segment Elimination	-	-	-	-
Total Group Revenue	56,633	3,645,807	190	3,702,630
Segment Net (Loss)/Profit (before tax)	(904,107)	(113,273)	(2,765,754)	(3,783,134)

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

NOTE 25: SEGMENT REPORTING (CONTINUED)

	USA \$	Australia \$	Corporate \$	Total \$
(ii) Segment Assets				
As at 30.06.2015				
Segment Assets	-	1,165,563	228,768	1,394,331
Segment asset increases for the period				
Capital Expenditure	-	946	-	946
Inter-segment eliminations	-	(8,285)	(64,116)	(72,401)
Total Group Assets	-	1,158,224	164,652	1,322,876
As at 30.06.2014				
Segment Assets	857,371	8,645,982	232,242	9,735,595
Segment asset increases for the period				
Capital Expenditure	-	2,732	-	2,732
Inter-segment eliminations	(844,674)	(7,306,727)	(100)	(8,151,501)
Total Group Assets	12,697	1,341,987	232,142	1,586,826
(iii) Segment Liabilities				
As at 30.06.2014				
Segment Liabilities	-	9,504,817	246,222	9,751,039
Inter-segment eliminations	-	(6,979,494)	(64,016)	(7,043,510)
Total Liabilities	-	2,525,323	182,206	2,707,529
As at 30.06.2014				
Segment Liabilities	8,085,556	9,587,126	3,056,391	20,729,073
Inter-segment eliminations	(8,068,066)	(6,979,811)	(428,568)	(15,476,445)
Total Liabilities	17,490	2,607,315	2,627,823	5,252,628

(iv) Major customers

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

In the Australia segment the Group supplies one external customer which accounts for 56.75% of external revenue (2014: 55.20%). The next most significant client accounts for 21.20% (2014: 13.70%).

**Bronson Group Limited ABN 60 006 569 124
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 26: CASH FLOW INFORMATION

	Note	Consolidated Group	
		2015	2014
		\$	\$
a. Reconciliation of Cash Flow			
Cash at the end of the financial year as showing in the statement of cash flows is balanced to items in the statement of financial position as follows:			
Cash and cash equivalents	9	3,460	13,747
Bank overdraft	20	(434,858)	(466,390)
		<u>(431,398)</u>	<u>(452,643)</u>
b. Reconciliation of (loss) after income tax expense to net cash provided by operating activities			
(Loss) after income tax		(1,476,795)	(3,783,134)
(Less)/add non-cash flows in (loss) from ordinary activities:			
Depreciation		7,648	87,677
Profit/(Loss) on sale of fixed assets		2,755	-
Provision for profit drawings in advance		-	671,516
Provision for slow moving stock		406,944	143,950
Option issue expense		-	52,533
Impairment of intangible asset		200,000	2,317,956
Loss on disposal of subsidiaries		7,393	-
Reclassification losses of foreign currency translation reserve		200,058	-
Changes in assets and liabilities			
Decrease/(increase) in trade and other receivables		(30,259)	123,526
Decrease/(increase) in prepayments and other current assets		6,718	388,055
(Increase)/decrease in inventories		195,028	(276,531)
Increase/(decrease) in trade and other payables		(31,832)	557,614
(Decrease) in employee entitlements		(98,931)	(205)
(Increase) in other non-current assets		-	(370,260)
		<u>(611,273)</u>	<u>(87,303)</u>

Credit Standby Arrangements with Bank

Credit facilities	1,161,980	1,461,980
Amounts utilised	(792,527)	(828,232)
Amounts unutilised	<u>369,453</u>	<u>633,748</u>

The major facilities are summarised as follows:

Bank overdraft, trade refinance and asset finance:

These facilities are arranged with the NAB on general terms and conditions being set and agreed to annually. Interest rates are variable and subject to adjustment.

**Bronson Group Limited ABN 60 006 569 124
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

c. Disposal of Entities

2015

\$

During the year the controlled entities, Bay Street Brands LLC, Ab Solutions LLC and Home & Business Consumer Products LLC was dissolved. Aggregate details of this transaction are:

Disposal price	-
Cash consideration	-
Assets held at disposal date:	
Investment in controlled entity	
Cash and cash equivalent	2,836
Receivables	817
Inventories	3,740
Net (loss) on disposal	(7,393)
Net cash received	-

(i) Conversion of Debit to Equity

On 31 December 2014 117,591,911 ordinary shares, as part of the total of 138,591,911 ordinary shares, were issued at \$0.02 under the agreement reached with convertible note and loan holders. The share issue price was based upon the share close price at 7 October 2014 pre-share consolidation. Accordingly, \$2,351,838 worth of borrowings was successfully converted to equity.

NOTE 27: SHARE-BASED PAYMENTS

On 30 November 2014, 30,000,000 share options expired. There are no options on issue at 30 June 2015.

A summary of the movement of all company options issued is as follows:

	Consolidated Group			
	2015		2014	
	Number of Weighted Options	Average Exercise Price \$	Number of Weighted Options	Average Exercise Price \$
Outstanding at the beginning of the year	30,000,000	0.04	70,000,000	0.04
(Forfeited)	-	-	(10,000,000)	0.04
(Expired)	(30,000,000)	0.04	(30,000,000)	0.03
Outstanding at year-end	-	-	30,000,000	0.04
Exercisable at year-end	-	-	30,000,000	0.04

**Bronson Group Limited ABN 60 006 569 124
and Controlled Entities**

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

NOTE 28: RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions with related parties:

a. Directors and director related entities

The names of each person holding the position of Director of Bronson Group Limited during the financial year are:

- Desmond Smale, Roger Smith, Clay Moore, Hon Tong Chu

No loans were advanced to any of the Directors during the year.

Loans provided by related parties during the year:

- Hon Tong Chu \$124,045.

Loans repayment to related parties during the year:

- Desmond Smale \$1,867

Remuneration received or receivable by the Directors of entities in the Company and aggregate amounts paid to superannuation plans in connection with the retirement of Directors and executive officers of entities in the Company are disclosed in the Remuneration Report in the Directors Report.

b. Directors shareholdings

At the year end, the Directors in office held a total of 65,368,433 fully paid ordinary shares in the Company. Details of the directors' share and option holdings are disclosed in Note 5 to the Financial Statements.

c. Other transactions with directors of the Company and their director-related entities

- (i) Loans and other transactions from Desmond Smale and Scanbeer Pty Ltd, a company controlled by Desmond Smale.

	Consolidated Group	
	2015	2014
	\$	\$
Beginning of the year	787,777	787,345
Loans received	-	69,500
Loan repayments	(1,867)	(69,068)
Loan converted into shares	(145,000)	-
End of the year	640,910	787,777

- (ii) No payment to Clay Moore during the year.

	Consolidated Group	
	2015	2014
	\$	\$
Beginning of the year	-	640,069
Amounts advanced	-	31,447
Provision for profit drawings in advance	-	(671,516)
End of the year	-	-

**Bronson Group Limited ABN 60 006 569 124
and Controlled Entities**

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

NOTE 28: RELATED PARTY TRANSACTIONS

- (iii) No loan from or loan repayment to Roger Smith during the year.

	Consolidated Group	
	2015	2014
	\$	\$
Beginning of the year	15,000	-
Loans received	-	15,000
Loan repayments	-	-
End of the year	15,000	15,000

- (iv) Loan from Triple R International Co., Ltd, a company controlled by Hon Tong Chu.

	Consolidated Group	
	2015	2014
	\$	\$
Beginning of the year	-	-
Loan received	124,045	-
Loan repayments	-	-
End of the year	124,045	-

No other transactions have been entered into with director related entities during the year.

NOTE 29: FINANCIAL RISK MANAGEMENT

a. Financial Risk Management Policies

The group's financial instruments consist mainly of deposits with banks, accounts receivable and payable, loans to and from subsidiaries, convertible notes, loans from related parties & external parties and hire purchase agreements.

Financial Risks

The main risks the group is exposed to through its financial instruments are interest rate risk, foreign currency risk, liquidity risk and credit risk.

Interest Rate Risk – for further details on interest rate risk refer to Note 29(b).

Foreign Currency Risk – the group is exposed to fluctuations in foreign currencies arising from the sale and purchase of goods and services in currencies other than the group's measurement currency. The group manages this risk by monitoring the movements in the applicable foreign exchange rates in which it deals, primarily the AUD:USD exchange rate.

Liquidity Risk – Arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- Preparing forward-looking cash flow analysis in relation to its operational and financing activities;
- Monitoring undrawn credit facilities;
- Obtaining funding from a variety of sources;
- Maintaining a reputable credit profile;
- Managing credit risk related to financial assets;
- Comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

Other loans are issued for a term of 13 months and 24 months and are repaid on the loan maturity date. The interest rate applicable is 10% per annum.

**Bronson Group Limited ABN 60 006 569 124
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 29: FINANCIAL RISK MANAGEMENT

Credit Risk – The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

The economic entity does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the economic entity.

b. Interest Rate Risk

The company's exposure to interest rate risk, which is the risk that the financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out below:

Consolidated Group	Weighted Average Floating Interest Interest Rate	Rate \$	Non-interest bearing \$	Total \$
2015				
Financial Assets				
Cash	2.50%	3,460	-	3,460
Receivables	-	-	636,276	636,276
		3,460	636,276	639,736
Financial Liabilities				
Bank Overdraft	9.92%	434,858	-	434,858
Payables	-	-	1,123,534	1,123,534
Trade Finance Facility	5.42%	295,798	-	295,798
Loan from Related Party	10.00%	124,045	655,910	779,955
Other Loans	21.74%	45,075	-	45,075
		899,776	1,779,444	2,679,220
2014				
Financial Assets				
Cash	2.50%	13,747	-	13,747
Receivables	-	-	607,155	607,155
		13,747	607,155	620,902
Financial Liabilities				
Bank Overdraft	9.92%	466,390	-	466,390
Payables	-	-	1,151,023	1,151,023
Trade Finance Facility	5.94%	299,971	-	299,971
Convertible Notes	11.87%	1,915,000	-	1,915,000
Loan from Related Party	-	-	802,777	802,777
Other Loans	12.30%	445,152	-	445,152
		3,126,513	1,953,800	5,080,313

**Bronson Group Limited ABN 60 006 569 124
and Controlled Entities**

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

NOTE 29: FINANCIAL RISK MANAGEMENT (CONTINUED)

c. Net Fair Values

The fair value of financial assets and liabilities reflect their carrying values.

Foreign exchange risk

All foreign controlled subsidiaries were dissolved during the financial year, hence there is no exposure to foreign exchange risk resulted from movement in the fair value or future cash flows of a financial instrument of the Group's operations denominated in currencies other than the functional currency of the operations.

Sensitivity analysis

The following table illustrates sensitivities to the Group's exposures to changes in interest rates and exchange rates. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

Consolidated Group				
	Profit	Profit	Equity	Equity
	in result of 0.5% Increase in Interest Rate	in result of 0.5% Decrease in Interest Rate	in result of 10% Increase in Exchange Rate	in result of 10% Decrease in Exchange Rate
	\$	\$	\$	\$
Year ended 30 June 2015	(6,235)	6,235	-	-
Year ended 30 June 2014	(15,611)	15,611	(81,755)	99,923

NOTE 30: DISCONTINUED OPERATIONS

a) Disposal of US Operations

i) Description

On 30 June 2015 Bronson Group Limited applied for revocation of its US Subsidiaries, Bay Street Brands LLC and Home and Business Consumer Products Inc., which was granted on 7 August 2015. Bay Street Brands LLC held a 51% shareholding in Home and Business Consumer Products Inc. which was the entity through which the group traded in the US. The operations had been suspended following the announcement made to the market 23 April 2015.

ii) Financial Performance

The financial performance and cash flows information for the year ending 30 June 2015 and 30 June 2014 is set out below.

	2015	2014
Revenue	13,895	56,633
Expenses	13,186	(960,740)
Profit before income tax	709	(904,107)
Income Tax Expense	-	-
Profit/(Loss) attributable to members of the parent entity	709	(904,107)

**Bronson Group Limited ABN 60 006 569 124
and Controlled Entities**

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

NOTE 30: DISCONTINUED OPERATIONS

	2015	2014
Loss on Disposal of Discontinued Operations		
Loss on disposal before income tax	(7,393)	-
Income tax expense	-	-
Loss on disposal after income tax	<u>(7,393)</u>	<u>-</u>
 Total Loss from discontinued operations	 <u><u>6,684</u></u>	 <u><u>-</u></u>

The net cash flows of the discontinued division, which have been incorporated into the statement of cash flows, are as follows:

Net cash inflow/(outflow) from operating activities	(541)	(5,630)
Net cash inflow from investing activities	-	-
Net cash (outflow)/inflow from financing activities	-	-
Net cash increase in cash generated by the discontinued division	<u>(541)</u>	<u>(5,630)</u>

iii) Carrying Amounts of Assets and Liabilities

The carrying amounts of the assets disposed of as at the date of disposal (30 June 2015) are:

Cash & Cash Equivalents	2,836
Trade and Other Receivables	817
Inventories	<u>3,740</u>
Net assets attributable to discontinued operations	<u><u>7,393</u></u>

Included in Other Comprehensive Income

Foreign Currency Translation Reserve	<u>200,058</u>
	<u><u>200,058</u></u>

NOTE 31: EVENTS SUBSEQUENT TO BALANCE DATE

There are no significant events subsequent to balance date.

NOTE 32: NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS

Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

AASB 9: *Financial Instruments* and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

**Bronson Group Limited ABN 60 006 569 124
and Controlled Entities**

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

The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

This standard is not expected to impact the group's financial statements.

AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods commencing on or after 1 January 2018).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise 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 the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

This Standard will require retrospective restatement, as well as enhanced disclosures regarding revenue.

Although the directors anticipate that the adoption of AASB 15 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

NOTE 33: COMPANY DETAILS

The registered office of the company is:

Bronson Group Limited
Unit 1, 2 Turbo Road
Kings Park 2148

The principal places of business are:

— Bronson Marketing Pty Ltd
Unit 1, 2 Turbo Road
Kings Park 2148

**Bronson Group Limited ABN 60 006 569 124
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DIRECTORS' DECLARATION

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 10 to 42, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
 - b. give a true and fair view of the financial position as at 30 June 2015 and of the performance for the year ended on that date of the consolidated group;
2. the Chairman and Chief Financial Officer have each declared that:
 - a. the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
 - b. the financial statements and notes for the financial year comply with the Accounting Standards; and
 - c. the financial statements and notes for the financial year give a true and fair view;
3. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director

A handwritten signature in black ink, appearing to read 'John White', is written over a light gray dotted rectangular background.

John White

Dated this 24th of September 2015

**Bronson Group Limited ABN 60 006 569 124
and Controlled Entities**

HALL CHADWICK  (NSW)

Chartered Accountants and Business Advisers

**BRONSON GROUP LIMITED
ABN 60 006 569 124
AND CONTROLLED ENTITY'S**

**INDEPENDENT AUDIT REPORT TO
THE MEMBERS OF BRONSON GROUP LIMITED**

SYDNEY

Level 40
2 Park Street
Sydney NSW 2000
Australia

GPO Box 3555
Sydney NSW 2001

Ph: (612) 9263 2600
Fx: (612) 9263 2800

Report on the Financial Report

We have audited the accompanying financial report of Bronson Group Limited which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other 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 control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's 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 control 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 control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

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**Bronson Group Limited ABN 60 006 569 124
and Controlled Entities**

HALL CHADWICK  (NSW)

**BRONSON GROUP LIMITED
ABN 600 006 569 124
AND CONTROLLED ENTITY'S**

**INDEPENDENT AUDIT REPORT TO
THE MEMBERS OF BRONSON GROUP LIMITED**

Auditor's Opinion

In our opinion:

- a. the financial report of Bronson Group 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 1.

Emphasis of Matter

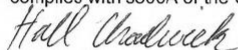
Without modifying our opinion, we draw attention to Note 1 (b) in the financial report, which indicates that the consolidated entity incurred a net loss of \$1,476,795 during the year ended 30 June 2015 and as of that date the current liabilities exceeds its current assets by \$776,878. This condition, along with other matters as set forth in Note 1 (a), indicates the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the remuneration report included in pages 5 to 7 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 s 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

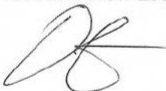
Auditor's Opinion

In our opinion the remuneration report of Bronson Group Limited for the year ended 30 June 2015 complies with s300A of the *Corporations Act 2001*.



Hall Chadwick

Level 40, 2 Park Street
SYDNEY NSW 2000



Drew Townsend

Partner

Date: 24 September 2015

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ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

The following additional information is required by the Australian Stock Exchange Ltd in respect of listed public companies only.

1. Shareholding

a. Distribution of Shareholders		Number	
Category (size of holding)		Ordinary	Redeemable
1 – 1,000		105	-
1,001 – 5,000		157	-
5,001 – 10,000		85	-
10,001 – 100,000		230	-
100,001 – and over		143	-
		<hr/>	<hr/>
		720	-

b. The number of shareholdings held in less than marketable parcels is 601.

c. The names of the substantial shareholders listed in the holding company's register as at 30 June 2015 are:

Shareholder	Number	
	Ordinary	Preference
SHARON WHITE	55,257,601	1
PELTON ADVISORY PTY LTD	49,500,000	2
MR JOHN ANTHONY WHITE	44,550,001	3
TRIPLE R INTERNATIONAL CO LTD	25,000,000	4

d. Voting Rights

The voting rights attached to each class of equity security are as follows:

Ordinary shares

- Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

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ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

e. 20 Largest Shareholders — Ordinary Shares

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1. SHARON WHITE	55,257,601	14.77
2. PELOTON ADVISORY PTY LTD	49,500,000	13.23
3. MR JOHN ANTHONY WHITE	44,550,001	11.91
4. TRIPLE R INTERNATIONAL CO LTD	25,000,000	6.68
5. SCANBEER PTY LIMITED <SMALÉ FAMILY SUPER FUND A/C>	17,250,000	4.61
6. SCANBEER PTY LIMITED	12,957,900	3.46
7. JOHN IORI	12,361,111	3.30
8. PIERRE JOSEPH SAFI	9,000,000	2.41
9. MR HANS LUTTRINGER + MRS HELEN LUTTRINGER <KAMM FAMILY SUPER FUND A/C>	7,500,000	2.00
10. EANNE MAREA WHITE	6,500,000	1.74
11. YOLANDE ENID HEATH	6,250,000	1.67
12. JOHN EUGENE BLACKFORD	6,001,193	1.60
13. HALITH PTY LTD	5,117,533	1.37
14. MR HON TONG CHU	5,000,000	1.34
15. JENNIFER SCULLY	5,000,000	1.34
16. ROSS NORMAN STANDFAST + CARMEN FINEGAN <S&F SUPERANUATION FUND A/C>	5,000,000	1.34
17. TISIA NOMINEES PTY LTD <HENDERSON FAMILY A/C>	5,000,000	1.34
18. CARDRONA ENERGY PTY LIMITED	4,166,667	1.11
19. CARDRONA ENERGY PTY LTD	4,000,000	1.07
20. CARL JEFFERY CHATER	3,500,000	0.94
	288,912,006	77.22

2. The name of the company secretary is Min Zhang.
3. The address of the principal registered office in Australia is Unit 1, 2 Turbo Road, Kings Park, NSW 2148. Telephone (02) 9672 8777.
4. Registers of securities are held at the following addresses

Victoria Computershare Investor Services Pty Ltd
 Yarra Falls
 452, Johnston Street
 Abbotsford, VIC 3067
5. **Stock Exchange Listing**
Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Securities Exchange Limited.
6. **Unquoted Securities**
There are no unquoted securities.

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Bronson Group Limited Corporate Governance Statement FOR THE PERIOD ENDED 30 JUNE 2015

Board Composition

The skills, experience and expertise relevant to the position of each director, and board committee member, who is in office at the date of the annual report and their term of office are detailed in the Director's report.

The independent director of the Company is Roger Smith.

When determining the independent status of a Director the Board used the Guidelines detailed in the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations.

The Board sets out below its "if not why not" report in relation to those matters of corporate governance where the Company's practices depart from the recommendations contained in the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations – 3rd edition*.

Recommendation	Bronson Group Limited Current Practice
1.1 <i>A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.</i>	Complies. <i>The Board Charter is available at www.bronsonmarketing.com.au in the Corporate Governance Section.</i>
1.2 <i>A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</i>	Complies. <i>The Board Charter is available at www.bronsonmarketing.com.au in the Corporate Governance Section.</i>
1.3 <i>A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</i>	Complies. <i>The Board Charter is available at www.bronsonmarketing.com.au in the Corporate Governance Section.</i>
1.4 <i>The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.</i>	Complies. <i>The Corporate Governance Statement which is available at www.bronsonmarketing.com.au.</i>
1.5 <i>A listed entity should: (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either: (i) the respective proportions of men and women on the board, in senior executive positions and across</i>	Complies. <i>Refer to Annexure 7 of the Corporate Governance Statement which is available at www.bronsonmarketing.com.au. Also refer the Annual report for the relative proportions of women on the board, in senior executive positions and across the whole organisation.</i>

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	<i>the whole organisation (including how the entity has defined "senior executive" for these purposes); or(ii) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</i>	
1.6	<i>A listed entity should:(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</i>	Complies. Refer to Annexure 1 of the Corporate Governance Statement which is available at www.bronsonmarketing.com.au
1.7	<i>A listed entity should:(a) have and disclose a process for periodically evaluating the performance of its senior executives; and(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</i>	Complies. Refer to Annexure 1 of the Corporate Governance Statement which is available at www.bronsonmarketing.com.au The Company conducted its performance evaluation in accordance with its established process during the period
2.1	<i>The board of a listed entity should:(a) have a nomination committee which:(i) has at least three members, a majority of whom are independent directors; and(ii) is chaired by an independent director, and disclose:(iii) the charter of the committee;(iv) the members of the committee; and(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively..</i>	Does not Comply. The full Board considers those matters that would usually be the responsibility of a nomination committee, including board succession issues and ensuring appropriate balance of skills and experience on the board. Given the size of the Board and the Company's current operations, the Board considers that no efficiencies or other benefits would be gained by establishing a separate committee.
2.2	<i>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</i>	The Company lists the experience and skills of its board on page 4 of the Annual Report. Due to its size and the nature of its operations a board skills matrix is not prepared, rather the board assesses its requirements and mix of skills on an on-going basis
2.3	<i>A listed entity should disclose:(a) the names of the directors considered by the board to be independent directors;(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and(c) the length of service of each director.</i>	Complies. Refer to the "Information on Directors" Section as per the Annual report, page 4.
2.4	<i>A majority of the board of a listed entity should be independent directors.</i>	Does Not Comply. Refer to the Corporate Governance Statement which is available at www.bronsonmarketing.com.au .

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2.5	<i>The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.</i>	Does Not Comply. Refer to the Corporate Governance Statement which is available at www.bronsonmarketing.com.au
2.6	<i>A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.</i>	Complies. Refer to Annexure 1 of the Corporate Governance Statement which is available at www.bronsonmarketing.com.au
3.1	<i>A listed entity should:(a) have a code of conduct for its directors, senior executives and employees; and(b) disclose that code or a summary of it.</i>	Complies. Refer to Annexure 2 of the Corporate Governance Statement which is available at www.bronsonmarketing.com.au
4.1	<i>The board of a listed entity should:(a) have an audit committee which:(i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and(ii) is chaired by an independent director, who is not the chair of the board, and disclose:(iii) the charter of the committee;(iv) the relevant qualifications and experience of the members of the committee; and(v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</i>	Does not Comply. The full Board considers those matters that would usually be the responsibility of an audit committee. Given the size of the Board and the Company's current operations, the Board considers that no efficiencies or other benefits would be gained by establishing a separate committee. The full board, with the assistance of its external auditor, is responsible for the safe guarding the integrity of its financial reporting and the processes of appointment and removal of the external auditor.
4.2	<i>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</i>	Complies. Refer to the Annual Report.
4.3	<i>A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</i>	Complies. Refer to Annexure 1 of the Corporate Governance Statement which is available at www.bronsonmarketing.com.au
5.1	<i>A listed entity should:(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and(b) disclose that policy or a summary of it.</i>	Complies. Refer to the Corporate Governance Statement which is available at www.bronsonmarketing.com.au
6.1	<i>A listed entity should provide information about itself and its</i>	Complies.

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	<i>governance to investors via its website.</i>	<i>Refer to the Corporate Governance Statement which is available at www.bronsonmarketing.com.au</i>
6.2	<i>A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</i>	<i>Complies. Refer to the Corporate Governance Statement which is available at www.bronsonmarketing.com.au</i>
6.3	<i>A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</i>	<i>Complies. Refer to the Corporate Governance Statement which is available at www.bronsonmarketing.com.au</i>
6.4	<i>A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</i>	<i>Complies. Refer to Companies website www.bronsonmarketing.com.au</i>
7.1	<i>The board of a listed entity should:(a) have a committee or committees to oversee risk, each of which:(i) has at least three members, a majority of whom are independent directors; and(ii) is chaired by an independent director, and disclose:(iii) the charter of the committee;(iv) the members of the committee; and(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or(b) if it does not have risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</i>	<i>Does not Comply. The full Board considers those matters that would usually be the responsibility of an audit and risk committee. Given the size of the Board and the Company's current operations, the Board considers that no efficiencies or other benefits would be gained by establishing a separate committee.</i>
7.2	<i>The board or a committee of the board should:(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and(b) disclose, in relation to each reporting period, whether such a review has taken place.</i>	<i>Complies.</i>
7.3	<i>A listed entity should disclose:(a) if it has an internal audit function, how the function is structured and what role it performs; or(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</i>	<i>Does Not Comply No internal audit function exists The full Board considers those matters that would usually be the responsibility of an internal control function – due to the size of the Company, an internal audit function is not practical</i>
7.4	<i>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</i>	<i>Does Not Comply The Company is exposed to customary economic risks affecting a Company in its industry and the board seeks to manage these risks on an ongoing basis</i>
8.1	<i>The board of a listed entity should:</i>	<i>Does not Comply. The full Board considers those matters that</i>

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	<p>(a) have a remuneration committee which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have risk committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that remuneration is appropriate and not excessive.</p>	<p>would usually be the responsibility of a remuneration committee, including the setting and review of all executive remuneration</p> <p>Given the size of the Board and the Company's current operations, the Board considers that no efficiencies or other benefits would be gained by establishing a separate committee.</p>
8.2	<p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p>Complies.</p> <p>Also the structure of Directors' remuneration is disclosed in the remuneration report contained in the Directors Report.</p>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>Complies.</p> <p>Refer to Annexure 3 of the Corporate Governance Statement which is available at www.bronsonmarketing.com.au</p>
<p>Further information about the Company's corporate governance practices is set out on the Company's website at www.bronsonmarketing.com.au.</p>		