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BEYOND SPORTSWEAR INTERNATIONAL LIMITED  
ACN 108 042 593



ANNUAL REPORT  
30 JUNE 2011



**bsi**  
beyond sportswear international

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# CORPORATE INFORMATION

**BEYOND SPORTSWEAR INTERNATIONAL LIMITED**  
ABN 41 108 042 593

## DIRECTORS

Mr Andrew Plympton (Chairman)  
Mr Glen Casey (Chief Executive Officer & Executive Director)  
Mr Jeff Taylor (Non-Executive Director)  
Mr Mark Kellett (Non-Executive Director)

## COMPANY SECRETARY

Ms Sophie Karzis

## REGISTERED OFFICE

Suite 1, 65 Fennell Street, Port Melbourne, Victoria, 3207  
T + 613 9646 6611

## SOLICITORS

Francis V Gallichio Lawyers  
20 Powell Street, South Yarra, Victoria, 3141  
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## SHARE REGISTER

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Yarra Falls, 452 Johnston Street, Abbotsford, Victoria, 3067  
Local call 1300 850 505  
International call + 613 9415 4000

## AUDITOR

Stannards Accountants and Advisors Pty Ltd  
Level 1, 60 Toorak Road, South Yarra, Victoria, 3141  
T +613 9867 4433

## WEBSITE ADDRESS

[www.beyondsportswear.com.au](http://www.beyondsportswear.com.au)

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# CHAIRMAN'S & CHIEF EXECUTIVE OFFICER'S REPORT

Dear Shareholders

## The Year in Review

On behalf of the Board of Directors we present the Annual Report of Beyond Sportswear International Limited ("BSI Limited" or the "Company") for the year ended 30 June 2011.

During the year ended 30 June 2011, the Company underwent a number of significant restructuring events, most markedly, the financial restructuring package which included the provision of two finance facilities to the Company to the aggregate value of \$6 million with Investec Bank (Australia) Limited (Investec) and a pro-rata rights issue, underwritten by an entity associated with two of the Company's major shareholders, Rod Butters and Mark Kellett.

The moneys drawn down under the Investec facility were used predominantly to repay the Company's finance facilities with the National Australia Bank with the balance used either for working capital purposes or reserved for funding potential business acquisitions in the sports apparel market.

As a result of this restructuring, the Board welcomed the appointment of Mr Mark Kellett as a Director of the Company and the addition of Investec as a significant stakeholder.

With the restructuring complete and in place, the Board and Management then focussed on achieving the Company's objectives of strengthening the Company's core business both organically as well as through possible acquisitions, and taking appropriate initiatives to improve terms of supply and to otherwise rationalise costs. A number of the developments that have occurred have been previously announced to the market, such as the Heads of Agreement entered into with Primary Edge Pty Ltd and the exclusive supply agreement entered into with Alinta Apparel Pty Ltd. I am pleased to report that the acquisition of key assets and licences of Primary Edge Pty Ltd has been completed, and that further to the Company's exclusive supply arrangement with Alinta Apparel Pty Ltd the parties are now marketing the total service solution that has been developed through this alliance, with a number of potential opportunities being pursued. Further growth and acquisition opportunities continue to be explored by management and we will keep shareholders advised of developments as and should they occur.

During the financial year ended 30 June 2011, the Company also sought shareholder approval to put forward a resolution nominated by one of its shareholders to change the Company's auditor. Shareholders approved this resolution, and the Company welcomes Stannards Accountants and Advisors Pty Ltd (Stannards) as the Company's auditor. Stannards have conducted the audit of the Company's financial reports contained in this Annual Report.

## Results

As previously indicated to the market, the Company's results for the year ended 30 June 2011 are a net profit after tax (NPAT) of \$340 thousand compared with \$581 thousand in the previous financial year. These results also reflect the inclusion of \$750 thousand of non-recurring costs related to the Company's recent debt refinancing and associated activities.

## Outlook for 2012

The Company continues to have a clear focus on growing its school and team sports markets. The environment in which the Company's businesses are operating remains challenging. A number of initiatives continue to be explored by management in response to these challenges, including further cost reductions, where appropriate, and the securing of more favourable supply terms. The Directors remain cautiously optimistic that with the right structure, the appropriate level of operating costs, improved terms of manufacturing from China, a strong currency and some key strategic acquisitions and alliances, the business will perform well.



Mr Andrew Plympton  
Chairman  
30 September 2011



Mr. Glen Casey  
Chief Executive Officer  
30 September 2011

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# CORPORATE GOVERNANCE STATEMENT

This statement sets out the corporate governance practices that were in operation throughout the financial year for BSI and its controlled entities. The Company's Directors and management are committed to conducting the Company's business in an ethical manner and in accordance with the highest standards of corporate governance.

The Company has adopted and substantially complies with the ASX Corporate Governance Principles and Recommendations Second Edition with 2010 Amendments to the extent appropriate to the size and nature of the Company's operations.

A summary of how the Group complies with the revised ASX Corporate Governance Principles and Recommendations is included below. The various charters and policies are all available on the Beyond Sportswear International website: [www.beyondsportswear.com.au](http://www.beyondsportswear.com.au).

ASX Principle	Status	Reference / Comment
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## Principle 1: Lay solid foundation for management oversight

Formalise and disclose the functions reserved to the board and those delegated to management.

Complying

The Board has adopted a charter which establishes the role of the Board and its relationship with management. The primary role of the Board is the protection and enhancement of long term shareholder value. Its responsibilities include the overall strategic direction of the Group, establishing goals for management and monitoring the achievement of these goals. The functions and responsibilities of the Board and management are consistent with ASX Principle 1. A copy of the Board Charter is posted on the Group's website.

Each Director is given a letter upon his or her appointment which outlines the Director's duties. The Group has in place systems designed to fairly review and actively encourage enhanced Board and management effectiveness. The Nomination and Remuneration Committee takes responsibility for evaluating the Board's performance and the Group's key executives annually.

## Principle 2: Structure the Board to add value

A majority of the board members should be independent.

Non-Complying

It is noted that the Company does not satisfy the ASX Recommendations on Board independence as the majority of Directors are not independent. The Board comprises four Directors, three of whom are Non-Executive and two of whom are independent. The Directors considered by the Board to constitute independent Directors are the Chairman, Mr Andrew Plympton, and Non-Executive Director, Jeff Taylor. The test to determine independence which is used by the Company is whether a Director is independent of management and any business or other relationship with the Group that could materially interfere with – or could reasonably be perceived to materially interfere with – the exercise of their unfettered and independent judgement.

The chairman should be an independent director.

Complying

The Chairman, Mr. A. Plympton has been Chairman of the Company since February 2007 and was, at the date of his appointment and continues to be, independent. The Chairman leads the Board and is responsible for the efficient organisation and conduct of the Board's functions.

The roles of the chairman and the chief executive officer should not be exercised by the same individual.

Complying

The positions of Chairman and Chief Executive Officer are held by separate persons.

The board should establish a nomination committee.

Complying

The Board has a formal Nomination & Remuneration Committee comprising of the Non-Executive Directors, and the Committee's functions and powers are formalised in a

ASX Principle	Status	Reference / Comment
		Charter.
Provide the information indicated in the Guide to reporting on Principle 2.	Complying	<p>The following information is set out in the Company's annual report:</p> <ul style="list-style-type: none"> <li>• The skills and experience of Directors.</li> <li>• The Directors considered by the Board to constitute independent Directors and the Company's materiality thresholds.</li> <li>• A statement regarding Directors' ability to take independent professional advice at the expense of the Company.</li> <li>• The term of office held by each Director in office at the date of the report.</li> <li>• The names of members of the Company's committees and their attendance at committee meetings.</li> </ul>

### Principle 3: Promote ethical and responsible decision-making

<p>Establish a code of conduct and disclose the code as to:</p> <ul style="list-style-type: none"> <li>• The practices necessary to maintain confidence in the company's integrity.</li> <li>• The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders.</li> <li>• The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.</li> </ul> <p>Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.</p> <p>Companies should provide the information indicated in the Guide to reporting on Principle 3.</p>	Complying	<p>The Group has formulated a Code of Conduct which can be viewed on its website.</p> <p>The Code of Conduct has the commitment of the Directors and senior management to ensure practices are operating that are necessary to maintain confidence in the Company's integrity, and responsibility and accountability of individuals for reporting and investigating reports of unethical practices.</p> <p>The Company has adopted a Share Trading Policy which can be viewed on its website.</p> <p>The Company has a policy concerning the trading in the Company's securities by Directors, senior managers and employees. In summary, Directors, senior managers and employees must not deal in the Company's securities when they are in possession of insider information. Directors and senior managers must not trade during the "trading blackout" beginning at the end of the Half Year and Full Year reporting period until the release to the ASX of the Financial Results for the relevant period.</p>
New Recommendations 3.2 – 3.4 on Diversity		<p>The Board notes the recent changes to the ASX Corporate Governance Principles and Recommendations, which seek to incorporate three new recommendations in relation to diversity, and in particular gender diversity.</p> <p>Whilst the Company notes that disclosure in relation to the recently introduced changes will only be required to be made in and from its 2012 Annual Report, the Board has taken the opportunity to consider the changes at an early stage in its commitment to maintaining good corporate governance standards.</p>
New 3.2: Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.	Anticipated Non Complying	<p>The Board has contemplated the necessity of implementing a diversity policy. Noting the relatively small size of the Company and the fact that the Company has a small number of employees, the Board has resolved to depart from the new recommendations by not implementing a gender diversity policy.</p> <p>The departure from recommendation 3.2 will subsequently be explained in the Company's annual report for the financial year ending 30 June 2012, by indicating that the recommendation is inappropriate to the Company's particular circumstances.</p>
New 3.3: Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and	Anticipated Non Complying	<p>The Board's departure from recommendation 3.3 will be explained in the Company's annual report for the financial year ending 30 June 2012, by indicating that the recommendation is inappropriate to the Company's particular circumstances.</p>

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ASX Principle	Status	Reference / Comment
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progress towards achieving them.

New 3.4: Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.

Anticipated  
Complying

The Company intends to disclose in each future annual report the proportion of women employees in the whole organisation (if applicable), women in senior executive positions and women on the Board.

## Principle 4: Safeguard integrity in financial reporting

Companies should have a structure to independently verify and safeguard the integrity of their financial reporting.

Complying

The Directors are committed to the preparation of financial statements that present a balanced and clear assessment of the Group's financial position and prospects. The Board reviews the Company's half yearly and annual financial statements. The Board requires the Chief Executive Officer and the Chief Financial Officer to state in writing to the Board that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards.

The board should establish an audit committee. The audit committee should be structured so that it:

- Consists only of non executive directors.
- Consists of a majority of independent directors.
- Is chaired by an independent chair, who is not chair of the board.
- Has at least three members.

The Board has established an Audit Committee.

The Audit Committee consists of Non-Executive Directors only (Mr Jeff Taylor, Mr Andrew Plympton and Mr Mark Kellett) and is chaired by Jeff Taylor, an independent chair who is not chairman of the Board.

The audit committee should have a formal charter.

A copy of the Company's Audit Committee Charter can be viewed on its website.

Companies should provide the information indicated in the Guide.

The Board has adopted an Audit Committee Charter which sets out the Audit Committee's role and responsibilities, composition, structure and membership requirements.

## Principle 5: Make timely and balanced disclosure

Companies should promote timely and balanced disclosure of all material matters concerning the company.

Complying

The Company has a documented policy which has established procedures designed to ensure compliance with Australian Securities Exchange Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance. The Chief Executive Officer, the Chief Financial Officer and the Company Secretary are responsible for interpreting the Company's policy and where necessary informing the Board. The Company Secretary is responsible for all communications with the Australian Securities Exchange. The purpose of the procedures for identifying information for disclosure is to ensure timely and accurate information is provided equally to all shareholders and market participants.

Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies. Companies should provide the information indicated in the Guide.

## Principle 6: Respect the rights of shareholders

Companies should respect the rights of shareholders and facilitate the effective exercise of those rights.

Complying

The Board informs shareholders of all major developments affecting the Company's state of affairs as follows:

1. The annual report is distributed to all shareholders, including relevant information about the operations of the consolidated entity during the year and changes in the state of affairs.
2. The half-yearly report to the Australian Securities Exchange contains summarised

ASX Principle	Status	Reference / Comment
Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy. Companies should provide the information indicated in the Guide to reporting on Principle 6.		<p>financial information and a review of the operations of the consolidated entity during the period.</p> <p>3. All major announcements are lodged with the Australian Stock Exchange, and posted on the Group's website.</p> <p>4. Proposed major changes in the consolidated entity which may impact on share ownership rights are submitted to a vote of shareholders.</p> <p>5. The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the consolidated entity's strategy and goals.</p> <p>6. The Company's auditor attends the Annual General Meeting.</p>

## Principle 7: Recognise and manage risk

Companies should establish a sound system of risk oversight and management and internal control.	Complying	The Board has responsibility for monitoring risk oversight and ensures that the Chief Executive Officer and the Chief Financial Officer report on the status of business risks through risk management programs aimed at ensuring risks are identified, assessed and appropriately managed. In addition the Board is responsible for reviewing the risk management framework and policies of the Company.
Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Complying	Management has completed a review of the Company's major business units, organisational structure and accounting controls and processes. A description of the Company's risk management policy and internal compliance and control systems is available on the Company's website.
The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.		
The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Complying	The Chief Executive Officer and the Chief Financial Officer are required to state to the Board in writing that the integrity of the financial statements is founded on a sound system of risk management and internal compliance and control and that the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.
Companies should provide the information indicated in the Guide to reporting on Principle 7.		

## Principle 8: Remunerate fairly and responsibly

Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to	Complying	The Company has in place systems designed to fairly review and actively encourage enhanced Board and management effectiveness.
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ASX Principle	Status	Reference / Comment
performance is clear.		
The board should establish a remuneration committee.	Complying	The Board has established a Nomination & Remuneration Committee.
Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Complying	Details of the Directors and key senior executives remuneration are set out in the Remuneration Report of the Annual Report. The structure of Non-Executive Directors' remuneration is distinct from that of executives and is further detailed in the Remuneration Report of the Annual Report. Equity-based executive remuneration is made in accordance with thresholds set in plans approved by shareholders. In addition, the Company has issued equity based remuneration to both executive and Non-Executive Directors which has been approved by shareholders at a general meeting
Companies should provide the information indicated in the Guide to reporting on Principle 8.	Complying	A charter setting out the responsibilities of the Nomination & Remuneration Committee has been adopted and a copy of this charter is posted on the Company's website.

# DIRECTORS' REPORT

The Directors of Beyond Sportswear International Limited submit the annual financial report of the Company for the financial year ended 30 June 2011. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

## Directors and Senior Management

The Directors in office at any time during or since the end of the year to the date of this report are:

### ANDREW PLYMPTON

Chairman and Non-Executive Director since 9 February 2007

### GLEN CASEY

Chief Executive Officer since 5 November 2007 and Director since 19 April 2007

### JEFF TAYLOR

Non- Executive Director since July 2008 and Director since 4 March 2004

### MARK KELLETT

Non-Executive Director since 4 April 2011

### ANDREW PLYMPTON

#### Chairman and Non-Executive Director appointed on 9 February 2007

Mr Plympton joined the Company in February 2007 and brings to the role a wealth of experience in a diverse range of commercial and sporting activities.

In the financial services sector, Mr Plympton has been either the Managing Director and/or Executive Chairman of a number of international insurance brokers, underwriting agencies and captive insurance managers. In addition, Mr Plympton has served as Chairman of a specialist aviation underwriting company and Chairman of a high profile captive insurance operation. In the public company sector, Andrew is the Chairman of Beyond Sportswear International Limited and Entellect Limited, and is a director of Newsat Limited. In the private company arena, he is also a director of the New Zealand company Energy Mad Limited. He is also a commissioner of the Australian Sports Commission and is a director of The Australian Olympic Foundation.

Mr Plympton is Chairman of the Company's Nomination & Remuneration Committee and a member of the Company's Audit Committee.

### GLEN CASEY, MBA, Grad Dip Bus, Bach-Bus

#### Chief Executive Officer since 5 November 2007; Director since 19 April 2007

Mr Casey was the Managing Director and Chief Executive Officer of Nylex Limited for 3 years up until April 2006. Prior to that, over a period of 9 years, he occupied a variety of positions within Nylex Limited including Chief Operating Officer, Head of Automotive and Head of Consumer.

Mr Casey has also held senior executive positions with Philips and Dulux in Australia and Europe. He is a former director of a number of public and private companies including Ambit Recruitment Group, the St Kilda Football Club Limited, Hawker Richardson Superannuation Fund Limited and Nylex Limited.

During the last three years, Mr Casey has not served as a director of any other listed companies.

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**JEFF TAYLOR, Ba App Sci (EDP)****Non-Executive Director**

Mr Taylor has been a Director of the Company since 2004, and is a founding Director of Beyond Sportswear Pty Ltd (previously Concept Sports International Pty Ltd). Mr Taylor has over 18 years experience in the information technology industry and has worked with a variety of government and private industry clients. Mr Taylor reverted to a Non-Executive Director on 1 July 2009.

Mr Taylor is Chairman of the Company's Audit Committee and a member of the Nomination & Remuneration Committee.

During the last three years, Mr Taylor has not served as a director of any other listed companies.

**MARK KELLETT****Non-Executive Director effective from April 2011**

Mr Kellett is a substantial shareholder of the Company and has supported the Company through numerous capital raisings. Mr Kellett brings to his role extensive corporate and commercial experience and expertise, including 23 years with Gluck Forwarding Systems Pty Ltd (including a role as Managing Director) and the last 3 years as Group General Manager of Toll Global Forwarding ANZ. Mr Kellett's prior managerial roles and his strong track record of achieving business results bring skills to the Board to assist with capitalising on the program of restructuring, refinancing and business consolidation that has been recently undertaken by the Company.

Mr Kellett is a member of the Company's Audit Committee and Nomination & Remuneration Committee.

During the last three years, Mr Kellett has not served as a director of any other listed companies.

**SOPHIE KARZIS, B.Juris. LLB.****Company Secretary**

Ms Karzis was appointed as Company Secretary on 1 June 2007. She is a practising lawyer who holds roles at a number of public and private companies.

**Directors' Meetings**

The following table sets out the number of Directors' meetings (including meetings of committees of Directors) held during the financial year and the number of meetings attended by each Director while they were a Director or committee member.

Directors	Directors' Meetings	
	No of meetings eligible to attend	Attended
A. Plympton	12	12
G. Casey	12	12
J. Taylor	12	12
M. Kellett	3	3

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## Directors' Shareholdings

The following table sets out each Director's relevant interest in shares and options in shares of the Company as at the date of this report.

Directors	Fully Paid Ordinary Shares	Options
A. Plympton	0	200,000
G. Casey	62,572,114	0
J. Taylor	35,683,025	0
M. Kellett	1,556,178,870	0

## Remuneration of Directors and Senior Management

Information about the remuneration of Directors and senior management is set out in the Remuneration Report of this Directors' Report on pages 14 to 18.

## Share Options Granted to Directors and Senior Management

The Company maintains an option plan for senior management and executives, including Executive Directors, as approved by shareholders at an Annual General Meeting. There are currently 200,000 unissued ordinary shares under option under the Company's option plan as at the date of this report.

Details of unissued shares or interests under option as at the date of this report are

Issuing entity	Number of shares under option	Class of shares	Grant date	Expiry date	Exercise price
Beyond Sportswear International Limited	200,000	Ordinary	9.02.2007	8.02.2012	\$0.10

No shares have been issued during or since the end of the financial year as a result of exercise of an option.

On 28 March 2011 the Company issued 568,160,778 warrants. The principle terms of the warrants are:

- Each warrant entitles the holder to acquire, by way of issue, one fully paid share in the Company
- The exercise price of each warrant is \$0.00000000176, and the total aggregate exercise price for all warrants will be \$1.00
- The final date for exercise of the warrants is 5.00pm (AEDT) on 28 February 2015, and
- Each warrant will rank equally with all other warrants

The warrants were issued to Investec Bank (Australia) Limited in consideration for providing two finance facilities to the Company to the aggregate value of \$6,000 thousand.

## Nature of Operations and Principal Activities

The consolidated entity's principal activities in the course of the financial year were the manufacture, distribution and sale of sports merchandise, the wholesale of licensed products, and event retailing at sporting events.

## Review & Results of Operations

The profit after tax of the consolidated entity for the financial year attributable to the members of Beyond Sportswear International Limited was \$340 thousand (30 June 2010: \$581 thousand).

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## State of Affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the Company and its controlled entities that occurred during the financial year under review not otherwise disclosed in this report or the accompanying financial report.

## Events Subsequent to Balance Date

On 22 September 2011 the Company announced that it has finalised the acquisition of key assets and licences of Primary Edge Pty Ltd. The acquisition was made through an incorporated joint venture jointly owned between the Company and Summit 7 Pty Ltd.

Summit 7 Pty Ltd and the Company have entered a supply agreement relating to the supply of sublimated product from China.

The Company has management control rights over the joint venture and has the right to receive 100% of profits generated by the venture. The Company also has the right to acquire 100% of the joint venture entity provided it satisfies certain criteria over the next 3 years.

## Likely Developments

Disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years has been made in part in the Chairman's Report and the Chief Executive Officer's Report of this Annual Report. Any further such disclosure and the expected results of those operations are likely to result in unreasonable prejudice to the consolidated entity and have accordingly not been disclosed in this report.

## Environmental Regulation and Performance

The economic entity's operations are not subject to any significant environmental regulations under the Commonwealth or State legislation. However, the Directors believe that the economic entity has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the economic entity.

## Dividends

No dividend has been declared by the Directors for this financial year.

## Indemnification of Officers and Auditors

During the financial year, the Company paid a premium in respect of a contract insuring the Directors of the Company, the Company Secretary and all executive officers of the Company and of any related body corporate against a liability incurred as a Director, Secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as an officer or auditor.

## Auditor Independence and Non-Audit Services

The auditor's independence declaration is included on page 19 of this Annual Report.

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## Non-Audit Services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 6 to the financial statements.

The Directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in note 6 to the financial statements do not compromise the external auditor's independence for the following reasons:

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

## Proceedings on Behalf of the Company

No person has applied for leave of a Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

## Rounding Off of Amounts

The Company is a Company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the financial report are rounded off to the nearest thousand dollars.

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# REMUNERATION REPORT

This remuneration report, which forms part of the Directors' report, sets out information about the remuneration of Beyond Sportswear International Limited's Directors and its senior management for the financial year ended 30 June 2011. The prescribed details for each person covered by this report are detailed below under the following headings:

- Director and senior management details;
- Remuneration policy;
- Relationship between the remuneration policy and Company performance;
- Remuneration of Directors and senior management; and
- Key terms of employment contracts.

## Director and senior management details

The following persons acted as Directors of the Company during or since the end of the financial year:

Non-Executive Chairman      Andrew Plympton

Executive Director      Glen Casey was appointed Chief Executive Officer on 5 November 2007 and has held that role since that date.

Non-Executive Directors      Jeff Taylor was an Executive Director until 1 July 2008 from which time he reverted to and continues to be a Non-Executive Director.

Mark Kellett was appointed Non-Executive Director on 4 April 2011 and has held that role since that date.

The term 'senior management' is used in this remuneration report to refer to the following persons. Except as noted, the named persons held their current position for the whole of the financial year and since the end of the financial year:

Sales Manager      David Johnson, Sales Manager of Kea Sportswear since acquired by the Company on 29 July 2007.

Business Unit Manager      Stephen Day, Business Unit Manager of Kombat since 1 July 2009.

Chief Financial Officer      Robert Savage, Chief Financial Officer since 1 January 2007.

## Remuneration Policy

The Company's remuneration policy is based on the following principles:

- Provide competitive rewards to attract high quality executives;
- Provide an equity incentive for senior executives that will provide an incentive to executives to align their interests with those of the Company and its shareholders; and
- Ensure that rewards are referenced to relevant employment market conditions.

Remuneration packages contain the following key elements:

- Primary benefits – salary/fees;
- Benefits, including the provision of motor vehicles and superannuation; and
- Incentive schemes, including share options under the executive share option plan as disclosed in Note 22 to the financial statements.

In accordance with best practice corporate governance, the structure of Non-Executive Directors' and key management personnel's remuneration is separate and distinct.

The Board seeks to set remuneration at a level which provides the Company with the ability to attract and retain directors of relevant experience and skill, whilst incurring costs which are acceptable to shareholders.

## Remuneration of Non-Executive Directors

The Company's Constitution provides that Non-Executive Directors may collectively be paid from an aggregate maximum fixed sum out of the funds of Beyond Sportswear International Limited as remuneration for their services as Directors. The aggregate maximum fixed sum has been set at \$250,000 per annum. The Constitution and the Australian Securities Exchange Listing Rules specify that

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the aggregate remuneration amount can only be increased by the passing of an ordinary resolution of shareholders. Since the Company's establishment in March 2004, this fixed amount has not been increased. The amount of the aggregate remuneration and the manner in which it is apportioned is reviewed periodically. The Board considers fees paid to Non-Executive Directors of comparable companies when undertaking this review process.

Each Non-Executive Director receives a fee for being a Director of the Company and does not participate in performance based remuneration. The Chairman has been issued with options over ordinary shares in the Company which include a requirement to remain a Director of the Company for a specified period of time before they vest. Non-Executive Directors are encouraged to hold shares in the Company (purchased by the Director on-market). It is considered good governance for Directors to have a stake in the Company. As at the date of this Report, the Non-Executive Directors of the Company are Andrew Plympton, Jeff Taylor and Mark Kellett. Mr Plympton receives an annual fee of \$55,190 for being a Director of the Company and Messrs Taylor and Kellett each receive an annual fee of \$30,000 for being a Director of the Company.

### Retirement Benefits

Consistent with the ASX Corporate Governance Rules which states that Non-Executive Directors should not be provided with retirement benefits other than statutory superannuation, the Company does not provide retirement benefits to its Non-Executive Directors.

### Remuneration of Senior Management and Executive Directors

The Company aims to reward senior management and Executive Directors with a level and mix of remuneration commensurate with their position and responsibilities within the Company. The objective of the remuneration policy is:

- Reward senior management personnel and Executive Directors for Company and individual performance;
- Align the interests of the senior management personnel and Executive Directors with those of the shareholders; and
- Ensure that total remuneration is competitive by market standards.

In determining the level and make-up of senior management and Executive Directors' remuneration, the Board reviews reports detailing market levels of remuneration for comparable roles. Remuneration currently consists of fixed and variable elements which are dependent on the satisfaction of such performance conditions as may be imposed by the Board.

Senior Management and Executive Directors are compensated through a variety of components which include:

- Short term employee benefits;
- Post-employment benefits;
- Other long term benefits;
- Termination benefits; and
- Share-based payments.

The relative weighting of fixed and variable components for target performance is set according to the scope of the individual's role. The 'at-risk' component is linked to those roles in which market value provides reasons to provide some individuals with higher levels of remuneration, while also recognising the importance for providing shareholders with value. To ensure that fixed remuneration for the Company's most senior executives remains competitive, it is reviewed annually based on performance and market data.

Options issued to executives as a form of compensation are outlined in note 18 of the financial statements. Cash bonuses granted to executives are based on the respective performance of their regional business unit. Bonuses are paid out at various times during the year and are determined by the Board.

### Relationship between the remuneration policy and Company performance

The tables below set out summary information about the consolidated entity's earnings and movements in shareholder wealth for the five years to June 2011:

Financial Year Ending 30 June	2011	2010	2009	2008	2007
Revenue (\$'000)	16,941	24,958	30,366	26,398	22,346
NPAT (\$'000)	340	581	(577)	3,150	261
Share price at start of year	\$0.01	\$0.03	\$0.05	\$0.07	\$0.02
Share price at end of year	\$0.001	\$0.01	\$0.03	\$0.05	\$0.07
Dividend	-	-	-	-	-
Basic EPS (cents per share)	0.02	0.17	(0.23)	1.96	0.25

Certain Executive Directors receive a performance bonus for a combination of achievement of net profit after tax and achievement of personal KPIs as approved by the Board.

### Remuneration of Senior Management and Executive Directors

The following table discloses the remuneration of the Non-Executive and Executive Directors of the Company:

2011 Directors	Short Term Benefits		Post Employment	Termination Benefit	Share Based Payments	Total	Performance Related	
	Salary & Fees	Non-monetary	Superannuation		Options Note 1		Total	Options
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	%	%
<b>Executive Directors</b>								
G. Casey	217,500*	0	0*	0	0	217,500	0	0
<b>Non Executive Directors</b>								
A. Plympton	67,590	0	0**	0	(12,400)	55,190	(22)	(22)
J. Taylor	30,000	0	0***	0	0	30,000	0	0
M. Kellett	7,500	0	0****	0	0	7,500	0	0
<b>Senior management</b>								
D. Johnson	146,033	0	26,806	0	0	172,839	0	0
S. Day	224,860	0	20,237	0	0	245,097	0	0
R. Savage	119,541*****	0	0****	0	0	119,541	0	0
<b>Total</b>	<b>813,024</b>	<b>0</b>	<b>47,043</b>	<b>0</b>	<b>(12,400)</b>	<b>847,667</b>	<b>(1)</b>	<b>(1)</b>

2010 Directors	Short Term Benefits		Post Employment	Termination Benefit	Share Based Payments	Total	Performance Related	
	Salary & Fees	Non-monetary	Superannuation		Options Note 1		Total	Options
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	%	%
<b>Executive Directors</b>								
G. Casey	300,000	0	0*	0	(14,500)	285,500	(5)	(5)
<b>Non Executive Directors</b>								
G. March	0	0	0	0	(14,500)	(14,500)	100	100
A. Plympton	66,719	0	0**	0	0	66,719	0	0
J. Taylor	30,000	0	0***	0	0	30,000	0	0
<b>Senior management</b>								
D. Johnson	117,947	0	8,365	0	0	126,312	0	0
M. Weideman	86,884	0	7,280	14,391	0	109,095	0	0
M. Erwin	23,712	0	2,134	93,483	0	119,329	0	0
S. Day	221,451	0	21,574	0	0	243,025	0	0
R. Savage	140,000	0	0****	0	0	140,000	0	0
<b>Total</b>	<b>986,713</b>	<b>0</b>	<b>39,893</b>	<b>107,874</b>	<b>(29,000)</b>	<b>1,105,480</b>	<b>(3)</b>	<b>(3)</b>

Note 1: Options over shares issued as part of remuneration have been valued in accordance with the Australian Accounting Standards AASB2, using the Monte Carlo Valuation methodology; the value of the options is determined on the grant date and is included in remuneration on a proportionate basis from grant date to vesting date.

\* Mr Casey's services to the Company are provided pursuant to a service contact with a company of which he is a director and major shareholder, GFC Management Pty Ltd. As the legal relationship is one of contractor and not employee, there are no superannuation entitlements due to Mr Casey by the Company. The annual remuneration entitlement to Mr Casey is \$300,000, however, in the current financial year Mr Casey was required to forego \$82,500 in service fees in order to comply with the conditions of a subordinated loan agreement with Investec.

\*\*Mr Plympton's services to the Company as a Director are provided through his private company, Windward Mark Pty Ltd. As the legal relationship is one of contractor and not employee, there are no superannuation entitlements due to Mr Plympton by the Company.

\*\*\*Mr Taylor's services to the Company as a Director are provided through his private company, Jelor Software Pty Ltd. As the legal relationship is one of contractor and not employee, there are no superannuation entitlements due to Mr Taylor by the Company.

\*\*\*\* Mr Kellett's services to the Company are provided through his private company, Stetten No. 2 Pty Ltd. As the legal relationship is one of contractor and not employee, there are no superannuation entitlements due to Mr Kellett by the Company.

\*\*\*\*\* Mr Savage's services to the Company are provided through his private company, Savage5 Pty Ltd. As the legal relationship is one of contractor and not employee, there are no superannuation entitlements due to Mr Savage by the Company. The annual remuneration entitlement to Mr Savage is \$240,000, however, in the current financial year Mr Savage was required to forego \$120,459 in service fees in order to comply with the conditions of a subordinated loan agreement with Investec.

### Components of Remuneration of Senior Management & Executive Directors

The Company has entered into a service contract with GFC Management Pty Ltd ACN 121 025 054 under which GFC Management Pty Ltd is obliged to provide the services of Mr Glen Casey to the Company to perform the functions of the Chief Executive Officer.

Under this Contract, either party can terminate the arrangement at any time by giving to the other notice in writing for a period of not less than three (3) months or in the case of the Company by providing an equivalent payment in lieu of such notice.

The amount of the fees payable under the Contract is \$300,000.00 gross per annum plus GST. In addition, a performance bonus is set on an annual basis. This is based on 90-150% of a bonus amount as determined by the Board for a combination of achievement of net profit after tax and achievement of personal KPIs as approved by the Board. The incentive is subject to specific annual agreement between the parties so as to reflect relevant circumstances at the time.

No bonus payment is due for the 2011 financial year.

During the financial year, the following share-based payment arrangements were in existence pertaining to members of senior management and Executive Directors:

Options series	Grant date	Expiry date	Grant date fair value	Vesting date
(1) Issued 9 February 2007	9.02.2007	8.02.2012	12,400	Vests at date of grant

There are no further service or performance criteria that need to be met in relation to options granted under series 1, and 2 before the beneficial interest vests in the recipient. Executives and senior employees receiving options under option series 1 and 2 are entitled to the beneficial interest under the option when the performance condition is met.

There were no grants of share-based payment compensation to Directors and senior management during the current financial year.

No option series currently on issue was exercised during the financial year.

No options held by Directors and senior management were exercised or lapsed during the financial year.

This Directors' report is signed in accordance with a resolution of Directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors

Mr. Andrew Plympton  
Chairman  
30 September 2011

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**BEYOND SPORTSWEAR INTERNATIONAL LIMITED  
AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE  
CORPORATIONS ACT 2001 TO THE DIRECTORS OF  
BEYOND SPORTSWEAR INTERNATIONAL AND CONTROLLED ENTITIES**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2011 there have been:

- i. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit

*Stannards*

Stannards Accountants & Advisors



Michael B Shulman

Date: *30/6/11*

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BEYOND SPORTSWEAR INTERNATIONAL LTD

### Report on the Financial Report

We have audited the accompanying financial report of Beyond Sportswear International Limited (the company) and Beyond Sportswear International Limited and Controlled Entities (the consolidated entity), which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

### *Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards (IFRS).

### *Auditor's Responsibility*

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

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

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

### *Independence*

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Beyond Sportswear International Limited, would be in the same terms if provided to the directors as at the date of this auditor's report.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
BEYOND SPORTSWEAR INTERNATIONAL LTD**

*Auditor's Opinion*

In our opinion:


- a. the financial report of Beyond Sportswear International Limited and Beyond Sportswear International Limited and Controlled Entities is in accordance with the Corporations Act 2001, including:
  - i. giving a true and fair view of the company and consolidated entity's financial position as at 30 June 2011 and of their performance for the year ended on that date; and
  - ii. complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.


**Report on the Remuneration Report**

We have audited the remuneration report included in the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

*Auditor's Opinion*

In our opinion the remuneration report of Beyond Sportswear International Limited for the year ended 30 June 2011 complies with Section 300A of the Corporations Act 2001.

  
Stannards Accountants & Advisors

  
Michael B Shulman

Dated this 30<sup>th</sup> day of Sept 2011

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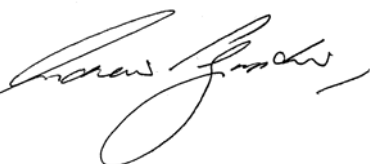
## DIRECTORS' DECLARATION

The Directors declare that:

The financial statements and notes, as set out on pages 24 to 68 are in accordance with the Corporations Act 2001 including:

- In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- In the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Group and the Company;
- In the Directors' opinion, the financial statements and notes thereto are in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board as stated in note (1) to the financial statements; and
- The Directors have been given the declarations required by section 295A of the Corporations Act 2001 by the Chief Executive Officer and the Chief Financial Officer.

Signed in accordance with a resolution of the Directors made pursuant to s.295(5) of the Corporations Act 2001



Mr. Andrew Plympton  
Chairman  
30 September 2011

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## STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2011

	Note	Consolidated		Company	
		2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
<b>Continuing Operations</b>					
Revenue	3	16,941	24,958	0	0
Changes in inventories of finished goods and work in progress		217	(171)	0	0
Raw materials and consumables used		(9,442)	(13,188)	0	0
Royalty expenses		(58)	(350)	0	0
Employee benefits expense	4	(2,922)	(3,722)	12	29
Occupancy expenses		(476)	(418)	0	0
Event expenses		(207)	(295)	0	0
Advertising expenses		(108)	(260)	0	0
Freight expenses		(281)	(485)	0	0
Travel expenses		(145)	(283)	0	0
Depreciation and amortisation expenses	4	(668)	(1,326)	(6)	(6)
Professional fees		(625)	(1,233)	(475)	(474)
Finance costs	4	(899)	(921)	0	0
Write down of related party loan	4	0	0	(5,708)	1,109
Other expenses		(631)	(1,475)	120	0
Business restructuring costs		(299)	0	0	0
Restructuring costs related to event business		0	(630)	0	0
Restructuring costs related to debt refinancing		(451)	0	0	0
Profit/ (Loss) before tax		(54)	201	(6,057)	658
Income tax benefit	5	300	380	(1,281)	71
<b>Profit / (Loss) for the year from Continuing Operations</b>		<b>246</b>	<b>581</b>	<b>(7,338)</b>	<b>729</b>
<b>PROFIT/(LOSS) FOR THE YEAR</b>		<b>246</b>	<b>581</b>	<b>(7,338)</b>	<b>729</b>
<b>Other comprehensive income</b>					
Exchange differences on translating foreign operations		94	0	0	0
<b>Other comprehensive income for the year, net of tax</b>		<b>94</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>340</b>	<b>581</b>	<b>(7,338)</b>	<b>729</b>
<b>Earnings per share</b>					
Basic (cents per share)	28	0.02	0.17		
Diluted (cents per share)	28	0.02	0.17		

Notes to the financial statements are included on pages 28 to 68

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## STATEMENT OF FINANCIAL POSITION

As at 30 June 2011

	Note	Consolidated		Company	
		2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
<b>Assets</b>					
<b>Current assets</b>					
Cash and bank balances	7	43	221	0	0
Trade and other receivables	8	1,953	4,107	0	4
Inventories	9	3,282	3,027	0	0
Other assets	10	642	332	0	20
<b>Total current assets</b>		<b>5,920</b>	<b>7,687</b>	<b>0</b>	<b>24</b>
<b>Non-current assets</b>					
Deferred tax assets	5	4,680	4,380	2,790	4,071
Other financial assets	11	75	75	13,396	12,973
Property plant and equipment	12	1,890	2,529	14	20
Goodwill	13	5,168	4,745	0	0
Other intangible assets	14	9,439	8,719	0	0
<b>Total non-current assets</b>		<b>21,252</b>	<b>20,448</b>	<b>16,200</b>	<b>17,064</b>
<b>Total assets</b>		<b>27,172</b>	<b>28,135</b>	<b>16,200</b>	<b>17,088</b>
<b>Current liabilities</b>					
Trade and other payables	15	4,125	7,714	137	288
Borrowings	16	1,142	6,046	900	0
Provisions	17	413	431	0	0
<b>Total current liabilities</b>		<b>5,680</b>	<b>14,191</b>	<b>1,037</b>	<b>288</b>
<b>Non-current liabilities</b>					
Borrowings	16	7,193	3,150	4,100	0
Trade and other payables	15	1,530	0	0	0
Provisions	17	156	122	0	0
<b>Total non-current liabilities</b>		<b>8,879</b>	<b>3,272</b>	<b>4,100</b>	<b>0</b>
<b>Total liabilities</b>		<b>14,559</b>	<b>17,463</b>	<b>5,137</b>	<b>288</b>
<b>Net assets</b>		<b>12,613</b>	<b>10,672</b>	<b>11,063</b>	<b>16,800</b>
<b>Equity</b>					
Issued capital	18	39,991	38,258	39,991	38,258
Reserves	19	179	(228)	0	132
Accumulated losses	20	(27,557)	(27,358)	(28,928)	(21,590)
		<b>12,613</b>	<b>10,672</b>	<b>11,063</b>	<b>16,800</b>
Equity attributable to owners of the Company		12,613	10,672	11,063	16,800
Non-controlling interests		0	0	0	0
<b>Total equity</b>		<b>12,613</b>	<b>10,672</b>	<b>11,063</b>	<b>16,800</b>

Notes to the financial statements are included on pages 28 to 68

## STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2011

	Note	Share Capital \$'000	Share Option Reserve \$'000	Foreign Currency Translation Reserve \$'000	Retained Earnings \$'000	Attributable to equity holders of the parent \$'000	Total \$'000
<b>Consolidated</b>							
Balance at 1 July 2009		38,312	161	(360)	(27,939)	10,174	10,174
Profit for the year		0	0	0	581	581	581
Total comprehensive income for the year		0	0	0	581	581	581
Share based payments		0	(29)	0	0	(29)	(29)
Share transaction costs		(54)	0	0	0	(54)	(54)
<b>Balance at 30 June 2010</b>		<b>38,258</b>	<b>132</b>	<b>(360)</b>	<b>(27,358)</b>	<b>10,672</b>	<b>10,672</b>
<b>Balance at 1 July 2010</b>		<b>38,258</b>	<b>132</b>	<b>(360)</b>	<b>(27,358)</b>	<b>10,672</b>	<b>10,672</b>
Profit for the year		0	0	0	246	246	246
Other comprehensive income for the year		0	0	94	0	94	94
Total comprehensive income for the year		0	0	94	246	340	340
Share based payments		0	(132)	0	0	(132)	(132)
Issue of shares	18	2,868	0	0	0	2,868	2,868
Share transaction costs	18	(1,135)	0	0	0	(1,135)	(1,135)
Transfer arising from deconsolidation		0	0	445	(445)	0	0
<b>Balance at 30 June 2011</b>		<b>39,991</b>	<b>0</b>	<b>179</b>	<b>(27,557)</b>	<b>12,613</b>	<b>12,613</b>

	Note	Share Capital \$'000	Share Option Reserve \$'000	Foreign Currency Translation Reserve \$'000	Retained Earnings \$'000	Attributable to equity holders of the parent \$'000	Total \$'000
<b>Company</b>							
Balance at 1 July 2009		38,312	161	0	(22,319)	16,154	16,154
Profit for the year		0	0	0	729	729	729
Total comprehensive income for the year		0	0	0	729	729	729
Share based payments		0	(29)	0	0	(29)	(29)
Share transaction costs		(54)	0	0	0	(54)	(54)
<b>Balance at 30 June 2010</b>		<b>38,258</b>	<b>132</b>	<b>0</b>	<b>(21,590)</b>	<b>16,800</b>	<b>16,800</b>
<b>Balance at 1 July 2010</b>		<b>38,258</b>	<b>132</b>	<b>0</b>	<b>(21,590)</b>	<b>16,800</b>	<b>16,800</b>
Loss for the year		0	0	0	(7,338)	(7,338)	(7,338)
Total comprehensive loss for the year		0	0	0	(7,338)	(7,338)	(7,338)
Share based payments		0	(132)	0	0	(132)	(132)
Issue of shares	18	2,868	0	0	0	2,868	2,868
Share transaction costs	18	(1,135)	0	0	0	(1,135)	(1,135)
<b>Balance at 30 June 2011</b>		<b>39,991</b>	<b>0</b>	<b>0</b>	<b>(28,928)</b>	<b>11,063</b>	<b>11,063</b>

Notes to the financial statements are included on pages 28 to 68

## STATEMENT OF CASH FLOWS

For the year ended 30 June 2011

	Consolidated		Company		
	2011	2010	2011	2010	
Note	\$'000	\$'000	\$'000	\$'000	
<b>Cash flows from operating activities</b>					
Receipts from customers	19,001	27,507	0	0	
Payments to suppliers and employees	(17,930)	(25,328)	(602)	(498)	
Interest received	10	9	0	0	
Finance costs	(899)	(921)	0	0	
Other income	254	26	0	0	
Net cash provided by / (used in) operating activities	21	436	1,293	(602)	(498)
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	12	(60)	(829)	0	0
Proceeds from sale of plant and equipment		32	165	0	0
Payments for other intangible assets		(1,035)	(541)	0	0
Purchase of businesses	29	(423)	(561)	(423)	(561)
Net cash (used in) investing activities		(1,486)	(1,766)	(423)	(561)
<b>Cash flows from financing activities</b>					
Proceeds from issue of shares		2,868	0	2,868	0
Payment for share issue costs		(1,135)	(54)	(1,135)	(54)
Proceeds from unsecured and shareholder loans		45	1,643	0	0
Repayment of secured borrowings		(4,775)	(1,280)	0	0
Proceeds from secured bank long term loan		5,000	0	5,000	0
Advances to controlled entities		0	0	(5,708)	1,113
Payments for hire purchase liabilities		(328)	(206)	0	0
Net cash provided by financing activities		1,675	103	1,025	1,059
<b>Net increase/(decrease) in cash and cash equivalents</b>					
Cash and cash equivalents at the beginning of financial year		625	(370)	0	0
Effect of exchange rate changes on the balance of cash held in foreign currencies		(582)	(212)	0	0
Cash and cash equivalents at end of financial year	21	0	0	0	0
		43	(582)	0	0

Notes to the financial statements are included on pages 28 to 68

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# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

### Statement of compliance

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

The financial statements comprise the consolidated financial statements of the Group.

Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with A-IFRS ensures that the financial statements and notes of the Company and the Group comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the Directors on 30 September 2011.

### Basis of Preparation of the Financial Report

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The Company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

### Significant accounting policies

#### (a). Going concern policy note

At 30 June 2011 the Group had a positive working capital position of \$240 thousand (2010: deficit of \$6,504 thousand). The Group recorded net cash inflows from operations of \$436 thousand and net profit after tax of \$340 thousand in the current financial year.

On 12 January 2011 the Group successfully completed a renounceable rights issue for a total of \$2,100 thousand, comprising cash of \$1,700 thousand and the conversion of \$400 thousand debt to equity. The proceeds from the rights issue were used to fund restructuring costs relating to the debt refinancing, with the remainder used for working capital.

At the Extraordinary General Meeting held on 28 February 2011 a motion was carried by the shareholders to approve a facility agreement with Investec Bank. The facility comprises \$5,000 thousand core debt and \$1,000 thousand to be made available for acquisitions. The core debt was used to repay the National Australia Bank debt. The new bank facility has a 3 year term which allows much of this debt to be classified as a non-current liability provided the Group complies with the ongoing conditions of the facility agreement.

The above events have had a favourable impact on liquidity with the deficiency of current assets to current liabilities being eliminated.

The Directors are confident that the Group and the Company will continue as going concerns for the following reasons:

- Ongoing support of our customers;
- Ongoing support of our shareholders;
- Ongoing support of Summit 7 Pty Ltd in accordance with the new supply agreement;
- Forecast future cash flows indicate sufficient funds will be available to pay for debts as and when they fall due;
- Continued generation of synergies arising from Kea and Kombat; and
- Ongoing focus on cost reductions.

Preparation of this financial report assumes that the Group will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

**(b). Basis of Consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries) (referred to as 'the Group' in these financial statements). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. In the separate financial statements of the Company, intra-group transactions ('common control transactions') are generally accounted for by reference to the existing (consolidated) book value of the items. Where the transaction value of common control transactions differ from their consolidated book value, the difference is recognised as a contribution by or distribution to equity participants by the transacting entities.

Minority interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

**(c). Business Combinations**

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition related costs are recognised in the profit and loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant Standards. Changes in the fair value of contingent consideration classified as equity are not recognised.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3 (2008) are recognised at their fair value at acquisition date, except that:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with AASB 12 Income Taxes and AASB 119 Employee Benefits respectively;
- Liabilities or equity instruments related to the replacement by the Group of an acquiree's share based payments awards are measured in accordance with AASB 2 Share based Payment; and
- Assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 Non current assets held for sale and Discontinued Operations are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below) or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of acquisition date, and is subject to a maximum of one year.

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**(d). Goodwill**

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the Combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

**(e). Income Tax**

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

Current tax payable is based on taxable profit for the period. Taxable profit differs from profit reported in the consolidated statement of comprehensive income due to items of income or expense that are taxable or deductible in other reporting periods and items that are never taxable or deductible (permanent differences). Current tax is calculated using the tax rates that have been enacted or are substantially enacted by the balance date.

Deferred tax

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from an initial recognition (other than a business combination) of other assets or liabilities where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The amount of benefit brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to set off current tax assets against current tax liabilities and they relate to income tax levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognised as an expense or income in profit and loss except where they relate to items that are recognised outside profit and loss (whether in comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination the tax effect is included in the accounting for the business combination.

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## Income Tax (Continued)

### Tax consolidation

The Company and its controlled Australian entities have formed an income tax consolidated group under the tax consolidation legislation. The parent entity is responsible for recognising the current tax and deferred tax assets in respect of tax losses for the consolidated group. The tax consolidated group has also entered a tax funding agreement whereby each Australian taxed company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group).

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement.

Where the tax contribution amount recognised by each member of the tax-consolidated group for a particular period is different to the aggregate of the current tax liability or asset and any deferred tax asset arising from unused tax losses and tax credits in respect of that period, the difference is recognised as a contribution from (or distribution to) equity participants.

### (f). Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

### (g). Property, Plant and Equipment

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

Plant and equipment, and motor vehicles are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition or construction of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on plant and equipment. Depreciation is calculated on a straight-line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

### *Depreciation*

The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the Group commencing from the time the asset is held ready for use.

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**Depreciation (Continued)**

The depreciation rates used for each class of assets are:

Class of Fixed Asset	Depreciation Rates	Depreciation Basis
Plant and equipment	2.5% - 30.0%	Straight line
Leased plant and equipment	12.5% (2010: 7.5%)	Straight line
Motor vehicles	20.0% (2010: 10%-22.5%)	Straight line

**(h). Leases****Finance Leases**

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the Group, are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

**Operating Leases**

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

**(i). Impairment of tangible and intangible assets (excluding goodwill)**

At the end of each reporting period the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). 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. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

**(j). Intangible Assets**Brands

Brand names recognised by the Group have an indefinite useful life and are not amortised. Each period, the useful life of this asset is reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. Such assets are tested for impairment in accordance with the policy stated in note 1(i).

Internally generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it occurs.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit and loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

**(k). Employee Benefits**

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short term employee benefits are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Defined contribution plans

Contributions to defined contribution superannuation plans are expensed when employees have rendered service entitling them to the contributions.

**(l). Provisions**

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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**Provisions (Continued)**Restructurings

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the date of acquisition. At subsequent reporting dates, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with AASB 137 'Provisions, Contingent Liabilities and Contingent Assets' and the amount initially recognised less cumulative amortisation recognised in accordance with AASB 118 'Revenue'.

Provision for restoration and rehabilitation

A provision for restoration and rehabilitation is recognised when there is a present obligation as a result of production activities undertaken, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligations include the costs of removing the facilities and restoring the affected areas.

**(m). Foreign Currencies***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 the Group operates. The consolidated financial statements are presented in Australian dollars which is the Group's functional currency and the presentation currency for the consolidated financial statements.

*Transactions and Balances*

Foreign currency transactions are translated into functional currency using the exchange rate prevailing at the date of transaction. Foreign currency monetary items are translated at the yearend exchange rate.

Exchange differences arising on the translation of monetary items are 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 at that reporting date;
- Income and expenses are translated at average exchange rates for the period; and
- Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. The differences are recognised in the income statement in the period in which the operation is disposed.

**(n). Cash and cash equivalents**

For the purposes of the statement of cash flows, cash includes:

- Cash on hand and at call deposits with banks or financial institutions, net of outstanding bank overdrafts; and
- Term deposits that support finance facilities, as identified in Note 7.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value and have a maturity of three months or less at the date of acquisition.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

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**(o). Revenue**

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other allowances.

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods,
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold,
- The amount of revenue can be measured reliably,
- It is probable that the economic benefits associated with the transaction will flow to the entity, and
- The costs incurred or to be incurred in respect of the transaction can be reliably measured.

Interest

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

**(p). 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 profit and loss in the period in which they are incurred.

**(q). Share-based payments**

Equity-settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of a binomial or Monte Carlo model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest.

At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period.

Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods and services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

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

**(r). Goods and Services Tax (GST)**

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

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

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**(s). Financial assets****Loans and receivables**

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

Interest income is recognised by applying the effective interest rate.

**(t). Critical accounting judgements and key sources of estimation uncertainty**

The Directors evaluate estimates and judgements 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 and judgements - Impairment*****Inventory**

Stock on hand remaining for expired events is valued at net realisable value. The anticipated recoverable amount is based on historical knowledge and best available information.

**Goodwill**

Goodwill is allocated to cash generating units (CGU's) according to applicable business operations. The recoverable amount of a CGU is based on value-in-use calculations.

The recoverable amount of goodwill is based on value-in-use calculations. These calculations are based on projected cash flows approved by management covering a period not exceeding five years. Management's determination of cash flow projections and gross margins are based on past performance and its expectation for the future. The cash flow projections for the wholesale license business have been calculated using historical knowledge and best available information regarding revenues and expenses. A growth rate of 3% (2010: 3%) has been used to extrapolate the wholesale license business cash flow projections beyond the period covered by the most recent forecasts. The cash flow projections for event retailing at major international sports events have been based on contracted events and those the Group believes it is likely to secure. The present value of future cash flows has been calculated using a discount rate of 19.5% (2010: 17.8%) to determine value-in-use.

**Identifiable Intangibles**

The calculation used to assess the value of the Group's brands is based on projected cash flows approved by management covering a period not exceeding ten years. Management's determination of cash flow projections and gross margins are based on past performance and its expectation for the future. The cash flow projections for the business have been calculated using historical knowledge and best available information regarding revenues and expenses. A growth rate of 3% (2010: 3%) has been used to extrapolate the business cash flow projections beyond the period covered by the most recent forecasts. The present value of future cash flows has been calculated using a discount rate of 19.5% (2010: 17.8%) to determine value-in-use.

**(u). New Accounting Standards for Application in Future Periods**

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods and which the Group has decided not to early adopt. A discussion of those future requirements and their impact on the Group is as follows:

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## New Accounting Standards for Application in Future Periods (Continued)

### AASB 9: Financial Instruments (December 2010)

This Standard is applicable for annual reporting periods commencing on or after 1 January 2013.

This Standard is applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments. The Group has not yet determined any potential impact on the financial statements.

The key changes made to the accounting requirements include:

- Simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value,
- Simplifying the requirements for embedded derivatives,
- Removing the tainting rules associated with held-to-maturity assets,
- Removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost,
- Allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument,
- Requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristic of the contractual cash flows, and
- Requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

### AASB 124: Related Party Disclosures

This Standard is applicable for annual reporting periods commencing on or after 1 January 2011.

This Standard removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies the definition of a "related party" to remove inconsistencies and simplify the structure of the Standard. No changes are expected to materially affect the Group.

### AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements (AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052)

This Standard is applicable for annual reporting periods commencing on or after 1 July 2013.

AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements.

- Tier 1: Australian Accounting Standards, and
- Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.

Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements

The following entities are required to apply Tier 1 reporting requirements (i.e. full IFRS):

- For-profit private sector entities that have public accountability, and
- The Australian Government and state, territory and local governments.

Since the Group has public accountability, it does not qualify for the reduced disclosure requirements for Tier 2 entities.

AASB 2010-2 makes amendments to Australian Accounting Standards and Interpretation to give effect to the reduced disclosure requirements for Tier 2 entities. It achieves this by specifying the disclosure paragraphs that a Tier 2 entity need not comply with as well as adding specific "RDR" disclosures.

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**New Accounting Standards for Application in Future Periods (Continued)**AASB 2009-12: Amendments to Australian Accounting Standards (AASB 5, 8, 108, 110, 119, 133, 137, 139, 1023, & 1031 and Interpretations 2, 4, 16, 1039 & 1052)

This Standard is applicable for annual reporting periods commencing on or after 1 January 2011.

This Standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. The Standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. The amendments are not expected to impact the Group.

AASB 2009-14: Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement (AASB Interpretation 14)

This Standard is applicable for annual reporting periods commencing on or after 1 January 2011.

This Standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan.

This Standard is not expected to impact the Group.

AASB 2010-4: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13)

This Standard is applicable for annual reporting periods commencing on or after 1 January 2011.

This Standard details numerous non-urgent but necessary changes to Accounting Standards arising from the IASB's annual improvements project. Key changes include:

- Clarifying the application of AASB 108 prior to an entity's first Australian-Accounting Standards financial statements;
- Adding an explicit statement to AASB 7 that qualitative disclosures should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments;
- Amending AASB 101 to the effect that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income is required to be presented, but is permitted to be presented in the statement of changes in equity or in the notes;
- Adding a number of examples to the list of events or transactions that require disclosure under AASB 134; and
- Making sundry editorial amendments to various Standards and Interpretations.

This Standard is not expected to impact the Group.

AASB 2010-5: Amendments to Australian Accounting Standards (AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023, & 1038 and Interpretations 112, 115, 127, 132 & 1042)

This Standard is applicable for annual reporting periods commencing on or after 1 January 2011.

This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. However, these editorial amendments have no major impact on the requirements of the respective amended pronouncements.

AASB 2010-6: Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets (AASB 1 & AASB 7)

This Standard is applicable for annual reporting periods commencing on or after 1 July 2011.

This Standard adds and amends disclosure requirements about transfers of financial assets, especially those in respect of the nature of the financial assets involved and the risks associated with them. Accordingly, this Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards, and AASB 7: Financial Instruments: Disclosures, establishing additional disclosure requirements in relation to transfers of financial assets.

This Standard is not expected to impact the Group.

### New Accounting Standards for Application in Future Periods (Continued)

AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9(December 2010) (AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023, & 1038 and Interpretations 2, 5, 10, 12, 19 & 127)

This Standard is applicable for annual reporting periods commencing on or after 1 January 2013.

This Standard makes amendments to a range of Australian Accounting Standards and Interpretations as a consequence of the issuance of AASB 9: Financial Instruments in December 2010. Accordingly, these amendments will only apply when the entity adopts AASB 9

As noted above, the Group has not yet determined any potential impact on the financial statements from adopting AASB 9.

AASB 2010-8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets (AASB 112)

This Standard is applicable for annual reporting periods commencing on or after 1 January 2012.

This Standard makes amendments to AASB 112: Income Taxes.

The amendments brought in by this Standard introduce a more practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model under AASB 140: Investment Property.

Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

The amendments brought in by this Standard also incorporate Interpretation 121 into AASB 112.

The amendments are not expected to impact the Group.

AASB 2010-9: Amendments to Australian Accounting Standards – Severe Hyperinflation and Removal of Fixed Dates for First Time Adopters (AASB 1)

This Standard is applicable to periods beginning on or after 1 July 2011.

This Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards.

The amendments brought in by this Standard provide relief for first-time adopters of Australian Accounting Standards from having to reconstruct transactions that occurred before their date of transition to Australian Accounting Standards.

Furthermore, the amendments brought in by this Standard also provide guidance for entities emerging from severe hyperinflation either to resume presenting Australian-Accounting-Standards financial statements or to present Australian-Accounting-Standards financial statements for the first time.

This Standard is not expected to impact the Group.

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**New Accounting Standards for Application in Future Periods (Continued)**AASB 2010-10: Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First Time Adopters (AASB 2009-11 & AASB 2010-7)

This Standard is applicable to periods beginning on or after 1 January 2013.

This Standard makes amendments to AASB 2009-11: Amendments to Australian Accounting Standards arising from AASB 9, and AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).

The amendments brought in by this Standard ultimately affect AASB 1: First-time Adoption of Australian Accounting Standards and provide relief for first-time adopters from having to reconstruct transactions that occurred before their transition date.

The amendments to AASB 2009-11 will only affect early adopters of AASB 2009-11 (and AASB 9: Financial Instruments that was issued in December 2009) as it has been superseded by AASB 2010-7.

This Standard is not expected to impact the Group.

The Directors anticipate that the adoption of these Standards and Interpretations in the future periods will have no material financial impact on the financial statements of the Group. The adoption will not affect any of the amounts recognised in the financial statements but may change the disclosures presently made in relation to the financial statements.

The Standards and Interpretations will be first applied in the financial statements of the Group in the annual reporting period beginning after the effective date of each pronouncement.

**NOTE 2: SIGNIFICANT EVENTS****Exit of Non Core Licences/Licence Rationalisation**

The Board of Beyond Sportswear International Limited determined to discontinue a number of non core licenses resulting in the disposal of inventory and plant and equipment at cost value during the current financial year (2010: \$362 thousand below cost).

**NOTE 3: REVENUE**

The following is an analysis of the Group's revenue for the year from continuing operations.

	Consolidated		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Operating activities				
- Revenue from sale of goods	16,731	24,949	0	0
- Government grant	200	0	0	0
- Interest received (a)	10	9	0	0
Total Revenue	16,941	24,958	0	0
(a) Interest revenue from:				
- External parties	10	9	0	0
Total interest revenue	10	9	0	0

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**NOTE 4: PROFIT**

	Consolidated		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
<b>Expenses</b>				
Cost of sales	9,442	12,462	0	0
Write down of inventory to net realisable value	0	726	0	0
Finance Costs:				
- Shareholder related parties	241	242	0	0
- External parties	658	679	0	0
Total finance costs	899	921	0	0
Depreciation of non current assets				
- Plant and equipment	636	1,202	6	6
- Motor vehicles	32	124	0	0
Total depreciation	668	1,326	6	6
Net loss/(gain) from movement in provisions				
- Movement in provision for doubtful debts	0	40	0	0
- Movement in employee provisions	16	(82)	0	0
- Movement in inventory provision	0	0	0	0
- Provision for write down / (write back) of related party loan	0	0	5,708	(1,109)
Total net gain/(loss) from movements in provisions	16	(42)	5,708	(1,109)
Rental expense on operating leases				
- Minimum lease payments	476	418	0	0
Employee benefits				
- Employee wages and salaries	2,819	3,462	0	0
- Employee benefits expense	235	289	0	0
- Share based payment charges	(132)	(29)	(12)	(29)
Total employee benefits	2,922	3,722	(12)	(29)

**NOTE 5: INCOME TAX**

	Consolidated		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
The components of tax expense/(benefit) comprise:				
Current tax	0	0	0	0
Deferred tax	(1,984)	(309)	(403)	0
Recognition of prior year tax losses	1,684	(71)	1,684	(71)
Total income tax benefit	(300)	(380)	1,281	(71)
The prima facie tax on profit/(loss) is reconciled to the income tax as follows:				
Prima facie tax payable on pre tax accounting profit from operations at 30% (2010 30%)	12	60	(1,817)	226
Add tax effect of:				
- Other non-allowable items	294	10	0	0
- Write-downs/(write-backs) to recoverable amounts	0	0	1,712	(333)
- Deferred tax assets not brought to account	126	0	159	171
	432	70	54	64
Less tax effect of:				
- Deductible capital raising costs	18	3	3	3
- Deductible defence costs	11	52	11	52
- Other deductible items	410	0	40	9
- Effect of subsidiaries operating in other jurisdictions	(7)	15	0	0
- Deferred tax asset (losses and temporary differences) now brought to account	300	380	(1,281)	71
	732	450	(1,227)	135
Income tax expense/(benefit)	(300)	(380)	1,281	(71)

**NOTE 5: INCOME TAX (Continued)**

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

**Deferred tax balances**

Deferred tax assets/(liabilities) arise from the following:

	Opening Balance 1/07/2009 \$'000	Charged to profit and loss \$'000	Closing Balance 30/06/2010 \$'000	Charged to profit and loss \$'000	Closing Balance 30/06/2011 \$'000
<b>Consolidated</b>					
Unused tax losses	4,000	71	4,071	(1,684)	2,387
Employee Entitlements	0	187	187	(16)	171
Other Provisions	0	0	0	995	995
Capital Raising Costs	0	0	0	403	403
Capitalised Costs	0	0	0	352	352
Doubtful Debts	0	62	62	(62)	0
Other	0	60	60	312	372
	<u>4,000</u>	<u>380</u>	<u>4,380</u>	<u>300</u>	<u>4,680</u>
<b>Company</b>					
Unused tax losses	4,000	71	4,071	(1,684)	2,387
Capital Raising Costs	0	0	0	403	403
	<u>4,000</u>	<u>71</u>	<u>4,071</u>	<u>(1,281)</u>	<u>2,790</u>

**Unrecognised deferred tax assets:**

	Consolidated		Company	
	2011 \$	2010 \$	2011 \$	2010 \$
Deferred tax assets not recognised at reporting date:				
- Gross carry forward income losses	0	0	0	0
- Gross carry forward capital losses	1,932	1,932	1,932	1,932
	<u>1,932</u>	<u>1,932</u>	<u>1,932</u>	<u>1,932</u>

**Tax Consolidation****Relevance of tax consolidation to the group**

The company and its wholly-owned Australian resident entities have formed a tax-consolidated group in 2005 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is Beyond Sportswear International Limited. The members of the tax-consolidated group are identified at note 26.

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**NOTE 6: AUDITOR'S REMUNERATION**

## Auditor of the Company:

- Auditing or reviewing the financial report
- Tax and other services

Consolidated		Company	
2011	2010	2011	2010
\$	\$	\$	\$
200,201	184,831	200,201	184,831
31,856	25,000	31,856	25,000
<b>232,057</b>	<b>209,831</b>	<b>232,057</b>	<b>209,831</b>

## Other auditors for:

- Auditing or reviewing the financial report of subsidiaries
- Other services

0	0	0	0
0	0	0	0
<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

The auditor of Beyond Sportswear International Limited is now Stannards Accountants and Advisors.

**NOTE 7: CASH & CASH EQUIVALENTS**

- Cash on hand
- Term Deposit
- Cash at bank

Consolidated		Company	
2011	2010	2011	2010
\$	\$	\$	\$
6	4	0	0
0	201	0	0
37	16	0	0
<b>43</b>	<b>221</b>	<b>0</b>	<b>0</b>

**NOTE 8: TRADE AND OTHER RECEIVABLES**

- Current
- Trade debtors
- Less allowance for doubtful debts

Consolidated		Company	
2011	2010	2011	2010
\$'000	\$'000	\$'000	\$'000
1,735	4,268	0	0
0	(208)	0	0
<b>1,735</b>	<b>4,060</b>	<b>0</b>	<b>0</b>
218	47	0	4
0	0	10,290	4,582
0	0	(10,290)	(4,582)
<b>1,953</b>	<b>4,107</b>	<b>0</b>	<b>4</b>

The average credit period on sales of goods and rendering of services is 45 days. No interest is charged on the trade receivables. An allowance has been made for estimated irrecoverable trade receivable amounts arising from the past sale of goods and rendering of services, determined by reference to past default experience. The Group has provided fully for all receivables over 365 days because historical experience is such that receivables that are past due beyond 365 days are generally not recoverable. Other trade receivables are assessed on an individual basis.

Before accepting any new customers, the Group uses a trade reference credit check system to assess the potential customer's credit quality and defines credit limits by customer. Limits to customers are reviewed periodically. Of the trade receivables balance at the end of the year, there are no customers who represent more than 5% of the total balance of trade receivables (2010: \$nil).

Included in the Group's trade receivable balance are debtors with a carrying amount of \$261 thousand (2010: \$677 thousand) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

**NOTE 8: TRADE AND OTHER RECEIVABLES (Continued)**

	Consolidated		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
<b>Ageing of past due but not impaired</b>				
60-90 days	82	97	0	0
90+ days	179	580	0	0
Total	261	677	0	0
<b>Movement in Allowance for Doubtful Debts</b>				
Balance at the beginning of the year	208	168	0	0
Impairment losses recognised on receivables	0	40	0	0
Amounts written off as uncollectible	(208)	0	0	0
Balance at the end of the year	0	208	0	0

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the Directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

Included in the allowance for doubtful debts are individually impaired trade receivables with a balance of \$nil (2010: \$142 thousand) which have been placed under liquidation. The impairment recognised represents the difference between the carrying amount of these trade receivables and the present value of the expected liquidation proceeds. The Group does not hold any collateral over these balances.

**Ageing of impaired trade receivables under liquidation**

60-90	0	0	0	0
90+	0	142	0	0
Total	0	142	0	0

**NOTE 9: INVENTORIES**

	Consolidated		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Raw materials at cost	707	978	0	0
Work in progress at cost	1,070	1,167	0	0
Finished goods at net realisable value	1,505	882	0	0
	3,282	3,027	0	0

The cost of inventory recognised as an expense during the period in respect of continuing operations was \$9,442 thousand (2010: \$13,188 thousand).

The cost of inventory recognised as an expense includes \$nil (2010: \$362 thousand) in respect of restructure costs associated with the exit of the Events business and \$nil (2010: \$726 thousand) in respect of write-downs to net realisable value.

**NOTE 10: OTHER ASSETS**

	Consolidated		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
<b>Current</b>				
Prepayments	327	332	0	20
Capitalized Development Costs (refer note 14)	315	0	0	0
	642	332	0	20

**NOTE 11: OTHER FINANCIAL ASSETS**

	Consolidated		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
<b>Non-Current</b>				
Unlisted investments, at recoverable amount				
- shares in other associated entities at cost	75	75	0	0
- less impairment writedown	0	0	0	0
	75	75	0	0
- shares in controlled entities at cost	0	0	30,196	29,773
- less impairment writedown	0	0	(16,800)	(16,800)
	0	0	13,396	12,973
<b>Carrying amount at end of the year</b>	75	75	13,396	12,973

Note

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**NOTE 12: PROPERTY, PLANT & EQUIPMENT**

	Consolidated		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
<b>Plant and equipment (including equipment under finance lease)</b>				
<b>Cost</b>				
Balance at the beginning of year	5,171	5,261	29	29
Additions	60	551	0	0
Disposals	(400)	(641)	0	0
Balance at 30 June 2011	4,831	5,171	29	29
<b>Accumulated depreciation</b>				
Balance at the beginning of year	(2,740)	(2,099)	(9)	(3)
Disposals	380	561	0	0
Depreciation	(636)	(1,202)	(6)	(6)
Balance at 30 June 2011	(2,996)	(2,740)	(15)	(9)
<b>Carrying amount at end of the year</b>	1,835	2,431	14	20
<b>Motor Vehicles</b>				
<b>Cost</b>				
Balance at the beginning of year	175	175	0	0
Additions	0	278	0	0
Disposals	(33)	(278)	0	0
Balance at 30 June 2011	142	175	0	0
<b>Accumulated depreciation</b>				
Balance at the beginning of year	(77)	(146)	0	0
Disposals	22	193	0	0
Depreciation expense	(32)	(124)	0	0
Balance at 30 June 2011	(87)	(77)	0	0
<b>Carrying amount at end of the year</b>	55	98	0	0
<b>Net book value</b>				
Balance at the beginning of the financial year	2,529	3,191	20	26
Balance at the end of the financial year	1,890	2,529	14	20

No impairment losses were recognised in respect to property, plant and equipment (2010: nil).

The useful lives used in the calculation of depreciation are disclosed in note 1(g).

## NOTE 13: GOODWILL

	Note	Consolidated		Company	
		2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
<b>Goodwill</b>					
<b>Gross carrying amount</b>					
Balance at beginning of the financial year		23,156	22,595	0	0
Additional amounts recognised from business combinations occurring during the period	29	423	561	0	0
Balance at end of the financial year		23,579	23,156	0	0
<b>Accumulated impairment losses</b>					
Balance at beginning of the financial year		(18,411)	(18,411)	0	0
Balance at end of the financial year		(18,411)	(18,411)	0	0
<b>Net book value</b>					
At the beginning of the financial year		4,745	4,184	0	0
At the end of the financial year		5,168	4,745	0	0

**Allocation of goodwill to cash-generating units**

The carrying amount of goodwill inclusive of any impairment loss was allocated to the following cash-generating units:

<b>Allocation of goodwill to cash generating units</b>				
Kea Australia Pty Ltd and its controlled entities	1,463	1,329	0	0
Kea Designer Sportswear (UK) Pty Ltd	816	816	0	0
Kombat Pty Ltd	419	130	0	0
Beyond Sportswear International Pty Ltd and Steve Rolton Agencies Pty Ltd	2,470	2,470	0	0
Total	5,168	4,745	0	0

Kea Australia Pty Ltd and its controlled entities

The recoverable amount of this cash-generating unit is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by management covering a five-year period, and a discount rate of 19.5%p.a. (2010: 18%).

Cash flow projections during the budget period for the cash-generating unit are based on the same expected gross margins during the budget period and the consumer price inflation during the budget period. The cash flows beyond that five year period have been extrapolated using a steady 3%p.a. (2010: 3%) growth rate which is the projected long-term average growth rate for the international sportswear market. Management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

Kea Designer Sportswear (UK) Pty Ltd

The recoverable amount of this cash-generating unit is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by management covering a five-year period, and a discount rate of 19.5%p.a. (2010: 18%).

Cash flow projections during the budget period for the cash-generating unit are based on the same expected gross margins during the budget period and the consumer price inflation during the budget period. The cash flows beyond that five year period have been extrapolated using a steady 3%p.a. (2010: 3%) growth rate which is the projected long-term average growth rate for the international sportswear market. Management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

**NOTE 14: GOODWILL (Continued)**Beyond Sportswear International Pty Ltd and Steve Rolton Agencies Pty Ltd

The recoverable amount of this cash-generating unit is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by management covering a five-year period, and a discount rate of 19.5%p.a. (2010: 18%p.a.).

Cash flow projections during the budget period for the cash-generating unit are based on the same expected gross margins during the budget period and the consumer price inflation during the budget period. The cash flows beyond that five year period have been extrapolated using a steady 3%p.a. (2010: 3%) growth rate which is the projected long-term average growth rate for the international sportswear market. Management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

Key assumptions

The key assumptions used in the value in use calculations for all cash-generating units are as follows:

Budgeted market share	Average market share in the period immediately before the budget period, plus a growth of 1-2% of market share per year. The values assigned to the assumption reflect past experience, except for the growth factor, which is consistent with management's plans for focusing operations in these markets. Management believes that the planned market share growth per year for the next three years is reasonably achievable.
Budgeted gross margin	Average gross margins achieved in the period immediately before the budget period, increased for expected efficiency improvements. This reflects past experience, except for efficiency improvements. Management expects efficiency improvements of 2% per year to be reasonably achievable.
Raw materials price inflation	Forecast consumer price indices during the budget period for the countries from which raw materials are purchased. The values assigned to the key assumption are consistent with external sources of information.

**NOTE 14: OTHER INTANGIBLE ASSETS**

	Consolidated		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
<b>Brands</b>				
<b>Gross carrying amount</b>				
Balance at beginning of the financial year	8,178	8,178	0	0
Balance at end of the financial year	8,178	8,178	0	0
<b>Accumulated impairment losses</b>				
Balance at beginning of the financial year	0	0	0	0
Balance at end of the financial year	0	0	0	0
<b>Carrying amount at end of year</b>	8,178	8,178	0	0
<b>Capitalised Development Costs</b>				
<b>Gross carrying amount</b>				
Balance at beginning of the financial year	541	0	0	0
Additions from internal developments	720	541	0	0
Balance at end of the financial year	1,261	541	0	0
<b>Accumulated impairment losses</b>				
Balance at beginning of the financial year	0	0	0	0
Balance at end of the financial year	0	0	0	0
<b>Carrying amount at end of year</b>	1,261	541	0	0
<b>Net book value</b>				
Balance at beginning of the financial year	8,719	8,178	0	0
Balance at end of the financial year	9,439	8,719	0	0

Significant intangible assets

The Group holds significant brand names for their exclusive use on sportswear apparel. Capitalised development costs are expected to have a useful life of 5 years for the calculation of amortisation, once commercial production commences. In the current financial year \$315 thousand of capitalised development costs are shown as a current asset.

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**NOTE 15: TRADE AND OTHER PAYABLES**

	Consolidated		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
<b>Current</b>				
<b>Unsecured liabilities</b>				
Trade creditors	2,214	4,184	0	0
Sundry creditors and accruals	1,911	2,817	137	288
Deferred income	0	710	0	0
Amounts payable to:				
- Directors or Director related entities	0	3	0	0
	<u>4,125</u>	<u>7,714</u>	<u>137</u>	<u>288</u>
<b>Non current</b>				
<b>Unsecured liabilities</b>				
Sundry Creditors and Accruals	1,530	0	0	0
	<u>1,530</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>5,655</u>	<u>7,714</u>	<u>137</u>	<u>288</u>

The average credit period on purchases of goods is 45 days. No interest is charged on trade payables.

The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe or as separately agreed with creditors.

**NOTE 16: BORROWINGS**

	Note	Consolidated		Company	
		2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
<b>Current</b>					
<b>Secured liabilities at amortised cost</b>					
Bank overdrafts (1)	21	0	803	0	0
Bank term loan (1)	21	900	0	900	0
Bank trade finance facilities (1)	21	0	1,599	0	0
Bank debtor funding facilities (1)	21	0	3,176	0	0
Finance lease liability (2)	24	156	327	0	0
		<u>1,056</u>	<u>5,905</u>	<u>900</u>	<u>0</u>
<b>Unsecured liabilities at amortised cost</b>					
Other financial liabilities (3)		86	141	0	0
<b>Total current liabilities</b>		<u>1,142</u>	<u>6,046</u>	<u>900</u>	<u>0</u>
<b>Non-current</b>					
<b>Secured liabilities at amortised cost</b>					
Finance lease liability (2)	24	16	173	0	0
Bank term loan (1)	21	4,100	0	4,100	0
		<u>4,116</u>	<u>173</u>	<u>4,100</u>	<u>0</u>
<b>Unsecured liabilities at amortised cost</b>					
Other financial liabilities (4)		3,077	2,977	0	0
<b>Total non-current liabilities</b>		<u>7,193</u>	<u>3,150</u>	<u>4,100</u>	<u>0</u>
<b>Total borrowings at end of financial year</b>		<u>8,335</u>	<u>9,196</u>	<u>5,000</u>	<u>0</u>

**NOTE 16: BORROWINGS (Continued)**

Summary of borrowing arrangements:

## (1) Banking facilities include:

- Term loan of \$5,000 thousand (2010: \$nil) with a current weighted average effective interest rate of 8.9% p.a. (2010: nil) repayable over 3 years
- Trade finance facility of \$nil (2010: \$1,599 thousand). The facility was repaid to National Australia Bank during the current financial year
- Debt funding of \$nil (2010: \$3,400 thousand). The facility was repaid to National Australia Bank during the current financial year
- Overdraft of \$nil (2010: \$803 thousand). The overdraft was repaid to National Australia Bank during the current financial year.

The facilities are secured by a registered mortgage debenture over all property assets and undertakings of Beyond Sportswear International Limited, Beyond Sportswear International Pty Ltd, Steve Rolton Agencies Pty Ltd, Kombat Pty Ltd, Kea Australia Pty Ltd, Kea China Pty Ltd and Kea Sports Holdings Pty Ltd, guarantees provided by certain shareholders and Directors to \$3,000 thousand, joint and several guarantees and subordination deeds of all subsidiary companies, and a warrant deed poll which gives the lender the right to acquire 15% of the Company for \$1 between 1 March 2011 and 1 March 2015.

## (2) Secured by the assets leased.

- The borrowings are fixed interest rate debt with repayment periods not exceeding five years, with a current weighted average effective interest rate of 8.6% p.a. (2010: 8.6%).

## (3) Unsecured current financial liabilities include:

- \$86 thousand loans (2010: \$123 thousand) from a UK entity which provides working capital finance. No interest is payable on this loan which is repayable on demand.
- Loans from various parties of \$nil (2010: \$18 thousand) who provided working capital finance. The weighted average effective interest rate in 2010 was 6.3%.

## (4) Unsecured non-current financial liabilities include:

- \$3,077 thousand loan (2010: \$2,977 thousand) from various shareholder related entities. The loans are subordinate to the Term Loan with repayment due in 3 years and a current weighted average effective interest rate of 10.4% p.a. (2010: 6.3%).

**NOTE 17: PROVISIONS**

	Consolidated		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
<b>Current</b>				
Employee entitlements (1)	413	431	0	0
Total current provisions	413	431	0	0
<b>Non current</b>				
Employee entitlements	156	122	0	0
Total non-current provisions	156	122	0	0
<b>Aggregate employee entitlements</b>	569	553	0	0

(1) The current provision for employee entitlements includes \$75 thousand of annual leave and vested long service leave entitlements accrued but not expected to be taken within 12 months (2010: \$63 thousand).

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**NOTE 18: ISSUED CAPITAL**

3,218,561,308 fully paid ordinary shares (2010: 349,917,264)

Consolidated		Company	
2011	2010	2011	2010
\$'000	\$'000	\$'000	\$'000
39,991	38,258	39,991	38,258

Changes to the then Corporations Act abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital and issued shares do not have a par value.

**Fully paid ordinary shares**

Balance at beginning of the financial year  
Issue of shares (1)  
Share transaction costs  
Balance at end of the financial year

2011		2010	
Number		Number	
'000	\$'000	'000	\$'000
349,917	38,258	349,917	38,312
2,868,644	2,868	0	0
0	(1,135)	0	(54)
3,218,561	39,991	349,917	38,258

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

(1) Shares issued during the current financial year comprised the following:

- 2,099,503,584 shares at an issue price of \$0.001 per share as a 6 for 1 pro rata renounceable rights issue.
- 769,140,460 shares to Rocket Captain Pty Ltd at an issue price of \$0.001 per share as consideration for underwriting fees payable by the Company in relation to the rights issue.

There were no shares issued during the previous financial year.

**Options**

- (1) On 6th May 2005, the Company issued 5,000,000 to Mr Tim Stewart at an exercise price of \$0.05 each. These options were exercisable on or before 30th April 2010. There were no vesting criteria or performance hurdles required to be met in order for the options to be exercised. These options were issued in relation to a previous funding agreement with Westminster Communications. These options were not exercised by the expiry date therefore the options lapsed.
- (2) On 9th February 2007, the Company issued 200,000 options to Mr Andrew Plympton at an exercise price of \$0.10 each. These options are exercisable after 9th February 2008 and before 8th February 2012. There are no vesting criteria or performance hurdles required to be met in order for the options to be exercised. These options were issued as part of Mr Plympton's remuneration package.
- (3) On 3rd December 2007, the Company issued 1,500,000 options to Mr Tim Stewart at an exercise price of \$0.05 each. These options were exercisable on or before 30th April 2010. There were no vesting criteria or performance hurdles required to be met in order for the options to be exercised. These options were issued in relation to a previous funding agreement with Westminster Communications. These options were not exercised by the expiry date therefore the options expired.
- (4) On 7th March 2008, the Company issued 3,300,000 options to various executives and Directors of the Company at an exercise price of \$0.10 each. These options were exercisable on or before 31st December 2011. These options were issued as part of the executives' and Directors' remuneration packages. The options were issued for nil consideration. These options vested upon continual employment of personnel until 30 June 2008, the achievement of budgeted operating EBIT for the financial year 30 June 2008 and when Beyond Sportswear International Limited share price exceeds 10 cents on any 10 trading days prior to 31 December 2009. As the performance hurdles were not met the options lapsed.

Each option entitles the holder to subscribe to one fully paid ordinary share. The shares allotted upon exercise of the options will rank equally with all other issued shares of the Company. The Company will apply for official quotation on the ASX of those shares after they are issued. An option holder will not be entitled to participate in new share issues of shares or other securities made by the Company to holders of its shares unless the options are exercised before the record date for the determining entitlements to the issue. All options granted to key management personnel are for ordinary shares in Beyond Sportswear International Limited which confer a right of one ordinary share for every option held.

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**NOTE 18: ISSUED CAPITAL (Continued)**

	Note	Number of options	
		2011	2010
		\$'000	\$'000
<b>Options movements</b>			
Balance at the beginning of the financial year		200	10,000
Options granted during the year		0	0
Options exercised during the year		0	0
Options lapsed during the year		0	(9,800)
Balance at the end of the financial year		200	200

There were 200,000 options on issue that were exercisable at the end of the year (2010: 200,000).

There were no options exercised during the year ended 30 June 2011 (2010: nil).

The options outstanding at 30 June 2011 had a weighted average exercise price of \$0.10 (2010: \$0.10) and a weighted remaining contractual life of 0.61 years (2010: 1.61 years). The exercise prices for options at the end of the year were \$0.10 (2010: \$0.10).

Inputs into the model	Option Series		
	Issued 26 November 2008	Issued 7 March 2008	Issued 3 December 2007
Grant date share price	\$0.03	\$0.057	\$0.072
Exercise price	\$0.10	\$0.10	\$0.05
Expected volatility	203%	203%	203%
Option life	3 years	3.8 years	2.4 years
Dividend yield	0	0	0
Risk-free interest rate	5.25%	7.55%	7.38%

**NOTE 19: RESERVES**

	Consolidated		Company	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Option Reserve	0	132	0	132
Foreign Currency Translation Reserve	179	(360)	0	0
	179	(228)	0	132
<b>Option Reserve</b>				
Balance at the beginning of the financial year	132	161	132	161
Options granted during the year				
- employee remuneration	(132)	(29)	(132)	(29)
Balance at the end of the financial year	0	132	0	132
<b>Foreign Currency Translation Reserve</b>				
Balance at the beginning of the financial year	(360)	(360)	0	0
Movement during the year				
- translation of controlled subsidiaries	94	0	0	0
- transfer arising from deconsolidation	445	0	0	0
Balance at the end of the financial year	179	(360)	0	0

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**NOTE 20: ACCUMULATED LOSSES**

Accumulated losses at the beginning of the financial year  
 Net profit/(loss) attributable to equity holders of the parent  
 Transfer arising from deconsolidation  
 Accumulated losses at the end of the financial year

Consolidated		Company	
2011	2010	2011	2010
\$'000	\$'000	\$'000	\$'000
(27,358)	(27,939)	(21,590)	(22,319)
246	581	(7,338)	729
(445)	0	0	0
(27,557)	(27,358)	(28,928)	(21,590)

**NOTE 21: CASH AND CASH EQUIVALENTS****(a) Reconciliation of cash**

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

Cash on hand	6	4	0	0
Cash at bank	37	201	0	0
Term Deposit	0	16	0	0
Bank Overdrafts	0	(803)	0	0
	43	(582)	0	0

**(b) Reconciliation of cash flow from operations with profit**

Profit / (Loss) after income tax	340	581	(7,338)	729
<b>Non cash flows in profit/(loss)</b>				
Depreciation and amortisation of plant and equipment	668	1,326	6	6
Provision for write down / (write back) of related party loan	0	0	5,708	(1,109)
Options write back	(132)	(29)	(132)	(29)
<b>Changes in assets and liabilities:</b>				
(Increase) / decrease in trade receivables	2,325	(242)	0	0
(Increase) / decrease in other receivables	(171)	142	4	3
(Increase) / decrease in inventories	(255)	300	0	0
(Increase) / decrease in other current assets	5	(99)	20	(20)
(Increase) / decrease in tax assets	(300)	(380)	1,281	(71)
Increase / (decrease) in payables	(1,970)	311	0	0
Increase / (decrease) in sundry creditors and accruals	(90)	(535)	(151)	(7)
Increase / (decrease) in provisions	16	(82)	0	0
Net cash inflow / (outflow) provided by operations	436	1,293	(602)	(498)

**(c) Lines of credit with banks**

The Group had access to the following lines of credit:

**Facility****2011**

	Available	Utilised	Unutilised
Bank term loan	5,000	5,000	0
Acquisition loan	1,000	0	1,000
HP finance	172	172	0
Other loans	3,163	3,163	0
	9,335	8,335	1,000

**Facility****2010**

	Available	Utilised	Unutilised
Bank overdraft	803	803	0
Debtor finance	3,400	3,176	224
Trade finance	1,600	1,599	1
Bank guarantee	150	129	21
HP finance	500	500	0
Directors loans	3	3	0
Other loans	3,118	3,118	0
	9,574	9,328	246

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**NOTE 22: KEY MANAGEMENT PERSONNEL COMPENSATION**

The key management personnel of the Group who held office during the year were:

Glen Casey (Chief Executive Officer & Executive Director)  
 Andrew Plympton (Chairman and Non Executive Director)  
 Jeff Taylor (Non Executive Director)  
 Mark Kellett (Non Executive Director), (Appointed 4 April 2011)  
 David Johnson (Sales Manager Kea)  
 Stephen Day (Business Unit Manager Kombat)  
 Robert Savage (Chief Financial Officer)

The aggregate compensation made to key management personnel of the Group is set out below:

Note	Consolidated		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Short term employment benefits	813	986	105	97
Post employment benefits	47	40	0	0
Termination benefits	0	108	0	0
Share based payments	(12)	(29)	(12)	(29)
	848	1,105	93	68

**NOTE 23: DIVIDENDS**

No Dividends were declared during the relevant period.

The adjusted franking account balance is \$1,459 thousand (2010: \$1,459 thousand).

**NOTE 24: CAPITAL AND LEASING COMMITMENTS****Finance leases**Leasing arrangements

Finance leases relate to plant and equipment with lease terms ranging from 3 to 5 years. The Group has options to purchase the equipment for an agreed residual amount at the conclusion of the lease arrangements. The Group's obligation under finance leases are secured by the lessor's title to the leased assets.

	Minimum future lease payments				Present value of minimum future lease payments			
	Consolidated		Company		Consolidated		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
No later than 1 year	162	362	0	0	156	327	0	0
Later than 1 year and not later than 5 years	16	179	0	0	16	173	0	0
Minimum future lease payments (1)	178	541	0	0	172	500	0	0
Less future finance charges	(6)	(41)	0	0	0	0	0	0
Present value of minimum lease payments	172	500	0	0	172	500	0	0
Included in the financial statements as: (note 16)								
Current borrowings					156	327	0	0
Non-current borrowings					16	173	0	0
					172	500	0	0

**NOTE 24: CAPITAL AND LEASING COMMITMENTS (Continued)**

(1) Minimum future lease payments include the aggregate of all lease payments and any guaranteed residual.

**Operating Leases****Leasing arrangements**

Operating leases relate to manufacturing, warehouse and office facilities with lease terms of between 1 and 3 years, with an option to extend for a further 5 years. All operating lease contracts contain market review clauses in the event that the Group exercises its option to renew. The Group does not have an option to purchase the leased premises at the expiry of the lease period.

**Operating Lease Commitments**

Non cancellable operating leases contracted for but not capitalised in the financial statements

Minimum lease payments

- not later than 1 year

- longer than 1 year and not longer than 5 years

Note	Consolidated		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
	326	272	0	0
	537	330	0	0
	<b>863</b>	<b>602</b>	<b>0</b>	<b>0</b>

**NOTE 25: RELATED PARTY TRANSACTIONS****Equity Investments in Controlled Entities**

Details of the percentage of ordinary shares held in controlled entities are disclosed in Note 26 to the financial statements.

**Key Management Personnel Remuneration**

Details of key management personnel remuneration are disclosed in Note 22 to the financial statements.

**Key Management Personnel Equity Holdings****(1) Directors Equity Holdings**

Fully paid ordinary shares	Balance 30 June 2010	Shares Acquired	Options Exercised	Net Change	Balance 30 June 2011
<b>Executive Directors</b>					
G Casey	8,938,874	53,633,240	0	53,633,240	62,572,114
<b>Non-Executive Directors</b>					
A. Plympton	0	0	0	0	0
J. Taylor	10,683,025	25,000,000	0	25,000,000	35,683,025
M. Kellett	53,439,860	1,502,739,010	0	1,502,739,010	1,556,178,870
<b>Total</b>	<b>73,061,759</b>	<b>1,581,372,250</b>	<b>0</b>	<b>1,581,372,250</b>	<b>1,654,434,009</b>

**NOTE 25: RELATED PARTY TRANSACTIONS (Continued)****(2) Directors Equity Holdings Compensation Options: Granted and Vested during the year**

Share Options – Key Management Personnel	Vested Number	Granted Number	Grant Date	Value Per Option at Grant Date	Exercise Price	Terms & Conditions for Each Grant		
						Expiry Date	First Exercise Date	Last Exercise Date
<b>Executive Directors</b>								
G. Casey	0	1,000,000	07.03.2008	\$0.065	\$0.10	31.12.2009	30.09.2008	Expired
<b>Non Executive Directors</b>								
A. Plympton	0	200,000	09.02.2007	\$0.062	\$0.10	08.02.2012	09.02.2008	08.02.2012
		800,000	07.03.2008	\$0.065	\$0.10	31.12.2009	30.09.2008	Expired
J. Taylor	0	0	-	-	-	-	-	-
M. Kellett	0	0	-	-	-	-	-	-
<b>Total</b>	<b>0</b>	<b>2,000,000</b>						

**(3) Loans to Key Management Personnel & Directors**

The following amounts were payable to/(receivable from) Directors and their Director-related entities as at the reporting date:

	Consolidated		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
G. Casey	2,577	2,577	0	0
J. Taylor	3	3	0	0
R. Savage	500	400	0	0
	<u>3,080</u>	<u>2,980</u>	<u>0</u>	<u>0</u>

Entities related to G. Casey have provided loans to the Group to fund working capital. The current weighted average interest rate for these loans is 10.4% p.a. (2010: 6.3% p.a.). Included in the loan is an amount of \$82,500 of service fees foregone as a result of complying with the conditions of a subordinated loan agreement with Investec.

An entity related to J. Taylor has provided loans to the Group to fund working capital. The loan was repaid in the prior financial year. The weighted average interest rate in 2010 was 8%.

An entity related to R. Savage has provided loans to the Group to fund working capital. The current weighted average interest rate for these loans is 10.4% p.a. (2010: 6.3% p.a.). Included in the loan is an amount of \$120,459 of service fees foregone as a result of complying with the conditions of a subordinated loan agreement with Investec.

During the financial year, key management personnel and their related entities may have purchased goods, which were domestic or trivial in nature, from the Group on the same terms and conditions available to other employees and customers.

**(4) Other transactions with key management personnel of the Group**

Consolidated revenue includes the following amounts arising from transactions with key management personnel of the consolidated entity or their related entities:

	Consolidated		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Revenue	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

**NOTE 25: RELATED PARTY TRANSACTIONS (Continued)**

Consolidated profit includes the following expenses arising from transactions with key management personnel of the consolidated entity or their related entities:

	Consolidated		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Interest expense	241	242	0	0
Related party charges	0	0	0	0
	241	242	0	0

The wholly-owned Group includes:

- The ultimate parent entity in the wholly-owned group; and
- Wholly-owned controlled entities.

The ultimate parent entity in the wholly-owned group is Beyond Sportswear International Limited, which is also the parent entity in the economic entity.

Amounts receivable from entities in the wholly-owned group are disclosed in Note 8. These amounts are repayable at call.

**NOTE 26: CONTROLLED ENTITIES**

	Country of Incorporation	Ownership Interest (%)	
		2011	2010
Parent Entity			
Beyond Sportswear International Limited (1)	Australia		
Controlled Entities			
Beyond Sportswear International Pty Ltd (2)	Australia	100	100
Steve Rolton Agencies Pty Ltd (2)	Australia	100	100
Beyond Sportswear International (Barbados)	Barbados	100	100
Kea Australia Pty Ltd and its controlled entities (2)	Australia	100	100
- Kea Knitwear Pty Ltd (2)	Australia	100	100
- Kea China Pty Ltd (2)	Australia	100	100
Kombat Pty Ltd (2)	Australia	100	100
Kea Designer Sportswear (UK) Pty Ltd	United Kingdom	100	100

(1) Beyond Sportswear International Limited is the head entity within the tax-consolidated group

(2) These companies are members of the tax-consolidated group

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## NOTE 27: SEGMENT REPORTING

The Group has adopted AASB 8 Operating Segments and amendments thereto. AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision makers in order to allocate resources to the segment and to assess its performance.

The Group's reportable segments under AASB8 are as follows:

- The Teamwear reportable segment supplies sports apparel to the sporting club market.
- The Schoolwear reportable segment supplies sports apparel to the private and public school sector.
- The Events reportable segment sells licensed and unlicensed sports merchandise at sporting events.

All amounts reported are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements.

Corporate charges are allocated to reporting segments, where possible, based on the segments' overall proportion of revenue generation within the Group, as it is believed this is representative of likely consumption.

Segment assets used across multiple segments are allocated to the segment receiving the majority of economic value from the asset.

Segment liabilities are allocated based on the nexus between incurrence of the liability and the operations of the segment.

Unallocated segment assets and liabilities (i.e. not part of core operations of the segment) are shown separately in the annual financial statements.

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**NOTE 27: SEGMENT REPORTING (Continued)**

## 1) Segment Revenue and results

	Consolidated Segment Revenue		Consolidated Segment Profit	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
<b>Continuing Operations</b>				
Team wear	11,448	13,995	2,751	2,844
School wear	5,085	7,863	850	1,514
Events	198	3,100	(117)	(30)
	<b>16,731</b>	<b>24,958</b>	<b>3,484</b>	<b>4,328</b>
Corporate expenses	210	0	(1,127)	(1,250)
Depreciation			(668)	(1,326)
Finance Costs			(899)	(921)
Restructure Costs			(750)	(630)
<b>(Loss) / Profit before income tax</b>			<b>40</b>	<b>201</b>
Income tax benefit			300	380
<b>Total Segment Revenue and Profit / (Loss)</b>	<b>16,941</b>	<b>24,958</b>	<b>340</b>	<b>581</b>

Revenue reported above represents revenue generated from external customers.

## 2) Segment Assets and liabilities

	Segment Assets	
	2011 \$'000	2010 \$'000
<b>Segment Assets</b>		
Team wear	11,344	12,927
School wear	7,474	7,176
Events	3,021	4,494
Corporate	5,333	3,538
<b>Total Assets</b>	<b>27,172</b>	<b>28,135</b>
<b>Segment Liabilities</b>	Segment Liabilities	
	2011 \$'000	2010 \$'000
Team wear	3,103	5,423
School wear	1,047	1,672
Events	178	1,719
Corporate	10,231	8,649
<b>Total Liabilities</b>	<b>14,559</b>	<b>17,463</b>

**NOTE 27: SEGMENT REPORTING (Continued)**

## 3) Other segment information

	Depreciation and amortisation		Additions to Non current assets	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Team wear	532	488	990	658
School wear	59	162	251	999
Events	0	670	220	274
Other	77	6	57	0
	<b>668</b>	<b>1,326</b>	<b>1,518</b>	<b>1,931</b>

## 4) Geographic information

The Group operates in 3 principle geographic areas – Australia (country of domicile), UK and China.

	Revenue from external customers		Non current assets*	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Australia	16,737	24,191	15,540	14,642
UK	204	767	816	816
China	0	0	456	535
	<b>16,941</b>	<b>24,958</b>	<b>16,812</b>	<b>15,993</b>

\* Non current assets excluding deferred tax assets and other financial assets.

## 4) Information about major customers

The Group has no external customers that represent more than 10% of total Group revenue.

Beyond Sportswear International Limited is not reliant on any of its major customers.

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**NOTE 28: EARNINGS PER SHARE**

	Consolidated	
	2011 Number '000	2010 Number '000
Weighted average number of ordinary shares for the purposes of basic earnings per share	1,550,338	349,917

**Diluted earnings per share**

The earnings and weighted average number of ordinary shares used in the calculation of diluted earnings per share are as follows:

	\$'000	\$'000
Net profit/ (loss)	340	581
Earnings used in the calculation of diluted EPS	340	581

	Number '000	Number '000
Weighted average number of ordinary shares for the purposes of basic EPS	1,550,338	349,917
Shares deemed to be issued for no consideration in respect of:		
Share options	200	200
Weighted average number of ordinary shares used in the calculation of diluted EPS	1,550,538	350,117

**NOTE 29: ACQUISITION AND DISPOSAL OF SUBSIDIARIES****Acquisition of businesses**

During the financial year to 30 June 2011, the Company did not acquire any businesses. It did, however incur earn out payments in respect of previous acquisitions as follows:

	Consolidated	
	2011 \$'000	2010 \$'000
Purchase consideration	423	561
Less cash acquired	0	0
Net cash consideration	423	561

During the financial year the company incurred earn out payments in connection with the purchase agreements for the acquisition of Kea Australia Pty Ltd and Kombat Pty Ltd. Earn out payments were not previously provided as part of the acquisition as the outflow of economic benefit was not probable nor could it be reliably estimated at the time. The payment of these earn outs resulted in an increase in goodwill of \$423 thousand (2010: \$561 thousand).

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**NOTE 30: FINANCIAL INSTRUMENTS****(a) Capital Risk Management**

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern whilst maximising the return to shareholders through the optimisation of the debt and equity balance.

The Group's overall strategy remains unchanged from 2010.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 16, cash and cash equivalents disclosed in note 7, and equity attributable to the equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in notes 18, 19 and 20.

The Group operates globally, primarily through subsidiary companies established in the markets in which the Group trades. None of the Group's entities are subject to externally imposed capital requirements.

Operating cash flows are used to maintain and expand the Group's manufacturing and distribution assets, as well as to make the routine outflows of tax, dividends (where declared) and repayment of maturing debt.

The Group's policy is to borrow centrally, using banking borrowing facilities or convertible notes, to meet anticipated funding requirements.

**Gearing ratio**

The Group's risk management committee reviews the capital structure on a semi-annual basis. As a part of this review the committee considers the cost of capital and the risks associated with each class of capital. The Group has a target gearing ratio of 50% in line with the industry norm that is determined as the proportion of net debt to equity. The Group will balance its overall capital structure through the payment of dividends (when declared), new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

The gearing ratio at year end was as follows:

	Note	Consolidated		Company	
		2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Debt	16	8,335	9,196	5,000	0
Cash and cash equivalents	7	(43)	(221)	0	0
Net debt		8,292	8,975	5,000	0
Equity		12,613	10,672	11,063	16,800
Net debt to equity ratio		66%	84%	45%	0%

Debt is defined as long- and short-term borrowings, as detailed in note 16.

Equity includes all capital and reserves.

The banking facilities with the Investec require the Group to maintain a capital adequacy ratio. The Group believes it is in compliance with existing financial banking covenants.

**(b) Financial risk management objectives**

The Group seeks to minimise the effects of risks by establishing business entities in the geographical segments in which it operates. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The Group's corporate treasury function reports regularly to the Board, which monitors risks and policies implemented to mitigate risk exposures.

**NOTE 30: FINANCIAL INSTRUMENTS (Continued)****(c) Market risk**

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group does not hedge its exposure to foreign currency risk and interest risk.

The Group manages its exposure to foreign currency risk by establishing business entities in the geographical segments in which it operates.

The Group manages its exposure to interest rate risk by entering into certain debt obligations which incur a fixed rate of interest.

There have been no changes to the Group's exposure to market risks or the manner in which it manages and measures the risk from the previous period.

**(d) Foreign currency risk management**

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. Exchange rate exposures are not limited to operating businesses in the currency of the geographical segments in which it operates.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

Foreign currency	Liabilities		Assets	
	2011	2010	2011	2010
Euro	0	0	0	0
UK Pound sterling	578	593	254	284
US Dollar	401	394	100	100

**Foreign currency sensitivity analysis**

The Group is primarily exposed to the US dollar and UK pound sterling.

The following table details the Group's sensitivity to a 10% increase in the Australian Dollar against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign currency rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number indicates an increase in profit or loss and other equity where the Australian Dollar strengthens against the respective currency. For a weakening against the Australian Dollar against the respective currency there would be an equal and opposite impact on the profit or loss and other equity.

	US Dollar Impact				UK Pound Sterling Impact			
	Consolidated		Company		Consolidated		Company	
	2011	2010	2011	2010	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Profit or (loss)	25	31	0	0	44	50	0	0
Other equity	0	0	0	0	1	2	0	0

The Group does not enter into forward foreign currency contracts and has none outstanding as at the reporting date.

**NOTE 30: FINANCIAL INSTRUMENTS (Continued)****(e) Interest rate risk management**

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The Group manages interest rate risk by maintaining an appropriate mix between fixed and floating rate borrowings. Hedging is evaluated regularly to align with interest rate views and defined risk appetite, but is not necessarily applied. The Group's corporate treasury function seeks to position the balance sheet and protect interest rate expense by closely monitoring interest rate cycles instead.

**Interest rate sensitivity analysis**

Sensitivity analyses have been prepared on the basis of exposure to interest rates for non-derivative financial instruments only at the reporting date, as the Group does not enter into the use of derivatives, and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period.

A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

At reporting date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's:

Net profit would increase by \$43 thousand and decrease by \$43 thousand (2010: increase by \$42 thousand and decrease by \$42 thousand), attributable to the Group's exposure to interest rates on an average variable rate borrowings of \$8,652 thousand (2010: \$8,300 thousand).

The Group's sensitivity to interest rates has increased as the Group has increased its exposure to variable rate debt instruments.

The Group has no exposure to interest rate swap contracts or hedges.

**(f) Other price risks**

The Group is not exposed to equity price risks arising from equity instruments. The Group does not acquire equity instruments for strategic or trading purposes and the Group does not actively trade these investments.

**(g) Credit risk management**

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the financial loss from defaults. The Group uses publicly available financial information and its own trading record to rate its major customers. The Group's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover will be purchased. At the date of reporting, the Group has not acquired any credit guarantee insurance cover on any customer as no such risks have been identified.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. The Group is not exposed to any credit risk on derivative financial instruments as the Group has not acquired any and does not use them in the course of its normal operations.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained:

**NOTE 30: FINANCIAL INSTRUMENTS (Continued)****(h) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in Note 21 is a listing of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

**Liquidity and interest risk tables**

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate	less than			
		1 year \$'000	1-3 years \$'000	3-5 years \$'000	5+ years \$'000
<b>Consolidated 2011</b>					
Non-interest bearing		4,211	1,530	0	0
Finance lease liability	8.6	161	17	0	0
Variable interest rate borrowings	8.9	957	2,903	1,827	0
Fixed interest rate borrowings	10.4	0	0	4,192	0
Financial guarantee contracts		0	0	0	0
		5,329	4,450	6,019	0
<b>2010</b>					
Non-interest bearing		7,851	0	0	0
Finance lease liability	8.6	362	179	0	0
Variable interest rate borrowings	6.6	5,819	2,977	0	0
Fixed interest rate borrowings	8.0	3	0	0	0
Financial guarantee contracts		0	0	0	0
		14,035	3,156	0	0

	Weighted average effective interest rate	less than			
		1 year \$'000	1-3 years \$'000	3-5 years \$'000	5+ years \$'000
<b>Company 2011</b>					
Non-interest bearing		137	0	0	0
Finance lease liability	8.6	0	0	0	0
Variable interest rate borrowings	8.9	957	2,903	1,827	0
Fixed interest rate borrowings	10.4	0	0	0	0
Financial guarantee contracts		0	0	0	0
		1,094	2,903	1,827	0
<b>2010</b>					
Non-interest bearing		288	0	0	0
Finance lease liability	8.6	0	0	0	0
Variable interest rate borrowings	6.6	0	0	0	0
Fixed interest rate borrowings	8.0	0	0	0	0
Financial guarantee contracts		0	0	0	0
		288	0	0	0

**NOTE 30: FINANCIAL INSTRUMENTS (Continued)**

The following tables detail the Group's remaining contractual maturity for its non-derivative financial assets. The tables have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group anticipates that the cash flow will occur in a different period.

	Weighted average effective interest rate	less than			
		1 year \$'000	1-3 years \$'000	3-5 years \$'000	5+ years \$'000
<b>Consolidated</b>					
<b>2011</b>					
Non-interest bearing		1,959	0	0	0
Variable interest rate instruments	4.0	38	0	0	0
Fixed interest rate instruments		0	0	0	0
		<u>1,997</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>2010</b>					
Non-interest bearing		4,111	0	0	0
Variable interest rate instruments	4.0	16	0	0	0
Fixed interest rate instruments	5.8	203	0	0	0
		<u>4,330</u>	<u>0</u>	<u>0</u>	<u>0</u>
	Weighted average effective interest rate	less than			
		1 year \$'000	1-3 years \$'000	3-5 years \$'000	5+ years \$'000
<b>Company</b>					
<b>2011</b>					
Non-interest bearing		0	0	0	0
Variable interest rate instruments		0	0	0	0
Fixed interest rate instruments		0	0	0	0
		<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>2010</b>					
Non-interest bearing		4	0	0	0
Variable interest rate instruments		0	0	0	0
Fixed interest rate instruments		0	0	0	0
		<u>4</u>	<u>0</u>	<u>0</u>	<u>0</u>

The Group does not hold any derivative financial instruments, nor has it held any during the previous period, consequently no liquidity analysis of derivative financial instruments is provided.

**(i) Fair value of financial instruments**

The Group determines the fair values of financial assets and liabilities in accordance with accounting policies as disclosed in Note 1 to the financial statements.

The Directors consider that the carrying amount of financial assets and financial liabilities at amortised cost in the financial statements approximates their fair values.

**NOTE 31: SUBSEQUENT EVENTS**

On 22 September 2011 the Company announced that it has finalised the acquisition of key assets and licences of Primary Edge Pty Ltd. The acquisition was made through an incorporated joint venture jointly owned between the Company and Summit 7 Pty Ltd.

Summit 7 Pty Ltd and the Company have entered a supply agreement relating to the supply of sublimated product from China.

The Company has management control rights over the joint venture and has the right to receive 100% of profits generated by the venture. The company also has the right to acquire 100% of the joint venture entity provided it satisfies certain criteria over the next 3 years.

**NOTE 32: CONTINGENT LIABILITIES**

Estimates of the potential financial effect of contingent liabilities that may become payable  
**Contingent Liabilities**

**Bank Guarantee**

A controlled entity has previously provided guarantees to third parties in relation to the performance and obligations of that entity in respect of its licensed products business and property lease rentals. The guarantees expired on 28 February 2011.

Consolidated	
2011	2010
\$'000	\$'000

	0	129
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**NOTE 33: COMPANY DETAILS**

The registered office of the Company is:

Beyond Sportswear International Limited  
Suite 1, 65 Fennell Street Port Melbourne Victoria 3207

## ADDITIONAL SECURITIES EXCHANGE INFORMATION

### Number of Holdings of Equity Securities as at 16 September 2011

The fully paid issued capital of the Company consisted of 3,218,561,308 ordinary fully paid shares held by 509 shareholders. Each share entitles the holder to one vote.

There is 1 option holder holding 200,000 options over ordinary shares. Options do not carry a right to vote.

### Distribution of Holders of Equity Securities as at 16 September 2011

Range	Total holders	Units	% Issued capital
1 – 1,000	12	2,664	0.00
1,001 – 5,000	33	116,406	0.00
5,001 – 10,000	46	404,458	0.01
10,001 – 50,000	113	3,344,202	0.10
50,001 – 100,000	61	5,097,717	0.16
100,001 – 500,000	111	28,925,734	0.90
500,001 – 1,000,000	47	38,638,947	1.20
1,000,001 – 9,999,999	86	3,142,031,180	97.62
<b>Rounding</b>	<b>0</b>		<b>0.01</b>
<b>Total</b>	<b>509</b>	<b>3,218,561,308</b>	<b>100.00</b>
<b>Unmarketable Parcels</b>	<b>Minimum parcel size</b>	<b>Holdings</b>	<b>Units</b>
<b>Minimum \$ 500.00 parcel at \$ 0.0010 per unit</b>	<b>500,000</b>	<b>359</b>	<b>29,391,181</b>

### Substantial Shareholders as at 16 September 2011

Shareholder	No.	%
1. ROD BUTTERSS	1,578,515,452	49.04
2. STETTEN NO 2 PTY LTD <KELLETT FAMILY>	1,556,178,870	48.35

### Twenty Largest Holders of Quoted Equity Securities

Rank	Shareholder	Units	% of issued capital
1.	ROCKET CAPTAIN PTY LTD	902,269,170	28.03
2.	STETTEN NO 2 PTY LTD <KELLETT FAMILY ACCOUNT NO 2>	653,909,700	20.32
3.	LIGHTHOUSE PROPERTY GROUP PTY LTD <ROD BUTTERSS FAMILY A/C>	606,001,257	18.83
4.	EM & TOM PTY LTD <E AND T SUPER FUND A/C>	151,540,000	4.71
5.	MR PETER JOHN KLASON	94,007,000	2.92
6.	KM NOMINEES PTY LTD	91,000,000	2.83
7.	BUTTERSS MANAGEMENT SERVICES PTY LTD <CAMASH SUPER FUND A/C>	68,625,025	2.13
8.	GFC MANAGEMENT PTY LTD	58,296,414	1.81
9.	JELOR SOFTWARE PTY LTD	35,683,025	1.11

10.	MR EDWARD HUNTER + MR WILLIAM HUNTER <HUNTER SUPER FUND A/C>	30,429,222	0.95
11.	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	29,001,571	0.90
12.	MR. ROBERT JOHN SAVAGE & MRS SHARON JOY SAVAGE <SAVAGE SUPER FUND A/C>	24,923,506	0.77
13.	MR RICHARD O'SULLIVAN	23,590,476	0.73
14.	FURNEUX EQUITY LIMITED	19,600,000	0.61
15.	BROOKSREID PTY LTD <BROOKSREID SUPER FUND A/C>	18,311,972	0.57
16.	MR GARY MARCH	15,562,552	0.48
17.	IAN FOOTE COMPUTER SERVICES PTY LTD <FOOTE SUPER FUND A/C>	14,000,000	0.43
18.	ZENNYAR PTY LTD	13,523,888	0.42
19.	SAVAGE5 PTY LTD <SAVAGE FAMILY A/C>	12,007,895	0.37
20.	ROAN INDUSTRIES PTY LTD <ROBINSON SUPER FUND A/C>	11,642,702	0.36
<b>TOP 20 HOLDERS OF ORDINARY FULLY PAID SHARES AT 15 SEPTEMBER 2011</b>		<b>2,873,925,375</b>	<b>89.29</b>

### Other Information

The name of the Company Secretary is Ms Sophie Karzis. The address of the principal registered office in Australia, and the principal administrative office is Suite 1, 65 Fennell Street, Port Melbourne, Victoria, 3207, Australia, telephone is (613) 9646 6611. The Company is listed on the Australian Securities Exchange. The home exchange is Melbourne. Registers of securities are held by Computershare Investor Services Pty Ltd, Yarra Falls, 452 Johnson Street, Abbotsford, 3067, Victoria, Australia, local call is 1300 850 505, international call is + 613 9415 4000.

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