COUNTRY ROAD

25 AUGUST 2011

STATEMENT TO THE AUSTRALIAN SECURITIES EXCHANGE

FULL YEAR AUDITED RESULTS FOR YEAR ENDED 30 JUNE 2011

Country Road today announced a profit before tax for the year of $22.7m. The Company also announced a fully franked final dividend of 12.93 cents per fully paid ordinary share scheduled for payment on 28 September 2011. This brings the total dividend per share for the full year to 18.57 cents per share.

	FY11 $m	FY10 $m		Var To LY
Total sales	**411.7**	372.1	↑	10.6%
Australasian sales	**364.7**	372.1	↓	2.0%
Total retail sales	**289.7**	289.3	↑	0.1%
Total concession sales*	**121.2**	82.4	↑	47.1%
Profit before tax (PBT)	**22.7**	17.5	↑	30.0%
Profit after tax (PAT)	**18.2**	12.3	↑	47.7%
Dividend (cents per share)	**18.57**	8.81	↑	110.8%

*Includes South African sales. Revenues derived from South Africa were previously accounted for as a royalty income.

Chief Executive Officer, Howard Goldberg said "Retail conditions in Australia have been very difficult and comparable store sales were significantly impacted being 10.9% down on the prior year and total Australasian sales, inclusive of new stores, were down 2.0%. The overall sales growth was a result of the change in structure and reporting for South African operations which had previously been recorded under a licence agreement as royalty income."

"Country Road has continued to implement significant cost saving initiatives and enforce strict inventory control and cash management. In addition, the restructure of the South African business and expansion of our on-line store has assisted us in improving our bottom line. This has resulted in a 30% increase in profit before tax on the prior year."

"The retail outlook remains challenging and our expectations on sales remain conservative and as a consequence we will continue our focus on cost saving and tight inventory management".

The Company's Annual General Meeting is scheduled for Thursday, 3 November 2011.

For further information, please contact:

Howard Goldberg
Chief Executive Officer
Country Road Limited
(03) 9267 1400

Preliminary Final Report

Name of Entity

Country Road Limited

ABN

78 006 759 182

Year Ended (Current Period)

30 June 2011

Results For Announcement to the Market

			$A'000
Revenue	up	11.2% to	423,791
Profit before interest and tax	up	30.0% to	23,477
Profit before tax	up	30.0% to	22,690
Net profit after tax	up	47.7% to	18,218
Net profit for the period attributable to members	up	47.7% to	18,218

Dividends (distributions)		**Amount per security**	**Franked amount per security**
Final dividend:	Current period (cents per share)	12.93 cents	Fully franked
	Previous corresponding period (cents per share)	3.62 cents	Fully franked
Interim dividend:	Current period (cents per share)	5.64 cents	Fully franked
	Previous corresponding period (cents per share)	5.19 cents	Fully franked
Total dividend:	Current period (cents per share)	18.57 cents	Fully franked
	Previous corresponding period (cents per share)	8.81 cents	Fully franked

Record date for determining entitlements to the dividend: 14 September 2011

Net tangible asset backing	**Consolidated Current Period**	**Consolidated Previous Corresponding Period**
Net tangible asset backing per ordinary security (cents per share)	116.44 cents	106.43 cents

Other disclosures

There were no entities over which control was gained or lost during the period.

No interest is held in any joint ventures or entities over which the consolidated entity has significant influence.

COUNTRY ROAD LIMITED A.C.N. 006 759 182

Income Statement

FOR THE YEAR ENDED 30 JUNE 2011

	Note	Consolidated 2011 $000's	2010 $000's
Revenue	2(a)	**423,791**	381,219
Cost of sales	2(b)	**(171,256)**	(164,789)
Gross profit		**252,535**	216,430
Employment expenses		**(97,352)**	(85,755)
Occupancy expenses		**(80,373)**	(70,603)
Depreciation and impairment expenses	2(c)	**(16,297)**	(11,247)
Marketing expenses		**(14,147)**	(13,535)
Other expenses		**(20,889)**	(17,234)
		(229,058)	(198,374)
Profit before finance expenses and income tax expense		**23,477**	18,056
Finance expenses	2(d)	**(787)**	(597)
Profit before income tax expense		**22,690**	17,459
Income tax expense	3(a)	**(4,472)**	(5,128)
Net profit for the period		**18,218**	12,331
Basic earnings per share (cents per share)	1(r)	**26.38**	17.86
Diluted earnings per share (cents per share)	1(r)	**26.38**	17.86

Balance Sheet

AS AT 30 JUNE 2011

	Note	Consolidated 2011 $000's	2010 $000's
CURRENT ASSETS			
Cash and cash equivalents	4	**14,899**	2,466
Trade and other receivables	5	**7,685**	7,438
Inventories	6	**48,085**	39,113
Income tax receivable		**1,177**	941
Prepayments		**1,519**	1,063
Derivative financial instruments	25(h)	**232**	2,294
Total current assets		**73,597**	53,315
NON-CURRENT ASSETS			
Receivables	7	**-**	15
Plant and equipment	8	**53,436**	56,072
Intangible assets	9	**11,315**	11,293
Deferred tax assets (net)	3(c)	**10,737**	8,189
Prepayments		**195**	310
Total non-current assets		**75,683**	75,879
Total assets		**149,280**	129,194
CURRENT LIABILITIES			
Trade and other payables	10	**36,288**	27,738
Interest-bearing loans and borrowings	11	**-**	3,000
Provisions	12	**7,009**	7,574
Derivative financial instruments	25(h)	**7,738**	1,911
Total current liabilities		**51,035**	40,223
NON-CURRENT LIABILITIES			
Provisions	13	**6,521**	4,179
Total non-current liabilities		**6,521**	4,179
Total liabilities		**57,556**	44,402
Net assets		**91,724**	84,792
EQUITY			
Contributed equity	14	**74,087**	74,087
Reserves	15	**(5,087)**	(196)
Retained profits	15	**22,724**	10,901
Total equity		**91,724**	84,792

Statement of Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2011

		Consolidated	
		2011	2010
	Note	**$000's**	$000's
Net profit for the period		**18,218**	12,331
Other comprehensive income			
Foreign currency translation differences for foreign operations	15	**(569)**	13
Effective portion of changes in fair value of cash flow hedges	15	**(4,322)**	6,665
Other comprehensive income for the period, net of income tax		**(4,891)**	6,678
Total comprehensive income for the period		**13,327**	19,009

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2011

	Ordinary Shares $000's	Hedge Reserve $000's	FCTR $000's	Retained Earnings $000's	Total $000's
At 1 July 2010	**74,087**	**571**	**(767)**	**10,901**	**84,792**
Profit for the period	**-**	**-**	**-**	**18,218**	**18,218**
Other comprehensive income	**-**	**(4,322)**	**(569)**	**-**	**(4,891)**
Total comprehensive income for the period	**-**	**(4,322)**	**(569)**	**18,218**	**13,327**
Transactions with owners in their capacity as owners					
Dividends paid	**-**	**-**	**-**	**(6,395)**	**(6,395)**
At 30 June 2011	**74,087**	**(3,751)**	**(1,336)**	**22,724**	**91,724**
At 1 July 2009	74,087	(6,094)	(780)	7,768	74,981
Profit for the period	-	-	-	12,331	12,331
Other comprehensive income	-	6,665	13	-	6,678
Total comprehensive income for the period	-	6,665	13	12,331	19,009
Transactions with owners in their capacity as owners					
Dividends paid	-	-	-	(9,198)	(9,198)
At 30 June 2010	74,087	571	(767)	10,901	84,792

COUNTRY ROAD LIMITED A.C.N. 006 759 182

Cash Flow Statement

FOR THE YEAR ENDED 30 JUNE 2011

	Note	Consolidated 2011 $000's	2010 $000's
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**455,525**	410,933
Payments to suppliers and employees		**(426,656)**	(400,939)
Interest received		**371**	195
Insurance recoveries		**526**	-
Retail services fee revenue from related party		**2,325**	-
Retail licence fee revenue from related party		**1,312**	2,903
Agency fee revenue from related party		**7,007**	-
Other revenue		**650**	718
Interest and other costs of finance paid		**(787)**	(597)
Rental income		**563**	622
Income taxes and withholding taxes paid		**(4,928)**	(12,589)
Net cash flows from operating activities	23	**35,908**	1,246
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from the sale of plant and equipment		**12**	8
Payments for the acquisition of plant and equipment		**(14,042)**	(18,396)
Net cash flows used in investing activities		**(14,030)**	(18,388)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		**-**	3,000
Repayment of borrowings		**(3,000)**	-
Dividend payments		**(6,395)**	(9,197)
Net cash flows from used in financing activities		**(9,395)**	(6,197)
Net increase (decrease) in cash and cash equivalents		**12,483**	(23,339)
Cash and cash equivalents at beginning of period		**2,466**	25,804
Net foreign exchange difference		**(50)**	1
Cash and cash equivalents at end of period	4	**14,899**	2,466

Notes to the Financial Statements

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of Country Road Limited and its subsidiaries (the Group) as at 30 June 2011.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered. Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which Country Road Limited has control.

(b) Operating segments

An operating segment is a component of an entity that engages in businesses activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the Board of Directors.

Operating segments have been identified based on the information provided to the chief operating decision maker, being the Chief Executive Officer, in assessing business performance.

The Group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

- nature of the products sold;
- nature of the production processes;
- type or class of customer for the products;
- methods used to distribute the products; and if applicable
- nature of the regulatory environment.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category "other segments".

(c) Foreign currency translation

Both the functional and presentation currency of Country Road Limited and its Australian subsidiaries are Australian dollars.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currency of Country Road Clothing (NZ) Limited is New Zealand dollars. The results of the New Zealand subsidiary are translated into Australian dollars as at the date of each transaction. Assets and liabilities are translated at exchange rates prevailing at balance date. Exchange variations resulting from the translation are recognised in the foreign currency translation reserve in equity.

Country Road Ventures Pty Ltd, an Australian subsidiary of Country Road Limited, operates a branch in South Africa. The functional currency of the branch is South African rand. The results of the South African branch are translated into Australian dollars as at the date of each transaction. Assets and liabilities are translated at exchange rates prevailing at balance date. Exchange variations resulting from the translation are recognised in the foreign currency translation reserve in equity.

Notes to the Financial Statements (continued)

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in transit, cash on hand and short-term deposits with an original maturity 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.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(e) Trade and other receivables

Trade receivables, which generally have 30 day terms or less, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

(f) Inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Finished goods are measured at their weighted-average cost paid for the goods determined on a first-in-first-out basis.

Indirect costs incurred in the handling and distribution of finished goods from the Group's distribution centre are included in the measurement of inventories.

(g) Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated on a straight-line basis over the estimated useful lives of assets as follows:

- Fixtures, fittings & equipment - 3 to 10 years; and
- Leasehold improvements - 7 to 10 years

Refer Note 1(h) for policy on assessing impairment of plant & equipment.

(h) Impairment of assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset. Non-financial assets other than goodwill that suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate the impairment may have reversed.

(i) Finance expenses

Finance expenses comprise interest expense and facility fees, and are recognised as an expense when incurred, using the effective interest method.

(j) Intangible assets

Intangible assets acquired separately are capitalised at cost and from a business combination are capitalised at fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost, less any accumulated amortisation and any accumulated impairment losses.

The useful lives of these intangible assets are assessed to be either finite or indefinite.

Where amortisation is charged on assets with finite lives, this expense is taken to the income statement.

Intangible assets created within the business are not capitalised and expenditure is charged against profits in the period in which the expenditure is incurred. Intangible assets are tested for impairment where an indicator of impairment exists, and in the case of indefinite lived intangibles annually, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

The Group's intangible assets consist of trade names, which are deemed to have an indefinite life, are not amortised, are acquired, and are subject to impairment testing annually, or where an indicator of impairment exists.

Refer Note 1(h) for policy on assessing impairment of intangible assets.

Notes to the Financial Statements (continued)

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term where such leases contain annual fixed escalation rates, and the value of the future lease payments can be determined.

Lessor contributions to the construction and fit-out of premises where the lessor retains ownership of the assets are accounted for as a reduction of the cost of the construction and fit-out. Where ownership of the assets is retained by the Company, lessor contributions are accounted for as a lease incentive liability and is reduced on a straight-line basis over the remaining term of the lease.

The Group sub-leases out space in leased premises to sub-tenants. Revenue comprises the minimum lease payments from these sub-leases, and is recognised on a straight-line basis over the lease term where such leases contain annual fixed escalation rates.

(l) Trade and other payables

Trade and other payables are carried at amortised cost and due to their short-term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. These amounts are unsecured and are usually paid within 30 days of recognition.

(m) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

(n) Provisions

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

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(o) Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave, long-service leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liability, are used.

The Group, through a number of funds, provides superannuation benefits for various categories of employees. All funds are administered externally and provide benefits for death, total disability, retirement and resignation. All benefits are provided on an accumulation of contributions basis and accordingly no actuarial assessment is required. Contributions vary from employee to employee as determined by various awards and negotiated conditions of employment. Future company contributions required to meet the Superannuation Guarantee Charge in Australia and contributions under awards are legally enforceable.

(p) Issued capital

Issued and paid up capital is recognised at the fair value of the consideration received. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(q) Comparative figures

Where necessary, comparatives have been adjusted for consistency with current year disclosures.

Notes to the Financial Statements (continued)

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Earnings per share (EPS)

Basic EPS is calculated as net profit for the period, adjusted to exclude costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit for the period adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(s) Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

- Sale of goods in retail stores - at point of sale;
- Sale of goods to wholesale customers - at time of delivery;
- Interest - from the time the right to receive interest revenue has been attained, using the effective interest method;
- Royalties and licence fees - from the time a right to receive consideration for the provision of, or investment in, assets or the use of a Country Road trademark, has been attained;
- Operating sub-lease revenue - from the time a right is attained to receive consideration for the provision of leased premises to a sub-tenant, is recognised progressively over the term of the sub-leasing contract, inclusive of early exit penalties;
- Tender forfeits - from the time the obligation to honour a tender expires; and
- Dividends - from the time the right to receive the payment is established.

(t) Taxes

Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income.

The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date. Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the unused tax credits and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet. Commitments and contingencies are disclosed net of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Notes to the Financial Statements (continued)

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Derivative financial instruments

The Group uses derivative financial instruments (including forward currency contracts and inflation swap instruments) to hedge its risks associated with foreign currency and commodity price index (CPI) fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value.

Derivatives are carried as assets when their fair value is positive, and as liabilities when their fair value is negative.

The fair values of forward currency contracts are calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair values of inflation swap contracts are calculated by reference to current CPI rates with similar maturity profiles.

Any gains or losses arising from changes in the fair value of deriviative, except for those that qualify as cash flow hedges, are taken directly to profit or loss for the year.

For the purposes of hedge accounting, hedges are classified as:

- fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset or liability;
- cash flow hedges when they hedge exposure to variability in cash flows that is attributable either to a particular risk associated with a recognised asset or liability or to a forecast transaction; or
- hedges of a net investment in a foreign operation.

A hedge of the foreign currency risk of a highly probable forecast commitment is accounted for as a cash flow hedge. The Group does not hedge its net investments in foreign operations.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Cash Flow Hedges

Cash flow hedges are hedges of the Group's exposure to variability in cash flows that are attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and that could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in the income statement.

Amounts taken to equity are transferred to the income statement when the hedged transaction affects profit or loss, such as when hedged income or expenses are recognised or when a forecast sale or purchase occurs. When the hedged item is the cost of a non-financial asset or liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction is no longer expected to occur, amounts previously recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction occurs. If the related transaction is not expected to occur, the amount is taken to the income statement.

Notes to the Financial Statements (continued)

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) New standards and interpretations not yet adopted

The following standards, amendments to standards or interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2011, but have not been applied in preparing this financial report:

Amendment/ New	Affected Standards	Application Date of Standard	Application Date for Group	Accounting Policy Impact
New	AASB 9 Financial Instruments	1 January 2013	1 July 2013	AASB 9 includes requirements for the classification and measurement of financial assets resulting from the first part of the IASB's project to replace IAS 39 Financial Instruments and Measurement. The changes in AASB 9 are not expected to have any impact on the Group's financial report.
Amendment	AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9	1 January 2013	1 July 2013	The revised Standard introduces a number of changes to the accounting for financial assets. These amendments arise from the issuance of AASB 9 Financial Instruments and can only be applied once AASB 9 is applied. The amendments are not expected to have any impact on the Group's financial report.
Amendment	AASB 124 Related Party Disclosures	1 January 2011	1 July 2011	Simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition. The amendments are not expected to have any measurement implications for the Group but may result in changes to the related party disclosures included in the Group's financial report.
New	AASB 1053 Application of Tiers of Australian Accounting Standards	1 July 2013	1 July 2013	This Standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements. As the Group will be classified as a Tier 1 reporting entity, it is not expected that this standard will have any impact on the Group's financial report.
New	AASB 1054 Australian Additional Disclosures	1 July 2011	1 July 2011	This standard is a consequence of the Trans-Tasman convergence project of the AASB and FRSB. This standard relocates all Australian specific disclosures from other standards to one place and revises specific disclosures. The application of this standard is not expected to have any measurement implications for the Group but may result in changes to disclosures in the Group's financial report.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) New standards and interpretations not yet adopted (continued)

Amendment/ New	Affected Standards	Application Date of Standard	Application Date for Group	Accounting Policy Impact
Amendment	AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, 7, 101, 134 and Interpretation 13]	1 January 2011	1 July 2011	Emphasises the interaction between quantitative and qualitative AASB 7 disclosures and the nature and extent of risks associated with financial instruments. Clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. The amendments are not expected to have any measurement implications for the Group but may result in changes to disclosures in the Group's financial report.
Amendment	AASB 2010-5 Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]	1 January 2011	1 July 2011	This standard makes numerous editorial amendments to a range of Australian Accounting Standards and interpretations, including amendments to reflect changes made to the text of IFRS by the IASB. The amendments are not expected to have any measurement implications for the Group but may result in changes to disclosures in the Group's financial report.
New	IFRS 10 Consolidated Financial Statements	1 January 2013	1 July 2013	This standard establishes a new control model that applies to all entities. This standard will have no significant implications to the Group and no Australian Accounting Standard equivalent has been issued.
New	IFRS 12 Disclosure of Interests in Other Entities	1 January 2013	1 July 2013	This standard includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structures entities. This standard will have no significant implications to the Group and no Australian Accounting Standard equivalent has been issued.
New	IFRS 13 Fair Value Measurement	1 January 2013	1 July 2013	This standard establishes a single source of guidance under IFRS for determining the fair value of assets and liabilities. This standard will have no significant implications to the Group and no Australian Accounting Standard equivalent has been issued.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

		Note	Consolidated 2011 $000's	2010 $000's
2	**REVENUES AND EXPENSES**			
(a)	**Revenue**			
	Sales revenue			
	Sale of goods		**411,652**	372,120
	Royalties		**1,479**	1,024
			413,131	373,144
	Other revenue			
	Tender forfeits		**404**	386
	Rent revenue		**563**	622
	Interest revenue		**371**	195
	Insurance recoveries		**1,978**	-
	Retail services fee revenue from related party		**-**	2,325
	Retail licence fee revenue from related party		**-**	4,215
	Agency fee revenue from related party	19	**7,007**	-
	Other		**337**	332
			423,791	381,219
(b)	**Cost of sales**			
	Costs of inventories recognised as an expense		**170,937**	164,865
	Adjustments to net realisable value of inventories		**319**	(76)
			171,256	164,789
	During the year a complete review of supplier arrangements was conducted, resulting in a recovery of past overcharges. This recovery has been in included in cost of sales.			
(c)	**Expenses**			
	Depreciation and impairment expenses			
	Depreciation expense		**12,932**	11247
	Impairment expense		**3,365**	-
			16,297	11,247
	Operating lease expenses			
	Minimum rental payments		**70,206**	60,516
	Contingent rentals		**141**	969
			70,347	61,485
	Defined contribution superannuation expense		**8,038**	7,081
	Net loss on disposal of plant and equipment		**234**	238
(d)	**Finance expenses**			
	Interest paid to banks and other financial institutions		**455**	463
	Facility fees		**332**	134
			787	597

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

	Consolidated 2011 $000's	2010 $000's
3 INCOME TAX EXPENSE		
(a) Income tax expense		
Current tax	**(4,684)**	(3,147)
Deferred tax	**212**	(1,981)
Income tax expense	**(4,472)**	(5,128)
Deferred income tax revenue (expense) included in income tax expense comprises:		
(Decrease) increase in deferred tax assets	**2,393**	(2,030)
Decrease (increase) in deferred tax liabilities	**(2,181)**	49
	212	(1,981)
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit before income tax expense	**22,690**	17,459
Prima facie tax thereon at 30% (2010: 30%)	**(6,807)**	(5,238)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
Non-allowable expenses	**(132)**	(84)
Non-assessable income	**2,015**	-
Effect of different rates of tax on overseas taxable income	**(126)**	-
Research & development deduction	**159**	-
Investment allowance	**-**	211
Adjustment to prior period provision	**423**	3
Other	**(4)**	(20)
Income tax expense	**(4,472)**	(5,128)
(c) Deferred tax assets		
The balance comprises temporary differences attributable to:		
Depreciation and impairment	**4,765**	3,891
Employee benefits	**3,135**	2,248
Lease incentives	**-**	269
Lease liabilities	**1,876**	993
Inventories	**1,571**	1,340
Cash flow hedges	**2,321**	-
Other	**163**	349
	13,831	9,090
Movements:		
Opening balance at beginning of period	**9,090**	13,772
Credited (charged) to the income statement	**2,393**	(2,030)
Credited (charged) directly to equity (cash flow hedges)	**2,348**	(2,652)
	13,831	9,090
Deferred tax liabilities		
The balance comprises temporary differences attributable to:		
Lay-by sales	**68**	50
Prepayments	**148**	222
Inventories	**1,998**	180
Lease assets	**4**	10
Research & development	**671**	176
Cash flow hedges	**58**	46
Other	**147**	217
	3,094	901
Movements:		
Opening balance at beginning of period	**901**	904
(Credited) charged to the income statement	**2,181**	(49)
(Credited) charged directly to equity (cash flow hedges)	**12**	46
	3,094	901
Net deferred tax assets	**10,737**	8,189

	Consolidated 2011 $000's	Consolidated 2010 $000's
3 INCOME TAX EXPENSE (continued)		
(d) Unrecognised temporary differences		
Temporary differences relating to investments in subsidiaries for which deferred tax assets (liabilities) have not been recognised, tax-effected at 30% (2010: 30%)		
Foreign currency translation	**100**	(2)
Undistributed earnings	**(632)**	(475)
	(532)	(477)

A deferred tax asset has not been recognised in respect of temporary differences arising from translation of the financial statements of the Group's New Zealand subsidiary, Country Road Clothing (NZ) Ltd. The deferred tax asset will only arise in the event of disposal of the subsidiary, and no such disposal is expected in the foreseeable future.

Country Road Clothing (NZ) Ltd has undistributed earnings of $4,143,587 (2010: $3,169,529) which, if paid out as dividends, would be subject to tax in the hands of the recipient. An assessable temporary difference exists, however no deferred tax liability has been recognised as the parent entity is able to control the timing of distributions from this subsidiary and is not expected to distribute these profits in the foreseeable future.

(e) Tax consolidation legislation

Effective 1 July 2003, Country Road Limited and its wholly-owned Australian subsidiaries formed a tax consolidated group. The head entity of the tax consolidated group is Country Road Limited.

Members of the tax consolidated group have entered into a tax funding agreement. The tax funding agreement provides for the allocation of current taxes to members of the tax consolidated group in accordance with the "separate taxpayer within group" approach as prescribed by UIG 1052 'Tax Consolidation Accounting', while deferred taxes are allocated to members of the tax consolidated group in accordance with the principles of AASB 112 Income Taxes. Allocations under the tax funding agreement are made in line with half-yearly reporting periods.

The allocation of taxes under the tax funding agreement is recognised in the subsidiaries' intercompany accounts with the tax consolidated group head entity.
Funding is based on amounts recognised in the financial statements of wholly-owned subsidiaries in the tax consolidated group.

	2011 $000's	2010 $000's
4 CASH AND CASH EQUIVALENTS		
Cash at bank and in transit	**4,515**	788
Cash on hand	**79**	108
Short term deposits	**10,305**	1,570
	14,899	2,466

Cash includes deposits with financial institutions, attracting floating interest rates. The average yield at balance date was 4.17% (2010: 3.19%) per annum. Short term deposits are at call and earn interest at 4.77% (2010: 3.78%) per annum.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

	Consolidated 2011 $000's	Consolidated 2010 $000's
5 TRADE AND OTHER RECEIVABLES (CURRENT)		
Trade receivables	**5,652**	2,851
Related party receivables		
Trade receivables	**790**	3,185
Other receivables	**-**	1,312
	790	4,497
Other receivables	**1,243**	90
	7,685	7,438
Allowance for impairment loss		
The balance of the Group's trade and other receivables do not contain impaired assets at balance date.		
The ageing of the trade receivables at reporting date is as follows:		
Not past due	6,426	3,013
31 - 60 days	3	357
61 - 90 days	-	254
Past due > 90 days	13	2,412
	6,442	6,036
Related party receivables		
For terms and conditions of related party receivables refer to Note 19.		
6 INVENTORIES		
Total inventories at the lower of cost and net realisable value		
Finished goods	**48,085**	39,113
	48,085	39,113
7 RECEIVABLES (NON-CURRENT)		
Other receivables	**-**	15
	-	15
8 PLANT AND EQUIPMENT		
Leasehold improvements		
At cost	**34,164**	31,792
Accumulated depreciation and impairment	**(21,255)**	(16,682)
	12,909	15,110
Fixtures, fittings and equipment		
At cost	**108,682**	97,642
Accumulated depreciation and impairment	**(74,330)**	(64,180)
	34,352	33,462
Capital works in progress	**6,175**	7,500
	53,436	56,072

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

	Consolidated 2011 $000's	Consolidated 2010 $000's
8 PLANT AND EQUIPMENT (continued)		
Reconciliations		
Leasehold improvements		
Carrying amount at the beginning of the year	**15,110**	13,535
Foreign currency translation impact on opening balance	**(40)**	2
Additions during the year	**3,039**	5,014
Disposals during the year	**(105)**	(158)
Depreciation and impairment expense	**(5,095)**	(3,283)
Carrying amount at the end of the year	**12,909**	15,110
Fixtures, fittings and equipment		
Carrying amount at the beginning of the year	**33,462**	26,979
Foreign currency translation impact on opening balance	**(59)**	2
Additions during the year	**12,280**	14,533
Disposals during the year	**(129)**	(88)
Depreciation and impairment expense	**(11,202)**	(7,964)
Carrying amount at the end of the year	**34,352**	33,462
Capital works in progress		
Carrying amount at the beginning of the year	**7,500**	6,649
Foreign currency translation impact on opening balance	**105**	-
Additions during the year	**13,194**	9,793
Transfers to other categories	**(14,624)**	(8,942)
Carrying amount at the end of the year	**6,175**	7,500

Impairment tests for plant and equipment

The recoverable amount was estimated for all assets within the retail store cash-generating units. The recoverable amount estimation was based on a value in use calculation and was determined at the cash-generating unit level, over its remaining lease term. Adverse trading conditions, combined with higher rental expenses resulted in an impairment expense of $3,365,000 for the period to reduce the carrying amount of plant and equipment to recoverable amount, assuming a pre-tax discount rate of 15% and a growth rate of between 3% and 5% depending on the business risk of each cash-generating unit.

	Consolidated 2011 $000's	Consolidated 2010 $000's
9 INTANGIBLE ASSETS		
Trade names		
At cost	**11,315**	11,293
	11,315	11,293
Reconciliations		
Trade names		
Carrying amount at the beginning of the year	**11,293**	11,277
Additions during the year	**22**	16
	11,315	11,293

Description of the Group's intangible assets

Trade names acquired by the Group are carried at cost and are deemed to have an indefinite useful life as they are expected to contribute net cash inflows indefinitely. Therefore the trade names will not be amortised until its useful life is determined to be finite. The trade names are tested for impairment at each reporting date, or whenever there is an indication they may be impaired. The trade names have been allocated to the Group as an individual cash generating unit.

Impairment tests for intangibles with indefinite useful lives

The calculation of value in use for trade names is based on a royalties earned methodology, using cash flow projections covering a five year period. Based on this methodology, the Directors are satisfied the carrying value of the trade names are not valued in excess of their recoverable amount. The calculation of value in use is most sensitive to the following assumptions:

- royalty percentage applied - based on a conservative view of franchise industry rates, the royalty percentage used is 2.5% (2010: 2.5%);
- discount rates - the pre-tax discount rate applied to the cash flow projection is 18.8% (2010: 18.8%); and
- growth rates used to extrapolate cash flows - the growth rate used to extrapolate cash flows from royalties, based on Access Economics 5 year average sales growth forecasts for the clothing and soft good sector is 2.0% (2010: 3.9%).

With regard to the assessment of value in use, management believe that no reasonably possible change in any of the above key assumptions would cause the carrying value of the trade names to materially exceed its recoverable amount.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

	Consolidated 2011 $000's	Consolidated 2010 $000's
10 TRADE AND OTHER PAYABLES (CURRENT)		
Trade payables	**20,378**	15,581
Other payables	**15,910**	12,157
	36,288	27,738
11 INTEREST BEARING LIABILITIES (CURRENT)		
Money market borrowings	**-**	3,000
Total interest bearing liabilities (current)	**-**	3,000

Money market borrowings are subject to floating interest rates. The interest rate on money market borrowings at balance date was 0% (2010: 4.76%) per annum.

	Consolidated 2011 $000's	Consolidated 2010 $000's
12 PROVISIONS (CURRENT)		
Lease incentives	**444**	213
Leases expensed on straight line basis	**121**	496
Employee benefits	**6,440**	6,860
Dividends	**4**	5
	7,009	7,574

Movements: Refer to Note 13.

	Consolidated 2011 $000's	Consolidated 2010 $000's
13 PROVISIONS (NON-CURRENT)		
Lease incentives	**2,550**	685
Leases expensed on straight line basis	**3,138**	2,815
Employee benefits	**833**	679
	6,521	4,179

Lease incentives

A provision is recognised for lessor contributions to the construction of a premises where the ownership of the assets is retained by the Group. These contributions are reduced on a straight-line basis over the remaining term of the lease.

Leases expensed on straight-line basis

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the term of the lease where such leases contain fixed escalation rates. A provision is recognised for the difference between the operating lease payments and the straight-line expense, which will unwind at the end of the lease term.

Movements in provisions:

Movements in each class of provision, other than employee benefits and dividend provision, are set out below:

Consolidated	**Lease Incentives** $000's	**Leases expensed on a straight-line basis** $000's	**Total** $000's
Balance at beginning of financial year	898	3,311	4,209
Movement in provision during the period	2,096	(52)	2,044
Balance at end of financial year	2,994	3,259	6,253
Non-current	2,550	3,138	5,688
Current	444	121	565
	2,994	**3,259**	**6,253**

Notes to the Financial Statements (continued)

	Consolidated 2011 $000's	2010 $000's
14 CONTRIBUTED EQUITY, DIVIDENDS AND EARNINGS PER SHARE		
Ordinary shares	**74,087**	74,087
	74,087	74,087
Ordinary shares		
Number of ordinary shares issued and fully paid at balance date (not rounded)	**69,056,822**	69,056,822
Fully paid ordinary shares carry one vote per share and carry the right to receive dividends.		
Movements		
Ordinary shares		
Balance at beginning of financial year	**74,087**	74,087
Balance at end of financial year	**74,087**	74,087
Dividends paid		
Dividends on ordinary shares:		
Final franked dividend for 2010 at 3.62 cents per share	**2,500**	5,614
Interim franked dividend for 2011 at 5.64 cents per share	**3,895**	3,584
	6,395	9,198
Dividends not recognised at year end		
Since year end the Directors have determined the payment of a final dividend of 12.93 cents per fully paid ordinary share, (2010: 3.62 cents) fully franked based on tax paid at 30%. The aggregate amount of the dividend scheduled to be paid on 28 September 2011 out of profits earned in respect of the financial year ending 30 June 2011, but not recognised as a liability at year end, is	**8,929**	2,500
Franked dividends		
Franking credits available for future reporting periods based on a tax rate of 30%	**18,610**	19,109
The impact on the franking account of the dividend determined by the Directors since year end, but not recognised as a liability at year end, will be a reduction in the franking account of $3,827,000 (2010: $1,071,000).		
Basic earnings per share		
Profit attributable to the equity holders of the company (cents per share)	**26.38**	17.86
Profit attributable to the equity holders of the company used in calculating basic earnings per share	**18,218**	12,331
Weighted average number of shares used in calculating earnings per share (not rounded)	**69,056,822**	69,056,822
Diluted earnings per share		
No adjustments for dilutive securities are required.		

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

	Consolidated 2011 $000's	2010 $000's
15 RETAINED PROFITS AND RESERVES		
Retained profits	**22,724**	10,901
Reserves		
Exchange differences on translation of foreign operations	**(1,336)**	(767)
Hedging reserve - cash flow hedges	**(3,751)**	571
	(5,087)	(196)
Movements:		
Retained profits (losses)		
Balance at beginning of financial year	**10,901**	7,768
Dividends paid	**(6,395)**	(9,198)
Net profit for the year	**18,218**	12,331
Balance at end of financial year	**22,724**	10,901
Exchange differences on translation of foreign operations		
Balance at beginning of financial year	**(767)**	(780)
Exchange differences on translation of foreign operations during period	**(569)**	13
Balance at end of financial year	**(1,336)**	(767)
Hedging reserve - cash flow hedges		
Balance at beginning of financial year	**571**	(6,094)
Revaluation - gross	**(6,676)**	9,363
Deferred tax	**2,354**	(2,698)
Balance at end of financial year	**(3,751)**	571

Nature and purpose of reserves

Foreign currency translation reserve:

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Cash flow hedge reserve:

This reserve records the portion of the gain or loss on a hedging instrument that is deemed to be an effective hedge. There was no hedge ineffectiveness recognised in the income statement during the year.

16 COMMITMENTS

Capital commitments

At reporting date the Group has commitments principally relating to the opening of new stores, the refurbishment of existing stores, and investment in/upgrades to information systems.

	2011 $000's	2010 $000's
Commitments contracted for at reporting date but not recognised as liabilities are:		
Within one year	**4,227**	4,072
	4,227	4,072

Operating lease commitments - Group as lessee

The Group has entered into lease agreements for its stores, administration offices, office equipment and information technology systems. Certain store leases contain contingent rental terms which are triggered if predetermined sales levels are achieved.

	2011 $000's	2010 $000's
Commitments contracted for at reporting date but not recognised as liabilities are:		
not later than one year	**65,459**	63,073
later than one year but not later than five years	**215,006**	135,275
later than five years	**48,859**	29,796
	329,324	228,144

Notes to the Financial Statements (continued)

		Consolidated	
		2011	2010
		$000's	$000's
16 COMMITMENTS (continued)			
Operating lease commitments - Group as lessor			
The Group enters into arrangements to sub-lease premises to maximise productivity of available space, or as part of outsourcing arrangements to third parties.			
Commitments contracted for at reporting date but not recognised as assets are:			
not later than one year		**162**	339
later than one year but not later than five years		**-**	162
		162	501
17 REMUNERATION OF AUDITORS			
Amounts received or due and receivable by Ernst & Young Australia (in whole dollars) for:			
- an audit or review of the financial report of the entity and any other entity in the Group		**$251,750**	$200,000
- other services in relation to the entity and any other entity in the Group		**$68,058**	$11,930
		$319,808	$211,930
18 FINANCING ARRANGEMENTS			
The Group had access to the following financing arrangements:		**2011**	2010
		$000's	$000's
External financial institutions:			
Cash advance facility	(i)	**20,000**	10,000
Trade finance facility	(i)	**4,500**	9,500
Bank overdraft	(i)	**500**	500
Total facilities available		**25,000**	20,000
Facilities used at reporting date:			
Cash advance facility		**-**	3,000
Total drawn facilities		**-**	3,000
Total undrawn facilities		**25,000**	17,000

Terms and conditions

(i) Bank facilities are denominated in Australian dollars and are subject to annual review. Interest is payable at market rates (refer Note 25). Bank facilities have been provided on an unsecured basis.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

19 RELATED PARTY DISCLOSURES

	Place of incorporation	Note	Total Equity Interest 2011 %	Total Equity Interest 2010 %
Country Road Limited	Australia	(a)		
Country Road Clothing Pty Ltd	Australia	(a)	**100**	100
Country Road Clothing (N.Z.) Ltd	New Zealand		**100**	100
Country Road Properties Pty Ltd	Australia	(a)	**100**	100
Country Road Ventures Pty Ltd	Australia		**100**	100
Country Road Ltd	UK		**100**	100
Country Road International Pty Ltd	Australia	(a)	**100**	100
Country Road (Hong Kong) Ltd	Hong Kong		**100**	100

Names inset indicate that shares are held by the entity immediately above the inset.

(a) Entities subject to class order

These entities (the "Closed Group") have entered into a Deed of Cross Guarantee dated 12 May 1993 which provides that all parties to the deed will guarantee to each creditor payment in full of any debt of each entity participating in the deed on winding-up of that entity. Class Order 98/1418 issued by the Australian Securities and Investment Commission relieves these entities from the requirement to prepare, audit and lodgement of their financial reports.

The financial information of these entities is as follows:

(i) Income Statement	2011 $000's	2010 $000's
Profit before income tax expense	**17,486**	16,464
Income tax expense	**(2,695)**	(4,827)
Net profit for the period	**14,791**	11,637
Retained profits at beginning of period	**28,667**	26,228
Dividends provided for or paid	**(6,395)**	(9,198)
Retained profits at end of period	**37,063**	28,667
(ii)		
CURRENT ASSETS		
Cash and cash equivalents	**10,842**	1,934
Trade and other receivables	**4,502**	10,711
Inventories	**36,878**	36,567
Other assets	**12,216**	3,318
Total current assets	**64,438**	52,530
NON-CURRENT ASSETS		
Receivables	**-**	15
Investments	**479**	479
Plant and equipment	**49,705**	53,881
Intangible assets	**11,315**	11,293
Other	**13,514**	8,959
Total non-current assets	**75,013**	74,627
Total assets	**139,451**	127,157
CURRENT LIABILITIES		
Trade and other payables	**28,034**	31,207
Borrowings	**-**	3,000
Provisions	**13,885**	9,829
Other	**7,738**	1,911
Total current liabilities	**49,657**	45,947
NON-CURRENT LIABILITIES		
Other payables	**5,652**	3,399
Provisions	**3,886**	1,568
Total non-current liabilities	**9,538**	4,967
Total liabilities	**59,195**	50,914
Net assets	**80,256**	76,243
EQUITY		
Contributed equity	**43,193**	47,576
Retained profits	**37,063**	28,667
Total equity	**80,256**	76,243

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

19 RELATED PARTY DISCLOSURES (continued)

Ultimate parent

Country Road Limited is the ultimate parent entity in the consolidated Group.
The ultimate controlling entity of the consolidated Group in Australia is Woolworths International (Australia) Pty Ltd.
The consolidated Group is ultimately controlled by Woolworths Holdings Limited, a company incorporated in South Africa.

Wholly-owned group transactions

(a) The parent entity charges interest on loans to wholly-owned subsidiaries on normal commercial terms and conditions. Amounts charged during the year were $5,688,281 to Country Road Clothing Pty Ltd (2010: $4,752,661) and $102,967 to Country Road International Pty Ltd (2010: $78,423).
(b) All expenses incurred by the parent entity during the period were paid by Country Road Clothing Pty Ltd.
(c) During the year inventory was bought and sold between controlled entities within the Group on normal commercial terms and conditions. Interest is charged on intercompany loans, and management fees are charged between wholly-owned controlled entities, also on normal commercial terms and conditions.
(d) A dividend of $8,250,000 (2010: $5,500,000) was declared on 24 June 2011 from Country Road Clothing Pty Ltd to Country Road Limited. The dividend is payable on 30 September 2011.
(e) Current tax payable assumed by Country Road Limited from wholly owned tax consolidated entities for the year was $2,687,512 (2010: $3,650,290). The terms and conditions of the tax funding agreement are set out in Note 3(e).

Related party transaction - Concession agreement

(a) During the year Country Road Ventures Pty Ld, a wholly owned subsidiary of Country Road Limited, entered into a concession agreement with Woolworths Pty Ltd, a wholly owned subsidiary of Woolworths Holdings Limited, relating to its South African operations which took effect from 1 July 2011. The terms of this agreement were reviewed by an independent external expert, and the Board (excluding those who are Woolworths executives) considers they satisfy the requirements of the Corporations Act 2001. In accordance with the terms of the agreement, during the year Country Road Ventures Pty Ltd:
  (i) Paid concession rental and services fees totalling $7,921,511 (2010: Nil).
  (ii) Received agency fee revenue for the sale of inventory owned by Woolworths Pty Ltd totalling $7,006,542 (2010: Nil).
  (iii) At 30 June 2011 the balance receivable from Woolworths Pty Ltd was $718,681 (2010: $4,496,635). Outstanding balances at year end are unsecured, interest free, and settlement occurs in cash.
  For the year ended 30 June 2011, the Group has not made any allowance for impairment loss relating to amounts owed by related parties as the debt was receipted subsequent to reporting date (2010: Nil).
  (iv) At 30 June 2011 the balance payable to Woolworths Pty Ltd was $4,891,573 (2010: Nil). Outstanding balances at year end are current and settlement occurs in cash.

Other related party transactions

(a) To transition to the terms of the concession agreement, the Group sold inventory to Woolworths Pty Ltd totalling $767,491 (2010: $455,256). Transactions were arm's length and on normal commercial terms.
(b) During the year the Group charged consulting services fees to Woolworths Pty Ltd on arms length and normal commercial terms and conditions. Amounts charged during the year totalled $71,000 (2010: Nil).
(c) During the year the Group paid $174,076 in annual software licence and support fees to Woolworths Pty Ltd. The fees were arms length and on normal commercial terms and conditions.
(d) Dividends were paid to Woolworths International (Australia) Pty Ltd during the year of $5,619,744 (2010: $8,083,693) from the parent entity on the same terms and conditions that applied to other shareholders.

20 DIRECTOR AND EXECUTIVE DISCLOSURES

Details of Key Management Personnel

Directors & Executives

- Simon Susman (Non-Executive Director & Chairman)
- Ian Moir (Non-Executive Director)
- Norman Thomson (Non-Executive Director)
- Howard Goldberg (Executive Director & Chief Executive Officer - appointed 7 March 2011)
- Sophie Holt (Executive Director & GGM Product Design & Development)
- David Thomas (Executive Director & Chief Financial Officer - appointed 29 September 2010)
- Glenn Gilzean (Executive Director & GGM Retail Operations - resigned 29 September 2010)
- John Cheston (Executive Director & Chief Executive Officer - appointed 1 July 2010. Resigned 13 September 2010)
- Derek Muirhead (GGM Merchandise)

	Consolidated	
	2011	2010
Compensation of Key Management Personnel	**$**	$
Short-term employee benefits	**$1,919,314**	$2,216,647
Post-employment benefits	**$96,085**	$132,113
Other long term benefits	**$689,489**	749,831
Termination benefits	**$1,100,000**	-
Share-based payments	**-**	$50,925
	$3,804,888	$3,149,516

Notes to the Financial Statements (continued)

20 DIRECTOR AND EXECUTIVE DISCLOSURES (continued)

Option holdings of Key Management Personnel

Certain key management personnel have been granted options in Woolworths Holdings Limited, the ultimate controlling entity, as part of the Woolworths Executive Share Option Plan. These options were granted by Woolworths and do not form part of the remuneration payable by Country Road Limited. The value of the options has been determined in accordance with the requirements of AASB 2 'Share Based Payments' and included in the remuneration table which forms part of the Directors Report. At balance date, options provided in South African Rand (R) were:

- On 3 January 2006 Mr Derek Muirhead was granted 264,025 options at an exercise price of R14.11, at a fair value in Australian dollars of $267,066. On 12 December 2009, there was a reduction in the exercise price on the remaining options to R12.16. 20% of the options vest annually for the first 5 years after grant date. At the beginning of the period, 52,805 options were held. No options were exercised during the period and 52,805 options remain with an expiry date of 3 January 2016.

21 CONTINGENT LIABILITIES

Cross Guarantees

Country Road Limited has entered a Deed of Cross Guarantee in accordance with Class Order 98/1418 issued by the Australian Securities and Investment Commission. Country Road Limited and controlled entities who are a party to the deed as presented in Note 19 have guaranteed repayment of all current and future creditors should any of these companies be wound up.

Litigation

From time to time the Company and its subsidiaries are involved in litigation relating to employment related matters. These matters, both individually and in total, are not considered material, and where appropriate, adequate provision has been made in the accounts.

22 SUBSEQUENT EVENTS

2011

There are no subsequent events after balance date that affect the operating results or financial position of the Company and its controlled entities.

2010

There are no subsequent events after balance date that affect the operating results or financial position of the Company and its controlled entities.

23 RECONCILIATION OF PROFIT AFTER TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Consolidated	
	2011	2010
Reconciliation of operating profit after income tax to net cash flows from operating activities	**$000's**	$000's
Operating profit after income tax	**18,218**	12,331
Add non-cash items		
Depreciation and impairment	**16,297**	11,247
Net fair value change on derivative	**39**	(212)
Lease incentive amortisation	**2,096**	(138)
Adjustments to net realisable value of inventories	**(319)**	76
Disposal of plant and equipment	**234**	238
Net foreign currency translation (gains)/losses	**163**	(55)
Straight line lease amortisation	**(31)**	(74)
Changes in:		
Trade and other receivables	**(232)**	(4,047)
Inventories	**(8,653)**	(431)
Other assets	**1,682**	(1,063)
Deferred tax assets	**(2,548)**	4,679
Trade and other payables	**8,550**	(3,527)
Income tax receivable	**(236)**	(9,353)
Provision for employee benefits	**(266)**	(7,958)
Other provisions	**(22)**	552
Other liabilities	**5,827**	(7,752)
Reserves	**(4,891)**	6,733
Net cash flows from (used in) operating activities	**35,908**	1,246

24 OPERATING SEGMENTS

Segment Information

The Group has identified its operating segments based on the internal management reports that are reviewed by the Chief Executive Officer.

The operating segments are identified by management based on the manner in which the product is sold and the nature of the services provided. Discrete financial information about these operating businesses is reported to the Chief Executive Officer on a monthly basis.

The reportable segments are based on aggregated operating segments determined by the similarity of the products sold and the method used to distribute the products.

The Group operates in one reportable segment, being the design and retail sale of apparel, homewares and related accessories.

The accounting policies used by the Group in reporting segments are the same as those contained in Note 1 to the accounts and in the prior period. Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before finance expenses and income tax as included in the internal management reports that are reviewed by the Chief Executive Officer. Segment profit is used to measure performance as management believe that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

	Consolidated			
	Retail $000's	Other $000's	Unallocated $000's	Total $000's
2011				
Sales to external customers	**410,884**	**767**	**-**	**411,651**
Other revenue from external customers	**7,411**	**1,479**	**-**	**8,890**
Total segment revenue	**418,295**	**2,246**	**-**	**420,541**
Reportable segment profit before tax	**73,642**	**1,257**	**-**	**74,899**
Interest revenue	**-**	**-**	**371**	**371**
Finance costs	**-**	**-**	**(787)**	**(787)**
Depreciation and impairment	**13,236**	**237**	**2,824**	**16,297**
Reportable segment assets	**87,978**	**1,609**	**-**	**89,587**
Capital expenditure	**12,357**	**-**	**1,689**	**14,046**
2010				
Sales to external customers	371,665	455	-	372,120
Other revenue from external customers	386	7,563	-	7,949
Total segment revenue	372,051	8,018	-	380,069
Reportable segment profit before tax	71,923	7,110	-	79,033
Interest revenue	-	-	195	195
Finance costs	-	-	(597)	(597)
Depreciation and impairment	8,842	158	2,247	11,247
Reportable segment assets	77,617	7,667	-	85,284
Capital expenditure	13,906	183	6,315	20,404

	Consolidated 2011 $000's	2010 $000's
24 OPERATING SEGMENTS (continued)		
Reconciliation of reportable segment information		
Total segment revenue	**420,541**	380,069
Other revenue from continuing operations	**3,250**	1,150
Total revenue per income statement	**423,791**	381,219
Revenue from external customers by geographical location is detailed below. Revenue is attributed to geographic locations based on the location of the customers. The company does not have external revenue from external customers that are attributable to any foreign country other than as shown below:		
Australia	**338,550**	343,546
New Zealand	**31,110**	30,678
South Africa	**54,131**	6,995
Total revenue	**423,791**	381,219
Reconciliation of reportable segment net profit before income tax		
Segment net profit before income tax	**74,899**	79,033
Other income	**3,250**	1,150
Unallocated amounts - other corporate expenses	**(55,459)**	(62,724)
Net profit before income tax	**22,690**	17,459
Reconciliation of reportable segment assets		
Segment assets	**89,587**	85,284
Derivative assets	**232**	2,294
Deferred tax assets	**13,831**	9,090
Unallocated assets	**45,630**	32,526
Total assets	**149,280**	129,194
The analysis of the location of non-current assets other than financial instruments, and deferred tax assets is as follows:		
Australia	**61,204**	65,461
New Zealand	**3,077**	2,229
South Africa	**665**	-
Total assets	**64,946**	67,690

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

25 FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The Group's principal financial instruments, other than derivatives, comprise bank loans and overdrafts, and cash and short-term deposits. The Group is provided with financing arrangements as disclosed in Note 18. The main purpose of these financial instruments is to finance the Group's working capital and investment requirements. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. The Group also enters into derivative transactions, including principally forward currency contracts. The purpose is to manage currency risks arising from the Group's operations. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Group's financial instruments are cash flow interest rate risk, liquidity risk, foreign currency risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

Changes in variables illustrated in the tables below are based on management's view of current market conditions at reporting date.

(b) Cash flow interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's short-term cash advance and overdraft facilities.

The Group's policy is to manage its interest cost by minimising externally sourced debt and maximising returns on surplus cash through intensive daily working capital management and cashflow forecasting. The Group's policy is to ensure the use of cash advance and overdraft facilities are minimised, and that operations are conducted within the facilities provided.

At reporting date, the Group had the following mix of financial assets and liabilities exposed to variable interest rate risk.

	Consolidated	
	2011	2010
	$000's	$000's
Financial assets		
Cash and cash equivalents	**14,899**	2,466
Financial liabilities		
Money market borrowings	**-**	(3,000)
Net exposure	**14,899**	(534)

At reporting date, if interest rates had moved, as illustrated below, with all other variables held constant, post tax profit and equity would have been affected due to the impacts on net interest revenue during the year as follows:

	Consolidated	
	Post Tax Profit Higher/(Lower)	Equity Higher/(Lower)
	$000's	$000's
2011		
+0.50% (50 basis points)	**(6)**	-
+0.25% (25 basis points)	**(3)**	-
-0.25% (25 basis points)	**3**	-
-0.50% (50 basis points)	**6**	-
2010		
+0.50% (50 basis points)	**(25)**	-
+0.25% (25 basis points)	**(12)**	-
-0.25% (25 basis points)	**12**	-
-0.50% (50 basis points)	**25**	-

The movements in profit is due to higher/lower net interest expense incurred throughout the year as a result of a higher/lower average interest rate.

25 FINANCIAL INSTRUMENTS (continued)

(c) Liquidity risk

The Group's objective is to ensure that there are funds available to meet all commitments through the use of available cash flow, available liquid assets and committed bank facilities.

The table below reflects the maturity analysis of financial assets and liabilities as at 30 June 2011, excluding inventories, based on management's expectation. Derivative financial instruments are based on gross contractual values.

Consolidated	Total $000's	< 3 mths $000's	3 - 12 mths $000's	1 - 5 yrs $000's	> 5 yrs $000's
Financial assets					
Cash and cash equivalents	14,899	14,899	-	-	-
Trade and other receivables	7,685	7,672	13		-
Derivative financial instruments - inflows	16,451	2,544	13,907	-	-
Derivative financial instruments - outflows	(16,220)	(2,523)	(13,697)	-	-
	22,815	22,592	223		-
Financial liabilities					
Trade and other payables	36,288	36,288	-	-	-
Derivative financial instruments - outflows	85,401	23,953	61,448	-	-
Derivative financial instruments - inflows	(77,663)	(20,200)	(57,463)	-	-
	44,026	40,041	3,985		-
Net maturity	(21,211)	(17,449)	(3,762)	-	-

At reporting date, the Group had not utilised any available borrowing facilities (2010: $3,000,000). $25,000,000 (2010: $17,000,000) of unused credit facilities were available for immediate use.

Terms and conditions of financial assets and liabilities

Trade and other receivables

(i) Trade debtors are non-interest bearing and generally on terms of 30 days or less.
(ii) Other debtors are non-interest bearing and have repayment terms between 1 day and 45 days.
(iii) Details of the terms and conditions of related party receivables are set out in Note 19.

Other assets

(i) Refer Note 25(h) for details of foreign currency derivatives and inflation swap contracts.

Trade and other payables

(i) Trade creditors are non-interest bearing and are normally settled on terms of between 30 and 45 days.
(ii) Other creditors are non-interest bearing and have average repayment terms of between 30 and 90 days.
(iii) Refer Note 25(h) for details of foreign currency derivatives.

(d) Foreign currency risk

As inventories are predominantly imported and denominated in United States dollars (USD), the Group's financial results can be affected significantly by movements in the AUD/USD and ZAR/USD exchange rates. The Group also purchases inventory in Euro (EUR), and is impacted by movements in the AUD/EUR exchange rates. The Group's policy is to hedge at least 50% of highly probable forecast inventory commitments using predominantly forward currency contracts, and at least 80% of known orders. It is the Group's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximise hedge effectiveness. At balance date, the Group had hedged 89% of its highly probable forecast USD purchases, and 72% of its highly probable forecast EUR purchases extending to 21 June 2012.

The Group also has transactional currency exposures arising from transacting with its New Zealand operations in its functional currency of New Zealand dollars (NZD), and with its South African operations in South African rand (ZAR). These exposures are not material to the Group and are not required to be hedged.

The Group's consolidated results are exposed to fluctuations in the AUD/NZD exchange rate and the AUD/ZAR exchange rate. Although exchange differences arising from translation of these operations into the Group's presentation currency (Australian dollars) are taken to equity, translated sales and profits of the foreign operations are impacted by fluctuations in the AUD/NZD and AUD/ZAR exchange rates.
It is the Group's policy not to hedge exchange differences arising on the translation of foreign operations.

Notes to the Financial Statements (continued)

25 FINANCIAL INSTRUMENTS (continued)

(d) Foreign currency risk (continued)

At balance date, the Group had the following exposure to foreign currency:

	Consolidated	
	2011	2010
	$000's	$000's
Financial liabilities		
Trade payables - USD	**8,620**	9,381
Trade payables - EUR	**117**	135
Net exposure	**8,737**	9,516

The Group has no exposure to the income statement from foreign currency payables at reporting date as all outstanding commitments were fully hedged by forward exchange contracts.

The Group also has, as outlined in part (h) below, forward currency contracts designated as cash flow hedges that are subject to fair value movements through equity as exchange rates move.

At reporting date, had the Australian dollar moved, as illustrated below, with all other variables held constant, post tax profit and equity would have been affected as follows:

	Consolidated	
	Post Tax Profit	Equity
	Higher/(Lower)	Higher/(Lower)
	$000's	$000's
2011		
AUD/USD +5.0%	**-**	(2,481)
AUD/EUR +5.0%	**-**	(28)
AUD/USD -5.0%	**-**	2,735
AUD/EUR -5.0%	**-**	31
2010		
AUD/USD +5.0%	-	(2,943)
AUD/EUR +5.0%	-	(55)
AUD/USD -5.0%	-	3,259
AUD/EUR -5.0%	-	62

(e) Credit risk

The Group takes steps to ensure it trades only with recognised, creditworthy third parties and as such collateral is not requested.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored intensely on an ongoing basis, with the Group's exposure to, and history of, bad debts minimal. Credit risk is largely concentrated with Myer Limited and David Jones Limited.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, available-for-sale financial assets and certain derivative instruments, the Group's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

At reporting date, the credit quality of the the receivables balance of the Group is assessed and monitored as follows:

	Consolidated	
	2011	2010
	$000's	$000's
New customers	**-**	-
No default customers	**7,685**	7,453
Net exposure	**7,685**	7,453

Notes to the Financial Statements (continued)

25 FINANCIAL INSTRUMENTS (continued)

(f) Inflation risk

Inflation risk arises from the effect movements in Australia's inflation rate, as per the Consumer Price Index (CPI) published by the Reserve Bank of Australia, can have on the profitability of the Group. The objective of the Group is to, where possible, minimise the impact variations in inflation will have on variable expenditure.

From time to time, hedging products may become available to limit the Group's exposure to inflation risk. It is the Group's policy to manage inflation risk by entering into inflation rate swap contracts, in which the Group agrees to exchange, at specific intervals, the difference between fixed and variable inflation rate amounts calculated by reference to an agreed upon notional principal amount.

At reporting date, had the Australian inflation rate moved, as illustrated below, with all other variables held constant, post tax profit and equity would have been affected as follows:

	Consolidated	
	Post Tax Profit Higher/(Lower) $000's	Equity Higher/(Lower) $000's
2011		
If CPI was 3.5%	**56**	-
If CPI was 3.0%	**16**	-
If CPI was 2.0%	**(63)**	-
2010		
If CPI was 3.5%	**175**	-
If CPI was 3.0%	**57**	-
If CPI was 2.5%	**(61)**	-

(g) Fair values

The carrying values of all financial assets and liabilities reflect their fair values. All borrowings are subject to floating rates of interest. Revaluation of hedge contracts to market value are presented in Note 25(h) below.

The fair values of derivatives have been calculated by discounting the expected future cash flows at prevailing interest rates.

(h) Derivative financial instruments

	Consolidated	
	2011 $000's	2010 $000's
Current assets		
Forward currency contracts - cash flow hedges	**39**	2062
Inflation swap contracts	**193**	232
	232	2294
Current Liabilities		
Forward currency contracts - cash flow hedges	**7,738**	1,911
	7,738	1,911

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

25 FINANCIAL INSTRUMENTS (continued)

(i) Derivative financial instruments (continued)

Forward currency contracts - cash flow hedges

The Group holds foreign exchange contracts designated by range month as hedges of purchases of inventories in foreign currencies that are deemed highly probable at the time of designation, and which historically have proven to become firm commitments thereafter. The forward currency contracts are considered to be fully effective as they are matched against inventory purchases with any unrealised revaluation gain or loss recognised directly in equity. The cash flows are expected to occur between 1-12 months from 1 July 2011 with realised gains or losses recognised in cost of sales when the inventory is sold. At reporting date, the Group's contracts hedging future inventory purchases were:

	Buy US Dollars $000's	Buy Euro $000's	Totals $000's
2011			
Aggregate foreign currency value of contracts	**85,823**	**684**	
Weighted average foreign exchange rate	**0.9624**	**0.6972**	
Aggregate value of contracts in Australian dollars	**89,177**	**981**	
Fair value at reporting date	**81,521**	**938**	
Net gain/(loss) on revaluation taken to reserves	**(7,656)**	**(43)**	**(7,699)**
Net gain/(loss) on revaluation taken to the income statement	**-**	**-**	**-**
Total gain/(loss) on revaluation	**(7,656)**	**(43)**	**(7,699)**
2010			
Aggregate foreign currency value of contracts	79,683	1,191	
Weighted average foreign exchange rate	0.8422	0.6226	
Aggregate value of contracts in Australian dollars	94,608	1,913	
Fair value at reporting date	94,935	1,737	
Net gain/(loss) on revaluation taken to reserves	327	(176)	151
Net gain/(loss) on revaluation taken to the income statement	-	-	-
Total gain/(loss) on revaluation	327	(176)	151

Inflation swap contracts

The Group has operating lease commitments which are structured with annual increases referenced to the Australian inflation rate. In order to protect against rising inflation, the Group has entered into inflation swap contracts under which it has a right to receive a variable rate payment and will pay at a fixed rate.

Swaps in place cover approximately 60% of lease contracts with annual increases referenced to the inflation rate. The fixed inflation rate is 1.78%. The swaps are measured at fair value and all gains or losses attributable to the hedged risk are taken directly to the income statement. In the year ended 30 June 2010, a gain of $192,869 (2010: Gain of $232,131) was recognised in the income statement.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

26 PARENT ENTITY FINANCIAL INFORMATION

	Parent Entity	
	2011	2010
Balance Sheet	$000's	$000's
Current assets	8,800	4,216
Non current assets	79,386	76,575
Total Assets	88,186	80,791
Current liabilities	-	4
Non current liabilities	-	-
Total liabilities	-	4
Shareholders Equity		
Contributed equity	74,087	74,087
Reserves	-	-
Retained profits	14,099	6,700
	88,186	80,787
Profit for the year	13,795	10,109
Total comprehensive income for the year	13,795	10,109

27 CHANGES IN GROUP STRUCTURE

There have been no changes to the structure of the group during the current year or the preceding year.

28 COMMENTS BY DIRECTORS

(a) Basis of preparation

The financial statements have been prepared in accordance with the recognition, measurement and classification requirements of Australian Accounting Standards. This report should be read in conjunction with the last Annual Report and any announcements to the market made by the Company during the period.

(b) Review of operations

This statement should be read in conjunction with the market announcement which accompanies this report.

(c) Subsequent events

There are no subsequent events after balance date that affect the operating results or financial position of the Company and its subsidiaries.

(d) Changes in contingent liabilities or assets

From time to time the Company and its subsidiaries are involved in litigation relating to employment related matters.

These matters, both individually and in total, are not considered material, and where appropriate, adequate provision has been made in the accounts.

(e) Comparative information

Where necessary, comparatives have been adjusted for consistency with current year disclosures.

29 ANNUAL GENERAL MEETING

The annual meeting will be held as follows:

Place: Gadwall Suite, The Como, 630 Chapel Street, South Yarra, Victoria
Date: Thursday, 3 November 2011
Time: 10:00am

The approximate date the annual report will be available is 1 October 2011.

Compliance Statement

30 JUNE 2011

1 This report has been prepared in accordance with ASX Listing Rule 4.3A, Australian Accounting Standards (including Australian Accounting Interpretations), and other standards acceptable to the ASX.

2 This report, and the financial statements upon which the report is based, use the same accounting policies.

3 This report does give a true and fair view of the matters disclosed.

4 This report is based on financial statements which have been audited, and the audit report contains no qualifications.

5 The entity has a formally constituted Audit Committee.

David Thomas
Company Secretary
24 August 2011