Appendix 4E
Preliminary Final Report

Name of entity

GAZAL CORPORATION LIMITED

ABN	Financial year ended
57 004 623 474	**30 June 2016**

Results for announcement to the market				$A'000
Sales revenue from continuing operations	Up	16.89%	to	**59,608**
Profit from continuing activities after tax attributable to members	Up	271.28%	to	**9,037**
Profit after tax from discontinuing operations				**34,074**
Net profit for the period attributable to members	Up	38.42%	to	**43,111**

Dividends per security	Amount per security	Franked amount per security
Current period – 2016		
Final dividend	7.0 ¢	7.0 ¢
Interim dividend	5.0 ¢	5.0 ¢
Previous corresponding period – 2015		
Final dividend	8.0 ¢	8.0 ¢
Interim dividend	6.0 ¢	6.0 ¢
Record date for determining entitlements to final dividend	16-Sep-16	

Refer to Page 23 for a brief explanation for any of the figures reported above.

Appendix 4E
Preliminary Final Report

Name of entity

GAZAL CORPORATION LIMITED

ABN	Financial year ended
57 004 623 474	**30 June 2016**

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Income Statement
For the Year Ended 30 June 2016

		Consolidated	
		Year ended	Year ended
		30 June 2016	30 June 2015
	Notes	$'000	$'000
Sales revenue	4	59,608	50,993
Cost of sales		(36,619)	(29,960)
Gross profit		22,989	21,033
Other revenues	4	7,557	3,256
Selling and marketing expenses		(6,874)	(7,528)
Distribution expenses		(9,600)	(8,510)
Administration expenses		(8,019)	(3,691)
Finance costs		(697)	(1,997)
Share of profit of joint venture	6	5,231	785
Profit before income tax from continuing operations		**10,587**	**3,348**
Income tax expense	5	(1,550)	(914)
Profit after tax from continuing operations		**9,037**	**2,434**
Discontinued operations			
Profit after tax from discontinuing operations	2	34,074	28,711
Net profit for the period		**43,111**	**31,145**
Profit for the period is attributable to: Owners of the parent		**43,111**	**31,145**
Earnings per share (cents per share)			
Basic for profit for the year	7	74.6	53.9
Basic for profit from continuing operations	7	15.6	4.2
Diluted for profit for the year	7	74.2	53.9
Diluted for profit from continuing operations	7	15.6	4.2

The Income Statement should be read in conjunction with the accompanying notes, which form an integral part of the preliminary final report.

Statement of Comprehensive Income
For the Year Ended 30 June 2016

		Consolidated	
		Year ended	Year ended
		30 June 2016	30 June 2015
	Notes	$'000	$'000
Profit after tax for the period		**43,111**	**31,145**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges:			
(Loss) / gain taken to equity		(1,332)	1,762
Transferred to income statement		(1,762)	1,898
Income tax on items of other comprehensive income		928	(1,098)
Other comprehensive income from joint venture	6	(655)	101
Exchange differences on translation of foreign operations		177	-
Items that will not be reclassified subsequently to profit or loss			
Fair value revaluation of land and buildings		6,017	2,973
Income tax on items of other comprehensive income		(1,805)	(892)
Other comprehensive income for the period, net of tax		**1,568**	**4,744**
Total comprehensive income for the period		**44,679**	**35,889**
Total comprehensive income for the period is attributable to: Owners of the parent		**44,679**	**35,889**

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes, which form an integral part of the preliminary final report.

Statement of Financial Position
As at 30 June 2016

	Notes	Consolidated As at 30 June 2016 $'000	Consolidated As at 30 June 2015 $'000
Current assets			
Cash and cash equivalents	11	12,540	19,348
Trade and other receivables		8,957	9,319
Inventories		15,228	15,750
Derivative financial instruments		-	2,422
Other current assets		8,665	6,439
		45,390	53,278
Assets of disposal group classified as held for sale	2	-	51,440
Total current assets		45,390	104,718
Non-current assets			
Property, plant and equipment		49,654	43,430
Intangible assets		4,719	5,559
Investment in joint venture	6	57,353	52,777
Total non-current assets		111,726	101,766
Total assets		**157,116**	**206,484**
Current liabilities			
Trade and other payables		10,890	10,561
Derivative financial instruments		1,326	-
Interest-bearing loans and borrowings		950	25,894
Income tax payable		13,880	1,871
Provisions		2,790	2,654
		29,836	40,980
Liabilities directly associated with the assets classified as held for sale	2	-	28,130
Total current liabilities		**29,836**	**69,110**
Non-current liabilities			
Interest-bearing loans and borrowings		-	30,000
Provisions		229	608
Deferred tax liabilities		8,525	5,970
Total non-current liabilities		8,754	36,578
Total liabilities		**38,590**	**105,688**
Net assets		**118,526**	**100,796**
Equity			
Contributed equity		62,773	62,473
Reserves		27,463	26,975
Retained earnings		28,290	11,348
Total Equity		**118,526**	**100,796**

The Statement of Financial Position should be read in conjunction with the accompanying notes, which form an integral part of the preliminary final report.

Statement of Cash Flows
For the Year Ended 30 June 2016

	Notes	Consolidated	
		Year ended	Year ended
		30 June 2016	30 June 2015
		$'000	$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		126,998	295,639
Payments to suppliers and employees (inclusive of GST)		(119,494)	(288,849)
Interest received		224	(198)
Interest and other costs of finance paid		(697)	(1,997)
Income taxes paid on operating activities		(1,500)	(1,307)
Net cash flows from operating activities		**5,531**	**3,288**
Cash flows from investing activities			
Purchases of property, plant and equipment		(2,836)	(4,082)
Proceeds from sale of buildings, plant and equipment		138	86
Purchase of intangibles		(271)	(175)
Proceeds from sale of investment	2	74,000	10,484
Income taxes paid on investing activities		(941)	-
Investment in joint venture		-	(11,885)
Net cash flows from/(used) in investing activities		**70,090**	**(5,572)**
Cash flows from financing activities			
Proceeds from share issue		300	290
Proceeds from borrowings		-	35,000
Repayment of borrowings		(55,000)	(10,000)
Dividends paid		(27,785)	(9,822)
Net cash flows (used)/from in financing activities		**(82,485)**	**15,468**
Net (decrease)/ increase in cash and cash equivalents		(6,864)	13,184
Cash and cash equivalents at the beginning of the period		19,348	6,163
Net foreign exchange differences		56	1
Cash and cash equivalents at the end of the year	11	**12,540**	**19,348**

The Statement of Cash Flow should be read in conjunction with the accompanying notes, which form an integral part of the preliminary final report.

Statement of Changes in Equity
For the Year Ended 30 June 2016

	Consolidated							
	Attributable to shareholders of Gazal Corp Ltd							
	Issued Capital $'000	Asset Revaluation Reserve $'000	Other Reserves $'000	Employee Equity Benefit Reserve $'000	Cash Flow Hedge Reserve $'000	Reserves from joint venture $'000	Retained Earnings $'000	Total Equity $'000
At 1 July 2015	62,473	23,742	562	1,337	1,233	101	11,348	100,796
Profit for the period	-	-	-	-	-	-	43,111	43,111
Other comprehensive income	-	4,212	177	-	(2,166)	(655)	-	1,568
Total comprehensive income for the period	-	4,212	177	-	(2,166)	(655)	43,111	44,679
Transactions with owners in their capacity as owners:								
Cost of share-based payments	-	-	-	836	-	-	-	836
Share issue	300	-	-	(300)	-	-	-	-
Transfer	-	(343)	-	(1,273)	-	-	1,616	-
Dividends paid	-	-	-	-	-	-	(27,785)	(27,785)
At 30 June 2016	**62,773**	**27,611**	**739**	**600**	**(933)**	**(554)**	**28,290**	**118,526**
At 1 July 2014	62,183	21,661	562	1,213	(1,329)	-	(9,975)	74,315
Profit for the period	-	-	-	-	-	-	31,145	31,145
Other comprehensive income	-	2,081	-	-	2,562	101	-	4,744
Total comprehensive income for the period	-	2,081	-	-	2,562	101	31,145	35,889
Transactions with owners in their capacity as owners:								
Cost of share-based payments	-	-	-	414	-	-	-	414
Share issue	290	-	-	(290)	-	-	-	-
Dividends paid	-	-	-	-	-	-	(9,822)	(9,822)
At 30 June 2015	**62,473**	**23,742**	**562**	**1,337**	**1,233**	**101**	**11,348**	**100,796**

Notes to the Preliminary Final Report

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2015, except for the adoption of amending standards mandatory for annual periods beginning on or after 1 July 2015 and the early adoption of Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (AASB 2014-10). The adoptions of the mandatory amendments for annual periods beginning on or after 1 July 2015 have resulted in changes to accounting policies but did not have any impact of the financial position or performance of the Group. Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted for the annual reporting period ending 30 June 2016, however these are not expected to have a material impact on the Group results.

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

(a) a full gain or loss to be recognised when a transaction involves a business (whether it is housed in a subsidiary or not); and

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

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

No other Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted for the annual reporting period ending 30 June 2016.

2 Discontinued Operations

In July 2015, Gazal announced that it had signed an agreement to sell its Trade Secret off-price retail business to The TJX Companies, Inc. Based in Framingham, Massachusetts, USA, TJX is the leading off-price retailer of apparel and home fashions in the U.S. and worldwide. This transaction was successfully completed in October 2015 and the results of the Trade Secret operations are therefore disclosed as discontinued operations.

Discontinued operations for the year ended 30 June 2016 relates to the trading operations of Trade Secret until the sale to TJX (in October 2015), the recognition of profit on the sale of Trade Secret and residual transaction costs in relation to the sale of Midford School-wear operations.

Notes to the Preliminary Final Report (continued)

2 Discontinued Operations (continued)

Sales for the Trade Secret operations were slightly improved from the prior year up to the time of sale. Profitability to the same time was significantly improved due to a better stock management and the introduction of new categories. Last year's results include a full six months of operations including the Christmas trading period.

Total proceeds from the sale of Trade Secret were $83,077,000. After deducting the carrying amount of assets, deal costs and tax, the net profit after tax was $34,712,000.

The results of the discontinued operations are presented below:

	Year ended 30 June 2016			Year ended 30 June 2015			
	Midford	Trade Secret	**Total**	Heritage and Shapewear	Midford	Trade Secret	**Total**
	$'000	$'000	**$'000**	$'000	$'000	$'000	**$'000**
Trading							
Sales revenue	-	51,853	**51,853**	30,571	18,080	164,825	**213,476**
Other revenue	-	157	157	30	60	-	**90**
Cost of sales	-	(31,393)	**(31,393)**	(14,894)	(9,113)	(101,194)	**(125,201)**
Depreciation and amortisation	-	(953)	**(953)**	(268)	(125)	(3,521)	**(3,914)**
Employees benefit expenses	-	(8,191)	**(8,191)**	(4,076)	(4,024)	(23,928)	**(32,028)**
Other expenses	(219)	(12,082)	**(12,301)**	(8,196)	(4,639)	(34,551)	**(47,386)**
Profit/(loss) before tax from discontinued operations	(219)	(609)	**(828)**	3,167	239	1,631	**5,037**
Tax (expense)/benefit	69	121	**190**	(950)	(72)	(569)	**(1,591)**
(Loss)/ profit for the period from discontinued operations	(150)	(488)	**(638)**	2,217	167	1,062	**3,446**
Gain on sale of discontinued operations after tax	**-**	34,712	**34,712**	**21,179**	**4,086**	**-**	**25,265**
Total profit from discontinued operations	(150)	34,224	**34,074**	**23,396**	**4,253**	**1,062**	**28,711**

*Note: Midford represents expenses in the year ended 30 June 2016 subsequent to the disposal of the business in June 2015.

	30 June 2016 cents	30 June 2015 cents
Earnings per share - cents per share:		
- Basic from discontinuing operations	59.0	49.7
- Diluted from discontinued operations	58.7	49.7

Notes to the Preliminary Final Report (continued)

2 Discontinued Operations (continued)

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

	Year ended 30 June 2016		Year ended 30 June 2015		
	Trade Secrets	Total	Heritage and Shapewear	Midford	Total
	$'000	$'000	$'000	$'000	$'000
Gross sale proceeds	80,000	**80,000**	33,574	10,710	**44,284**
Working capital adjustment	3,077	**3,077**	477	(226)	**251**
Total gross sale proceeds	**83,077**	**83,077**	**34,051**	**10,484**	**44,535**
Amounts reinvested in the joint venture	-	-	(34,051)	-	(34,051)
Proceeds recognised in cash flow statement	74,000	**74,000**	-	10,484	**10,484**
Amount held in escrow	5,847	**5,847**	-	-	-
Carrying amount of net assets sold	(30,340)	**(30,340)**	(12,272)	(5,349)	**(17,621)**
Gain on sale before transaction costs	52,737	**52,737**	21,779	5,135	**26,914**
Transaction costs	(3,707)	**(3,707)**	(600)	(107)	**(707)**
Net gain on sale of discontinued operations before income tax	49,030	**49,030**	21,179	5,028	**26,207**
Tax expense	(14,318)	**(14,318)**	-	(942)	**(942)**
Net gain on sale of discontinued operations after income tax	**34,712**	**34,712**	**21,179**	**4,086**	**25,265**

Group has early adopted the amendments to AASB2014-10 in the previous period. These amendments have been considered when accounting for the sale of the Heritage and Shapewear businesses to PVH Brands Australia Pty Limited, the jointly controlled entity in the previous period.

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

Effect of disposal on the financial position of the Group

	Year ended 30 June 2016		Year ended 30 June 2015		
	Trade Secrets	Total	Heritage and Shapewear	Midford	Total
	$'000	$'000	$'000	$'000	$'000
Plant and equipment	12,478	**12,478**	1,321	360	**1,681**
Intangible	1,930	**1,930**	5,515	115	**5,630**
Inventories	32,698	**32,698**	6,094	5,248	**11,342**
Other assets	170	**170**	3	9	**12**
Payables	(19,224)	**(19,224)**	-	-	-
Employee benefits	(789)	**(789)**	(661)	(157)	**(818)**
Working capital adjustment	3,077	**3,077**	-	(226)	**(226)**
Net Assets	**30,340**	**30,340**	**12,272**	**5,349**	**17,621**

Notes to the Preliminary Final Report (continued)

2 Discontinued Operations (continued)

The major classes of assets and liabilities classified as part of the discontinued operations as at 30 June 2016 are disclosed in the Statement of Financial Position:

	Year ended 30 June 2016	Year ended 30 June 2015
	Total	Trade Secret
	$'000	$'000
Assets		
Inventory	-	33,066
Fixed assets	-	12,513
Intangibles	-	1,930
Other receivables	-	3,931
Assets classified as held for sale	-	51,440
Liabilities		
Trade and other payables	-	26,519
Provisions	-	1,611
Liabilities classified as held for sale	-	28,130
Net assets attributibale to discontinued operations	-	23,310

Net cash flows of the discontinued operations are as follows:

	Year ended 30 June 2016		Year ended 30 June 2015	
	Trade Secret	**Total**	Trade Secret	**Total**
	$'000	**$'000**	$'000	**$'000**
Operating activities	344	**344**	5,152	**5,152**
Investing activities	(1,143)	**(1,143)**	(2,519)	**(2,519)**
Net cash inflow/(outflow)	**(799)**	**(799)**	**2,633**	**2,633**

Notes to the Preliminary Final Report (continued)

3 Segment Information – Operating Segments

Identification of reportable segments

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

Types of markets and customer groups

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

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

Accounting policies and inter-segment transactions

The accounting polices used by the Group in reporting segments internally are the same as those contained in note 2 to the Annual Report at 30 June 2015. The key elements of the policy are described below.

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

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

Income tax expense
Income tax expense is calculated based on the segment operating net profit using a notional charge of 30% (2015: 30%). No effect is given for taxable or deductible temporary differences.

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

Notes to the Preliminary Final Report (continued)

3 Segment Information – Operating Segments (continued)

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

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

	Wholesale	Direct to Consumer	Unallocated Items	Total
	$'000	$'000	$'000	$'000
Year ended 30 June 2016				
Revenue				
Sales to external customers	59,608	-	-	59,608
Other revenues from external customers	47	-	-	47
Segment Revenue	**59,655**	-	-	**59,655**
Segment net operating profit before tax	**4,153**	-	-	**4,153**
includes the following:				
- Interest revenue	-	-	224	224
- Interest expense	-	-	(697)	(697)
- Depreciation and amortisation	(80)	-	(2,568)	(2,648)
- Discontinued operations before income tax	(219)	(609)	-	(828)
Segment assets	**28,766**	-	-	**28,766**
Capital expenditure	21	-	2,815	2,836
Segment liabilities	**12,020**	-	-	**12,020**

Notes to the Preliminary Final Report (continued)

3 Segment Information - Operating Segments (continued)

	Wholesale	Direct to Consumer	Unallocated Items	Total
	$'000	$'000	$'000	$'000
Year ended 30 June 2015				
Revenue				
Sales to external customers	50,993	-	-	50,993
Other revenue	144	-	-	144
Segment revenue	**51,137**	-	-	**51,137**
Segment net profit before tax	**3,362**	-	-	**3,362**
includes the following:				
- Interest revenue	-	-	92	92
- Interest expense	-	-	(1,997)	(1,997)
- Depreciation and amortisation	(86)	-	(2,200)	(2,286)
- Other non-cash expenses	-	-	(493)	(493)
- Discontinued operations before income tax	2,879	2,158	-	5,037
Segment assets	**31,924**	**674**	-	**32,598**
Capital expenditure	449	2,869	764	4,082
Segment liabilities	**10,798**	**1,415**	-	**12,213**

Major customers

The Group has a number of customers to which it provides products. The Group's major customer which is included in the Wholesale segment accounted for 8.85% of external revenue (2015: 4.4%). The next most significant customer accounted for 6.1% (2015: 3.2%) of external revenue.

i) Segment revenue reconciliation to the income statement

	Consolidated	
	Year ended 30 June 2016	Year ended 30 June 2015
	$'000	$'000
Total segment revenue	59,655	51,137
Other revenues	7,510	3,112
Total revenue and other revenues per the income statement	**67,165**	**54,249**

Notes to the Preliminary Final Report (continued)

3 Segment Information - Operating Segments (continued)

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

	Year ended 30 June 2016 $'000	Year ended 30 June 2015 $'000
Segment net operating profit before tax	4,153	3,362
Interest revenue	224	92
Interest expense	(697)	(1,997)
Depreciation and amortisation	(2,568)	(2,200)
Other non-cash expenses	35	(493)
Share of profit/(loss) of joint venture	5,231	785
Over-allocation of corporate overhead to segments	4,209	3,799
Total net profit/(loss) before tax for continuing operations per the income statement	**10,587**	**3,348**

iii) Segment assets reconciliation to the statement of financial position

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

	Consolidated	
	As at 30 June 2016 $'000	As at 30 June 2015 $'000
Segment operating assets	28,766	32,598
Cash at bank	12,540	19,348
Corporate property, plant and equipment	49,302	41,550
Corporate IT software	1,428	4,149
Derivative assets	-	2,422
Investment in joint venture	57,353	52,777
Other related party receivable	1,699	1,872
Other receivable	6,028	328
Assets of disposal group classified as held for sale	-	51,440
Total assets per statement of financial position	**157,116**	**206,484**

Notes to the Preliminary Final Report (continued)

3 Segment Information - Operating Segments (continued)

iv) Segment liabilities reconciliation to the statement of financial position

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

	Consolidated	
	As at 30 June 2016 $'000	As at 30 June 2015 $'000
Segment operating liabilities	12,020	12,213
Borrowings	950	55,894
Income tax payable	13,880	1,871
Provisions	1,889	1,610
Derivative financial instruments	1,326	-
Deferred tax liabilities	8,525	5,970
Liabilities directly associated with assets classified as held for sale	-	28,130
Total liabilities per statement of financial position	**38,590**	**105,688**

Notes to the Preliminary Final Report (continued)

4 Revenue and Expenses from Continuing Operations

Profit before income tax includes the following revenues and expenses for which disclosure is relevant in explaining the performance of the entity:

	Consolidated	
	Year ended **30 June 2016** $'000	Year ended 30 June 2015 $'000
Revenue and Expense		
(i) Revenue		
Sales revenue	59,608	50,993
Other revenue		
Interest revenue	224	92
Royalty revenue	-	55
Fees from joint venture	5,963	2,781
Other	1,370	328
Total other revenue	7,557	3,256
Total revenue	**67,165**	**54,249**
(ii) Expenses and losses		
Depreciation, amortisation and impairment		
Depreciation of buildings	516	473
Depreciation of plant and equipment	1,023	943
Depreciation of leasehold improvements	7	5
Amortisation of software	1,102	865
	2,648	2,286
Employee benefit expense		
Wages and salaries	11,744	12,047
Defined contribution superannuation expense	1,157	1,088
Employee entitlements	1,278	1,342
Share-based payments	600	404
	14,779	14,881
Borrowing costs - Interest expenses	697	1,997
Bad & doubtful debts	72	2
Operating lease rentals	314	598
Write-back/(release) of inventories obsolescence	587	(106)
Foreign exchange (gain)	(176)	(325)
Net loss on disposal of non-current assets	-	39

Notes to the Preliminary Final Report (continued)

5 Income Tax

The major components of income tax expenses for the year ended 30 June 2016 and 30 June 2015 are:

	Consolidated	
	Year ended	Year ended
	30 June 2016	30 June 2015
	$'000	$'000
Income Statement		
Current income tax		
Current income tax (benefit)/charge attributable to continuing operations	2,322	788
Adjustments in respect of current income tax of previous years	(143)	108
Deferred income tax		
Relating to origination and reversal of temporary differences	(629)	18
Income tax expense/(benefit) reported in the income statement	1,550	914
(b) Amounts charged or credited directly to equity		
Deferred income tax related to items charged or credited directly to equity		
Net (loss)/gain on cash flow hedges	(928)	1,098
Net gain on revaluation of buildings	(1,805)	(892)
Net loss on share based payments	236	-
Income tax expense/(benefit) reported in equity	(2,497)	206

(c) Numerical reconciliation between aggregate Tax expense recognised in the income statement and tax expense calculated per the statutory income tax rate

A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:

Accounting profit before tax from continuing operations	10,587	3,348
Profit before tax from discontinued operations and net gain on sale of discontinued operations	48,202	31,244
Accounting profit before income tax	58,789	34,592
At statutory income tax rate of 30% (2015: 30%)	17,637	10,378
Entertainment expenses	23	39
Effect of higher rates of tax on overseas income	14	(23)
Share of profit /(loss) of joint venture	(1,569)	(236)
Utilisation of previously unrecognised capital losses	-	(6,748)
Other items	(284)	(71)
Amounts under/ (over) provided in prior years	(143)	108
Total income tax attributable to operating profit	**15,678**	**3,447**
Income tax reported in the consolidated income statement	1,550	914
Income tax attributable to discontinued operations and gain on sale of discontinued operations	14,128	2,533
	15,678	**3,447**

Notes to the Preliminary Final Report (continued)

6 Investment in Joint Venture

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

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

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

	As at 30 June 2016	As at 30 June 2015
	$'000	$'000
Current assets	63,399	56,000
Non-current assets	84,529	82,625
Current liabilities	26,307	23,104
Non-current liabilities	3,231	6,006
Equity	118,390	109,515
Portion of Group's ownership 50%	59,195	54,758
Carrying amount of investment:		
Opening	52,777	6,433
Investment	-	45,458
Share of profit	5,081	904
Release of unrealised profit	150	(119)
Other comprehensive income	(655)	101
Closing	57,353	52,777

Notes to the Preliminary Final Report (continued)

6 Investment in Joint Venture (continued)

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

	Year ended 30 June 2016	Year ended 30 June 2015
	$'000	$'000
Sales revenue	180,657	83,669
Cost of sales	(75,401)	(31,885)
Gross profit	105,256	51,784
Other revenues	282	319
Selling and marketing expenses	(69,504)	(37,325)
Distribution expenses	(9,300)	(4,694)
Administration expenses	(8,253)	(5,658)
Depreciation and amortisation expenses	(4,170)	(1,221)
Finance costs	(276)	(15)
Profit before income tax	**14,035**	**3,190**
Income tax expense	(3,873)	(1,381)
Profit for the year	**10,162**	**1,809**
Group's share of profit for the year	**5,081**	904
Release of unrealised profit	150	(119)
Share of profit from joint venture in the income statement	**5,231**	**785**
Group's share of other comprensive income	(655)	101
Group's share of total comprensive income	**4,576**	**886**

The Group has an agreement with PVH Brands Australia Pty Limited that the profits of the joint venture will not be distributed until it obtains the consent from the two venture partners. The joint venture had no contingent liabilities or capital commitments as at 30 June 2016 or 30 June 2015.

Notes to the Preliminary Final Report (continued)

7 Earnings Per Share

The calculation of basic earnings per share is based on the profit after taxation and attributable to the members of the parent entity, and the weighted average number of shares on issue during the period.

The calculation of diluted earnings per share is based on the profit after taxation and attributable to the members of the parent entity, and the weighted average number of shares on issue during the period, adjusted to assume the full issue of shares under employee remuneration schemes, to the extent that they are dilutive.

	Consolidated	
	Year ended	Year ended
	30 June 2016	30 June 2015
	$'000	$'000
Net Profit attributable to ordinary equity holders of the parent from continuing operations	9,037	2,434
Profit attributable to ordinary equity holders of the parent from discontinued operations	34,074	28,711
Earnings used in calculating basic and diluted earnings per share	**43,111**	**31,145**

	Number of Shares	Number of Shares
Weighted average number of ordinary shares used in calculating basic earnings per share	**57,793,690**	**57,769,289**
Effects of dilution from performance rights	272,727	-
Weighted average number of ordinary shares adjusted for the effect of dilution	**58,066,417**	**57,769,289**

There are no share options outstanding at 30 June 2016 or 30 June 2015.

The Group did not buy back shares during the reporting period (2015: $nil).

Notes to the Preliminary Final Report (continued)

8 Dividends

	Amount per share	Total amount $'000	Franked amount per share	Date of payment
2016				
2015 final - ordinary	**8 cents**	**4,631**	**8 cents**	**2 October 2015**
2016 interim - ordinary	**5 cents**	**2,894**	**5 cents**	**4 April 2016**
2016 Special	**35 cents**	**20,260**	**35 cents**	**18 December 2015**
Total amount	**48 cents**	**27,785**	**48 cents**	
2015				
2014 final - ordinary	11 cents	6,356	11 cents	2 October 2014
2015 interim - ordinary	6 cents	3,466	6 cents	2 April 2015
Total amount	17 cents	9,822	17 cents	

Subsequent events

Since the end of the financial year, the Directors resolved to pay the following dividend:

2016 final - ordinary	7 cents	4,071	7 cents	4 October 2016

The financial effect of the final dividend for June 2016 has not been brought to account in the financial statements for the year ended 30 June 2016 and will be recognised in subsequent financial reports.

Dividend Reinvestment Plan

The company's dividend reinvestment plan will not apply to the final dividend.

Dividend franking account

The balance of the franking account of Gazal Corporation Limited as at 30 June 2016 is $1,880,432 (2015: $11,347,000) after adjusting for franking credits/(debits) that will arise from:

- the payment/refund of the amount of the current tax liability; and
- before taking into account the franking credits associated with payment of the final and special dividend declared subsequent to year end.

9 Net tangible assets

	Consolidated	
	Year ended **30 June 2016**	Year ended 30 June 2015
Net tangible asset backing per ordinary share	1.97	1.65

Notes to the Preliminary Final Report (continued)

10 Contingent Liabilities

The parent entity has given guarantees in relation to a controlled entity's commercial premises and residual Trade Secret stores.

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

There are no other contingent liabilities at 30 June 2016 (30 June 2015: nil).

11 Cash and Cash equivalents

Reconciliation of cash
For the purpose of the statement of cash flows, cash includes cash on hand and in banks and short term deposits at call, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	Consolidated	
	As at 30 June 2016	As at 30 June 2015
	$'000	$'000
Cash at bank and on hand	12,540	19,348
	12,540	**19,348**

12 Events after Balance Date

On 31 August 2016 the directors resolved to pay a final dividend of 7 cents per share fully franked based on the FY16 continuing operations. The record date for determining the shareholders' entitlement to the final dividend is 16 September 2016 and the final dividend is payable on 4 October 2016.

As previously announced, the Directors currently intend to pay a second special dividend of 30 to 35 cents per share fully franked (in addition to the first special dividend of 35 cents which was paid in December 2015) following from the sale of Trade Secret to The TJX Companies, Inc. To that end, the Company has requested from its bankers Westpac a temporary increase in the Company's loan facility to enable it to better manage cash flows anticipated in the second and third quarters of FY17. Following Westpac's review of the completed FY16 financial statements (expected mid September) the Company will update shareholders on the second special dividend.

There are no other matters or circumstances that have arisen since 30 June 2016 that have significantly affected or may significantly affect the operations of the economic entity, the results of those operations or the state of affairs of the economic entity in subsequent financial years.

Commentary on Results

Gazal Corporation Limited today posted a 38.4% rise in Profit After Tax from $31.1 million last year to $43.1 million for the 12 months ended 30th June 2016. The after-tax profit includes profit from continuing operations, as well as the profit resulting from the sale of businesses during the period. Profit After Tax for continuing operations have increased from $2.4 million last year to $9.0 million for the 12 months ended 30 June 2016.

In line with the group's forward strategy, the existing joint venture ("JV") with PVH was significantly expanded in February 2015 through the acquisition of the Tommy Hilfiger business in Australia from PVH Corp. and the acquisition of the Van Heusen, Nancy Ganz and other shirting, tailored and shapewear businesses (collectively known as "Heritage Brands") from Gazal. In FY16, these businesses have operated for a full 12 months.

Continuing operations

By way of background, as previously announced:

- the PVH joint venture (the "JV") was formed and commenced trading with the Calvin Klein brand in February 2014.
- the JV was expanded in February 2015 through the acquisition of the Tommy Hilfiger Australian operations and the sale by Gazal to the JV of Van Heusen, Nancy Ganz and other shirting, tailored and shapewear businesses (collectively "Heritage Brands").
- the sale of the Midford Schoolwear business was completed in June 2015.
- the sale of the Trade Secret off-price retail business was completed in October 2015.

Accordingly, the continuing operations of the group and the number of months contribution to the FY16 and FY15 results are described in the following table :

Continuing Operations	**FY16**	**FY15**
PVH joint venture		
Calvin Klein	12 months	12 months
Tommy Hilfiger	12 months	5 months
Heritage Brands	12 months	5 months
Bisley Workwear	12 months	12 months

Wholesale Group - Bisley Workwear

In FY16, workwear net revenue improved by 16.9% to $59.6 million as a result of the successful introduction of new products, a superior 'in-stock' position of replenishable lines compared to its competitors and winning new tenders. The higher revenue and good control of overheads led to a much improved profit position.

Commentary on Results (continued)

PVH Brands Australia Joint Venture ("JV")

In FY16, the JV completed the integration of the Heritage Brands and Tommy Hilfiger operations into the overall Gazal shared services and logistics platform. The continued strength of the Calvin Klein underwear business as well as the development of new product categories across both Calvin Klein and Tommy Hilfiger with our key trading partners Myer and David Jones, and the ongoing development and improved trading results from our retail channel all contributed to the JV generating an increase in Profit After Tax from $1.8m last year to $10.2 million. Gazal's share of profits from the JV is recorded using the equity method of accounting.

Sale of Trade Secret

In October 2015, Gazal completed the sale of its Trade Secret off-price retail business to The TJX Companies, Inc. Based in Framingham, Massachusetts, USA, TJX is the leading off-price retailer of apparel and home fashions in the U.S. and worldwide.

Gross proceeds from the sale of shares of the Trade Secret entity were $83.1 million on a cash and debt free basis, resulting in an accounting profit on sale of $34.7 million. At 30 June, the Trade Secret division has been disclosed as a discontinuing operation.

Banksmeadow Property

In June 2016, CBRE were commissioned to undertake an independent valuation of the Banksmeadow warehouse and office property. The valuation increased to $45.7 million, up from $40.2 million book value last year. The directors have adopted the new valuation in the balance sheet as at 30 June 2016.

Final Dividend and Proposed Distribution to Shareholders

On 31 August 2016 the directors resolved to pay a final dividend of 7 cents per share fully franked based on the FY16 continuing operations. The record date for determining the shareholders' entitlement to the final dividend is 16 September 2016 and the final dividend is payable on 4 October 2016.

As previously announced, the Directors currently intend to pay a second special dividend of 30 to 35 cents per share fully franked (in addition to the first special dividend of 35 cents which was paid in December 2015) following from the sale of Trade Secret to The TJX Companies, Inc. To that end, the Company has requested from its bankers Westpac a temporary increase in the Company's loan facility to enable it to better manage cash flows anticipated in the second and third quarters of FY17. Following Westpac's review of the completed FY16 financial statements (expected mid September) the Company will update shareholders on the second special dividend.

Commentary on Results (continued)

Outlook

In FY17, the results of the Gazal Group will reflect the continuing wholesale operations comprising of work-wear and corporate uniforms, the share of the JV profit and revenue from providing corporate services and logistics support.

The JV and wholesale operations have started well in FY17. For the wholesale operations, results for the month of July were in line with plan. For the JV, results for July were ahead of plan driven by the sales from retail stores.

At this stage, the Directors believe it is too early to give shareholders any guidance on the half or full year earnings. However, it is expected that a trading update will be provided at the AGM in November 2016.

COMPLIANCE STATEMENT

7.1 The financial report is in the process of being audited.

7.2 The company has a formally constituted audit committee.

ANNUAL GENERAL MEETING

The annual meeting will be held as follows:

Place	3-7 McPherson Street, Banksmeadow NSW
Date	17 November 2016
Time	11:30am
Approximate date the annual report will be available	19 October 2016

P.J. Wood.

Signed: ………………………………………. **Date:** 31 August 2016

Company Secretary