Appendix 4E
Preliminary final report

Name of entity

Specialty Fashion Group Limited (SFH)

ABN	Half yearly *(tick)*	Preliminary final *(tick)*
43 057 569 169		✓

1. Details of the reporting period

Current reporting period	30 June 2015
Previous corresponding period	30 June 2014

2. Results for announcement to the market

				30 Jun 2014 $'000		**30 Jun 2015 $'000**
2.1 Revenue	up	15.54%	from	685,043	to	**791,512**
2.2 (Loss)/profit after income tax expense	down	135.77%	from	12,475	to	**(4,462)**
2.3 (Loss)/profit after income tax expense attributable to the members of Specialty Fashion Group Limited	down	135.77%	from	12,475	to	**(4,462)**

				30 Jun 2014 $'000		**30 Jun 2015 $'000**
EBITDA (Earnings before interest, taxation, depreciation, impairment and amortisation, adjusted for fair value revaluation of derivative financial instruments through profit or loss)[1]	down	48.12%	from	**39,154**	to	**20,313**

[1] Reconciliation of operating profit before income tax to EBITDA is provided as follows:

	30 Jun 2014 $'000	**30 Jun 2015 $'000**
EBITDA (Earnings before interest, taxation, depreciation, impairment and amortisation, adjusted for fair value revaluation of derivative financial instruments through profit or loss)	39,154	**20,313**
Fair value revaluation of derivative financial instruments through profit or loss	(343)	**(106)**
Interest revenue	414	**114**
Finance costs	(2,069)	**(3,791)**
Depreciation, amortisation and impairment of property, plant and equipment	(20,839)	**(21,045)**
(Loss)/profit before income tax	16,317	**(4,515)**

2.4 Dividends (distributions)	Amount per security	Franked amount per security
Current period:		
Final dividend for the year ended 30 June 2014	2.0 cents	**2.0 cents**
Interim dividend for the year ended 30 June 2015	-	**-**
Previous corresponding period:		
Final dividend for the year ended 30 June 2013	2.0 cents	**2.0 cents**
Interim dividend for the year ended 30 June 2014	2.0 cents	**2.0 cents**
2.5 Record date for determining entitlements to the final dividend:	Refer section 5.0	

2.6 Brief explanation of any of the figures reported above and commentary on the results for the period:

Refer to the directors' report – Operating and financial review on pages 2 to 5 of the 2015 Annual Report.

3.0 Net tangible assets per security

	30 Jun 2014 $'000	**30 Jun 2015 $'000**
Net tangible asset backing per ordinary security	24.9	**24.4**

4.0 Control gained or lost over entities during the period

Not applicable.

5.0 Details of dividend/distribution

Current period

No dividends have been declared or paid for the financial year ended 30 June 2015.

Previous corresponding period

A fully franked interim dividend for the financial year ended 30 June 2014 of 2.0 cents per share was paid out to the holders of fully paid ordinary shares on 28 March 2014. The aggregate amount of the dividend paid to shareholders was $3,844,722.

On 25 August 2014 the directors declared a fully franked final dividend of 2.0 cents per share to the holders of fully paid ordinary shares, payable to shareholders on 26 September 2014. This dividend has not been included as a liability in these consolidated financial statements, and will be paid to all shareholders on the Register of Members as at 12 September 2014. The aggregate amount of the proposed dividend expected to be paid to shareholders is $3,844,722.

6.0 Details of dividend/distribution reinvestment plan

Not applicable.

7.0 Details of associates and joint venture entities

Not applicable.

8.0 Accounting standards used by foreign entities

All consolidated foreign entities prepare financial information under International Financial Reporting Standards which are consistent with Australian Accounting Standards.

9.0 Qualification of audit/review

This report is based on accounts to which one of the following applies.

- X The accounts have been audited.
- ☐ The accounts have been subject to review.
- ☐ The accounts are in the process of being audited or subject to review.
- ☐ The accounts have *not* yet been audited or reviewed.

10.0 Attachments

Details of attachments (if any):

The Annual Report of Specialty Fashion Group Limited for the year ended 30 June 2015 is attached.

11.0 Signed

G Perlstein
Director

Sydney
25 August 2015

Specialty Fashion Group Limited

ABN 43 057 569 169

Annual Report - 30 June 2015

Specialty Fashion Group Limited
Corporate directory
30 June 2015

Directors	Geoff Levy AO - Chairperson Gary Perlstein Ian Miller Anne McDonald Ashley Hardwick Michael Hardwick Megan Quinn
Company Secretaries	Paul Officer (appointed 13 October 2014) Alison Henriksen (resigned 13 October 2014)
Notice of Annual General Meeting	The Annual General Meeting of Specialty Fashion Group Limited will be held at: Museum of Sydney Cnr Phillip and Bridge Street Level 2, AGL Theatre Room Sydney, NSW 2000 Time: 10:00 am Date: Thursday, 29 October 2015
Registered office	151 - 163 Wyndham Street Alexandria, NSW 2015 Tel: (02) 8303 9800 Fax: (02) 8306 3596
Principal place of business	151 - 163 Wyndham Street Alexandria, NSW 2015
Share register	Link Market Services Limited Level 12, 680 George Street Sydney, NSW 2000 Telephone: (02) 8280 7111 Facsmile: (02) 9287 0303
Auditor	Deloitte Touche Tohmatsu Chartered Accountants Level 24, Grosvenor Place 225 George Street Sydney, NSW 2000
Solicitors	Addisons Lawyers Level 12 60 Carrington Street Sydney, NSW 2000
Bankers	National Australia Bank 255 George Street Sydney, NSW 2000
Stock exchange listing	Specialty Fashion Group Limited shares are listed on the Australian Securities Exchange (ASX code: SFH)
Website	www.specialtyfashiongroup.com.au
ABN	43 057 569 169

Specialty Fashion Group Limited
Directors' report
30 June 2015

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group' or 'consolidated entity') consisting of Specialty Fashion Group Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2015.

Directors
The following persons were directors of Specialty Fashion Group Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

G Levy AO
G Perlstein
I Miller
A McDonald
A Hardwick
M Hardwick
M Quinn

Principal activities
During the year the principal continuing activity of the consolidated entity consisted of the retailing of women's fashion in Australia, New Zealand, USA and South Africa. Additionally, the Group retails to the mature, value segment of the specialty fashion market in value footwear and men's clothing through the Rivers brand.

Dividends
Dividends paid during the financial year were as follows:

		Consolidated
	2015	**2014**
	$'000	**$'000**
Final dividend for the year ended 30 June 2014 of 2.0 cents (30 June 2013: 2.0 cents) per fully paid ordinary share	3,845	3,845
Interim dividend for the year ended 30 June 2015: nil (30 June 2014: 2.0 cents) per fully paid ordinary share	-	3,845
	3,845	7,690

OPERATING AND FINANCIAL REVIEW
Review of operations
Specialty Fashion Group continues to operate within the women's fashion retail sector in Australia, New Zealand, USA and South Africa through Millers, Katies, Crossroads, Autograph, and City Chic. The Group continues to grow its footprint into the mature, value segment of the specialty fashion market through the Rivers brand.

The Group has one of the largest predominately women's customer communities in Australasia with over 8.6 million members, and can reach over 4.4 million members through email. The Group's customers are very loyal, with member sales representing over 87% of sales in relation to Millers, Katies, Crossroads, Autograph and City Chic. The Rivers membership base is growing rapidly and has increased by 56% in the second half of FY2015. The total physical store portfolio comprised 1,086 at 30 June 2015 (2014: 1,095). 29 new stores were opened during the year, which include City Chic's entrance into the USA through the opening of seven stores in California.

Review of Financial Performance
The Australian retail industry continues to be affected by macro-economic and political events during the 2015 financial year. Consumer confidence remains relatively subdued and has had an impact on the financial performance of the Group. Despite the prevalence of these conditions, the Group, excluding Rivers was profitable.

Revenue for the full year ended 30 June 2015 was $791.5 million, 15.5% higher than the prior year. Overall, comparable store sales growth was 5.3%. Sales growth continued to be achieved from new stores in Australia (including Rivers' stores) and abroad. The Group's online sales grew 64% to $51.2 million, or 6.5% of total revenue for the year ended 30 June 2015. The Group delivered Earnings Before Interest, Taxation, Depreciation and Amortisation (EBITDA) of $20.3 million, compared with EBITDA for the prior year of $39.2 million. The net loss for the year was $4.5 million, compared with a net profit of $12.5 million reported for the prior year. A reconciliation of EBITDA to statutory profit before income tax is included in note 3 of the financial statements.

Online revenue growth during the year has been enhanced by “click & collect”, the uptake of City Chic online sales in the USA, as well as an uplift in performance of Rivers’ online store. Email valid customers grew to 4.4 million and this has continued to deliver good results in customer engagement during the year. Email campaign responses increased as more sophisticated customer segmentation was developed, and response rates continued to be well above industry averages.

The ongoing transformation of the Group’s supply chain to a design and direct sourcing model continued to derive benefits, especially through achieving lower markdowns as well as better cost prices. There has been an ongoing shift to directly sourced product – 89% at 30 June 2015, compared with 84% at 30 June 2014. These initiatives have helped to protect gross margins against the strengthening of the US dollar.

Depreciation and impairment expense for the year was $21.0 million, 1% higher than the prior year. The depreciation expense for the year was $20.8 million, down from $21.3 million in the prior year. This includes store asset impairment expense of $0.7 million (2014: impairment write-back of $0.4 million), representing an increase in impairment of store assets.

Review of Financial Position
Specialty Fashion Group ended the year with net debt of $27.8 million at 30 June 2015 (compared with net debt of $12.0 million in the prior year). During the year the Group has invested in new and refurbished stores to secure future profitable growth. The Group had access to total facilities of $85.7 million comprising working capital and trade finance facilities. At the end of the year, the Group had gross debt of $34.9 million.

The Group maintains a strong focus on working capital management. There has been a reduction in average supplier terms as the Group has increased its mix of directly sourced product both through Rivers and the Group’s other brands. Payment terms with direct suppliers are typically shorter than with wholesale suppliers. Trade and other payables included in operating cash flows at 30 June 2015 were $64.9 million, down from $69.6 million a year earlier. In addition, the Group has reduced its inventories from $90.3 million in the prior year to $89.1 million at 30 June 2015. The decrease in trade and other payables of $4.7 million and the decrease in inventories of $1.2 million have contributed to a decrease in working capital of $3.8 million during the year.

The Board has determined to not declare a dividend in respect of 2015. In 2014, a fully franked interim dividend of 2.0 cents per fully paid ordinary share was paid during the year, and a fully franked final dividend of 2.0 cents per fully paid ordinary share was paid subsequent to year end.

Outlook
The key focus areas for FY2016 are:
- Complete the integration of Rivers, and return the brand to profitability;
- Continue the Millers’ brand and product rejuvenation program; and
- Measured investment and expansion of the City Chic brand in the USA and South Africa.

Material business risks
Specialty Fashion Group operates in an environment of change and uncertainty. There are a range of factors, both specific to the Group and general in nature which may impact the operating and financial performance of the Group. The impact of these risks is regularly reviewed for their possible impact and the Group seeks to minimise the impact through its risk management functions and its approach to running the business.

Competition and consumer discretionary spending
The Group operates in a retail environment where quality, price and value are critical to the customers it serves. The retail fashion market is also becoming an increasingly global market through the impact of online shopping and the entry of overseas retailers into Australia. The Group is constantly monitoring these developments and is adapting its business model to this changing landscape.

Property portfolio management
The Group currently operates 1,086 physical stores in Australia, New Zealand, USA and South Africa. These stores are leased and are subject to negotiations with each landlord at the end of each lease term. The Group actively manages its portfolio against established financial and operational benchmarks which must be met for new stores to be opened, or renewal of leases in existing stores.

Exchange rates
The Group relies significantly on imported products (directly sourced or via local or overseas wholesalers) and as a result the cost of the product may be subject to movements in the exchange rate of the Australian dollar. The Group mitigates against movements in exchange rates through the use of forward cover.

Cotton and other product input prices
The Group sources product made either from cotton, or cotton substitutes such as viscose or polyester, and as such is affected by movements in fabric prices. As cotton is a principal input, the Group mitigates against significant adverse fluctuations in commodity prices through the use of cotton call options. In addition, labour costs have an impact on overall product cost. The Group actively manages the supply chain by developing long term relationships with our suppliers to ensure the best possible outcome for all involved.

Occupational Health and Safety (OHS)
The Group has over 5,000 employees across Australia, New Zealand, USA and South Africa as well as customers who visit its stores. The Group has a high focus on OHS with this function led by a senior executive of the Group. The Group continues to invest in training and development of our employees to ensure they have a high awareness of workplace safety.

Significant changes in the state of affairs
There were no significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year
No matter or circumstance has arisen since 30 June 2015 that has significantly affected, or could significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations
The consolidated entity intends to continue its principal activity of retailing of women's fashion through Millers, Katies, Crossroads, Autograph and City Chic, in addition of the mature, value segment of the specialty fashion market through the Rivers brand. The consolidated entity will continue to operate in Australia, New Zealand, USA and South Africa while focusing on new stores, online growth, customer relationship management and the supply chain. Further information on likely developments in the operations of the consolidated entity and expected results from operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Environmental regulation
The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Name:	Geoff Levy AO
Title:	Non-Executive Chairperson
Qualifications:	B.Comm, LLB, SF Fin, FAICD
Experience and expertise:	Geoff Levy joined the Specialty Fashion Group Board in April 2005. Geoff was previously Chief Executive Officer of Investec Bank (Australia) Pty Limited, a principal of Wentworth Associates and before that a partner in leading law firm, Freehills. He has three decades of experience in the corporate advisory and investing environment where he is regarded as an expert in investing, mergers and acquisitions, capital management and general corporate commercial law. He was appointed an Officer of the Order of Australia in the Queen's Birthday Honours List 2005.
Other current directorships:	Geoff has been a director on a number of public and government boards and is currently the Non-Executive Chairperson of ASX listed Cromwell Group Limited and Monash Private Capital Pty Limited.
Former directorships (last 3 years):	Geoff does not currently hold any other listed company directorships and has not held any other listed company directorships in the last three years.
Special responsibilities:	Chairperson of the Board; Chairperson of the Nomination and Remuneration Committee
Interests in shares:	2,365,564 ordinary shares
Interests in options:	None
Interests in rights:	None

Name:	Gary Perlstein
Title:	Chief Executive Officer
Qualifications:	B.Bus
Experience and expertise:	Gary Perlstein has played an integral role both in the establishment and growth of Specialty Fashion Group since it was founded in 1993. Gary has been a director of Specialty Fashion Group Limited since 1995 and he was appointed Chief Executive Officer in October 2003. Gary has over 20 years of retailing experience in Australia.
Other current directorships:	Gary does not hold any other listed company directorships.
Former directorships (last 3 years):	Gary has not held any other listed company directorships in the last three years.
Special responsibilities:	Chief Executive Officer
Interests in shares:	17,862,814 ordinary shares
Interests in options:	None
Interests in rights:	200,000 performance rights over ordinary shares

Name:	Ian Miller
Title:	Non-Executive Director
Qualifications:	B.Comm
Experience and expertise:	Ian Miller co-founded Specialty Fashion Group in 1993 and was Managing Director until October 2003. Ian has over 35 years of retailing experience. Ian was an executive director from 1993 until 1 January 2007 when he became a non-executive director.
Other current directorships:	Ian does not hold any other listed company directorships.
Former directorships (last 3 years):	Ian has not held any other listed company directorships in the last three years.
Special responsibilities:	None
Interests in shares:	14,509,906 ordinary shares
Interests in options:	None
Interests in rights:	None

Name:	Anne McDonald
Title:	Non-Executive Director
Qualifications:	B.Ec, FCA, GAICD
Experience and expertise:	Anne McDonald joined the Specialty Fashion Group Board in April 2007. An experienced non-executive director, Anne brings finance, accounting, risk management and governance skills. A Chartered Accountant by training, Anne was a partner with Ernst & Young for 15 years until 2005, working with large multinational and domestic companies. During that time she served as a member of the Board of Ernst & Young Australia for seven years.
Other current directorships:	Anne is a non-executive director of listed entities, GPT Group (from 2006) and Spark Infrastructure Group (from 2009). She is also a non-executive director of Sydney Water Corporation. Anne chairs the Audit Committee for these entities.
Former directorships (last 3 years):	Westpac's Life and General Insurance Businesses (retired May 2015).
Special responsibilities:	Chairperson of the Audit and Risk Committee; Member of the Nomination and Remuneration Committee (appointed 28 May 2015)
Interests in shares:	15,000 ordinary shares
Interests in options:	None
Interests in rights:	None

Name:	Ashley Hardwick
Title:	Non-Executive Director
Experience and expertise:	Ashley Hardwick joined the Specialty Fashion Group Board in May 2012. Ashley is a director and shareholder of the Cotton On Group and has over 20 years of retail experience. He also oversees the property function of the Cotton On Group.
Other current directorships:	Ashley does not hold any other listed company directorships.
Former directorships (last 3 years):	Ashley has not held any other listed company directorships in the last three years.
Special responsibilities:	None
Interests in shares:	38,742,203 ordinary shares held indirectly through NAAH Pty Ltd and NAAH Investments Pty Ltd
Interests in options:	None
Interests in rights:	None

Name:	Michael Hardwick
Title:	Non-Executive Director
Qualifications:	B.Comm
Experience and expertise:	Michael Hardwick joined the Specialty Fashion Group Board in May 2012. Michael currently serves as the Chief Financial Officer of the Cotton On Group. Michael is a Chartered Accountant by training and has previously worked at PricewaterhouseCoopers in both Melbourne and New York in the transaction advisory practice. He also spent 10 years as a partner with the New York based private equity firm Hudson Valley Capital Partners.
Other current directorships:	Michael does not hold any other listed company directorships.
Former directorships (last 3 years):	Michael has not held any other listed company directorships in the last three years.
Special responsibilities:	Member of the Audit and Risk Committee; Member of the Nomination and Remuneration Committee
Interests in shares:	195,000 ordinary shares
Interests in options:	None
Interests in rights:	None

Name:	Megan Quinn
Title:	Non-Executive Director
Qualifications:	GAICD
Experience and expertise:	Megan Quinn joined the Specialty Fashion Group Board in October 2012 as an independent non-executive director. Megan is currently on the Board and National Committee of UNICEF Australia, and is the Consultant Creative Director of Bank of Melbourne. For the past 25 years, she has built a career specialising at the luxury end of retailing, advertising, publishing and design for the fashion, jewellery, hotel, airline and service industries. One of Megan's notable achievements was her being a co-founder of internationally acclaimed NET-A-PORTER in 1999. She consults and speaks internationally, and has held a variety of leadership and senior executive as well as non-executive board roles. Her secondment to London in 1988 with the Mojo advertising agency marked the beginning of 18 years of involvement with clients such as Dell, Qantas, the Australian Tourist Commission, Asprey, Garrard and Patek Philippe and leading retailers such as Harrods, The Arcadia Group and BHS. Megan has also held executive board roles with both Harrods and NET-A-PORTER.
Other current directorships:	Megan is a director of UNICEF Australia.
Former directorships (last 3 years):	Megan stepped down from the Fitted For Work Board in February 2014, and is now an Ambassador for the organisation.
Special responsibilities:	Member of the Audit and Risk Committee (appointed 28 May 2015)
Interests in shares:	None
Interests in options:	None
Interests in rights:	None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary
The Company Secretary is Paul Officer, B.Com, CA. Paul was appointed to the position of Company Secretary in October 2014. He is also General Manager - Finance, having joined the Company in April 2009, and oversees all aspects of day-to-day finance for the Group. Paul has over 15 years' experience as a Chartered Accountant having worked in Australia and abroad.

Meetings of directors
The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2015, and the number of meetings attended by each director were:

	Full Board		Nomination and Remuneration Committee*		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
Geoff Levy AO	9	10	2	2	-	-
Gary Perlstein	10	10	-	-	-	-
Ian Miller	9	10	-	-	-	-
Anne McDonald[1]	10	10	-	-	6	6
Ashley Hardwick	9	10	-	-	-	-
Michael Hardwick	10	10	2	2	6	6
Megan Quinn[2]	9	10	-	-	-	-

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

* Nomination and Remuneration Committee meetings for the year ended 30 June 2015 represent meetings held in conjunction with Board Meetings.

[1] Anne McDonald was appointed to the Nomination and Remuneration Committee on 28 May 2015. No meetings have been held subsequent to her appointment.
[2] Megan Quinn was appointed to the Audit and Risk Committee on 28 May 2015. No meetings have been held subsequent to her appointment.

Remuneration report (audited)
The remuneration report, which has been audited, outlines the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the *Corporations Act 2001* and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:
1. Principles used to determine the nature and amount of remuneration
2. Details of remuneration
3. Service agreements
4. Share-based compensation
5. Additional information

1. Principles used to determine the nature and amount of remuneration
The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives, the creation of value for shareholders, and conforms to the market best practice for delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to the Group's strategic and business objectives and the creation of shareholder value;
- performance linkage/alignment of executive compensation;
- transparency; and
- acceptability to shareholders.

The Nomination and Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

In consultation with external remuneration consultants (refer to the section 'use of remuneration consultants' below), the Nomination and Remuneration Committee has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the consolidated entity.

Alignment to shareholders' interests:
- has economic profit as a core component of plan design;
- focuses on sustained growth in shareholder wealth, consisting of dividends and share price growth, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracts and retains high calibre executives.

Alignment to program participants' interests:
- rewards capability and experience;
- reflects competitive reward for contribution to growth in shareholder wealth; and
- provides a clear structure for earning rewards.

In accordance with best practice corporate governance, the structures of non-executive directors and executive remuneration are separate.

Non-executive directors’ remuneration
Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, these directors. Non-executive directors' fees and payments are reviewed annually by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairperson's fees are determined independently to the fees of other non-executive directors, and are based on comparable roles in the external market. The chairperson is not present at any discussions relating to determination of his own remuneration. Non-executive directors do not receive share options or other incentives.

ASX listing rules require the aggregate non-executive directors remuneration be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 8 November 2012, where the shareholders approved an aggregate remuneration of $600,000. The current base fees were last reviewed with effect from 1 January 2012.

Executive remuneration
The consolidated entity aims to reward executives with a level and mix of remuneration based on their position and responsibility, which has both fixed and variable components.

The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness;
- alignment to the Group’s strategic and business objectives and the creation of shareholder value;
- performance linkage and alignment of executive compensation;
- transparency; and
- acceptability to shareholders.

Alignment to shareholders' interests:
- has economic profit as a core component of plan design;
- focuses on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracts and retains high calibre executives.

Alignment to executives' interests:
- rewards capability and experience;
- reflects competitive reward for contribution to growth in shareholder wealth;
- provides a clear structure for earning rewards; and
- provides recognition for contribution.

The framework provides a mix of fixed and variable compensation, and a blend of short and long term incentives. As executives gain seniority within the consolidated entity, the balance of this mix shifts to a higher proportion of "at risk" rewards.

The executive remuneration and reward framework has four components:
- base pay and benefits;
- short-term performance incentives;
- long term incentives through participation in the Specialty Fashion Group Limited Employee Long Term Incentive Plan; and
- other remuneration such as superannuation and long service leave.

The combination of these comprises the executive's total remuneration.

Base pay and benefits
Executives receive their base pay and benefits structured as a total employment cost ('TEC') package which may be delivered as a combination of cash and prescribed non-financial benefits at the executives' discretion.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. Base pay for executives is reviewed annually to ensure the executive's pay is competitive with the market. An executive's pay is also reviewed on promotion.

Executives receive benefits including car allowances.

Short term incentives
Should the Group achieve pre-determined targets set by the Board, then short term incentives ('STI') are available for executives and employees. Cash incentives (bonuses) are payable following finalisation and announcement of the full year audited results. Using value creation targets ensures variable awards are only available when value has been created for shareholders and when profit is consistent with the business plan. The incentives are leveraged for performance above the threshold to provide an incentive for executive and employee out-performance.

Each executive has a target STI opportunity depending on the accountabilities of the role, impact on the organisation or business unit performance. The annual STI target payment is reviewed annually.

The Board considers the appropriate targets and key performance indicators ('KPIs') to link the STI plan and the level of payout if targets are met. This includes setting any maximum payout under the STI plan, and minimum levels of performance to trigger payment of STI.

For the year ended 30 June 2015, the KPIs linked to short term incentive plans were based on group and/or individual personal objectives, where appropriate to the executive's role and their impact on the consolidated entity's performance. The KPI’s required performance in maximising sales and margins, reducing operating costs and achieving specific targets in relation to return on assets, as well as other key, strategic non-financial measures linked to drivers of performance in future reporting periods.

The short term incentive payments are adjusted in line with the degree of achievement against the target performance levels.

Long term incentives
Information on Specialty Fashion Group Limited’s Employee Long Term Incentive Plan is set out later in this note.

Use of remuneration consultants
In October 2011, Specialty Fashion Group Limited's Nomination and Remuneration Committee engaged Mercer (Australia) Pty Ltd (‘Mercer’) to review its existing remuneration policies and provide recommendations in respect of both short term and long term incentive plan design. Under the terms of the engagement, Mercer provided remuneration recommendations as defined in section 9B of the *Corporations Act 2001* and was paid $38,850 for these services. Remuneration consultants were not engaged during the year ended 30 June 2015.

Voting and comments made at the Company's 2014 Annual General Meeting ('AGM')
At the 2014 AGM, 95.8% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2014. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

2. Details of remuneration
Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

The following key management personnel of the consolidated entity were also the key management personnel of Specialty Fashion Group Limited (the parent entity) for the years ended 30 June 2015 and 30 June 2014.

The key management personnel of the consolidated entity consisted of the following directors of Specialty Fashion Group Limited:
- Geoff Levy AO - Chairperson
- Gary Perlstein - Chief Executive Officer
- Ian Miller - Non-Executive Director
- Anne McDonald - Non-Executive Director
- Ashley Hardwick - Non-Executive Director
- Michael Hardwick - Non-Executive Director
- Megan Quinn - Non-Executive Director
- Joel Bloom - Non-Executive Director (resigned 31 October 2013)

And the following executives:
- Alison Henriksen - Chief Financial Officer and Company Secretary (resigned on 13 October 2014)
- Gary Spreckley - Chief Financial Officer (appointed on 1 December 2014)
- Sonia Moura - Human Resources Director

2015	Short-term benefits: Cash salary and fees $	Short-term benefits: Bonus $	Short-term benefits: Car allowance $	Post-employment benefits: Super-annuation $	Long-term benefits: Long service leave $	Share-based payments: Equity-settled $	Total $
Non-Executive Directors:							
G Levy AO	125,000	-	-	11,875	-	-	136,875
I Miller	56,940	-	-	25,185	-	-	82,125
A McDonald	75,000	-	-	7,125	-	-	82,125
A Hardwick	75,000	-	-	7,125	-	-	82,125
M Hardwick	75,000	-	-	7,125	-	-	82,125
M Quinn	75,000	-	-	7,125	-	-	82,125
Executive Directors:							
G Perlstein	700,000	-	71,500	71,594	-	-	843,094
Other Key Management Personnel:							
A Henriksen[1]	127,496	-	12,882	11,214	-	-	151,592
G Spreckley[2]	209,750	-	14,583	21,565	-	-	245,898
S Moura	250,000	-	25,000	25,531	-	-	300,531
Total	1,769,186	-	123,965	195,464	-	-	2,088,615

[1] Alison Henriksen resigned on 13 October 2014.
[2] Gary Spreckley was appointed on 1 December 2014.

2014	Short-term benefits: Cash salary and fees $	Short-term benefits: Bonus $	Short-term benefits: Car allowance $	Post-employment benefits: Super-annuation $	Long-term benefits: Long service leave $	Share-based payments*: Equity-settled $	Total $
Non-Executive Directors:							
G Levy AO	125,000	-	-	11,562	-	-	136,562
I Miller	56,940	-	-	24,998	-	-	81,938
J Bloom	33,215	-	-	14,582	-	-	47,797
A McDonald	75,000	-	-	6,938	-	-	81,938
A Hardwick	37,500	-	-	3,469	-	-	40,969
M Hardwick	37,500	-	-	3,469	-	-	40,969
M Quinn	75,000	-	-	6,938	-	-	81,938
Executive Directors:							
G Perlstein	700,000	-	71,500	64,750	-	-	836,250
Other Key Management Personnel:							
A Henriksen	450,000	-	30,000	41,625	-	(69,532)	452,093
S Moura	250,000	-	25,000	23,125	-	(31,289)	266,836
Total	1,840,155	-	126,500	201,456	-	(100,821)	2,067,290

* During the year ended 30 June 2013, performance rights over ordinary shares of Specialty Fashion Group Limited were granted under the 2012 Employee Long Term Incentive Plan. Due to the uncertainty around achieving non-market vesting conditions, a reversal of the cumulative expense was credited during the year ended 30 June 2014.

The proportion of potential remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration	At risk - STI	At risk – LTI
Executive Directors:			
G Perlstein	69%	19%	12%
Other Key Management Personnel:			
A Henriksen	47%	13%	40%
G Spreckley	78%	22%	0%
S Moura	51%	14%	35%

The proportion of the cash bonus paid/payable or forfeited is as follows:

	At risk – STI paid / payable		At risk – STI forfeited	
Name	2015	2014	2015	2014
Executive Directors:				
G Perlstein	-%	-%	100%	100%
Other Key Management Personnel:				
A Henriksen	-%	-%	100%	100%
G Spreckley	-%	-%	100%	-%
S Moura	-%	-%	100%	100%

3. Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Gary Perlstein
Title:	Chief Executive Officer
Term of agreement:	No term
Details:	• Notice period of 1 month • Remuneration review period every 12 months • Eligible for short term incentives • Eligible for long term incentives • No severance period • No termination benefits • No other benefits

Name:	Alison Henriksen
Title:	Chief Financial Officer and Company Secretary (resigned on 13 October 2014)
Term of agreement:	No term
Details:	• Notice period of 3 months • Remuneration review period every 12 months • Eligible for short term incentives • Eligible for long term incentives • No severance period • No termination benefits • No other benefits

Name:	Gary Spreckley
Title:	Chief Financial Officer (appointed on 1 December 2014)
Term of agreement:	No term
Details:	• Notice period of 3 months • Remuneration review period every 12 months • Eligible for short term incentives • Eligible for long term incentives • No severance period • No termination benefits • No other benefits

Name:	Sonia Moura
Title:	Human Resources Director
Term of agreement:	No term
Details:	• Notice period of 3 months • Remuneration review period every 12 months • Eligible for short term incentives • Eligible for long term incentives • No severance period • No termination benefits • No other benefits

All non-executive directors stand for re-election every 3 years and have no notice period, an annual remuneration review, no eligibility for short term incentives, no eligibility for long term incentives, no severance period, no termination benefits and no other benefits.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

4. Share-based compensation

Issue of shares
There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2015.

Performance rights
The terms and conditions of each grant of performance rights over ordinary shares affecting remuneration of the Chief Executive Officer and other key management personnel in this financial year or future reporting years are as follows:

Grant date	Vesting date and exercisable date	Expiry date	Fair value per right at grant date
19 February 2013	30 June 2015	30 August 2015	$0.914
31 October 2013	30 June 2016	30 August 2016	$0.779

Performance rights granted carry no dividend or voting rights.

Upon meeting the vesting conditions, the performance right holder will be allocated one ordinary share in the Company for each performance right held. Vesting will occur upon completion of the statutory accounts of Specialty Fashion Group Limited as per the vesting dates above, subject to both performance and service conditions being met.

In order to satisfy the performance conditions, the consolidated entity must meet or exceed specified cumulative Return on capital employed (ROCE) and Earnings before interest, taxation, depreciation and amortisation (EBITDA) targets associated with the plan at each vesting date. In addition, plan participants are required to complete a continual period of service from the performance right grant date to the vesting date. The Board of directors has the discretion to waive or partly waive performance conditions that have not been satisfied.

There were no performance rights over ordinary shares issued to non-executive directors, the Chief Executive Officer and other key management personnel as part of compensation during the year ended 30 June 2015.

5. Additional information

The earnings of the consolidated entity for the five years to 30 June 2015 are summarised below:

	2015 $'000	2014 $'000	2013 $'000	2012 $'000	2011 $'000
Sales revenue	791,512	685,043	569,475	572,509	570,304
(Loss)/profit before income tax	(4,515)	16,317	19,010	(3,301)	21,306
(Loss)/profit after income tax	(4,462)	12,475	12,970	(2,810)	14,519

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2015	2014	2013	2012	2011
Share price at financial year end ($)	0.63	0.88	0.82	0.51	0.88
Total dividends declared (cents per share)	-	4.0	4.0	-	4.0
Basic (loss)/earnings per share (cents per share)	(2.3)	6.5	6.7	(1.5)	7.6
Diluted (loss)/earnings per share (cents per share)	(2.3)	6.5	6.7	(1.5)	7.6

This concludes the remuneration report, which has been audited.

Loans to directors and executives
As at 30 June 2015, there were no outstanding loans made to directors of Specialty Fashion Group Limited and other key management personnel of the consolidated entity, including their personally related parties (2014: nil).

Shares under performance rights
Unissued ordinary shares of Specialty Fashion Group Limited under performance rights at the date of this report are as follows:

Grant date	Expiry date	Number under rights
19 February 2013	30 August 2015	2,800,000
17 September 2013	30 August 2016	600,000
31 October 2013	30 August 2016	200,000
21 January 2014	30 August 2016	200,000
		3,800,000

No person entitled to exercise the performance rights had or has any right by virtue of the performance right to participate in any share issue of the Company or of any other body corporate.

Shares issued on the exercise of performance rights
There were no ordinary shares of Specialty Fashion Group Limited issued on the exercise of performance rights during the year ended 30 June 2015 and up to the date of this report.

Indemnity and insurance of officers
The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability 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.

Indemnity and insurance of auditor
The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company
No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services
Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 32 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial 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 32 to the financial statements do not compromise the external auditor's independence requirements of the *Corporations Act 2001* 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 APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and 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.

Officers of the Company who are former partners of Deloitte Touche Tohmatsu
There are no officers of the Company who are former partners of Deloitte Touche Tohmatsu.

Rounding of amounts
The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on the following page.

Auditor
Deloitte Touche Tohmatsu continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the directors

Geoff Levy AO	Gary Perlstein
Non-Executive Chairperson	Chief Executive Officer

25 August 2015
Sydney

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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The Board of Directors
Specialty Fashion Group Limited
151-163 Wyndham Street
Alexandria NSW 2015

25 August 2015

Dear Board Members

Specialty Fashion Group Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Specialty Fashion Group Limited.

As lead audit partner for the audit of the financial statements of Specialty Fashion Group Limited for the financial year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit ; and

(ii) any applicable code of professional conduct in relation to the audit .

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

DR White

David White
Partner
Chartered Accountants

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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Independent Auditor's Report to the Shareholders of Specialty Fashion Group Limited

Report on the Financial Report

We have audited the accompanying financial report of Specialty Fashion Group Limited, which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 26 to 69.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and 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 consolidated financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We have 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 judgement, 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 of the financial report that gives a true and fair view, 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.

Auditor's Independence Declaration

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 Specialty Fashion Group Limited would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Specialty Fashion Group Limited is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 14 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with 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.

Opinion

In our opinion the Remuneration Report of Specialty Fashion Group Limited for the year ended 30 June 2015, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

D R White

David White
Partner
Chartered Accountants
Sydney, 25 August 2015

The directors are committed to the principles underpinning best practice in corporate governance, applied in a manner which is best suited to the Company and its controlled entities and to best addressing the directors' accountability to shareholders and other stakeholders. In formulating the governance principles that guide the operations of the Group, the directors have taken into account the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations (3rd edition). This is supported by an overriding organisation wide commitment to the highest standards of legislative compliance and financial and ethical behaviour.

A description of the Group's main corporate governance practices is set out below. All these practices, unless otherwise stated, were in place for the entire year.

Principle 1 – Lay solid foundations for management and oversight

The directors' overriding objective is to increase shareholder value within an appropriate framework which protects the rights and interests of shareholders and ensures the Company and its controlled entities are properly managed.

The functions of the Board of Directors are clearly defined in the Company's Board Charter which includes responsibility for:

- approval of corporate strategies and the annual budget;
- monitoring financial performance including approval of the annual and half year financial reports and liaison with the Company's auditors;
- monitoring managerial performance; and
- ensuring the significant risks facing the Company and its controlled entities have been identified and appropriate and adequate control, monitoring and reporting mechanisms are in place.

The Board of Directors

The Board Charter prescribes the structure of the Board and its committees, the framework for independence and some obligations of directors.

Board membership is regularly reviewed. Recommendations on the appropriate skill mix, personal qualities, expertise and diversity of each position are made. When a vacancy exists or there is a need for particular skills, the selection criteria based on the skills deemed necessary are identified. Suitable candidates are interviewed and appointed by the Board. New Board members must stand for election at the next general meeting of shareholders.

The Board currently comprises six Non-Executive Directors, three of whom are deemed independent under the principles set out below and one Executive Director, the Chief Executive Officer, at the date of signing the directors' report.

The Chairperson of the Board is a non-executive director who is elected by the full Board. The Chairperson is responsible for leading the Board, ensuring directors are properly briefed in all matters relevant to their role and responsibilities, facilitating board discussions and managing the Board's relationship with the company's senior executives. The Chief Executive Officer is responsible for implementing group strategies and policies. The Board Charter specifies that these are separate roles to be undertaken by separate people. A regular review of the performance of the Chief Executive Officer is conducted.

Directors and Board committees have the right, in connection with their duties and responsibilities, to seek independent professional advice at the company's expense. Prior written approval of the Chairperson is required, but this will not be unreasonably withheld.

Details of the members of the Board, their experience, expertise, qualifications, term of office and independent status are set out in the directors' report on pages 5 to 7 under the heading "Information on directors".

Directors' independence

Any past or present relationship with the Company is carefully examined to assess the likely impact on a director's ability to be objective and exercise independent judgement. The Board review any transactions between the organisation and the directors, or any interest associated with the directors, to ensure the structure and the terms of the transaction is in compliance with the *Corporations Act 2001* and is appropriately disclosed.

Performance evaluation
The Board undertakes regular self-assessments of its collective performance, the performance of the Chairperson and its committees. The assessment also considers the adequacy of induction and continuing education, access to information and the support provided by the Company Secretary. Management are invited to contribute to this appraisal process which is facilitated by an independent member of management. The results and any action plans are documented together with specific performance goals which are agreed for the coming year. An assessment in accordance with this process was undertaken during May 2011.

Diversity
Workplace diversity recognises and values the contribution of people from different backgrounds, experiences and perspectives. It is the Company's aim to ensure that all team members have equal opportunity to participate and advance in their careers.

The Company values and recognises the diversity of our Team Members and the added value diversity provides to achieving the Company's overall objectives. The Diversity Work Group ("DWG"), established in 2012, is responsible for setting the strategic direction and identifying focus areas in relation to diversity. The Company's diversity policy outlines the Company's diversity objectives in relation to gender, age, ethnicity, cultural background, disability, religion, gender identity, sexual orientation and professional background. It includes requirements for the Board to establish measurable objectives for achieving diversity, and for the Board to assess annually both the objectives, and the Company's progress in achieving them.

Objectives established for achieving gender diversity and progress towards achieving them during the year ended 30 June 2015 are set out below.

FY15 Diversity Strategy	**Achievements**
Continue to support our return to work from Parental Leave Team Members	Head office established expressing room, for returning mothers to help their transition back into the workplace
Increase visibility of Diversity initiatives across the business	Created Diversity section on Company intranet for all employees to access
Promote Equal and Fair opportunity for all Team Members, through recruitment advertising and brand imagery	Diversity recruitment stated on all recruitment advertising (including external websites such as LinkedIn and social media such as Instagram etc.) are diversity compliant and promote our ethos
Review the Diversity Policy, ensuring it is robust and current	Completed and in line with legislative standards
Promote community and inclusion culture amongst Team Members	Utilising intranet pages to promote and encourage inclusion, to be developed further in FY2016
Submit the Workplace Gender Equality Act (WGEA) report	Report prepared and submitted in accordance to the guidelines set by the WGEA
Training for Team Members on applicable policies and topics	Refresher training on relevant policies completed to all Team Members

FY16 Objectives
1. Ensure Gender Equality is addressed in all relevant policies;
2. Develop a Gender Equality policy;
3. Conduct a Pay Equity review and identify any gaps, propose strategies to bridge the gaps identified;
4. Conduct a Diversity Survey to establish composition of workforce which will drive Diversity initiatives;
5. Publish and train employees on Domestic Violence policy;
6. Review the Diversity Policy, ensuring it is robust and current;
7. Submit Workplace Gender Equality Report; and
8. Training for Team Members on applicable policies and topics.

Gender Balance
The Company's ongoing commitment to reporting on Diversity is in line with the *Workplace Gender Equality Act 2012* (WGE Act 2012). The WGEA Report (31 March 2015) detailed the proportion of women employed at different levels across the Company was as follows:

- 2 of 7 Board members are women;
- 57% of the Executive Team are women;
- Overall, across all Team Members, 93.4% of Team Members are women.

In addition, 72% of our Senior Management Team is female. The full WGEA report and findings are available upon request, please contact lshannon@sfg.co.

Principle 2 – Structure the Board to add value
Nomination and Remuneration Committee
The Nomination and Remuneration Committee consists of the following non-executive directors:

- G Levy (Chairperson)
- M Hardwick
- A McDonald (appointed 28 May 2015)

Details of the Committee with regards to remuneration policies and practices are detailed in "*Principle 8 – Remunerate fairly and responsibly*".

The Board seeks to ensure that the combination of its members provides an appropriate range of experience, skills, diversity, personal qualities and expertise to enable it to carry out its obligations and responsibilities. The Board believes that having a range of different skills, backgrounds, experience and gender ensures a diversity of viewpoints which facilitate effective governance and decision making.

The Company believes that the skills and experience in the areas listed below are desirable for the Board to perform its role effectively. The Board considers that its current composition possesses an effective blend of these skills and experience which enables it and its Committees to effectively govern the business, operate effectively and add value in the context of the Company's strategy.

- Executive/management experience;
- Retail knowledge and experience;
- Operational management expertise and experience;
- Corporate advisory expertise;
- Governance expertise and experience;
- Risk management expertise and experience;
- Property expertise; and
- Listed company Board experience.

Principle 3 – Act ethically and responsibly
Code of Conduct
The Company has developed a statement of values and a Code of Conduct (the "Code") which has been fully endorsed by the Board and applies to all directors and employees. The Code is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Group's integrity and to take into account legal obligations and reasonable expectations of the Company's stakeholders.

In summary, the Code requires that at all times the Company's personnel act with the utmost integrity, objectivity and in compliance with the letter and spirit of the law and Company policies.

The Code and the Company's trading policy is discussed with each new employee as part of their induction training. Further training is periodically provided and all employees are asked to sign a declaration confirming their compliance with the Code and the trading policy.

The directors are satisfied that the Group has complied with its policies on ethical standards, including trading in securities.

A copy of the Code and the trading policy is available on the Company's website.

Trading in Specialty Fashion Group Limited Shares
Directors and senior executives of the Group are subject to the *Corporations Act 2001*, which prohibits buying, selling or subscribing for shares in the Company if they are in possession of inside information. The Company has a Securities Trading Policy which stipulates it is contrary to Company policy for employees to be engaged in short term trading of the Company's securities.

Appropriate time for directors and employees to acquire or sell the Company's shares is when they are not in possession of price sensitive information which is not generally available to the market. Under the policy directors and employees must not deal in the Company's shares during the period between 1 January and 24 hours after the release of the consolidated entity's half yearly results or the period between 1 July and 24 hours after the release of the consolidated entity's annual results.

It is contrary to Company policy for directors and employees to deal in a derivative, the value of which is determined by reference to any unvested security held, until that security has fully and unconditionally vested.

Principle 4 – Safeguard integrity in corporate reporting
Audit and Risk Committee
The Audit and Risk Committee consists of the following non-executive directors:
- Anne McDonald (Chairperson)
- M Hardwick
- M Quinn (appointed 28 May 2015)

The functions of the Audit and Risk Committee are clearly defined in the Company's Audit and Risk Committee Charter which includes responsibility for:
- review and report to the Board on the annual and half year report and financial statements; and
- assist the Board in reviewing the effectiveness and adequacy of the organisation's internal financial control environment to enable them to provide the Board with up to date and reliable financial information.

The Committee is also charged with the responsibilities of recommending to the Board the appointment, removal and remuneration of the external auditors, and reviewing the terms of their engagement, and the scope and quality of the audit and non-audit services.

In fulfilling its responsibilities the Committee receives regular reports from management and external auditors. It also meets in private with the external auditors at least twice a year, more frequently if necessary. The external auditors have a clear line of direct communication at any time to either the Chairperson of the Audit and Risk Committee or the Chairperson of the Board.

The Committee has authority, within the scope of its responsibilities, to seek any information it requires from any employee or external party, and obtain external legal or other independent professional advice.

The Committee reports to the full Board after each committee meeting and relevant papers and minutes are provided to all directors. The number of meetings held by the Audit and Risk Committee is set out in the directors' report.

Financial report accountability
The Chief Executive Officer and the Chief Financial Officer who are present for Board discussion of financial matters are required to certify to the Board that the consolidated entity's financial statements comply with Accounting Standards, give a true and fair view, of the financial position and performance of the Company and consolidated entity; the financial statements and notes thereto are in accordance with the *Corporations Act 2001* and this statement is founded on a sound system of risk management and internal compliance and control systems which, in all material respects, implement the policies adopted by the Board of Directors.

Auditor attendance at the Annual General Meeting
The external audit firm partner in charge of the Specialty Fashion Group Limited audit is available to answer shareholder questions at the Company's Annual General Meeting.

Principle 5 – Make timely and balanced disclosure

The Company satisfies its continuous disclosure obligations as required by the Listing Rules of the Australian Stock Exchange and the Corporations Law by adhering to its External Communications policy which requires information to be disclosed in a full and timely manner to enable all shareholders and the market to have an equal opportunity to obtain and review information about the Company. The Company's annual and half yearly reports, investor presentations, press releases and other information disclosed to the ASX and the Company's Code of Conduct are posted on the Company's website (www.specialtyfashiongroup.com.au).

Principle 6 – Respect the rights of security holders

Information is provided to the Company's shareholders through:

- The Specialty Fashion Group Limited Annual and Half Yearly Reports;
- The Annual General Meeting;
- Results announcements and press releases;
- The Company's website, which has a dedicated Investor Relations section.

Principle 7 – Recognise and manage risk

The Board, through the Audit and Risk Committee, is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. The Group's policies are designed to ensure strategic, operational, legal, reputational and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Group's business objectives.

Considerable importance is placed on maintaining a strong control environment. There is an organisation structure with clearly drawn lines of accountability and delegation of authority. Adherence to the Code of Conduct is required at all times and the Board proactively promotes a culture of quality and integrity.

The Company's risk management policy and the operation of the risk management and compliance system is managed by the Company Risk Management Committee which consists of senior executives. The Board receives regular reports from this group as to the effectiveness of the Company's management of material risks that may impede meeting business objectives.

Risk management accountability

As part of the process of approving the financial statements, at each reporting date the Chief Executive Officer and Chief Financial Officer provide statements in writing to the Board on the quality and effectiveness of the Company's risk management and internal compliance and control systems.

Principle 8 – Remunerate fairly and responsibly

The Company has a Nomination and Remuneration Committee, as disclosed earlier in "*Principle 2 – Structure the Board to add value*".

The Committee considers remuneration policies and practices generally, and makes specific recommendations on remuneration packages and other terms of employment for executive directors and other senior executives. The Committee, having regard to performance, relevant comparative information and independent expert advice, reviews executive remuneration and other terms of employment annually. As well as a base salary, remuneration packages include superannuation, retirement and termination entitlements, performance related bonuses and fringe benefits. Senior executives may also be eligible to participate in the Employee Long Term Incentive Plan. Remuneration packages are set at levels that are intended to attract and retain executives capable of managing the consolidated entity's operations.

Remuneration of non-executive directors is determined by the Committee within the maximum amount approved by the shareholders from time to time.

Further information on directors' and executives' remuneration is set out in the directors' report under the heading "Remuneration report". The number of meetings held by the Nomination and Remuneration Committee is set out in the directors' report.

Contents

General information

The financial statements cover Specialty Fashion Group Limited as a consolidated entity consisting of Specialty Fashion Group Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Specialty Fashion Group Limited's functional and presentation currency.

Specialty Fashion Group Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

151 - 163 Wyndham Street
Alexandria, NSW 2015
Telephone: (02) 8303 9800
Facsmile: (02) 8306 3596

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 25 August 2015. The directors have the power to amend and reissue the financial statements.

Specialty Fashion Group Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2015

	Notes	2015 $'000	Consolidated 2014 $'000
Revenue	4	791,512	685,043
Changes in inventories of finished goods and consumables		(1,293)	23,788
Finished goods and consumables used		(326,602)	(276,677)
Employee benefits expense		(216,597)	(190,206)
Depreciation, amortisation and impairment expense	5	(21,045)	(20,839)
Rental expense	5	(134,529)	(127,052)
Other expenses	5	(92,170)	(79,116)
Finance costs	5	(3,791)	(2,069)
Net discount on acquisition		-	3,445
(Loss)/profit before income tax (benefit)/expense		(4,515)	16,317
Income tax benefit/(expense)	6	53	(3,842)
(Loss)/profit after income tax (benefit)/expense for the year attributable to the owners of Specialty Fashion Group Limited	28	(4,462)	12,475
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Net change in the fair value of cash flow hedges taken to equity, net of tax		7,476	(5,927)
Foreign currency translation		(259)	335
Other comprehensive income for the year, net of tax		7,217	(5,592)
Total comprehensive income for the year attributable to the owners of Specialty Fashion Group Limited		2,755	6,883

		Cents	Cents
Basic (loss)/earnings per share	40	(2.3)	6.5
Diluted (loss)/earnings per share	40	(2.3)	6.5

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Specialty Fashion Group Limited
Statement of financial position
As at 30 June 2015

	Notes	2015 $'000	Consolidated 2014 $'000
Assets			
Current assets			
Cash and cash equivalents	7	7,144	17,123
Receivables	8	8,438	7,735
Inventories	9	89,055	90,348
Derivative financial instruments	10	7,319	29
Income tax receivable	11	2,679	289
Total current assets		114,635	115,524
Non-current assets			
Derivative financial instruments	12	-	78
Property, plant and equipment	13	79,292	84,445
Intangibles	14	18,600	18,607
Deferred tax asset	15	3,765	5,559
Total non-current assets		101,657	108,689
Total assets		216,292	224,213
Liabilities			
Current liabilities			
Trade and other payables	16	68,262	69,600
Borrowings	22	4,000	-
Derivative financial instruments	17	-	3,364
Income tax provision	18	340	4,038
Provisions	19	21,294	20,542
Finance lease liability	20	204	933
Other	21	5,547	4,781
Total current liabilities		99,647	103,258
Non-current liabilities			
Borrowings	22	30,916	29,119
Provisions	23	10,248	11,785
Finance lease liability	24	-	4,016
Other	25	10,013	9,477
Total non-current liabilities		51,177	54,397
Total liabilities		150,824	157,655
Net assets		65,468	66,558
Equity			
Issued capital	26	134,497	134,497
Reserves	27	4,883	(2,334)
Accumulated losses	28	(73,912)	(65,605)
Total equity		65,468	66,558

The above statement of financial position should be read in conjunction with the accompanying notes.

Specialty Fashion Group Limited
Statement of changes in equity
For the year ended 30 June 2015

Consolidated	Issued capital $'000	Reserves* $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2013	134,497	3,455	(70,390)	67,562
Profit after income tax expense for the year	-	-	12,475	12,475
Other comprehensive income for the year, net of tax	-	(5,592)	-	(5,592)
Total comprehensive income for the year	-	(5,592)	12,475	6,883
Transactions with owners in their capacity as owners:				
Performance share rights expense	-	(197)	-	(197)
Dividends paid (note 29)	-	-	(7,690)	(7,690)
Balance at 30 June 2014	134,497	(2,334)	(65,605)	66,558

Consolidated	Issued capital $'000	Reserves* $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2014	134,497	(2,334)	(65,605)	66,558
Loss after income tax benefit for the year	-	-	(4,462)	(4,462)
Other comprehensive income for the year, net of tax	-	7,217	-	7,217
Total comprehensive income for the year	-	7,217	(4,462)	2,755
Transactions with owners in their capacity as owners:				
Dividends paid (note 29)	-	-	(3,845)	(3,845)
Balance at 30 June 2015	134,497	4,883	(73,912)	65,468

*Reserves relate to foreign currency translation, hedging and share-based payments reserves. Refer to note 27 for reconciliation of reserves.

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Specialty Fashion Group Limited
Statement of cash flows
For the year ended 30 June 2015

	Notes	2015 $'000	Consolidated 2014 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		871,015	753,864
Payments to suppliers (inclusive of GST)		(854,476)	(748,244)
		16,539	5,620
Interest received		114	414
Interest and other finance costs paid		(3,791)	(2,069)
Net income taxes paid		(7,489)	(433)
Net cash from operating activities	39	5,373	3,532
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired		-	(3,889)
Payments for property, plant and equipment	13	(12,936)	(20,698)
Proceeds from sale of property, plant and equipment		378	1,232
Net cash used in investing activities		(12,558)	(23,355)
Cash flows from financing activities			
Proceeds from borrowings		5,796	1,762
Finance lease (repayments)/drawdowns		(4,745)	4,298
Dividends paid	29	(3,845)	(7,690)
Net cash used in financing activities		(2,794)	(1,630)
Net decrease in cash and cash equivalents		(9,979)	(21,453)
Cash and cash equivalents at the beginning of the financial year		17,123	38,576
Cash and cash equivalents at the end of the financial year	7	7,144	17,123

The above statement of cash flows should be read in conjunction with the accompanying notes.

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities
The consolidated entity has applied AASB 2012-3 from 1 July 2014. The amendments add application guidance to address inconsistencies in the application of the offsetting criteria in AASB 132 'Financial Instruments: Presentation', by clarifying the meaning of 'currently has a legally enforceable right of set-off'; and clarifies that some gross settlement systems may be considered to be equivalent to net settlement.

AASB 2014-1 ‘Amendments to Australian Accounting Standards’ (Part A: Annual Improvements 2010–2012 and 2011–2013 Cycles)
The consolidated entity has applied Part A of AASB 2014-1 from 1 July 2014. These amendments affect the following standards: AASB 2 'Share-based Payment': clarifies the definition of 'vesting condition' by separately defining a 'performance condition' and a 'service condition' and amends the definition of 'market condition'. The amendments to AASB 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of AASB 9 or AASB 139 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. These amendments are effective for business combinations for which the acquisition date is on or after 1 July 2014.

AASB 2014-1 ‘Amendments to Australian Accounting Standards’ (Part B: Defined Benefit Plans: Employee Contributions Amendments to AASB 119)
The amendments to AASB 119 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee. For contributions that are independent of the number of years of service, the entity may either recognise the contributions as a reduction in the service cost in the period in which the related service is rendered, or to attribute them to the employees’ periods of service using the projected unit credit method; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees’ periods of service.

The application of these amendments to AASB 119 does not have any material impact on the disclosures or on the amount recognised in the Group's consolidated financial statements.

The following are also relevant:
- AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101
- AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Note 1. Significant accounting policies (continued)

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information
In accordance with the *Corporations Act 2001*, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 36. Financial information for the parent entity has been prepared on the same basis as the consolidated financial statements, with the exception of investments in subsidiaries which are measured at cost.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Specialty Fashion Group Limited ('company' or 'parent entity') as at 30 June 2015 and the results of all subsidiaries for the year then ended. Specialty Fashion Group Limited and its subsidiaries together are referred to in these financial statements as the 'Group' or 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation
The financial statements are presented in Australian dollars, which is Specialty Fashion Group Limited's functional and presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Note 1. Significant accounting policies (continued)

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition
Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, and recognised for the major business activities as follows:

Retail sales
Retail sales revenue is recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns, trade discounts and commission paid.

Lay-by sales
Revenue is recognised upon receiving final payment from the customer.

Interest
Interest revenue is recognised when it is earned.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Customer loyalty program
The consolidated entity operates a loyalty program where customers accumulate points for purchases made which entitle them to discounts on future purchases. The reward points are recognised as a separately identifiable component of the initial sale transaction, by allocating the fair value of the consideration received between the reward points and the other components of the sale such that the reward points are recognised at their fair value. Revenue from the reward points is recognised when the points are redeemed. The amount of revenue is based on the number of points redeemed relative to the total number expected to be redeemed. Reward points expire 24 months after the initial sale or 30 days after a voucher has been issued.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Note 1. Significant accounting policies (continued)

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Specialty Fashion Group Limited (the 'head entity') and its wholly-owned Australian controlled entities formed an income tax consolidated group under the tax consolidation regime as of 1 July 2003. The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Specialty Fashion Group Limited for any current tax payable assumed and are compensated by Specialty Fashion Group Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amount receivable/payable under the tax funding agreement is due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Other receivables
Other receivables are recognised at amortised cost, less any provision for impairment.

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost comprises purchase and delivery costs, net of rebates and discounts received or receivable. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs also include transfer from equity of any gains/losses on qualifying cashflow hedges relating to purchases of inventories.

Note 1. Significant accounting policies (continued)

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Derivative financial instruments
Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives are classified as current or non-current depending on the expected period of realisation.

Cash flow hedges
Cash flow hedges are used to cover the consolidated entity's exposure to variability in cash flows that is attributable to particular risks associated with a recognised asset or liability or a firm commitment which could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, whilst the ineffective portion is recognised in profit or loss. Amounts taken to equity are transferred out of equity and included in the measurement of the hedged transaction when the forecast transaction occurs.

Cash flow hedges are tested for effectiveness on a regular basis both retrospectively and prospectively to ensure that each hedge is highly effective and continues to be designated as a cash flow hedge. If the forecast transaction is no longer expected to occur, the amounts recognised in equity are transferred to profit or loss.

If the hedging instrument is sold, terminated, expires, exercised without replacement or rollover, or if the hedge becomes ineffective and is no longer a designated hedge, the amounts previously recognised in equity remain in equity until the forecast transaction occurs.

Call options
Call options are used to cover the consolidated entity's exposure to fluctuations in cotton prices which could affect cost of goods sold. At the end of each reporting period, the recognised asset is subsequently measured at fair value through profit or loss.

Property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment	3-10 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Leases
The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Note 1. Significant accounting policies (continued)

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability. Leased assets under a finance lease are depreciated over the asset's useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the consolidated entity's share of net identifiable assets of the acquired subsidiary/associate at the date of the acquisition. Goodwill on acquisition is included in intangible assets. Goodwill is allocated to cash generating units for the purpose of impairment testing. Goodwill is not amortised. Instead, goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Impairment of non-financial assets
Other non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 25 to 90 days of recognition.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred, including interest on short-term and long-term borrowings.

Note 1. Significant accounting policies (continued)

Provisions
Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity 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 the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits
Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments
Equity-settled and share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

Note 1. Significant accounting policies (continued)

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Upon the exercise of options/rights, the balance of share-based payments reserve relating to those options/rights is transferred to share capital.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends
Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

Business combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Note 1. Significant accounting policies (continued)

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

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

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

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2015. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments
This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2017 and completes phases I and III of the IASB's project to replace IAS 39 (AASB 139) 'Financial Instruments: Recognition and Measurement'. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. Chapter 6 'Hedge Accounting' supersedes the general hedge accounting requirements in AASB 139 and provides a new simpler approach to hedge accounting that is intended to more closely align with risk management activities undertaken by entities when hedging financial and non-financial risks. The consolidated entity will adopt this standard and the amendments from 1 July 2017 but the impact of its adoption is yet to be assessed by the consolidated entity.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Provision for impairment of inventories
The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the historical sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Fair value measurement hierarchy
The consolidated entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

Impairment of goodwill
In accordance with the accounting policy stated in note 1, the consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill has suffered any impairment. Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating units to which goodwill has been allocated. The value-in-use calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Impairment of other indefinite life intangible assets
The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether other indefinite life intangible assets have suffered any impairment. Determining whether other indefinite life intangible assets are impaired requires an estimation of an asset's fair value less costs of disposal.

Note 3. Operating segments

Identification of reportable operating segments
The consolidated entity is organised into one operating segment, being fashion retail. This operating segment is based on the internal reports that are reviewed and used by the Chief Executive Officer and Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The CODM assess the performance of the operating segment based on a measure of EBITDA (earnings before interest, tax, depreciation and amortisation, adjusted for fair value revaluation of derivative financial instruments through profit or loss). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on at least a monthly basis, including weekly reporting on key metrics.

Major customers
There is no revenue that is significant to any particular customer. Segment revenue from external parties, assets and liabilities are all reported to the Chief Executive Officer and Board of Directors in a manner consistent with the financial statements.

A reconciliation of operating profit before income tax to EBITDA is provided as follows:

Note 3. Operating segments (continued)

	Consolidated 2015 $'000	2014 $'000
EBITDA	20,313	39,154
Fair value revaluation of derivative financial instruments through profit or loss*	(106)	(343)
Interest revenue	114	414
Finance costs	(3,791)	(2,069)
Depreciation, amortisation and impairment of property, plant and equipment	(21,045)	(20,839)
(Loss)/profit before income tax	(4,515)	16,317

* To protect against significant adverse fluctuations in cotton prices, the Company purchased cotton call options. The expense for the year ended 30 June 2015 reflects fair value revaluation of the cotton call options at the end of the reporting period.

Note 4. Revenue

	Consolidated 2015 $'000	2014 $'000
Sales revenue		
Sale of goods	790,384	683,161
Other revenue		
Interest	114	414
Other revenue	1,014	1,468
	1,128	1,882
Revenue	791,512	685,043

Note 5. Expenses

	Consolidated 2015 $'000	2014 $'000
(Loss)/profit before income tax includes the following specific expenses:		
Depreciation and impairment of property, plant and equipment*	21,045	20,839
Interest and finance charges paid/payable	3,791	2,069
Fair value revaluation of derivative financial instruments through profit or loss	106	343
Net loss on disposal of property, plant and equipment	592	173
Share-based payments credit	-	(197)
Defined contribution superannuation expense	15,821	13,118
Rental expense relating to operating leases	134,529	127,052
Net foreign exchange gain	(11,165)	(4,458)
Inventory shrinkage	5,057	4,983
Total	169,776	163,922

* Depreciation and impairment expense for the year was $21.0 million (2014: $21.3 million), which includes store asset impairment expense of $0.7 million (2014: impairment write-back of $0.4 million). The impairment write-back in prior year represented a decrease in the provision for impairment of plant and equipment as a result of improved trading conditions.

Note 6. Income tax (benefit)/expense

	Consolidated 2015 $'000	Consolidated 2014 $'000
Income tax (benefit)/expense		
Current tax	1,407	6,689
Deferred tax - origination and reversal of temporary differences	(1,410)	(1,908)
Prior year over provision	(50)	(939)
Aggregate income tax (benefit)/expense	(53)	3,842
Deferred tax included in income tax (benefit)/expense comprises:		
Decrease/(increase) in deferred tax assets (note 15)	1,410	(1,908)
Numerical reconciliation of income tax (benefit)/expense and tax at the statutory rate		
(Loss)/profit before income tax (benefit)/expense	(4,515)	16,317
Tax at the statutory tax rate of 30%	(1,355)	4,895
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Discount on acquisition	-	(1,444)
Share-based payments	-	(59)
Non-deductible entertainment	24	23
Non-deductible expenses	-	1,115
Sundry items	179	284
	(1,152)	4,814
Prior year over provision	(50)	(939)
Difference in overseas tax rates	2	(3)
Foreign currency differences	(1)	(30)
Tax losses not recognised	1,148	-
Income tax (benefit)/expense	(53)	3,842

	Consolidated 2015 $'000	Consolidated 2014 $'000
Amounts charged/(credited) directly to equity		
Deferred tax assets (note 15)	3,204	(2,540)

	Consolidated 2015 $'000	Consolidated 2014 $'000
Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	3,826	-
Potential tax benefit @ 30%	1,148	-

All unused tax losses were incurred by overseas subsidiaries that are not part of the Australian tax consolidated group.

Capital losses
Unused tax losses related to capital losses of $154.9 million (2014: $154.9 million) carried forward to which no deferred tax asset has been recognised.

Note 6. Income tax (benefit)/expense (continued)

Income tax losses
As at 30 June 2015, the consolidated entity had carried forward income tax losses of $1.6 million (2014: $2.3 million). These losses were recognised as a deferred tax asset for the years ended 30 June 2015 and 30 June 2014.

Tax consolidation legislation
Specialty Fashion Group Limited and its wholly-owned Australian controlled entities implemented the tax consolidation legislation as of 1 July 2003. The accounting policy in relation to this legislation is set out in note 1.

Note 7. Current assets - cash and cash equivalents

		Consolidated
	2015 $'000	2014 $'000
Cash at bank and on hand	7,144	17,123

Note 8. Current assets - receivables

		Consolidated
	2015 $'000	2014 $'000
Prepayments	2,168	3,819
Other receivables	6,270	3,916
	8,438	7,735

Note 9. Current assets - inventories

		Consolidated
	2015 $'000	2014 $'000
Inventories on hand at lower of cost and net realisable value	89,055	90,348

Note 10. Current assets - derivative financial instruments

		Consolidated
	2015 $'000	2014 $'000
Forward foreign exchange contracts - cash flow hedges*	7,318	-
Call options at fair value**	1	29
	7,319	29

* Derivative financial liability relating to cash flow hedges as at 30 June 2015 is $nil (2014: $3.4 million) - refer to note 17.

** To protect against significant adverse fluctuations in cotton prices, the Company purchased cotton call options. The expense for the year ended 30 June 2015 and 30 June 2014 reflects the fair value revaluation of the cotton call options at the end of the reporting period.

Note 11. Current assets - income tax receivable

	2015 $'000	Consolidated 2014 $'000
Income tax receivable	2,679	289

Note 12. Non-current assets - derivative financial instruments

	2015 $'000	Consolidated 2014 $'000
Call options at fair value*	-	78

* Refer to commentary in note 10.

Note 13. Non-current assets - property, plant and equipment

	2015 $'000	Consolidated 2014 $'000
Plant and equipment - at cost	248,912	231,419
Less: Accumulated depreciation and impairment	(169,620)	(146,974)
	79,292	84,445

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Plant and equipment $'000	Total $'000
Balance at 1 July 2013	71,622	71,622
Additions	20,698	20,698
Additions through business combinations	13,164	13,164
Disposals	(405)	(405)
Exchange differences	204	204
Impairment write-back of assets	425	425
Depreciation expense	(21,263)	(21,263)
Balance at 30 June 2014	84,445	84,445
Additions	16,307	16,307
Disposals	(970)	(970)
Exchange differences	555	555
Impairment expense	(676)	(676)
Depreciation expense	(20,369)	(20,369)
Balance at 30 June 2015	79,292	79,292

Property, plant and equipment secured under finance leases
Refer to note 34 for further information on property, plant and equipment secured under finance leases.

Note 14. Non-current assets - intangibles

	Consolidated 2015 $'000	2014 $'000
Goodwill - at cost	10,095	10,095
Other intangible assets	8,505	8,512
	18,600	18,607

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Goodwill $'000	Brand valuation $'000	Other $'000	Total $'000
Balance at 1 July 2013	10,095	-	-	10,095
Additions through business combinations	-	8,505	7	8,512
Balance at 30 June 2014	10,095	8,505	7	18,607
Disposals	-	-	(7)	(7)
Balance at 30 June 2015	10,095	8,505	-	18,600

Goodwill
Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating units (CGUs) to which goodwill has been allocated. These calculations reflect estimated cash flow projections based on a five year forecast and requires the use of assumptions, including estimated discount rates; growth rates of estimated future cash flows; and terminal growth rates.

The value-in-use method use in determining the recoverable amount of the CGUs is affected by management's assumptions used in the calculation.

The five year cash flow forecast is based on a budget that has been approved by the Board and projected for a further four years based on an estimated growth rate of 2.5% (2014: 2.5%). The growth rate has been determined with reference to industry trends. As part of the annual impairment test for goodwill, management assesses the reasonableness of growth rate assumptions by reviewing historical cash flow projections against actual cash flows.

The discount rates used in the value-in-use calculations are pre-tax and reflect management's estimate of the time value of money, as well as the risks specific to the CGUs. The discount rates have been determined using the average weighted cost of capital and the current market risk-free rate, adjusted for relevant business risks. Pre-tax discount rate applied in the current year value-in-use model: 11.7% (2014: 11.7%).

A terminal growth rate of 2.0% (2014: 2.0%) has been assumed in the value-in-use calculation and reflects the long-term growth expectations beyond the five year forecast horizon.

There has been no impairment loss recognised relation to goodwill (2014: nil).

Note 14. Non-current assets - intangibles (continued)

Indefinite life intangible asset - Brand valuation

On 27 November 2013, Specialty Fashion Group Limited acquired the business and net assets of Rivers (Australia) Pty Ltd ("Rivers"). Rivers is an iconic Australian brand and was acquired at a discount to the fair value of its net assets due to a low purchase price. An independent valuation of the collective trademarks, trade names and brand names acquired as part of the transaction resulted in a brand valuation of $8.5 million being recognised as part of the net assets acquired. The calculation of the brand's value is based on fair value less costs of disposal. This amount has been assessed as an indefinite life intangible asset as there is no foreseeable limit to the cash flows generated by the brand.

The fair value was determined independently using the Relief from Royalty (“RFR”) valuation method at acquisition date. The calculations reflect a five year revenue forecast and requires the use of assumptions, including estimated royalty rates; tax rate; estimated discount rates; and expected useful life.

The five year revenue forecast is based on a budget that has been approved by the Board and projected for a further four years based on an estimated growth rate of 3.0% (2014: 3.0%). As part of the impairment test for brand valuation, management assesses the reasonableness of growth rate assumptions by reviewing revenue projections against actual revenue.

The royalty rates used in the valuation model are based on rates observed in the market. Royalty rates applied in the valuation model for the current year: 1.0% to 1.2% (2014: 1.0% to 1.2%).

The tax rate applied in the valuation model is based on the corporate tax rate in Australia: 30.0% (2014 30.0%).

The discount rate applied to present value projected cash flows (or notional cash flows) was derived by making appropriate adjustments to the weighted average cost of capital (“WACC”) and expanded capital asset pricing model (“CAPM”). The WACC calculates the rate of return that provides both debt holders and equity holders with a rate of return adequate to compensate them for providing debt and equity capital into an investment with a risk profile comparable to that of Rivers. The discount rate range applied in the current year: 19.6% to 21.6% (2014: 19.6% to 21.6%).

There has been no impairment loss recognised in relation to the brand (2014: nil).

Note 15. Non-current assets - deferred tax asset

		Consolidated
	2015	2014
	$'000	$'000
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Tax losses	491	678
Property, plant and equipment	(10,752)	(10,945)
Employee benefits	5,060	5,849
Other provisions and accruals	7,087	4,790
Deferred lease incentives	3,960	3,766
Inventories	345	466
Lay-by debtors	(113)	(115)
Unrealised foreign currency exchange	(118)	61
	5,960	4,550
Amounts recognised in equity:		
Derivative financial instruments	(2,195)	1,009
Deferred tax asset	3,765	5,559
Movements:		
Opening balance	5,559	(1,337)
Credited to profit or loss (note 6)	1,410	1,908
(Charged)/credited to equity (note 27)	(3,204)	2,540
Additions through business combinations	-	2,449
Underprovision in prior year	-	(1)
Closing balance	3,765	5,559

Note 16. Current liabilities - trade and other payables

		Consolidated
	2015	2014
	$'000	$'000
Trade payables	17,457	25,237
Other payables	50,805	44,363
	68,262	69,600

Refer to note 30 for further information on financial instruments.

Note 17. Current liabilities - derivative financial instruments

		Consolidated
	2015	2014
	$'000	$'000
Forward foreign exchange contracts - cash flow hedges*	-	3,364

* Derivative financial asset relating to cash flow hedges as at 30 June 2015: $7.3 million (refer to note 10).

Note 18. Current liabilities - income tax provision

		Consolidated
	2015	2014
	$'000	$'000
Income tax provision	340	4,038

Note 19. Current liabilities - provisions

		Consolidated
	2015	2014
	$'000	$'000
Provisions - Employee benefits	16,569	16,558
Other provisions	4,725	3,984
	21,294	20,542

Sales return provision
The sales return provision represents the directors' best estimate of the future outflow of economic benefits in respect of products sold. The provision is estimated based on historical sales claim information, sales levels and any recent trends that may suggest future claims could differ from historical amounts.

Lease make good
The provision represents the present value of the estimated costs to make good the premises leased by the consolidated entity at the end of the respective lease terms.

Stepped lease provision
The stepped lease provision represents the difference between the contract rental charge and that paid over the lease term.

Movements in provisions
Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

Consolidated - 2015	Other $'000
Carrying amount at the start of the year	3,984
Additional provisions recognised	91
Amounts transferred from non-current	725
Amounts used	(75)
Carrying amount at the end of the year	4,725

Note 20. Current liabilities - finance lease liability

		Consolidated
	2015	2014
	$'000	$'000
Finance lease	204	933

Note 21. Current liabilities - other

		Consolidated
	2015	2014
	$'000	$'000
Deferred lease incentives	5,068	4,038
Deferred revenue	479	743
	5,547	4,781

Deferred lease incentives
The provision represents operating lease incentives received. The incentives are allocated to profit or loss in such a manner that the rent expense is recognised on a straight-line basis over the lease term.

Deferred revenue
The balance represents outstanding customer reward points which entitle customers to discounts on future purchases. Revenue from the reward points is recognised when the points are redeemed.

Note 22. Borrowings

		Consolidated
	2015	2014
	$'000	$'000
Bank loans - current	4,000	-
Bank loans - non-current	30,916	29,119
	34,916	29,119

Refer to note 30 for further information on financial instruments.

Total secured liabilities
The total secured liabilities (current and non-current) are as follows:

		Consolidated
	2015	2014
	$'000	$'000
Bank loans	34,916	29,119

Note 22. Borrowings (continued)

Assets pledged as security
The bank loans are secured by a cross guarantee and a mortgage debenture given by certain group companies consisting of fixed and floating charges over all present and future assets of these companies.

The bank loan facilities comprise of working capital facilities and trade finance facilities.

Financing arrangements
The following lines of credit were available at the reporting date:

		Consolidated
	2015	**2014**
	$'000	**$'000**
Total facilities		
Bank loans	85,700	70,000
Asset finance facility*	-	8,000
Visa, encashment and guarantee facilities	500	300
	86,200	78,300
Used at the reporting date		
Bank loans	34,916	29,119
Asset finance facility*	-	4,505
Visa, encashment and guarantee facilities	218	10
	35,134	33,634
Unused at the reporting date		
Bank loans	50,784	40,881
Asset finance facility*	-	3,495
Visa, encashment and guarantee facilities	282	290
	51,066	44,666

The Company amended its bank loan facilities on 29 June 2015, which comprise of working capital facilities of $25.7 million and trade finance facilities of $60.0 million. The bank facilities have staggered maturities of December 2015, June 2016 and November 2016. At balance date, bank loan facilities totalling $85.7 million were available to the Company (30 June 2014: $70.0 million). Of this facility, $50.8 million was unused (30 June 2014: $40.9 million).

* In the prior year, the Company had access to an asset finance facility of $8.0 million and $3.5 million was unused at prior year end.

Note 23. Non-current liabilities - provisions

		Consolidated
	2015	**2014**
	$'000	**$'000**
Provisions - Employee benefits	3,243	3,206
Other	7,005	8,579
	10,248	11,785

Other provisions
Other provisions include provision for stepped leases, which represents the difference between the contract rental charge and the smoothed lease expense.

Note 23. Non-current liabilities - provisions (continued)

Movements in provisions
Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

Consolidated - 2015	Other $'000
Carrying amount at the start of the year	8,579
Additional provisions recognised	1,470
Amounts transferred to current	(725)
Amounts used	(2,319)
Carrying amount at the end of the year	7,005

Note 24. Non-current liabilities - finance lease liability

	Consolidated 2015 $'000	2014 $'000
Finance lease	-	4,016

Note 25. Non-current liabilities - other

	Consolidated 2015 $'000	2014 $'000
Deferred lease incentives	10,013	9,477

Note 26. Equity - issued capital

	2015 Shares	2014 Shares	Consolidated 2015 $'000	2014 $'000
Ordinary shares - fully paid	192,236,121	192,236,121	134,497	134,497

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back
There is no current on-market share buy-back.

Performance share rights
Information relating to the Specialty Fashion Group Limited Employee Long Term Incentive Plan, including details of performance share rights issued, vested and exercised during the financial year and performance share rights outstanding at the end of the financial year, is set out in note 41.

Note 27. Equity - reserves

		Consolidated
	2015	2014
	$'000	$'000
Foreign currency reserve	(301)	(40)
Hedging reserve - cash flow hedges	5,123	(2,355)
Share-based payments reserve	61	61
	4,883	(2,334)

Foreign currency reserve
The reserve is used to recognise exchange differences arising from translation of the financial statements of foreign operations to Australian dollars.

Hedging reserve - cash flow hedges
The reserve is used to recognise the effective portion of the gain or loss of cash flow hedge instruments that is determined to be an effective hedge.

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Foreign currency $'000	Hedging $'000	Share-based payments $'000	Total $'000
Balance at 1 July 2013	(375)	3,572	258	3,455
Revaluation - gross	-	(8,467)	-	(8,467)
Deferred tax	-	2,540	-	2,540
Currency translation differences arising during the year	335	-	-	335
Performance share rights credit	-	-	(197)	(197)
Balance at 30 June 2014	(40)	(2,355)	61	(2,334)
Revaluation - gross	-	10,682	-	10,682
Deferred tax	-	(3,204)	-	(3,204)
Currency translation differences arising during the year	(261)	-	-	(261)
Balance at 30 June 2015	(301)	5,123	61	4,883

Note 28. Equity - accumulated losses

		Consolidated
	2015	2014
	$'000	$'000
Accumulated losses at the beginning of the financial year	(65,605)	(70,390)
(Loss)/profit after income tax (benefit)/expense for the year	(4,462)	12,475
Dividends paid (note 29)	(3,845)	(7,690)
Accumulated losses at the end of the financial year	(73,912)	(65,605)

Note 29. Equity - dividends

Dividends
Dividends paid during the financial year were as follows:

		Consolidated
	2015	**2014**
	$'000	**$'000**
Final dividend for the year ended 30 June 2014 of 2.0 cents (30 June 2013: 2.0 cents) per fully paid ordinary share	3,845	3,845
Interim dividend for the year ended 30 June 2015: nil (30 June 2014: 2.0 cents) per fully paid ordinary share	-	3,845
	3,845	7,690

Franking credits

		Consolidated
	2015	**2014**
	$'000	**$'000**
Franking credits available for subsequent financial years based on a tax rate of 30%	43,213	43,691

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:
- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

Note 30. Financial instruments

Financial risk management objectives
The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('Finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

Note 30. Financial instruments (continued)

Capital risk management

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital. The capital risk management policy remains unchanged from the 2014 Annual Report.

In order to maintain or adjust the capital structure, the consolidated entity manages the level of debt that is prudent, facilitates the execution of the operational plan and provides flexibility for growth while managing the amount of equity and expectation of return for dividends.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The consolidated entity is subject to certain financing arrangement covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year. Formal notification of this compliance is confirmed on a quarterly basis.

The capital structure of the consolidated entity consists of net debt (borrowings as detailed in note 22 offset by cash and cash equivalents as detailed in note 7) and equity of the consolidated entity (comprising issued capital, reserves and accumulated losses as detailed in notes 26 to 29).

Financial assets	**Consolidated 2015 $'000**	**2014 $'000**
Cash and cash equivalents	7,144	17,123
Trade and other receivables	8,438	7,735
Derivative financial instruments – call options at fair value through profit or loss	1	107
Derivative financial instruments – cash flow hedges	7,318	-
Income tax receivable	2,679	289
	25,580	25,254

Financial liabilities	**Consolidated 2015 $'000**	**2014 $'000**
Trade and other payables*	68,262	69,600
Borrowings*	34,916	29,119
Finance lease liability	204	4,949
Derivative financial instruments – cash flow hedges	-	3,364
Income tax provision	340	4,038
	103,722	111,070

* These liabilities are carried at amortised cost.

Market risk

Foreign currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Note 30. Financial instruments (continued)

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

In order to protect against exchange rate movements, the consolidated entity has entered into forward foreign exchange contracts. These contracts are hedging highly probable forecasted cash flows for the ensuing financial year. Management has a risk management policy to hedge up to 100% of anticipated foreign currency transactions for the subsequent 18 months.

The contracts are timed to mature when payments for major shipments of inventory are scheduled to be made. The fair value of forward exchange contracts is determined using forward exchange market rates at reporting date.

The maturity, settlement amounts and the average contractual exchange rates of the consolidated entity's outstanding forward foreign exchange contracts at the reporting date was as follows:

	Sell Australian dollars		Future hedge rates	
	2015 $'000	2014 $'000	2015	2014
Buy US dollars				
Maturity:				
Less than 1 year	212,366	133,336	0.7810	0.9087

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in other comprehensive income. When the cash flow occurs, the consolidated entity adjusts the initial measurement of the component recognised in the balance sheet by the related amount from other comprehensive income.

In respect of the consolidated entity’s hedging position at 30 June 2015, movements in the Australian dollar against the US dollar with all other variables held constant, post-tax profit for the year would not have been impacted. Equity would have been $13.7 million higher / $16.8 million lower (2014: $8.5 million higher / $10.4 million lower) had the Australian dollar weakened/strengthened by 10% against the US dollar, arising mainly from foreign forward exchange contracts designated as cash flow hedges.

The impact of fluctuations in NZ dollar, South African Rand and Chinese RMB against the Australian dollar on post-tax profit and other balance sheet items would not be significant. This position has not changed from 2014.

Price risk
In order to protect against significant adverse fluctuations in cotton prices, the Group purchased cotton call options with a fair value of $1,000 at 30 June 2015 (2014: $0.1m). The expense for the year ended 30 June 2015 reflects the fair value revaluation of the cotton call options at the end of the reporting period.

At 30 June 2015, if the fair value of options had changed by +/-10% from the year-end values with all other variables held constant, the impact on post-tax profit for the year would have been insignificant (2014: not applicable).

Interest rate risk
The Group's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group entity takes out commercial bills under pre-arranged facilities in order to have the flexibility to meet the entity’s working capital and cash flow needs and keep borrowings at a minimum and reduce exposure to interest rate risk.

At 30 June 2015, if interest rates had changed by +/-100 basis points from the year-end rates with all other variables held constant, the impact on post-tax profit for the year would have been $0.4 million (2014: change of +/- 100 bps: $0.2 million lower/higher). The weighted average interest rate at 30 June 2015 is 3.82% (2014: 4.06%).

Note 30. Financial instruments (continued)

As at the reporting date, the consolidated entity had the following variable interest rate cash and deposits and borrowings outstanding:

Consolidated	Weighted average interest rate %	2015 Balance $'000	Weighted average interest rate %	2014 Balance $'000
Cash and deposits	0.28%	7,144	1.24%	17,123
Bank loans	3.82%	(34,916)	4.06%	(29,119)
Net exposure to cash flow interest rate risk		(27,772)		(11,996)

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises from cash and cash equivalents, derivatives and deposits with banks. Sales to retail customers are settled in cash or using major credit cards, mitigating risk to the consolidated entity. For banks only independently rated parties with a minimum rating of "AA" are accepted. The maximum exposure to credit risk at reporting date is the carrying amount of the financial assets mentioned above.

Liquidity risk
Prudent liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Inventory management methods and established supplier relationships assist management to prepare rolling forecasts of the consolidated entity's cash flow requirements to monitor the liquidity position and optimise its cash return on investments. Typically the consolidated entity ensures that it has sufficient cash on demand to meet expected operational expenses for the period of 12 months, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the consolidated entity maintains the following lines of credit:

The consolidated entity amended its bank loan facilities on 29 June 2015, which comprise of working capital facilities of $25.7 million and trade finance facilities of $60.0 million. The bank facilities have staggered maturities of December 2015, June 2016 and November 2016. At balance date, bank loan facilities totalling $85.7 million were available to the Company (30 June 2014: $70.0 million). Of this facility, $50.8 million was unused (30 June 2014: $40.9 million).

Management monitors rolling forecasts of the consolidated entity’s liquidity reserve (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. This is generally carried out at local level in the operating companies of the consolidated entity in accordance with practice and limits set by the consolidated entity. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the consolidated entity’s liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

Note 30. Financial instruments (continued)

Financing arrangements
Unused borrowing facilities at the reporting date:

	Consolidated 2015 $'000	2014 $'000
Bank loans	50,784	40,881
Asset finance facility	-	3,495
Visa, encashment and guarantee facilities	282	290
	51,066	44,666

Remaining contractual maturities
The following tables detail the consolidated entity's remaining contractual maturity for its non-derivative assets and liabilities. The tables have been drawn up based on the undiscounted cash flows of non-derivative assets and liabilities based on the earliest date on which the non-derivative assets and liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2015	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
NON-DERIVATIVES - ASSETS						
Non-interest bearing						
Trade and other receivables	-	8,438	-	-	-	8,438
Income tax receivable	-	2,679	-	-	-	2,679
Interest-bearing - variable						
Cash and cash equivalent	0.3	7,144	-	-	-	7,144
Total non-derivative assets		18,261	-	-	-	18,261
NON-DERIVATIVES - LIABILITIES						
Non-interest bearing						
Trade and other payables	-	68,262	-	-	-	68,262
Income tax provision	-	340	-	-	-	340
Interest-bearing - variable						
Borrowings	3.8	4,000	30,916			34,916
Letters of Credit	3.8	9,201	-	-	-	9,201
Interest-bearing - fixed rate						
Finance lease liability	8.4	204	-	-	-	204
Total non-derivatives		82,007	30,916	-	-	112,923

Note 30. Financial instruments (continued)

Consolidated - 2014	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
NON-DERIVATIVES - ASSETS						
Non-interest bearing						
Trade and other receivables	-	7,735	-	-	-	7,735
Income tax receivable	-	289	-	-	-	289
Interest-bearing - variable						
Cash and cash equivalent	1.2	17,123	-	-	-	17,123
Total non-derivative assets		25,147	-	-	-	25,147
NON-DERIVATIVES - LIABILITIES						
Non-interest bearing						
Trade and other payables	-	69,600	-	-	-	69,600
Income tax provision	-	4,038	-	-	-	4,038
Interest-bearing - variable						
Borrowings	4.1	-	29,119			29,119
Letters of Credit	4.1	7,231	-	-	-	7,231
Interest-bearing - fixed rate						
Finance lease liability	8.4	933	931	3,085	-	4,949
Total non-derivatives		81,802	30,050	3,085	-	114,937

Note 30. Financial instruments (continued)

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

The following table details the consolidated entity's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlements.

Consolidated - 2015	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Derivative asset/(liability)					
Call options	1	-	-	-	1
Forward foreign exchange contracts	7,318	-	-	-	7,318
Total derivatives	7,319	-	-	-	7,319

Consolidated - 2014	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Derivative asset/(liability)					
Call options	29	78	-	-	107
Forward foreign exchange contracts	(3,364)	-	-	-	(3,364)
Total derivatives	(3,335)	78	-	-	(3,257)

Fair value of financial instruments

This note provides information about how the consolidated entity determines fair values of various financial assets and financial liabilities.

Fair values of financial instruments are categorised by the following levels:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The consolidated entity has financial assets and liabilities which are measured at fair value at the end of each reporting period. Forward foreign exchange contracts (see notes 10, 12 and 17) and call options at fair value through profit and loss (see notes 10 and 12) are measured at fair value using level 2 inputs.

The fair values of the financial assets and financial liabilities included in the level 2 fair value hierarchy have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties. There were no transfers between levels during the financial year.

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of receivables, trade and other payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments.

Note 31. Key management personnel disclosures

Directors
The following persons were directors of Specialty Fashion Group Limited during the financial year:

Geoff Levy AO	Chairperson
Gary Perlstein	Chief Executive Officer
Ian Miller	Non-Executive Director
Anne McDonald	Non-Executive Director
Ashley Hardwick	Non-Executive Director
Michael Hardwick	Non-Executive Director
Megan Quinn	Non-Executive Director

Other key management personnel
The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, directly or indirectly, during the financial year:

Alison Henriksen	Chief Financial Officer and Company Secretary (resigned on 13 October 2014)
Gary Spreckley	Chief Financial Officer (appointed on 1 December 2014)
Sonia Moura	Human Resources Director

Compensation
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

		Consolidated
	2015	**2014**
	$	**$**
Short-term employee benefits	1,893,151	1,966,655
Post-employment benefits	195,464	201,456
Share-based payments	-	(100,821)
	2,088,615	2,067,290

Employee Long Term Incentive Plan
In December 2012, the Company established the Specialty Fashion Group Limited Employee Long Term Incentive Plan whereby, at the discretion of the Board, senior management were invited to participate in the Specialty Fashion Group Employee Long Term Incentive Plan. As at 30 June 2015, there were no performance rights over ordinary shares granted to senior management (2014: 3,800,000). Details of this plan are detailed in note 41.

Shareholding
The number of shares in the parent entity held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

		Consolidated
	2015	**2014**
Directors Shareholding		
Ordinary shares:		
Geoff Levy AO	2,365,564	2,365,564
Gary Perlstein	17,862,814	17,862,814
Ian Miller	14,509,906	14,509,906
Anne McDonald	15,000	15,000
Ashley Hardwick *	38,742,203	38,742,203
Michael Hardwick	195,000	195,000
Total shares held by directors	73,690,487	73,690,487

Note 31. Key management personnel disclosures (continued)

* Beneficial interest holding through NAAH Pty Ltd and NAAH Investments Pty Ltd.

	Consolidated	
	2015	**2014**
Performance rights		
Gary Perlstein	200,000	200,000
Alison Henriksen	-	500,000
Sonia Moura	225,000	225,000
Total performance rights held by key management personnel	425,000	925,000

Note 32. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Deloitte Touche Tohmatsu, the auditor of the Company:

	Consolidated	
	2015	**2014**
	$	**$**
Audit services - Deloitte Touche Tohmatsu		
Audit or review of the financial statements	391,000	431,000
Other services - Deloitte Touche Tohmatsu		
Tax compliance services including review of company income tax returns	57,450	108,240
Tax advisory services	24,990	12,200
Other advisory services*	175,620	396,230
	258,060	516,670
	649,060	947,670

It is the consolidated entity's policy to employ Deloitte on assignments additional to their statutory audit duties where Deloitte's expertise and experience with the consolidated entity are important. These assignments are principally tax advice and other advisory services, or where Deloitte is awarded assignments on a competitive basis. It is the consolidated entity's policy to seek competitive tenders for all major consulting projects.

* Other advisory services primarily reflect consulting fees in relation to the integration of Rivers into the Group.

Note 33. Contingent liabilities

The consolidated entity had contingent liabilities at 30 June 2015 in respect of:

Cross guarantees by and between Specialty Fashion Group Limited, Millers Fashion Club (QLD) Pty Limited, Millers Fashion Club (VIC) Pty Limited, Millers Fashion Club (WA) Pty Limited and GIP Fashions Pty Limited. These are described in note 41. No deficiencies of assets exist in any of these companies.

Security for borrowings is detailed in note 22.

No material losses are anticipated in respect of any of the above contingent liabilities.

Note 34. Commitments

	Consolidated 2015 $'000	2014 $'000
Capital commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Property, plant and equipment	4,993	3,026
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	96,130	87,322
One to five years	133,695	140,747
More than five years	2,819	225
	232,644	228,294
Lease commitments - finance		
Committed at the reporting date and recognised as liabilities, payable:		
Within one year	210	1,137
One to five years	-	4,290
Total commitment	210	5,427
Less: Future finance charges	(6)	(478)
Net commitment recognised as liabilities*	204	4,949

* At balance date, there were no finance lease liabilities relating to the Company's asset finance facility (2014: $4.5 million). Details of the asset finance facility are detailed in note 22.

Assets pledged as security
The consolidated entity's obligations under finance leases are secured by the lessors' title to the leased assets, which have a carrying amount of $0.2 million (2014: $4.9 million).

Not included in the above commitments are contingent rental payments which may arise in the event that sales revenue exceeds a pre-determined amount.

Note 35. Related party transactions

Parent entity
Specialty Fashion Group Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 37.

Key management personnel
Disclosures relating to key management personnel are set out in note 31 and the remuneration report in the directors' report.

Note 35. Related party transactions (continued)

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated	
	2015	**2014**
	$	**$**
Payment for other expenses:		
Lease of business premises in which I Miller and G Perlstein, directors of the consolidated entity, have an interest	560,141	543,576
Lease of business premises in which G Levy, director of the consolidated entity, has an interest	463,798	421,301
Advisory fees paid to a company that is controlled by a company in which G Levy, director of the consolidated entity, is a director	181,334	-

I Miller and G Perlstein are directors and shareholders of companies that own the business premises at 151-163 Wyndham Street, Alexandria which is leased to the consolidated entity. During the 2004 year, the consolidated entity committed to undertake building improvements at these premises to convert warehouse space to office space. The non-executive directors at the time considered the impact these improvements would have on the market value of the property owned by these directors. On this basis, lower than market rental for these premises was agreed to commercially offset the benefits to these directors of the improvements to this property. The non-executive directors were satisfied that the overall arrangement is in the best interests of all shareholders.

G Levy is a director and minority shareholder of the company that owns the business premises at 1-3 Mandible Street, Alexandria which is leased to the consolidated entity. During the 2012 year, the consolidated entity committed to undertake building improvements at these premises to convert warehouse space to office space. The non-executive directors at the time considered the impact these improvements would have on the market value of the property. The consolidated entity pays rent based on the market value of the unimproved premises. The non-executive directors were satisfied that the overall arrangement is in the best interests of all shareholders.

G Levy is a director of the company that has an interest in an advisory practice which provided advisory services to the consolidated entity during the year. The consolidated entity paid advisory fees based on market rates. The non-executive directors were satisfied that the overall arrangement is in the best interests of all shareholders.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 36. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income	2015 $'000	2014 $'000
Revenue	744,939	650,129
Changes in inventories of finished goods and consumables	(1,689)	19,296
Finished goods and consumables used	(301,427)	(255,770)
Employee benefits expense	(207,489)	(182,770)
Depreciation, amortisation and impairment expense	(19,646)	(19,923)
Rental expense	(126,747)	(121,144)
Other expenses	(86,496)	(75,134)
Finance costs	(3,791)	(2,069)
Net discount on acquisition	-	3,445
(Loss)/profit before income tax expense	(2,346)	16,060
Income tax benefit/(expense)	343	(3,825)
(Loss)/profit after income tax expense	(2,003)	12,235
Other comprehensive income		
Net change in the fair value of cash flow hedges taken to equity, net of tax	7,487	(5,927)
Other comprehensive income for the year, net of tax	7,487	(5,927)
Total comprehensive income for the year	5,484	6,308

Note 36. Parent entity information (continued)

Statement of financial position	2015 $'000	2014 $'000
Current assets		
Cash and cash equivalents	3,341	14,295
Receivables	24,092	16,845
Inventories	81,129	82,541
Derivative financial instruments	7,319	28
Income tax receivable	2,271	-
	118,152	113,709
Non-current assets		
Derivative financial instruments	-	78
Property, plant and equipment	71,146	80,725
Intangibles	10,511	10,518
Deferred tax asset	3,152	4,845
Other	1,137	1,137
	85,946	97,303
Total assets	204,098	211,012
Current liabilities		
Trade and other payables	65,101	68,024
Borrowings	4,000	-
Derivative financial instruments	-	3,364
Income tax provision	-	3,872
Provisions	20,871	20,110
Finance lease liability	204	933
Other	5,304	4,496
	95,480	100,799
Non-current liabilities		
Borrowings	30,916	29,119
Provisions	10,048	11,668
Finance lease liability	-	4,016
Other	9,583	8,967
	50,547	53,770
Total liabilities	146,027	154,569
Net assets	58,071	56,443
Equity		
Issued capital	134,497	134,497
Reserves	5,184	(2,293)
Accumulated losses	(81,610)	(75,761)
Total equity	58,071	56,443

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The same guarantee disclosure applies to both parent and consolidated accounts. Refer to note 38 for further details.

Contingent liabilities
Not included above are contingent rental payments which may arise in the event that sales revenue exceeds a pre-determined amount. Refer to note 34 for further details.

Note 36. Parent entity information (continued)

The parent entity had capital commitments for property, plant and equipment as 30 June 2015:

	Parent 2015 $'000	Parent 2014 $'000
Committed at the reporting date but not recognised as liabilities, payable:		
Property, plant and equipment	4,113	3,026

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 37. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest 2015 %	Ownership interest 2014 %
Miller's Fashion Club (QLD) Pty Limited	Australia	100%	100%
Miller's Fashion Club (VIC) Pty Limited	Australia	100%	100%
Miller's Fashion Club (WA) Pty Limited	Australia	100%	100%
Stylefix Pty Limited	Australia	80%	80%
Specialty Fashion Group No. 2 Pty Limited	Australia	100%	100%
Specialty Fashion Group No. 3 Pty Limited	Australia	100%	100%
Specialty Fashion Group No. 4 Pty Limited	Australia	100%	100%
Yip Eks Pty Limited	Australia	100%	100%
H&H Corporation Pty Limited	Australia	100%	100%
McSeveny DA Pty Limited	Australia	100%	100%
GIP Fashions Pty Limited	Australia	100%	100%
Crossroads Clothing Co. Pty Limited	Australia	100%	100%
City Chic International Pty Limited	Australia	100%	100%
Selbourne Australia Pty Limited	Australia	100%	100%
Specialty Fashion Group New Zealand Limited	New Zealand	100%	100%
Specialty Fashion Group (Shanghai) Limited Company	China	100%	100%
Specialty Fashion Group South Africa (Pty) Ltd	South Africa	100%	100%
Specialty Fashion Group USA Incorporated	United States	100%	100%

Note 38. Deed of cross guarantee

The following entities are party to a deed of cross guarantee under which each company guarantees the debts of the others:

Specialty Fashion Group Limited
Miller's Fashion Club (QLD) Pty Limited
Miller's Fashion Club (VIC) Pty Limited
Miller's Fashion Club (WA) Pty Limited
GIP Fashions Pty Limited

By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare financial statements and directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission ('ASIC').

Note 38. Deed of cross guarantee (continued)

The above companies represent a 'Closed Group' for the purposes of the Class Order, and as there are no other parties to the Deed of Cross Guarantee that are controlled by Specialty Fashion Group Limited, they also represent the 'Extended Closed Group'. All companies in the Closed Group are dormant, except for Specialty Fashion Group Limited. The financial results of the Closed Group are the same as the financial results of the parent entity which are disclosed in the 'Parent entity' note 36.

All companies in the Closed Group are dormant, except for Specialty Fashion Group Limited. The financial results of the Closed Group are the same as the financial results of the parent entity which are disclosed in the 'Parent entity' note 36.

Note 39. Reconciliation of (loss)/profit after income tax to net cash from/(used in) operating activities

		Consolidated
	2015	**2014**
	$'000	**$'000**
(Loss)/profit after income tax expense for the year	(4,462)	12,475
Adjustments for:		
Depreciation and amortisation	20,369	21,263
Impairment of property, plant and equipment	676	(425)
Share-based payments	-	(197)
Foreign exchange differences	(807)	-
Other	-	131
Net loss on disposal of non-current assets	592	173
Fair value revaluation of derivative financial instruments through profit or loss	106	343
Discount on acquisition	-	(4,811)
Change in operating assets and liabilities:		
Increase in receivables	(703)	(640)
Decrease/(increase) in inventories	1,293	(24,700)
Decrease/(increase) in current tax	(6,088)	5,317
Increase in deferred tax assets	(1,411)	(1,908)
Increase in derivative financial instruments	-	(248)
Decrease in trade and other payables*	(4,709)	(6,234)
(Decrease)/increase in other liabilities	517	2,993
Net cash from operating activities	5,373	3,532

* Movement in trade and other payables excludes amounts payable for property, plant and equipment.

Note 40.(Loss)/earnings per share

		Consolidated
	2015	**2014**
	$'000	**$'000**
(Loss)/profit after income tax attributable to the owners of Specialty Fashion Group Limited	(4,462)	12,475

	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	192,236,121	192,236,121
Adjustments for calculation of diluted earnings per share:		
Performance rights - Employee Long Term Incentive Plan	-	53,159
Weighted average number of ordinary shares used in calculating diluted earnings per share	192,236,121	192,289,280

Note 40. (Loss)/earnings per share (continued)

	2015 Cents	2014 Cents
Basic (loss)/earnings per share	(2.3)	6.5
Diluted (loss)/earnings per share	(2.3)	6.5

Performance rights
Performance rights over ordinary shares granted to employees under the Executive Equity Participation Plan are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The performance rights have not been included in the determination of basic earnings per share.

Note 41. Share-based payments

Employee Long Term Incentive Plan
In December 2012, the Company established the Employee Long Term Incentive Plan whereby, at the discretion of the Board, senior management were invited to participate in the Specialty Fashion Group Limited Employee Long Term Incentive Plan (the 'plan').

Under the plan, eligible employees are granted performance rights over ordinary shares in Specialty Fashion Group Limited on terms and conditions determined by the Board. Performance rights granted under the plan give the employee the right to receive an ordinary share at a future point in time upon meeting specified vesting conditions with no exercise price payable. The performance rights are granted at no consideration.

In order to satisfy the performance conditions, the consolidated entity must meet or exceed specified cumulative Return on capital employed (ROCE) and Earnings before interest, tax, depreciation and amortisation (EBITDA) growth targets associated with the plan at each vesting date. In addition, plan participants are required to complete a continual period of service from the performance right grant date to the vesting date. The Board of directors has the discretion to waive or partly waive performance conditions that have not been satisfied.

Plan participants are unable to deal in the performance rights without the prior written permission of the Company which may be withheld at its absolute discretion.

There were no performance share rights issued during the year ended 30 June 2015 (2014: 1,000,000). Refer below table for details.

Set out below are summaries of performance rights granted under the plan:

2015 Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
19/02/2013	30/08/2015	$0.0	2,800,000	-	-	-	2,800,000
17/09/2013	30/08/2016	$0.0	600,000	-	-	-	600,000
31/10/2013	30/08/2016	$0.0	200,000	-	-	-	200,000
21/01/2014	30/08/2016	$0.0	200,000	-	-	-	200,000
			3,800,000	-	-	-	3,800,000

Note 41. Share-based payments (continued)

2014							
Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
19/02/2013	30/08/2015	$0.0	2,800,000	-	-	-	2,800,000
17/09/2013	30/08/2016	$0.0	-	600,000	-	-	600,000
31/10/2013	30/08/2016	$0.0	-	200,000	-	-	200,000
21/01/2014	30/08/2016	$0.0	-	200,000	-	-	200,000
			2,800,000	1,000,000	-	-	3,800,000

Fair value of options granted
No options were granted during the years ended 30 June 2015 or 30 June 2014. The fair value of options at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

Note 42. Events after the reporting period

No matter or circumstance has arisen since 30 June 2015 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Specialty Fashion Group Limited
Directors' declaration
30 June 2015

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the financial year ended on that date;

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

- at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 38 to the financial statements.

The directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the directors

Geoff Levy AO	Gary Perlstein
Non-Executive Chairperson	Chief Executive Officer

25 August 2015
Sydney

Specialty Fashion Group Limited
Shareholder information
30 June 2015

The shareholder information set out below was applicable as at 14 August 2015.

Distribution of equitable securities
Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares
1 to 1,000	652,676
1,001 to 5,000	5,029,559
5,001 to 10,000	4,868,602
10,001 to 100,000	16,583,072
100,001 and over	165,102,212
	192,236,121
Holding less than a marketable parcel	445,858

Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
NAAH Pty Ltd / NAAH Investments Pty Ltd	38,742,203	20.15
National Nominees Limited	22,783,116	11.85
J P Morgan Nominees Australia Limited	18,875,874	9.82
Icestorm Pty Ltd	16,745,288	8.71
HSBC Custody Nominees (Australia) Limited	15,510,246	8.07
Citicorp Nominees Pty Limited	10,694,181	5.56
BNP Paribas Noms Pty Ltd	9,263,114	4.82
Landcharm Pty Limited	7,387,666	3.84
Landpeak Pty Limited	7,122,240	3.70
GDL Investments Pty Limited	1,955,564	1.02
RBC Investor Services Australia Nominees Pty Limited	1,303,220	0.68
Mr David Alan McSeveny	1,171,513	0.61
Tank Ventures Pty Ltd	880,000	0.46
Snowglaze Investments Pty Ltd	702,720	0.37
Wallbay Pty Ltd	630,000	0.33
Rye Holdings Pty Ltd	600,000	0.31
Mr Gary Perlstein	414,720	0.22
Alney Pty Limited	410,000	0.21
Bellino Pty Ltd	400,000	0.21
Mr James Douglas Carnegie	400,000	0.21
	155,991,665	81.15

Unquoted equity securities
There are no unquoted equity securities.

Specialty Fashion Group Limited
Shareholder information
30 June 2015

Substantial holders
Substantial holders in the Company are set out below:

	Number held	Ordinary shares % of total shares issued
NAAH Unit Trust[1]	38,742,203	20.15
Lazard Asset Mgt Pacific Co	23,518,628	12.23
Mr Gary Perlstein and controlled entities	17,862,814	9.29
Mr Ian Miller and controlled entities	14,509,906	7.55
Delta Lloyd Asset Mgt	13,150,764	6.84
Celeste Funds Mgt	12,156,221	6.32
Renaissance Smaller Companies	10,114,961	5.26

[1] Mr A Hardwick has a beneficial interest in Specialty Fashion Group Limited through NAAH Pty Ltd and NAAH Investments Pty Ltd.

Voting rights
The voting rights attached to ordinary shares are set out below:

Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.