



# **Gazal Corporation Limited**

ACN 57 004 623 474

## **Consolidated Financial Report & Appendix 4D For The Half-Year Ended 31 December 2015**

**Gazal Corporation Limited**  
**Consolidated Financial Report and Appendix 4D**  
**For the Half-Year Ended 31 December 2015**

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This Financial Report on the consolidated Group constitutes the Appendix 4D required by the Australian Stock Exchange. It should be read in conjunction with the Annual Report for the Year Ended 30 June 2015 that is lodged with the Australian Stock Exchange under listing rule 4.2A.

All amounts are in Australian dollars unless otherwise stated and rounded where applicable. The information on which this Consolidated Financial Report is based has been reviewed by the Group's auditors, Ernst & Young. The Company has a formally constituted Audit Committee of the Board of Directors. This report was approved by resolution of a Committee of the Board of Directors on 26 February 2016.

## Gazal Corporation Limited

### Appendix 4D

#### For the Half-Year Ended 31 December 2015

#### Results for Announcement to the Market

		CONSOLIDATED		
		Half-year ended	Half-year ended	Movement
		31 Dec 15	31 Dec 14	%
Revenue from ordinary activities- continuing operations	\$'000	30,366	23,060	31.7%
Profit from ordinary activities after tax attributable to members- continuing operations	\$'000	4,734	500	846.1%
Profit after tax from discontinuing operations	\$'000	33,927	3,414	893.8%
Net profit for the period attributable to members	\$'000	38,661	3,914	887.7%
Basic earnings per share from continuing operations	cents	8.2	4.5	81.9%
Final dividend (fully franked) for the financial year 30 June 2015- Paid 2 October 15	\$'000	4,631	6,355	
Interim dividend (fully franked) - Payable 4 April 16	cents	5.0	6.0	

		As at	As at	Movement
		31 Dec 15	31 Dec 14	%
Net tangible assets per share	cents	190	102	86.7%

This Appendix 4D information should be read in conjunction with the Consolidated Financial Report for the Half-Year Ended 31 December 2015 which is attached hereto. The Company has a formally constituted Audit Committee of the Board of Directors.

## **Gazal Corporation Limited**

### **Directors' Report**

### **For the Half-Year Ended 31 December 2015**

Your Directors submit their report for the half-year ended 31 December 2015.

#### **DIRECTORS**

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

Michael Gazal	Executive Chairman
Patrick Robinson	Executive Director
David Gazal	Executive Director
Bruce Klatsky	Non-Executive Director and Lead Independent Director
Craig Kimberley	Non-Executive Director and Independent Director
Graham Paton	Non-Executive Director and Independent Director
Richard Gazal	Non-Executive Director

#### **REVIEW AND RESULTS OF OPERATIONS**

##### **Continuing Operations**

As a consequence of the sale of Trade Secret (October 2015) and the sale of the Midford School-wear business (completed in June 2015), the continuing operations of the Gazal group for the first six months of FY2016 are made up of the Bisley workwear and corporate uniforms business (wholesale segment) and the PVH Brands Australia joint venture (PVHBA JV).

Gazal sales for continuing operations improved 31.7% to \$30.4m. Profit after tax from continuing operations increased to \$4.7m from \$0.5m last year driven by improved workwear profitability and improvements in the profitability of the PVHBA JV.

Sales revenue in the PVHBA JV has increased by 339% to \$92.5m in 2015. Profit after tax has also increased to \$4.4m from \$0.4m last year. Gazal's share of the PVHBA JV profit increased to \$2.2m from \$0.2m last year.

In February 2015, the PVHBA JV was significantly expanded through the acquisition of the existing Tommy Hilfiger business in Australia from PVH Corp and the sale by Gazal to the JV of Van Heusen, Nancy Ganz and other shirting, tailored and shapewear brands. As a consequence of the JV's expansion, the financial results for Gazal to 31 December 2015 include 6 months of the recently acquired operations in the PVHBA JV results. The sales and profit growth is also attributed to the continuing development of new product categories across Calvin Klein and Tommy Hilfiger with our key trading partners Myer and David Jones, and the ongoing development of our retail channel.

In the first half of FY16, the revenue from our wholesale segment improved by 31.7% as a result of the successful introduction of innovative work-wear products, an improved in-stock position and winning new tenders. The increased revenue has also driven an improved profit result before tax.

**Gazal Corporation Limited**  
**Directors' Report**  
**For the Half-Year Ended 31 December 2015**

**REVIEW AND RESULTS OF OPERATIONS (continued)**

**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 half year ended 31 December 2015 are made up of 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 a small amount of residual transaction costs in relation to the sale of Midford School-wear operations.

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 \$34,512,000.

**Outlook**

In the second six months of FY16, Gazal will recognise profits on the wholesale segment, the share of profits and other services revenue from the PVHBA JV.

*Wholesale segment*

We expect the challenging market conditions in the Australian industrial sectors to continue in the second half of the year. With the underlying improvements already seen in the first half, we expect earnings for continuing operations for FY16 will be improved compared to last year.

*Share of profits from JV and other services revenue*

In line with the continued expansion of categories and the introduction of the Tommy Hilfiger brand, we expect second half sales to be significantly higher than the prior year. Note that Tommy Hilfiger will be like-for-like in the second half from February 2016.

Second half sales performance in Van Heusen, Nancy Ganz and Calvin Klein will be supported by new stores openings and new product categories introduced over the last 12 months.

**Gazal Corporation Limited**  
**Directors' Report**  
**For the Half-Year Ended 31 December 2015**

**REVIEW AND RESULTS OF OPERATIONS (continued)**

The integration into the Gazal shared services platform has been achieved. Overall, we expect that the combined share of profits and other services revenue from the PVHBA JV to be higher than the contribution in the second 6 months of FY15.

**Dividends**

In December, a special dividend of 35 cents per share was paid as a result of surplus proceeds from the sale of Trade Secret to The TJX Companies, Inc.

The Directors resolved to pay an interim dividend in the first half of 5cents per share fully franked. The record date for determining shareholders' entitlement for the interim dividend is 14th March, 2016 and the interim dividend is payable on 4th April, 2016. The Dividend Reinvestment Plan will not apply to the interim dividend.

**Rounding**

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

**Gazal Corporation Limited**  
**Directors' Report**

**For the Half-Year Ended 31 December 2015**

**AUDITOR INDEPENDENCE DECLARATION**

We have obtained the Independence Declaration on page 8 from our auditor, Ernst & Young.

Signed in accordance with a resolution of the directors.



Michael Gazal  
Executive Chairman



Patrick Robinson  
Executive Director

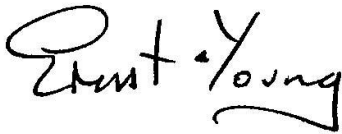
26 February 2016

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

As lead auditor for the review of Gazal Corporation Limited for the half-year ended 31 December 2015, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Gazal Corporation Limited and the entities it controlled during the financial period.



Ernst & Young



Gregory J Logue  
Partner  
26 February 2016



**Gazal Corporation Limited**  
**Income Statement**  
**For the Half-Year Ended 31 December 2015**

	Notes	Consolidated	
		Half-year ended 31 December 2015	Half-year ended 31 December 2014
		\$'000	\$'000
<b>Continuing operations</b>			
Sales revenue	3	30,366	23,060
Cost of sales		(18,710)	(13,900)
Gross profit		11,656	9,160
Other revenues	3	3,502	615
Selling and marketing expenses		(4,092)	(3,351)
Distribution expenses		(4,802)	(3,741)
Administration expenses		(2,096)	(1,904)
Finance costs		(657)	(966)
Share of profit of joint venture	16	2,353	156
<b>Profit/(loss) before income tax from continuing operations</b>		<b>5,864</b>	<b>(31)</b>
Income tax (expense)/benefit	4	(1,130)	531
<b>Profit after tax from continuing operations</b>		<b>4,734</b>	<b>500</b>
<b>Discontinued operations</b>			
Profit after tax from discontinuing operations	5	33,927	3,414
<b>Net profit for the period</b>		<b>38,661</b>	<b>3,914</b>
Profit for the period is attributable to: Owners of the parent		<b>38,661</b>	<b>3,914</b>
<b>Earnings per share (cents per share)</b>			
Basic for profit for the period	7	66.9	6.8
Basic for profit from continuing operations	7	8.2	4.5
Diluted for profit for the period	7	66.6	6.8
Diluted for profit from continuing operations	7	8.2	4.5

**Gazal Corporation Limited**  
**Statement of Other Comprehensive Income**  
**For the Half-Year Ended 31 December 2015**

	Notes	Consolidated	
		Half-year ended 31 December 2015	Half-year ended 31 December 2014
		\$'000	\$'000
<b>Profit after tax for the period</b>		<b>38,661</b>	<b>3,914</b>
<b>Other comprehensive income</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Cash flow hedges:			
Gain taken to equity		1,991	4,525
Transferred to income statement		(2,422)	1,898
Income tax on items of other comprehensive income		129	(1,927)
Other comprehensive income from joint venture	16	103	-
<b>Other comprehensive income for the period, net of tax</b>		<b>(199)</b>	<b>4,496</b>
<b>Total comprehensive income for the period</b>		<b>38,462</b>	<b>8,410</b>
Total comprehensive income for the period is attributable to: Owners of the parent		<b>38,462</b>	<b>8,410</b>

**Gazal Corporation Limited**  
**Statement of Financial Position**  
**As at 31 December 2015**

	Notes	Consolidated		
		As at 31 December 2015 \$'000	As at 30 June 2015 \$'000	As at 31 December 2014 \$'000
<b>Current assets</b>				
Cash and cash equivalents	11	6,874	19,348	10,303
Trade and other receivables		8,082	9,319	11,755
Inventories	12	18,318	15,750	42,863
Derivative financial instruments	13	1,299	2,422	4,525
Other current assets		7,532	6,439	5,763
		<u>42,105</u>	<u>53,278</u>	<u>75,209</u>
Assets of disposal group classified as held for sale	5	-	51,440	18,845
<b>Total current assets</b>		<u>42,105</u>	<u>104,718</u>	<u>94,054</u>
<b>Non-current assets</b>				
Property, plant and equipment		43,453	43,430	53,589
Intangible assets		4,969	5,559	7,908
Investment in joint venture	16	55,233	52,777	6,588
Other non-current assets		5,688	-	-
<b>Total non-current assets</b>		<u>109,343</u>	<u>101,766</u>	<u>68,085</u>
<b>Total assets</b>		<u>151,448</u>	<u>206,484</u>	<u>162,139</u>
<b>Current liabilities</b>				
Trade and other payables		11,601	10,561	36,993
Interest-bearing loans and borrowings	10	937	25,894	6,956
Income tax payable		12,519	1,871	520
Provisions		2,778	2,654	3,907
		<u>27,835</u>	<u>40,980</u>	<u>48,376</u>
Liabilities directly associated with the assets classified as held for sale	5	-	28,130	1,000
<b>Total current liabilities</b>		<u>27,835</u>	<u>69,110</u>	<u>49,376</u>
<b>Non-current liabilities</b>				
Interest-bearing loans and borrowings	10	-	30,000	30,000
Provisions		244	608	833
Deferred tax liabilities		8,455	5,970	5,369
<b>Total non-current liabilities</b>		<u>8,699</u>	<u>36,578</u>	<u>36,202</u>
<b>Total liabilities</b>		<u>36,534</u>	<u>105,688</u>	<u>85,578</u>
<b>Net assets</b>		<u>114,914</u>	<u>100,796</u>	<u>76,561</u>
<b>Equity</b>				
Contributed equity	9	62,773	62,473	62,473
Reserves		26,680	26,975	26,505
Retained earnings / (Accumulated losses)		25,461	11,348	(12,417)
<b>Total Equity</b>		<u>114,914</u>	<u>100,796</u>	<u>76,561</u>

**Gazal Corporation Limited**  
**Statement of Cash Flows**  
**For the Half-Year Ended 31 December 2015**

	Notes	Consolidated	
		Half-year ended 31 December 2015	Half-year ended 31 December 2014
		\$'000	\$'000
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		81,478	166,181
Payments to suppliers and employees (inclusive of GST)		(82,120)	(158,110)
Interest received		152	39
Interest and other costs of finance paid		(657)	(966)
Income taxes paid on operating activities		(1,405)	(793)
<b>Net cash flows from operating activities</b>	<b>24(b)</b>	<b>(2,552)</b>	<b>6,351</b>
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment		(1,832)	(2,262)
Proceeds from sale of buildings, plant and equipment		75	119
Proceeds/(purchase) of intangibles		(133)	(29)
Proceeds from sale of investment	6	72,500	-
Income taxes paid on disposal of discontinued operations		(941)	-
<b>Net cash flows used in investing activities</b>		<b>69,669</b>	<b>(2,172)</b>
<b>Cash flows from financing activities</b>			
Proceeds from share issue		300	290
Proceeds from borrowings		-	16,000
Repayment of borrowings		(55,000)	(10,000)
Dividends paid		(24,891)	(6,356)
<b>Net cash flows used in financing activities</b>		<b>(79,591)</b>	<b>(66)</b>
Net increase/(decrease) in cash and cash equivalents		(12,474)	4,113
Cash and cash equivalents at the beginning of the period		19,348	6,163
Net foreign exchange differences		-	27
<b>Cash and cash equivalents at the end of the period</b>	<b>24(a)</b>	<b>6,874</b>	<b>10,303</b>

**Gazal Corporation Limited**  
**Statement of Changes in Equity**  
**For the Half-Year Ended 31 December 2015**

	Consolidated							
	Attributable to shareholders of Gazal Corporation Limited							
	Issued Capital \$'000	Asset Revaluation Reserve \$'000	Asset Realisation Reserve \$'000	Employee Equity Benefit Reserve \$'000	Cash Flow Hedge Reserve \$'000	Reserves from joint venture \$'000	Retained Earnings/ (Accumulated Losses) \$'000	Total Equity \$'000
<b>At 1 July 2015</b>	62,473	23,742	562	1,337	1,233	101	11,348	100,796
Profit for the period	-	-	-	-	-	-	38,661	38,661
Other comprehensive income	-	-	-	-	(302)	103	-	(199)
<b>Total comprehensive income for the period</b>	-	-	-	-	(302)	103	38,661	38,462
<b>Transactions with owners in their capacity as owners:</b>								
Cost of share-based payments	-	-	-	247	-	-	-	247
Share issue	300	-	-	-	-	-	-	300
Transfer of reserve	-	-	(343)	-	-	-	343	-
Dividends paid	-	-	-	-	-	-	(24,891)	(24,891)
<b>At 31 December 2015</b>	<b>62,773</b>	<b>23,742</b>	<b>219</b>	<b>1,584</b>	<b>931</b>	<b>204</b>	<b>25,461</b>	<b>114,914</b>
<b>At 1 July 2014</b>	62,183	21,661	562	1,213	(1,329)	-	(9,975)	74,315
Profit for the period	-	-	-	-	-	-	3,914	3,914
Other comprehensive income	-	-	-	-	4,496	-	-	4,496
<b>Total comprehensive income for the period</b>	-	-	-	-	4,496	-	3,914	8,410
<b>Transactions with owners in their capacity as owners:</b>								
Cost of share-based payments	-	-	-	(98)	-	-	-	(98)
Share issue	290	-	-	-	-	-	-	290
Dividends paid	-	-	-	-	-	-	(6,356)	(6,356)
<b>At 31 December 2014</b>	<b>62,473</b>	<b>21,661</b>	<b>562</b>	<b>1,115</b>	<b>3,167</b>	<b>-</b>	<b>(12,417)</b>	<b>76,561</b>

**Gazal Corporation Limited**  
**Notes to the Half-Year Financial Report**  
**For the Half-Year Ended 31 December 2015**

**1 CORPORATE INFORMATION**

The interim condensed consolidated financial report of Gazal Corporation Limited and its controlled entities ("the Group") for the half-year ended 31 December 2015 was authorised for issue in accordance with a resolution of the directors on 26 February 2016. Gazal Corporation Limited is a for profit company incorporated in Australia and limited by shares, which are publicly traded on the Australian Stock Exchange.

The nature of the operations and principal activities of the Group are described in note 6.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The interim condensed consolidated financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The interim condensed consolidated financial report should be read in conjunction with the annual Financial Report of Gazal Corporation Limited as at 30 June 2015.

It is also recommended that the half-year financial report be considered together with any public announcements made by Gazal Corporation Limited and its controlled entities during the half-year ended 31 December 2015 in accordance with the continuous disclosure obligations arising under the ASX Listing Rules.

**a) Basis of preparation**

The interim condensed consolidated financial report for the half year ended 31 December 2015 has been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 "Interim Financial Reporting".

The interim condensed consolidated financial report has been prepared on a historical cost basis except for derivative financial instruments, land and buildings, which have been measured at fair value.

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

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

**Gazal Corporation Limited**  
**Notes to the Half-Year Financial Report**  
**For the Half-Year Ended 31 December 2015**

**New Accounting Standards and Interpretations**

The accounting policies adopted in the preparation of the half-year financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2015.

None of the new Standards and amendments to Standards that are mandatory for the first time for the financial year beginning 1 July 2015 affected any of the amounts recognised in the current year or any prior year and are not likely to affect future periods.

**Gazal Corporation Limited**  
**Notes to the Half-Year Financial Report**  
**For the Half-Year Ended 31 December 2015**

**3 REVENUE AND EXPENSES**

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

	Consolidated	
	Half-year ended 31 December 2015 \$'000	Half-year ended 31 December 2014 \$'000
<i>Revenue and Expense</i>		
<b>(i) Revenue</b>		
<b>Sales revenue</b>	30,366	23,060
<b>Other revenue</b>		
Interest revenue	152	39
Fees from joint venture	2,936	450
Other	414	126
Total other revenue	3,502	615
<b>Total revenue</b>	<b>33,868</b>	<b>23,675</b>
<b>(ii) Expenses and losses</b>		
<b>Depreciation, amortisation and impairment</b>		
Depreciation of buildings	258	236
Depreciation of plant and equipment	492	472
Depreciation of leasehold improvements	3	2
Amortisation of software	635	687
	1,388	1,397
<b>Employee benefit expense</b>		
Wages and salaries	5,672	5,828
Defined contribution superannuation expense	614	543
Employee entitlements	715	700
Share-based payments	312	203
	7,313	7,274
Borrowing costs - Interest expenses	657	966
Operating lease rentals	83	187
(Release) of inventories obsolescence	(58)	(251)
Foreign exchange (gain)	(124)	(239)
Net loss on disposal of non-current assets	-	26



**Gazal Corporation Limited**  
**Notes to the Half-Year Financial Report**  
**For the Half-Year Ended 31 December 2015**

**4 INCOME TAX**

The major components of income tax expenses for the half-year ended 31 December 2015 and 31 December 2014 are:

	Consolidated	
	Half-year ended 31 December 2015	Half-year ended 31 December 2014
	\$'000	\$'000
<b>Income Statement</b>		
<i>Current income tax</i>		
Current income tax (benefit)/charge attributable to continuing operations	1,611	(130)
Adjustments in respect of current income tax of previous years	-	68
<i>Deferred income tax</i>		
Relating to recognition of carried forward capital tax losses	-	(529)
Relating to origination and reversal of temporary differences	(481)	60
<b>Income tax expense/(benefit) reported in the income statement</b>	<b>1,130</b>	<b>(531)</b>

**5 DISCONTINUED OPERATIONS**

On 30 June 2015, the Group disposed of the Midford business and the profit on sale was recognised on 30 June 2015. As at 31 December 2015, there were expenses incurred after the sale. These have been classified as part of discontinued operations.

On 21 July 2015, the Group announced the decision of its Board of Directors to dispose of Fashion Factory Outlets (Trade Secret) Pty Limited. The disposal was completed on 24 October 2015. The Trade Secret business is classified at 31 December 2015 as a discontinued operation.

**Gazal Corporation Limited**  
**Notes to the Half-Year Financial Report**  
**For the Half-Year Ended 31 December 2015**

**5 DISCONTINUED OPERATIONS (continued)**

The results of the discontinued operations are presented below:

	Half-year ended 31 December 2015			Half-year ended 31 December 2014			
	Midford	Trade Secret	Total	Heritage and Shapewear	Midford	Trade Secret	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Trading</b>							
Sales revenue	-	51,855	<b>51,855</b>	26,583	6,991	91,772	<b>125,346</b>
Other revenue	-	-	-	29	2	-	<b>31</b>
Cost of sales	-	(31,422)	<b>(31,422)</b>	(13,007)	(3,649)	(56,172)	<b>(72,828)</b>
Depreciation and amortisation	-	(953)	<b>(953)</b>	(228)	(61)	(1,567)	<b>(1,856)</b>
Employees benefit expenses	-	(8,191)	<b>(8,191)</b>	(3,485)	(1,843)	(12,594)	<b>(17,922)</b>
Other expenses	(246)	(11,878)	<b>(12,124)</b>	(7,340)	(2,030)	(18,415)	<b>(27,785)</b>
Profit/(loss) before tax from discontinued operations	(246)	(589)	<b>(835)</b>	2,552	(590)	3,025	<b>4,986</b>
Tax (expense)/benefit	78	172	<b>250</b>	(806)	186	(952)	<b>(1,572)</b>
Profit for the period from discontinued operations	(168)	(417)	<b>(585)</b>	1,746	(404)	2,073	<b>3,414</b>
Gain on sale of discontinued operations after tax	-	34,512	<b>34,512</b>	-	-	-	<b>-</b>
<b>Total profit from discontinued operations</b>	<b>(168)</b>	<b>34,095</b>	<b>33,927</b>	<b>1,746</b>	<b>(404)</b>	<b>2,073</b>	<b>3,414</b>

\*Note: Heritage and Shapewear represents 6 months trading in the year ended 31 December 2015 (31 Dec 2014: 6 months).

\*Note: Midford represents expenses in the year ended 31 December 2015 post the disposal of the business in June 2015 (31 Dec 2014: 12 months).

	31 December 2015	31 December 2014
	cents	cents
<b>Earnings per share - cents per share:</b>		
- Basic from discontinuing operations	58.70	6.00
- Diluted from discontinued operations	58.40	6.00

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

	Half-year ended 31 December 2015		Half-year ended 31 December 2014
	Trade Secrets	Total	Total
	\$'000	\$'000	\$'000
<b>Gross sale proceeds</b>	80,000	<b>80,000</b>	-
Working capital adjustment	3,077	<b>3,077</b>	-
<b>Total gross sale proceeds</b>	<b>83,077</b>	<b>83,077</b>	-
Proceeds recognised in cash flow statement	72,500	<b>72,500</b>	-
Amount held in escrow	7,188	<b>7,188</b>	-
Receivable	3,077	<b>3,077</b>	-
Carrying amount of net assets sold	(30,540)	<b>(30,540)</b>	-
Gain on sale before transaction costs	52,537	<b>52,537</b>	-
Transaction costs	(3,707)	<b>(3,707)</b>	-
<b>Net gain on sale of discontinued operations before income tax</b>	<b>48,830</b>	<b>48,830</b>	-
Tax expense	(14,318)	<b>(14,318)</b>	-
<b>Net gain on sale of discontinued operations after income tax</b>	<b>34,512</b>	<b>34,512</b>	-

**Gazal Corporation Limited**  
**Notes to the Half-Year Financial Report**  
**For the Half-Year Ended 31 December 2015**

**5 DISCONTINUED OPERATIONS (continued)**

As the shares of Fashion Factory Outlets (Trade Secret) Pty Limited were sold prior to 31 December 2015, the assets and liabilities classified as held for sale as 30 June 2015 are no longer included in the financial position.

Effect of disposal on the financial position of the Group

	<b>As at</b>	
	<b>24 October 2015</b>	
	Trade Secrets	Total
	\$'000	\$'000
Plant and equipment	14,408	14,408
Inventories	32,698	32,698
Other assets	370	370
Payables	(19,224)	(19,224)
Employee benefits	(789)	(789)
Working capital adjustment	3,077	3,077
<b>Net Assets</b>	<b>30,540</b>	<b>30,540</b>

Net cash flows of the discontinued operations are as follows:

	<b>Half-year ended</b>			<b>Half-year ended</b>		
	<b>31 December 2015</b>			<b>31 December 2014</b>		
	Midford	Trade	Total	Heritage and	Midford	Total
	\$'000	Secret	\$'000	Shapewear	\$'000	\$'000
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating activities	(246)	364	118	2,780	(529)	2,251
Investing activities	-	(1,143)	(1,143)	(337)	(60)	(397)
<b>Net cash</b>						
<b>inflow/(outflow)</b>	<b>(246)</b>	<b>(779)</b>	<b>(1,025)</b>	<b>2,443</b>	<b>(589)</b>	<b>1,854</b>

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**6 OPERATING SEGMENTS**

**Identification of reportable segments**

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

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

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

**Types of markets and customer groups**

*Wholesale*

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

**Accounting policies and inter-segment transactions**

The accounting policies used in reporting segments are the same as those contained in the Financial Report.

**Gazal Corporation Limited**  
**Notes to the Half-Year Financial Report**  
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**6 OPERATING SEGMENTS (continued)**

	Wholesale	Direct to Consumer	Unallocated Items	Total
	\$'000	\$'000	\$'000	\$'000
<b>Half-year ended 31 December 2015</b>				
<b>Revenue</b>				
Sales to external customers	30,366	-	-	30,366
Other revenues from external customers	39	-	-	39
<b>Segment Revenue</b>	<b>30,405</b>	<b>-</b>	<b>-</b>	<b>30,405</b>
<b>Segment net operating profit before tax</b>	<b>2,148</b>	<b>-</b>	<b>-</b>	<b>2,148</b>
<b>includes the following:</b>				
- Interest revenue	-	-	152	152
- Interest expense	-	-	(657)	(657)
- Depreciation and amortisation	(41)	-	(1,347)	(1,388)
- Discontinued operations before income tax	246	589	-	835
<b>Segment assets</b>	<b>33,003</b>	<b>-</b>	<b>-</b>	<b>33,003</b>
Capital expenditure	21	-	1,811	1,832
<b>Segment liabilities</b>	<b>8,175</b>	<b>-</b>	<b>-</b>	<b>8,175</b>
	Wholesale	Direct to Consumer	Unallocated Items	Total
	\$'000	\$'000	\$'000	\$'000
<b>Half-year ended 31 December 2014</b>				
<b>Revenue</b>				
Sales to external customers	23,060	-	-	23,060
Other revenue	79	-	-	79
<b>Segment revenue</b>	<b>23,139</b>	<b>-</b>	<b>-</b>	<b>23,139</b>
<b>Segment net profit before tax</b>	<b>814</b>	<b>-</b>	<b>-</b>	<b>814</b>
<b>includes the following:</b>				
- Interest revenue	-	-	94	94
- Interest expense	-	-	(1,942)	(1,942)
- Depreciation and amortisation	(45)	-	(2,529)	(2,574)
- Other non-cash expenses	-	-	(83)	(83)
- Discontinued operations before income tax	2,122	2,864	-	4,986
<b>Segment assets</b>	<b>29,079</b>	<b>47,748</b>	<b>-</b>	<b>76,827</b>
Capital expenditure	342	1,493	337	2,172
<b>Segment liabilities</b>	<b>11,400</b>	<b>28,613</b>	<b>-</b>	<b>40,013</b>

**Gazal Corporation Limited**  
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**6 OPERATING SEGMENTS (continued)**

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

	<b>Half-year ended</b>	<b>Consolidated</b>
	<b>31 December 2015</b>	<b>31 December 2014</b>
	\$'000	\$'000
Reconciliation of segment net operating profit before tax to net profit before tax		
Segment net operating profit before tax	2,148	814
Interest revenue	152	94
Interest expense	(657)	(1,942)
Depreciation and amortisation	(1,347)	(2,529)
Other non-cash expenses	-	(83)
Share of profit/(loss) of joint venture	2,353	(300)
Over-allocation of corporate overhead to segments	3,215	3,915
<b>Total net profit / (loss) before tax for continuing operations per the income statement</b>	<b>5,864</b>	<b>(31)</b>

**7 EARNINGS PER SHARE**

The calculation of basic earnings per share is based on the profit/(loss) 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 / (loss) 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.

**Gazal Corporation Limited**  
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**7 EARNINGS PER SHARE (continued)**

	Consolidated	
	Half-year ended 31 December 2015	Half-year ended 31 December 2014
	\$'000	\$'000
Net Profit attributable to ordinary equity holders of the parent from continuing operations	4,734	500
Profit attributable to ordinary equity holders of the parent from discontinued operations	33,927	3,414
<b>Earnings used in calculating basic and diluted earnings per share</b>	<b>38,661</b>	<b>3,914</b>
	Number of Shares	Number of Shares
<b>Weighted average number of ordinary shares used in calculating basic earnings per share</b>	<b>57,817,957</b>	<b>57,561,359</b>
Effects of dilution from performance rights	241,935	-
<b>Weighted average number of ordinary shares adjusted for the effect of dilution</b>	<b>58,059,892</b>	<b>57,561,359</b>

**8 DIVIDENDS**

	Consolidated	
	Half-year ended 31 Dec 15	Half-year ended 31 Dec 14
	\$'000	\$'000
Dividends declared and paid during the half year on ordinary shares:		
Final fully franked dividend for the financial year 30 June 2015, 8 cents per share (2014: 11 cents per share) paid 2nd October 2015	4,631	6,355
Special franked dividend 35 cents (2014: nil) paid 18 December 2015	20,260	-
Dividends proposed and not yet recognised as a liability		
Interim fully franked dividend for the half year ended 31 Dec 2015, 5 cents per share, proposed to be paid 4 April 2016 (2015: 6 cents paid 2 April 2015)	2,894	3,466

**Gazal Corporation Limited**  
**Notes to the Half-Year Financial Report**  
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**9 CONTRIBUTED EQUITY**

	Consolidated	
	Number \$'000	Value \$'000
Ordinary shares		
Opening balance 1 July 2015	57,769	62,473
Shares issued	117	300
<b>Issued and fully paid at 31 December 2015</b>	<b>57,886</b>	<b>62,773</b>
Opening balance 1 July 2014	57,669	62,183
Shares issued	100	290
<b>Issued and fully paid at 30 June 2015</b>	<b>57,769</b>	<b>62,473</b>

**10 INTEREST-BEARING LOANS AND BORROWINGS**

The Company repaid \$55 million of borrowings during the period. The Company has refinanced its loan facilities with Westpac Banking Corporation Ltd. These facilities provide the Company with access to \$24 million (2014: \$59 million) of borrowings of which \$20 million is a term facility in place until 30 September 2016 and the balance is repayable on demand. The facilities are subject to annual review at which time the term facility is normally renewed (on a rolling two year basis).

Fair values of interest bearing loans and borrowings are determined by using the discounted cash flow ("DCF") method with a discount rate that reflects the issuer's borrowing rate as at the end of the reporting period.

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

	Consolidated		
	Accessible \$'000	Drawndown \$'000	Unused \$'000
<b>At 31 December 2015</b>			
Bank overdraft facility	3,078	-	3,078
Bank loan facilities	20,937	(937)	20,000
<b>Total financing facilities</b>	<b>24,015</b>	<b>(937)</b>	<b>23,078</b>
At 31 December 2014	\$'000	\$'000	
Bank overdraft facility	3,078	-	3,078
Bank loan facilities	55,783	(36,956)	18,827
<b>Total financing facilities</b>	<b>58,861</b>	<b>(36,956)</b>	<b>21,905</b>

Expiry date: 30 September 2016 (2015: 31 March 2016)



**Gazal Corporation Limited**  
**Notes to the Half-Year Financial Report**  
**For the Half-Year Ended 31 December 2015**

**11 CASH AND CASH EQUIVALENTS**

For the purpose of the Statement of Cash Flows, cash and cash equivalents are composed of the following:

	Consolidated	
	As at 31 December 2015	As at 31 December 2014
	\$'000	\$'000
Cash at bank and on hand	6,874	10,303
	<b>6,874</b>	<b>10,303</b>

**12 INVENTORY**

Inventories recognised as an expense in continuing operations for the half year ended 31 December 2015 totalled \$18,710,855 (2014: \$13,899,594) for the Group. This expense has been included in cost of sales. The obsolescence expense/net realisable value gain of \$58,185 (2014: \$250,990) has been included as a gain in the cost of sales.

**13 DERIVATIVE FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

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

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

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

**Gazal Corporation Limited**  
**Notes to the Half-Year Financial Report**  
**For the Half-Year Ended 31 December 2015**

**13 DERIVATIVE FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT**  
**OBJECTIVES AND POLICIES (continued)**

**Notional Amounts and Credit Exposures of Derivatives**

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

**a) Interest Rate Risk Management**

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

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

	Consolidated	
	As at 31 December 2015 \$'000	As at 31 December 2014 \$'000
<b><i>Financial assets</i></b>		
Cash and cash equivalents	6,874	10,303
	<u>6,874</u>	<u>10,303</u>
<b><i>Financial liabilities</i></b>		
Bank loans at floating rate	937	36,956
	<u>937</u>	<u>36,956</u>
Net exposure	<u><b>5,937</b></u>	<u><b>(26,653)</b></u>

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

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

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

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

**Gazal Corporation Limited**  
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**13 DERIVATIVE FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT**  
**OBJECTIVES AND POLICIES (continued)**

**a) Interest Rate Risk Management (continued)**

At 31 December, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

Judgements of reasonable possible movements:	Post Tax Profit		Equity	
	Higher/(Lower)		Higher/(Lower)	
	Half-year ended 31 December 2015	Half-year ended 31 December 2014	As at 31 December 2015	As at 31 December 2014
	\$'000	\$'000	\$'000	\$'000
<b>Consolidated</b>				
+1% (100 basis points)	42	(187)	-	-
-0.5% (50 basis points)	(21)	93	-	-

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

Significant assumptions used in the interest rate sensitivity analysis include:

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

**b) Foreign Currency Risk**

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

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

At 31 December 2015, the Group had the following exposure to USD foreign currency that is not designated in cash flow hedges:

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**13 DERIVATIVE FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT**  
**OBJECTIVES AND POLICIES (continued)**

**b) Foreign Currency Risk (continued)**

	Consolidated	
	As at 31 December 2015 \$'000	As at 31 December 2014 \$'000
<b>Financial assets</b>		
Cash and cash equivalents	158	126
Trade and other receivables	3	91
Net exposure	<b>161</b>	<b>217</b>

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

**Valuation techniques**

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

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

At 31 December 2015, had the Australian Dollar moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

Judgements of reasonable possible movements:	Post Tax Profit Higher/(Lower)		Equity Higher/(Lower)	
	Half-year ended 31 December 2015 \$'000	Half-year ended 31 December 2014 \$'000	As at 31 December 2015 \$'000	As at 31 December 2014 \$'000
<b>Consolidated</b>				
AUD/USD +10%	8	13	(3,262)	(3,639)
AUD/USD -5%	(4)	(6)	420	4,775

The movements in profit in the half year are lower than the previous half year due to the lower level of US Dollar receivables not designated as cash flow hedges at balance date. The movements in equity are lower at 31 December 2015 than at 31 December 2014 owing to the lower level of USD hedging of inventory purchases as at 31 December 2015.

**Gazal Corporation Limited**  
**Notes to the Half-Year Financial Report**  
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**13 DERIVATIVE FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT**  
**OBJECTIVES AND POLICIES (continued)**

**b) Foreign Currency Risk (continued)**

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

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

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

**c) Liquidity Risk**

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

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

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

	Consolidated	
	As at 31 December 2015 \$'000	As at 31 December 2014 \$'000
<i>Financial liabilities</i>		
0-12 months	12,538	43,949
1-5 years	-	30,949
Over 5 years	-	-
	<b>12,538</b>	<b>74,898</b>

**Gazal Corporation Limited**  
**Notes to the Half-Year Financial Report**  
**For the Half-Year Ended 31 December 2015**

**13 DERIVATIVE FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT**  
**OBJECTIVES AND POLICIES (continued)**

**d) Hedging Instruments**

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

**Hedging activities**

	Consolidated	
	As at 31 December 2015 \$'000	As at 31 December 2014 \$'000
<i>Current assets</i>		
Forward currency contracts - cash flow hedges	1,299	4,525
	<b>1,299</b>	<b>4,525</b>

As these are designated effective hedges, an adjustment of \$543,759 (2014: \$4,495,940) has been made to the hedge reserve while no adjustment has been included in the net profit for the year relating to the forward exchange contracts.

**e) Fair Value**

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

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

**Gazal Corporation Limited**  
**Notes to the Half-Year Financial Report**  
**For the Half-Year Ended 31 December 2015**

**14 COMMITMENTS AND CONTINGENCIES**

Since the last annual reporting date, there has been no material contingent liabilities, contingent assets or capital commitments.

**15 EVENTS AFTER THE BALANCE SHEET DATE**

There are no matters or circumstances other than those disclosed in note 5, that have arisen since 31 December 2015 that have significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the Company in subsequent financial years.

**16 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.

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 <b>31 December 2015</b> \$'000	As at 30 June 2015 \$'000
Current assets	70,168	56,000
Non-current assets	83,731	82,625
Current liabilities	34,465	23,104
Non-current liabilities	5,317	6,006
Equity	114,117	109,515
Portion of Group's ownership 50%	57,059	54,758
Carrying amount of investment:		
Opening	52,777	6,433
Investment	-	45,458
Share of profit	2,203	904
Release of unrealised profit	150	(119)
Other comprehensive income	103	101
Closing	<u>55,233</u>	<u>52,777</u>

**Gazal Corporation Limited**  
**Notes to the Half-Year Financial Report**  
**For the Half-Year Ended 31 December 2015**

**16 INVESTMENT IN JOINT VENTURE (continued)**

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

	<b>Half-year ended 31 December 2015</b>	Half-year ended 31 December 2014
	\$'000	\$'000
Sales revenue	92,486	21,073
Cost of sales	(39,138)	(7,440)
Gross profit	53,348	13,633
Other revenues	159	46
Selling and marketing expenses	(36,158)	(10,953)
Distribution expenses	(4,781)	(1,019)
Administration expenses	(4,159)	(793)
Depreciation and amortisation expenses	(1,833)	(455)
Finance costs	(141)	(5)
<b>Profit before income tax</b>	<b>6,435</b>	<b>454</b>
Income tax expense	(2,030)	(143)
<b>Profit for the year</b>	<b>4,405</b>	<b>311</b>
<b>Group's share of profit for the year</b>	<b>2,203</b>	156
Release of unrealised profit	150	-
<b>Share of profit from joint venture in the income statement</b>	<b>2,353</b>	<b>156</b>
Group's share of other comprehensive income	103	-
<b>Group's share of total comprehensive income</b>	<b>2,456</b>	<b>156</b>

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 31 December 2015 or 31 December 2014.



**Gazal Corporation Limited**  
**Notes to the Half-Year Financial Report**  
**For the Half-Year Ended 31 December 2015**

**17 RELATED PARTY TRANSACTIONS**

The following table provides the total amount of transactions which have been entered into with related parties during the six months ended 31 December 2015 and 2014 as well as balances with related parties as at 31 December 2014 and 31 December 2015.

		<b>Sales to related parties</b>	<b>Purchases from related parties</b>	<b>Amounts owed by related parties</b>	<b>Amounts owed to related parties</b>
		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Joint venture in which the Parent is a venturer:					
PVH Brands Australia Pty Limited	2015	8,094	1,258	1,593	-
	2014	2,538	580	489	139

**Gazal Corporation Limited**  
**Directors' Declaration**  
**For the Half-Year Ended 31 December 2015**

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

In the opinion of the directors:

- (a) The financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
  - (i) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and the performance for the half-year ended on that date
  - (ii) Complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable

On behalf of the Board



Michael Gazal  
Executive Chairman



Patrick Robinson  
Executive Director

26 February 2016

To the members of Gazal Corporation Limited and its controlled entities

## Report on the Half Year Financial Report

We have reviewed the accompanying half-year financial report of Gazal Corporation Limited and its controlled entities, which comprises the statement of financial position as at 31 December 2015, the statement of comprehensive income, condensed statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

### Directors' Responsibility for the Half Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Gazal Corporation Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

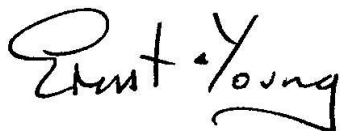
### Independence

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

## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Gazal Corporation Limited is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Ernst & Young



Gregory J Logue  
Partner  
Sydney  
26 February 2016

**Gazal Corporation Limited**  
**Corporate Directory**  
**For the Half-Year Ended 31 December 2015**

Auditors

**Ernst & Young**

680 George Street Sydney NSW 2000

Bankers

**Westpac Banking Corporation**

60 Martin Place Sydney NSW 2000

Company Secretary

**Peter James Wood CA, FICS**

Registered Office and principal place of business

3-7 McPherson Street

Banksmeadow NSW 2019

Telephone: (02) 9316 2800

Fax (02) 9316 7207

Web: [www.gazal.com.au](http://www.gazal.com.au)

Share Registry

**Boardroom Limited**

207 Kent Street Sydney NSW 2000

Telephone: (02) 9290 9600

Solicitor

**Johnston Winter Slattery**

264 George Street Sydney NSW 2000

**Ashurst**

225 George Street Sydney NSW 2000

State of Incorporation

**Victoria, Australia**

Stock Exchange Listings

Gazal Corporation Limited shares are quoted on the  
Australian Stock Exchange

ASX CODE

**GZL**