Sunbridge Group Limited and controlled entities
ABN 40 163 886 020

Sunbridge Group Limited

Appendix 4E
Preliminary Final Report
For the year ended 31 December 2015

Appendix 4E

Commentary on Full Year Results

The Directors of Sunbridge Group Limited ('Sunbridge' or "the Company") and its controlled entities ('the Group') hereby present the Company's Appendix 4E – Preliminary Final Report for the financial year ended 31 December 2015.

Through this report, the Board seeks to provide an update to its Shareholders and the market on the results achieved for the 2015 financial year (ended 31 December 2015). It should be noted that the Group's financial year runs from January to December each year.

The Sunbridge Group realised an after tax profit of $3.6 million for the 2015 financial year which represents a decrease of 56.9% from the previous year. As a result of the depreciation of Australian dollars $(AUD), the Company showed a foreign exchange gain on translation of foreign operation of $3 million. The Company's cash and cash equivalents reserves remain strong at $30.5 million.

Corporate Results Summary

For the 2015 financial year, the Sunbridge Group, through its wholly owned China based subsidiaries, realised:

- Group revenue for the year (excluding interest received) was down by 15.1% to $ 71.5 million compared to 2014 revenue of $ 84.2 million;
- Sunbridge's direct stores generated total revenues of $18.25 million, a significant increase from 2014's revenues of $6.75 million through a full year operation. In the prior year, majority of direct stores were acquired in August 2014, hence prior year results does not represents the direct stores operation for a full 12 month. The number of direct stores as at year end is 56.
- Group NPBT of $5.5 million, represents a decrease of 53% comparing to the prior year NPBT of $11.7 million.
- 2015 NPAT of $3.6 million; a decrease of 56.9% comparing to the prior year Group NPAT of $8.4 million.
- Expenses include assistance provided to the franchisees in renovating and upgrading stores amounting to $2.7 million.
- Foreign exchange translation gain impacting on total comprehensive income of $3 million.
- Continuing **strong cash reserves of $AUD30.5 million**;

As one of China's leading brands in menswear, Sunbridge continues to maintain its market share despite strong competitive pressures. Although Sunbridge's sales revenues decreased by 15.1% over the prior year, the gross margin holding is steady at 35%.

Commentary on Full Year 2015 Results (continued)

About Sunbridge Group Limited

Sunbridge Group Limited (ASX: SBB) ("Company") is a leading retailer of menswear in the People's Republic of China (PRC). The Group owns and operates the "PANDIST" and AGUESEADAN" brands of menswear, which are targeted at different age group segments of well-groomed upper middle class gentleman. The Group's menswear products range from formal and business wear to casual and sporting apparel, and are currently sold in over 382 retail outlets across the PRC. As an integrated fashion enterprise, the Group is responsible for the design, sourcing and selling of their products.

Founded in 1996, the Business has grown rapidly in recent years. The Group's products are sold across an extensive distribution network, covering 28 provinces, autonomous regions and municipalities in the PRC and Hong Kong.

The Group designs all of its clothing through its in-house design team but it outsources all of its production to Original equipment manufacturer (OEM) contractors which are located in Guangdong and Zhejiang provinces which are well known apparel production hubs in the PRC. The Group believes that its outsourcing of production to third parties enables it to focus its valuable resources on key design, procurement, warehousing and distribution functions giving the Group a competitive edge. Quality is one of the Group's top priorities, and the Group works closely with its OEM contractors to ensure that all of its apparel and accessories meet the high quality standards demanded by its target market.

Sunbridge Group Limited and controlled entities
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APPENDIX 4E
PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015

The following information is given to ASX under listing rule 4.3A.

1. Reporting period

Current Period	12 months ended 31 December 2015
Prior Period	12 months ended 31 December 2014

2. Results for announcement to the market

Consolidated Group	Item	2015 $	Up / Down	% Movement
Revenue – excluding interest received	2.1	71,480,033	Down	15.1%
Profit after tax attributable to members	2.2	3,615,369	Down	56.9%
Net Profit attributable to members	2.3	3,615,369	Down	56.9%
Dividend	2.4			

	Amount per security	Amount Franked	Amount Unfranked
Final dividend per share	Nil	Nil	Nil

Explanatory information **2.5** For further information refer ***Commentary on Results*** which accompanies this announcement.

Overview

The principal activity of Sunbridge Group Limited and controlled entities ('Consolidated Group' or 'Group') during the financial year was the sale and distribution of menswear.

The Group operates in two business segments, wholesale of clothing apparel to franchised distributors and retail sales of clothing apparel by company owned stores. The Group currently operates in one geographical segment, being the People's Republic of China; refer to Note 24 for further details.

There were no other significant changes in the nature of the consolidated Group's principal activities during the financial year.

This financial report includes the consolidated financial statements and notes to the financial statements of the Consolidated Group. Sunbridge Group Limited was incorporated on 22 May 2013 and listed on the Australian Securities Exchange ("ASX") on 27 November 2013. The Company is incorporated and domiciled in Australia.

Overview of results

For the year ended 31 December 2015, sales revenue has decreased by $12,762,027 (down 15.1% compared to 2014), The net profit after tax has decreased by $4.7 million due to the decrease of the revenue.

Financial Position

The net assets of the consolidated group have increased by $6,664,370 from $55,420,597 at 31 December 2014 to $62,084,967 as at 31 December 2015. This increase has largely resulted from the following factors:

- $3,615,369 profits after tax attributable to members;
- $3,013,273 increase of inventory;
- $2,891,300 decrease of short-term borrowings; and

The consolidated Group's strong financial position has enabled the group to maintain a healthy working capital ratio. The group's working capital, being current assets less current liabilities, has increased from $43,134,528 in 2014 to $50,309,309 in 2015.

Significant Changes in the State of Affairs

There have been no significant changes in the state of affairs of the parent entity during the financial year or prior year.

3. Consolidated Statement of Profit or Loss and Other Comprehensive Income – see accompanying preliminary financial statements

4. Consolidated Statement of Financial Position – see accompanying preliminary financial statements

5. Consolidated Statement of Cash Flow – see accompanying preliminary financial statements

6. Dividends Paid or Recommended

The Directors have resolved not to pay an unfranked final dividend due to the decrease of NPAT.

7. Details of any Dividend or distribution reinvestment plans

Please see Point 2.4 above for recommended dividends. The Company does not have any distribution reinvestment plans.

8. Statement of movements in Retained Earnings – see accompanying statement of changes in equity

9. Net tangible assets per security

	31 December 2015	**31 December 2014**
Number of securities	471,738,000	471,738,000
Net tangible assets per security in cents	12.43	10.51

10. Changes in controlled entities

There have been no changes in controlled entities during the year.

11. Details of associates and joint venture entities

Not applicable.

12. Any other significant information needed by an investor to make an informed assessment of the entity's financial performance and financial position

Refer ***Commentary on Results*** which accompanies this announcement.

13. Foreign entities disclosures

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

14. Additional information

Earnings per Share on continuing operations	**31 December 2015**	**31 December 2014**
Basic earnings per share in cents	0.77	1.78
Diluted earnings per share in cents	0.77	1.78

After Balance Date Events

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated group, the results of those operations, or the state of affairs of the consolidated group in future financial years.

15. Compliance Statement

The financial statements are in the process of being audited and are not likely to be subject to dispute or qualification.

Signed in accordance with a resolution of the Board of Directors of Sunbridge Group Limited:

Wayne V Reid – Chairman

Dated this 29h February 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR YEAR ENDED 31 DECEMBER 2015

	Note	2015 $	2014 $
Revenue	2	71,480,033	84,242,060
Cost of goods sold		(46,756,114)	(55,661,471)
Gross profit		24,723,919	28,580,589
Other income	2	119,761	124,737
Operating expenses	3	(13,560,646)	(14,352,721)
Stock impairment expense		(303,492)	-
Administrative expenses	3	(5,447,005)	(2,190,548)
Finance costs	4	(36,631)	(469,160)
Profit/(loss) before income tax		5,495,906	11,692,897
Income tax expense	5	(1,880,537)	(3,306,514)
Profit For The Year		**3,615,369**	**8,386,383**
Other Comprehensive Income For The Year, Net of Tax			
Items that may be reclassified subsequently to profit or loss			
Exchange gain/(loss) differences arising on the translation of foreign operations		3,049,001	4,192,264
Total Comprehensive Income For The Year Attributable to Members		6,664,370	12,578,647
Profit attributable to members of the parent entity	8	**3,615,369**	**8,386,383**
Total comprehensive income attributable to members of the parent entity		6,664,370	12,578,647
Earnings per share (on profit attributable to ordinary equity holders)		**Cents**	**Cents**
Basic earnings per share (cents per share)	8	0.77	1.78
Diluted earnings per share (cents per share)	8	0.77	1.78

The accompanying notes form part of these financial statements.

Sunbridge Group Limited and controlled entities
ABN 40 163 886 020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note	2015 $	2014 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	30,530,267	29,320,103
Trade and other receivables	10	14,029,850	16,159,086
Security deposits to suppliers	11	2,239,413	2,185,085
Inventories	12	8,405,408	5,392,135
TOTAL CURRENT ASSETS		55,204,938	53,056,409
NON-CURRENT ASSETS			
Property, plant and equipment	14	8,341,028	6,439,403
Intangible assets	15	1,694,453	4,115,326
Deferred tax assets	16	1,740,177	1,731,340
TOTAL NON-CURRENT ASSETS		11,775,658	12,286,069
TOTAL ASSETS		66,980,596	65,342,478
CURRENT LIABILITIES			
Trade and other payables	17	4,733,246	5,940,314
Financial liabilities	18	-	2,891,300
Current tax liabilities	19	162,383	1,090,267
TOTAL CURRENT LIABILITIES		4,895,629	9,921,881
TOTAL LIABILITIES		4,895,629	9,921,881
NET ASSETS		**62,084,967**	**55,420,597**
EQUITY			
Issued capital	21	12,495,825	12,495,825
Foreign exchange translation reserve	22	10,199,084	7,150,083
Reserves	22	6,771,262	6,771,262
Retained earnings		32,618,796	29,003,427
TOTAL EQUITY		**62,084,967**	**55,420,597**

The accompanying notes form part of these financial statements.

Sunbridge Group Limited and controlled entities
ABN 40 163 886 020

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 31 DECEMBER 2015

	Share Capital Ordinary	Retained Earnings	Foreign Exchange Reserve	Reserves	Total
	$	$	$	$	$
Balance at 31 December 2013	12,495,825	20,900,088	2,957,819	6,771,262	43,124,994
Dividend paid for the year ended 31 December 2013	-	(283,044)	-	-	(283,044)
Profit for the year	-	8,386,383	-	-	8,386,383
Other comprehensive income	-	-	4,192,264	-	4,192,264
Balance at 31 December 2014	**12,495,825**	**29,003,427**	**7,150,083**	**6,771,262**	**55,420,597**
Profit for the year	-	3,615,369	-	-	3,615,369
Other comprehensive income	-	-	3,049,001	-	3,049,001
Balance at 31 December 2015	**1,2495,825**	**32,618,796**	**10,199,084**	**6,771,262**	**62,084,967**

The accompanying notes form part of these financial statements.

Sunbridge Group Limited and controlled entities
ABN 40 163 886 020

CONSOLIDATED STATEMENT OF CASH FLOW
FOR YEAR ENDED 31 DECEMBER 2015

	Note	2015 $	2014 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		74,455,707	88,702,292
Payments to suppliers and employees		(65,643,960)	(70,915,338)
Interest received		119,761	124,737
Finance costs		(36,631)	(469,161)
Income tax paid		(2,779,642)	(5,665,346)
Net cash provided by operating activities	26	6,115,235	11,777,184
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(2,353,221)	(1,819,685)
Purchase of intangible assets		-	(4,518,857)
Net cash provided by (used in) investing activities		(2,353,221)	(6,338,542)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds/(Repayment) of borrowings		(3,060,950)	(7,008,910)
Cash receipts (paid) from (to) related parties		(1,027,196)	375,000
Dividends paid		-	(282,509)
Net cash used in financing activities		(4,088,146)	(6,916,419)
Net increase in cash held		(326,131)	(1,477,777)
Cash at beginning of financial year	9	29,320,103	27,856,579
Effect of exchange rates on cash holdings in foreign currencies		1,536,295	2,941,301
Cash at end of financial year	**9**	**30,530,267**	**29,320,103**

The accompanying notes form part of these financial statements.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report includes the consolidated financial statements and notes of Sunbridge Group Limited and controlled entities ('Consolidated Group' or 'Group'), and the separate financial statements and notes of Sunbridge Group Limited as an individual parent entity ('Parent Entity' and 'Company'). Sunbridge Group Limited listed on the Australian Securities Exchange ("ASX") on 27 November 2013 and is a company incorporated and domiciled in Australia.

The principal activity of the Group is the sales and distribution of "Pandist" and "Agueseadan" menswear. Sunbridge Group Limited was incorporated on 22 May 2013.

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards ("IFRS"). Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

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

There are new accounting standards and IFRIC interpretations that have been published that are not mandatory for current reporting periods. The Group's assessment of the impact of these new standards and interpretations is that there would be no material impact on financial information.

a. Principles of Consolidation

The Group financial statements consolidate those of the parent company and all of its subsidiaries as of 31 December 2015. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 31 December.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b. **Income Tax**

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

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore 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 directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, 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, based on tax rates enacted or substantively enacted at reporting date. 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, 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 legally enforceable right of set-off exists, 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.

c. **Inventories**

Inventories are measured at the lower of cost and net realisable value. Net realisable value represents the estimated selling price for inventories less all estimated cost of completion and the costs necessary to make the sale.

d. **Property, Plant and Equipment**

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

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.

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

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

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis 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**
Land and buildings	2%
Office equipment	10%-20%
Direct Store equipment	33%
Motor vehicle	33%

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 income statement. When re-valued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

e. **Financial Instruments**

Recognition and Initial Measurement

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

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

De-recognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity is no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Classification and Subsequent Measurement

i. *Financial assets at fair value through profit or loss*

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

ii. *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

iii. *Financial Liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Fair value

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

Impairment

At each reporting date, the group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

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 income statement.

Impairment testing is performed annually for 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.

g. **Intangibles**

Franchising rights and software

Franchising rights and software have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight line method to allocate the cost of franchising rights and software over their estimated useful lives, which is based on life of lease for franchising rights and 2 years for software.

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 income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

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

Group companies

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

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

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

i. **Employee Benefits**

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

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 and deposits held at call with banks.

l. **Revenue and Other Income**

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) or value added tax (VAT).

m. **Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

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

Revenues, expenses and assets are recognised net of the amount of GST and VAT, except where the amount of GST or VAT incurred is not recoverable from the Tax Office. In these circumstances the GST and VAT 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 and VAT.

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

o. **Trade and other payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid according to term.

p. **Earnings per share**

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjust the figures used to determine basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

q. **Comparative Figures**

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

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 — 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.

s. **New and revised standards that are effective for these financial statements**

A number of new and revised standards became effective for the first time to annual periods beginning on or after 1 January 2015. Information on the more significant standard(s) is presented below.

AASB 2014-1 *Amendments to Australian Accounting Standards* (Part A: Annual Improvements 2010–2012 and 2011–2013 Cycles)

Part A of AASB 2014-1 makes amendments to various Australian Accounting Standards arising from the issuance by the IASB of International Financial Reporting Standards *Annual Improvements to IFRSs 2010–2012 Cycle* and *Annual Improvements to IFRSs 2011–2013 Cycle*.

Among other improvements, the amendments arising from *Annual Improvements to IFRSs 2010–2012 Cycle*:

- clarify that the definition of a 'related party' includes a management entity that provides key management personnel services to the reporting entity (either directly or through a group entity)

- amend AASB 8 *Operating Segments* to explicitly require the disclosure of judgements made by management in applying the aggregation criteria

Among other improvements, the amendments arising from *Annual Improvements to IFRSs 2011–2013 Cycle* clarify that an entity should assess whether an acquired property is an investment property under AASB 140 *Investment Property* and perform a separate assessment under AASB 3 *Business Combinations* to determine whether the acquisition of the investment property constitutes a business combination.

Part A of AASB 2014-1 is applicable to annual reporting periods beginning on or after 1 July 2014.

The adoption of these amendments has not had a material impact on the Group as they are largely of the nature of clarification of existing requirements.

t **Accounting Standards issued but not yet effective and not been adopted early by the Group**

Australian Accounting Standards and Interpretations that have been recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 31 December 2015. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, as set out below.

AASB 15 Revenue from Contracts with Customers (Application date: 1 January 2018)

The entity is yet to undertake a detailed assessment of the impact of AASB 15. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 31 December 2018.

The preliminary financial report was authorised for issue on 29th February 2016 by the board of directors.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 2: REVENUE

	2015	2014
Sales revenue	$	$
Sale of goods	71,480,033	84,242,060
Other income		
—Bank Interest received	119,761	124,737
	71,599,794	**84,366,797**

NOTE 3: OPERATING AND ADMINISTRATIVE EXPENSES

	2015	2014
	$	$
Depreciation & amortisation	1,835,713	911,109
Audit expense	125,000	135,000
Distributor support	2,692,406	6,272,419
Direct store expenses	5,912,197	2,026,447
Wholesale comission	795,531	1,266,266
Advertising expenses	2,238,721	2,252,082
Salary expenses	1,882,164	1,521,362
Exhibition expense	215,410	216,599
Transportation expense	453,764	496,075
Impairment for intangible assets	1,141,782	-
Other expenses	1,714,963	1,445,909
	19,007,651	**16,543,268**

NOTE 4: FINANCE COST

	2015	2014
Expenses	$	$
Finance costs:		
—Interest expense	31,346	463,127
—Bank charges	5,285	6,034
Total finance costs	**36,631**	**469,161**

NOTE 5: INCOME TAX EXPENSE

	2015 $	2014 $
a. The components of tax expense comprise:		
Current tax	1,786,643	4,830,826
Deferred tax	93,894	(1,524,312)
Current tax expense/(benefit)	**1,880,537**	**3,306,514**

The Australian assessable earning will be taxed at 30% (2015: 30%). The Chinese assessable earnings will be taxed at 25%.

NOTE 5: INCOME TAX EXPENSE (CONTINUED)

	2015 $	2014 $
b. The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:		
Prima facie tax payable on profit from ordinary activities before income tax at local tax rates		
—consolidated group	1,373,977	2,923,224
—parent entity		-
Add:		
Tax effect of other non-allowable items	390,040	1,863,809
Prior year tax difference adjusted based on PRC tax audit	22,625	43,793
Deferred tax assets reversed	842,869	-
Less:		
Tax effect of losses not brought into accounts as they do not meet the recognition criteria		-
Deferred tax assets taken up	(748,974)	(1,524,312)
Income tax attributable to entity	**1,880,537**	**3,306,514**
The applicable weighted average effective tax rates are as follows:	34%	28%

NOTE 6: AUDITORS' REMUNERATION

	2015 $	2014 $
Remuneration of the auditor of the parent entity for:		
- auditing or reviewing the financial report	125,000	135,000
- tax return	2,600	2,700
	127,600	**137,700**

NOTE 7: DIVIDENDS

The board has resolved not to pay any dividends for the year ended 31 December 2015 (2014: Nil) due to the decrease of NPAT for the year ended 31 December 2015 and the investment planning in 2016.

NOTE 8: EARNINGS PER SHARE

	2015	2014
a. Reconciliation of earnings to profit or loss	$	$
Profit used to calculate basic EPS and dilutive EPS	**3,615,369**	**8,386,383**
b. Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS and dilutive EPS	**471,738,000**	**471,738,000**

NOTE 9: CASH AND CASH EQUIVALENTS

	2015	2014
	$	$
Cash at bank and in hand	30,530,267	29,320,103
	30,530,267	**29,320,103**

NOTE 10: TRADE AND OTHER RECEIVABLES

	Note	2015	2014
CURRENT		$	$
Trade receivables	10a	13,983,196	16,128,613
Other receivables	10b	16,228	14,312
Goods & services tax receivable	10c	30,426	16,161
		14,029,850	**16,159,086**

a. Trade receivables past due but not impaired:

Current trade receivables are non-interest bearing and generally on 30 day terms. As of 31 December 2015, trade receivables of $8,101,109 (2014: $8,058,394) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	2015	2014
	$	$
30-90 days	8,101,109	8,058,394
90 days above	-	-
Total	**8,101,109**	**8,058,394**

The other balances within trade receivables are not past due and do not contained impaired assets. Based on the credit history of these receivables, it is expected that these amounts will be received when due.

NOTE 10: TRADE AND OTHER RECEIVABLES (CONTINUED)

b. Other receivables

Other receivables arise from transaction outside the usual operating activities of the Company and are unsecured, interest free and repayable on demand.

There are no balances that are past due and impaired. It is expected these balances will be received when demanded.

c. Goods & services tax receivable

Goods & services tax ("GST") receivable relates to the GST recoverable on Australian incurred.

NOTE 11: SECURITY DEPOSITS TO SUPPLIERS

CURRENT	2015 $	2014 $
Security deposits to suppliers	**2,239,413**	**2,185,085**

Other assets represent security deposits to suppliers for inventory purchases.

NOTE 12: INVENTORIES

CURRENT	2015 $	2014 $
Inventory recorded at cost	8,705,207	5,392,135
Provision for stock obsolescence	(299,799)	-
Net inventory	**8,405,408**	**5,392,135**

Inventories are valued at the lower of cost and net realisable value. Inventory includes various forms of clothing apparel items held for sale. Inventory has been determined to be valued at the lower of cost and net realisable value at balance date.

Inventory provision of $299,799 has been recognised during the current financial year (nil in 2014 financial year)

NOTE 13: CONTROLLED ENTITIES

a. Controlled Entities Consolidated	Country of Incorporation	Percentage Owned (%)[1]	
		2015 %	2014 %
Sunbridge Group Limited	Australia		
Subsidiaries of Sunbridge Group Limited:			
Mega Rich International Creation Limited[2]	Hong Kong	100	100
Bangdisidun (Fujian) Dress Development Co., Ltd	People's Republic of China	100	100
Hengjiasi Dress Development Co., Ltd	People's Republic of China	100	100

[1] Percentage of voting power is in proportion to ownership

[2] Mega Rich International Creation Limited is the intermediate parent entity of Bangdisidun (Fujian) Dress Development Co., Ltd and Hengjiasi Dress Development Co., Ltd.

b. Cross guarantee

There is no deed of cross guarantee as at 31 December 2015 or 31 December 2014.

c. Non-controlling interest

No subsidiaries have a non-controlling interest.

NOTES TO THE FINANCIAL STATEMEMNTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 14: PROPERTY, PLANT AND EQUIPMENT

Movements in Carrying Amounts

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

	Office Equipment $	Land and Buildings $	Construction in Progress $	Direct Store Equipment $	Motor Vehicle $	Consolidated $
31 December 2015						
Cost						
At 1 January 2015	**35,271**	**3,166,836**	**2,034,186**	1,529,876	110,348	6,876,517
Additions	174,678	62,828	1,991,769	123,946	-	2,353,221
Disposals	-	-	-	-	-	-
Transferred from CIP	-	4,171,837	(4,171,837)	-	-	-
Exchange differences	(57)	134,296	145,882	88,260	6,475	374,856
At 31 December 2015	**209,892**	**7,535,797**	**-**	**1,742,082**	**116,823**	**9,604,594**
Accumulated Depreciation						
At 1 January 2015	31,949	285,015	-	120,150	-	437,114
Depreciation for the period	26,589	217,809	-	528,184	37,449	810,031
Depreciation on disposal	-	-	-	-	-	-
Exchange differences	1,551	14,075	-	1,251	(456)	16,421
At 31 December 2015	**60,089**	**516,899**	**-**	**649,585**	**36,993**	**1,263,566**

NOTES TO THE FINANCIAL STATEMEMNTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 14: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Net book value						
At 31 December 2015	**149,803**	**7,018,898**	**-**	**1,092,497**	**79,830**	**8,341,028**
At 31 December 2014	**3,322**	**2,881,821**	**2,034,186**	**1,409,726**	**110,348**	**6,439,403**
Carrying amounts						
At 1 January 2015	3,322	2,881,821	2,034,186	1,409,726	110,348	6,439,403
Additions	174,678	62,828	1,991,769	123,946		2,353,221
Disposals	-	-	-	-	-	-
Transferred from CIP	-	4,171,837	(4,171,837)	-	-	-
Depreciation expense	(26,589)	(217,720)	-	(528,908)	(37,449)	(810,666)
Depreciation on disposal	-	-	-	-	-	-
Exchange differences	(1,607)	120,221	145,882	87,644	6,930	359,070
At 31 December 2015	**149,804**	**7,018,987**	**-**	**1,092,408**	**79,829**	**8,341,028**
At 1 January 2014	4,440	2,722,129	1,714,273	-	-	4,440,842
Additions	-	-	162,540	1,385,635	99,944	1,648,119
Disposals	-	-	-	-	-	-
Depreciation expense	(1,342)	(57,365)	-	(108,822)	-	(167,529)
Depreciation on disposal	-	-	-	-	-	-
Exchange differences	224	217,057	157,373	132,913	10,404	517,971
At 31 December 2014	**3,322**	**2,881,821**	**2,034,186**	**1,409,726**	**110,348**	**6,439,403**

NOTE 15: INTANGIBLE ASSETS

	31 December 2015			31 December 2014		
	Franchising Rights	Software	Total	Franchising Rights	Software	Total
	$	$	$	$	$	$
Cost						
At 1 January	4,974,614	67,397	5,042,011	421,244	62,293	483,537
Additions	-	-	-	4,610,008	-	4,610,008
Termination of franchising right	(1,141,782)	-	(1,141,782)	(91,152)	-	(91,152)
Currency translation difference	305,781	3,955	309,736	34,514	5,104	39,618
At 31 December	**4,138,613**	**71,352**	**4,209,965**	**4,974,614**	**67,397**	**5,042,011**
Accumulated amortisation and impairment						
At 1 January	867,690	58,995	926,685	74,337	23,360	97,697
Amortisation in the period	1,415,060	9,029	1,424,089	713,037	30,542	743,579
Currency translation difference	161,410	3,328	164,738	80,316	5,093	85,409
At 31 December	**2,444,160**	**71,352**	**2,515,512**	**867,690**	**58,995**	**926,685**
Net carrying value						
31 December	**1,694,453**	**-**	**1,694,453**	**4,106,924**	**8,402**	**4,115,326**
Carrying amount						
At 1 January	4,106,924	8,402	4,115,326	346,907	38,933	385,840
Additions	-	-	-	4,610,008	-	4,610,008
Termination of franchising right	(1,141,782)	-	(1,141,782)	(91,152)	-	(91,152)
Amortisation in the period	(1,415,060)	(9,029)	(1,424,089)	(713,037)	(30,542)	(743,579)
Currency translation difference	144,371	627	144,998	(45,802)	11	(45,791)
At 31 December	**1,694,453**	**-**	**1,694,453**	**4,106,924**	**8,402**	**4,115,326**

NOTE 16: DEFERRED TAX ASSET

	2015	2014
	$	$
Deferred tax asset	1,740,177	1,731,340

Deferred tax asset represents the temporary tax difference for the accounting treatment of inventory provision and distributor cash support .

NOTE 17: TRADE AND OTHER PAYABLES

	2015 $	2014 $
CURRENT		
Trade payables	1,026,938	1,305,668
Security deposits received from customers	1,636,025	1,655,020
Related party loans	320,000	1,178,765
Other payables	1,750,283	1,800,861
	4,733,246	**5,940,314**

NOTE 18: FINANCIAL LIABILITIES

	Note	2015 $	2014 $
CURRENT			
Short term borrowings		-	2,891,300
		-	**2,891,300**

Interest payable on short-term borrowings is nil for current year (2014: 8.1% and 9.6%).

NOTE 19: CURRENT TAX LIABILITIES

	2015 $	2014 $
a. **Liabilities**		
CURRENT		
Income Tax	**162,383**	**1,090,267**

NOTE 20: CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There are no contingent assets or liabilities exist as at the end of the financial year

NOTE 21: ISSUED CAPITAL

	Number of shares issued	$
Ordinary shares		
At the beginning of reporting period	471,738,000	12,495,825
Shares issued during the period	-	-
At the end of reporting period	**471,738,000**	**12,495,825**

The company has authorised share capital amounting to 471,738,000 ordinary shares of no par value.

NOTE 21: ISSUED CAPITAL (CONTINUED)

Ordinary shares participate in dividends in proportion to the number of shares held.

At the 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.

Capital Management

The management's objectives when managing capital are to ensure that the group can fund its operations and continue as a going concern and to provide shareholders with adequate returns.

The management monitors capital on the basis of debt to equity ratio. This ratio is calculated as net liabilities divided by equity. Net liabilities is "Total liabilities" as shown on the consolidated balance sheet less cash and cash equivalent and equity is "equity" as shown on the consolidated balance sheet.

There are no externally imposed capital requirements.

There have been no changes in the strategy adopted by management to control the capital of the group since the prior year, which is to maintain the debt to equity ratio at not more than 100%. The debt-equity ratios as at 31 December 2015 and 31 December 2014 are as follows:

	2015 $	2014 $
Total liabilities	4,895,629	9,921,881
Less: cash and cash equivalents	(30,530,267)	(29,320,103)
Net liabilities/(net cash)	(25,634,638)	(19,398,222)
Total equity	**62,084,967**	**55,420,597**
(Net cash) to equity ratio	-41%	-35%

NOTE 22: RESERVES

Foreign Currency Translation Reserve

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

Statutory General Reserve

Pursuant to the current People's Republic of China Company Law, the Company is required to transfer between 5% to 10% of its profit after taxation to a statutory reserve until the surplus reserve balance reaches a minimal of 50% of the registered capital. For the purposes of calculating the transfer to this reserve, the profit after taxation shall be the amount determined under the People's Republic of China accounting standards. The transfer to this reserve must be made before the distribution of dividends to the shareholders.

NOTE 23: CAPITAL AND LEASING COMMITMENTS

The Consolidated Group has leasing commitments at 31 December 2015 as follow:

	2015 $	2014 $
Payable – minimum lease payments		
not later than 12 months	20,663	39,458
between 12 months and five years	9,737	29,277
greater than 5 years	-	-
	30,400	**68,735**

The Consolidated Group has store management fee commitments at 31 December 2015
As follows

	2015 $	2014 $
not later than 12 months	120,312	165,645
between 12 months and five years	86,684	261,737
greater than 5 years		-
	206,996	**427,382**

The Consolidated Group has capital commitments at 31 December 2015 as follow:

	2015 $	2014 $
Planned capital expenditure		
not later than 12 months	-	694,204
between 12 months and five years	-	-
greater than 5 years	-	-
	-	**694,204**

NOTE 24: OPERATING SEGMENTS

Identification of reportable segments

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

The Group is managed primarily on the basis of product category and service offerings as the diversification of the Group's operations inherently have notably different risk profiles and performance assessment criteria. 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; and

- the type or class of customer for the products or services.

Types of products and services by segment

Segments as determined by the Directors and Management are as follows:

- Wholesale of clothing apparel to franchised distributors

- Retail sales of clothing apparel by company owned stores

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

Basis of accounting for purposes of reporting by operating segments:

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Directors, being 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

Inter-segment loans payables and receivables are initially recognised at the consideration received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, there are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives majority 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 a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

Unallocated items

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

- income tax expense;

- current tax liabilities; and

- other financial liabilities.

NOTE 24: OPERATING SEGMENTS (CONTINUED)

Segment information provided to executive directors:

2015	Wholesales $	Retail Sales $	Corporate $	Total $
Segment revenues	53,229,900	18,250,133	-	71,480,033
Segment cost of sales	(38,361,054)	(8,395,061)	-	(46,756,115)
Segment other expenses	(12,559,583)	(5,859,936)	(624,764)	(19,044,283)
Segment results (Profit after tax)	1,243,788	2,996,352	(624,770)	3,615,370
Segment assets	65,240,525	1,694,453	45,618	66,980,596
Segment liabilities	(3,819,914)	-	(1,075,715)	(4,895,629)

2014	Wholesales $	Retail Sales $	Corporate $	Total $
Segment revenues	77,496,684	6,745,376	-	84,242,060
Segment cost of sales	(52,737,050)	(2,924,421)	-	(55,661,471)
Segment other expenses	(14,026,403)	(2,026,447)	(959,580)	(17,012,430)
Segment results (Profit after tax)	7,999,228	1,345,882	(958,727)	8,386,383
Segment assets	61,176,514	4,115,326	50,638	65,342,478
Segment liabilities	(8,269,145)	-	(1,652,736)	(9,921,881)

NOTE 25: CASH FLOW INFORMATION

	2015 $	2014 $
Reconciliation of Cash Flow from Operations with Profit after Income Tax		
Profit/(loss) after income tax	3,615,369	8,386,383
Non-cash flows in profit		
Amortisation	1,534,453	184,969
Impairment	1,127,890	-
Depreciation	810,667	820,984
Listing expenses paid by related party	-	-
Loss on deferred tax asset charged to the statement of profit or loss and other comprehensive income	-	-
Effects of foreign exchange	1,081,814	1,605,222
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
(Increase)/decrease in trade receivables	2,145,417	2,550,927
(Increase)/decrease in other receivables	(70,509)	(387,702)
(Increase)/decrease in inventories	(3,013,273)	(854,791)
Increase/(decrease) in trade payables	(278,730)	448,264
Increase/(decrease) in income taxes payable	(927,884)	(497,411)
(Increase)/decrease in other liabilities	98,858	1,251,679
(Increase)/decrease in deferred tax assets	(8,837)	(1,731,340)
Cash flow from operations	**6,115,235**	**11,777,184**