Georg Jensen Pty Limited

ABN 78 000 773 633

Special purpose annual financial report

For the year ended 31 December 2017

DIRECTORS' REPORT

Your directors present their report on the company for the financial year ended 31 December 2017.

Directors

The names of the directors in office at any time during or since the end of the year are:

A Sullivan

F Pesci (appointed 15 May 2018)

N De Jing (resigned 15 May 2018)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Review of Operations

The profit of the company for the financial year after providing for income tax amounted to $1,057,389.

Significant Changes in the State of Affairs

No significant changes in the company's state of affairs occurred during the financial year.

Principal Activities

The principal activities of the company during the financial year were the sale of crystal, glassware, silverware, jewellery, watches and household utensils.

No significant change in the nature of these activities occurred during the year.

Events Subsequent to the End of the Reporting Period

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

Likely Developments and Expected Results of Operations

Likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

Environmental Regulation

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Dividends

No dividends were paid for declared for the year ended 31 December 2017 (2016: $nil).

Options

No options over issued shares or interests in the company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

No shares were issued during or since the end of the year as a result of the exercise of an option over unissued shares or interests.

Indemnification of Officers

During the financial year the ultimate parent entity has paid premiums on behalf of the company to insure the directors, secretaries and the general managers of the company.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the company, and any other payments arising from liabilities incurred by officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers or their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Georg Jensen Pty Limited

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DIRECTORS' REPORT

Proceedings on Behalf of the Company

No person has applied for leave of court to bring proceedings under Section 237 of the Corporations Act 2001 for leave on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under s 307C of the *Corporations Act 2001* is set out on page 4.

This directors' report is signed in accordance with a resolution of the Board of Directors:

A Sullivan
Director

Sydney
31 July 2018

HALL CHADWICK (NSW)
Chartered Accountants and Business Advisers

SYDNEY
Level 40
2 Park Street
Sydney NSW 2000
Australia

GPO Box 3555
Sydney NSW 2001

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GEORG JENSEN PTY LIMITED
ABN 78 000 773 633

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF GEORG JENSEN PTY LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2017 there have been no contraventions of:

(i) the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and

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

Hall Chadwick

Hall Chadwick
Level 40, 2 Park Street
Sydney NSW 2000

SANDEEP KUMAR
Partner
Date: 31 July 2018

Georg Jensen Pty Limited

ABN 78 000 773 633

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These financial statements cover the financial statements of Georg Jensen Pty Limited as an individual entity. The financial statements are presented in the Australian currency.

Georg Jensen Pty Ltd is Company limited by shares, incorporate and domiciled in Australia. Its registered office and principal place of business is:

Georg Jensen Pty Limited
Unit 18, 3 Vuko Place
Warriewood, NSW 2102

A description of the nature of the Company's operations and its principal activities is included in the directors report on Page 2 to 3, which is not part of these financial statements.

The financial statements were authorised for issue by the directors on 31 July 2018. The directors have the power to amend and reissue the financial statements.

Georg Jensen Pty Limited

ABN 78 000 773 633

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017	2016
		$	$
Revenue from continuing operations	3	44,269,946	44,847,585
Other income	3	61,750	59,506
Cost of Goods Sold		(19,627,525)	(20,511,750)
Employee benefits expense		(8,324,584)	(8,171,550)
Occupancy costs		(5,602,087)	(4,921,993)
Depreciation and amortisation expense	4	(1,405,523)	(1,514,959)
Sales and distribution expenses		(5,098,690)	(5,041,921)
Marketing expenses		(1,293,050)	(1,711,811)
Other expenses	4	(1,109,990)	(946,673)
Finance costs		(191,700)	(186,912)
Profit before income tax		1,678,547	1,899,522
Income tax expense		(621,158)	(575,633)
Profit for the year		1,057,389	1,323,889
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		1,057,389	1,323,889

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

Georg Jensen Pty Limited

ABN 78 000 773 633

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Notes	2017	2016
		$	$
Assets			
Current assets			
Cash and cash equivalents	5	3,464,705	4,038,427
Trade and other receivables	6	1,727,436	2,797,299
Inventories	7	15,657,730	13,623,003
Total current assets		**20,849,871**	**20,458,729**
Non-current assets			
Property, plant and equipment	8	3,645,459	3,911,759
Deferred tax assets	9	851,536	785,142
Total non-current assets		**4,496,995**	**4,696,901**
Total assets		**25,346,866**	**25,155,630**
Liabilities			
Current liabilities			
Trade and Other Payables	10	4,913,974	6,786,881
Borrowings	11	3,738,003	2,440,204
Current tax liabilities	9	10,932	473,215
Provisions	12	830,787	680,820
Total current liabilities		**9,493,696**	**10,381,120**
Non-current liabilities			
Provisions	12	494,992	473,721
Total non-current liabilities		**494,992**	**473,721**
Total liabilities		**9,988,688**	**10,854,841**
Net assets		**15,358,178**	**14,300,789**
Equity			
Contributed capital	13	10,103,526	10,103,526
Reserves	14(a)	17,176	17,176
Retained earnings	14(b)	5,237,476	4,180,087
Total equity		**15,358,178**	**14,300,789**

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

Georg Jensen Pty Limited

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STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	Contributed Equity	Reserves	Retained Earnings	Total
		$	$	$	$
Balance at 1 January 2016		10,103,526	17,176	2,856,198	12,976,900
Profit for the year	14(b)	-	-	1,323,889	1,323,889
Other comprehensive income for the year		-	-	-	-
Total Comprehensive Income for the year		-	-	**1,323,889**	**1,323,889**
Balance at 31 December 2016		10,103,526	17,176	4,180,087	14,300,789
Balance at 1 January 2017		10,103,526	17,176	4,180,087	14,300,789
Profit for the year	14(b)	-	-	1,057,389	1,057,389
Other comprehensive income for the year		-	-	-	-
Total Comprehensive Income for the year		-	-	**1,057,389**	**1,057,389**
Balance at 31 December 2017		10,103,526	17,176	5,237,476	15,358,178

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

Georg Jensen Pty Limited

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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017	2016
		$	$
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		45,463,785	50,256,535
Payments to suppliers and employees (inclusive of goods and services tax)		(44,899,507)	(43,422,544)
		564,279	6,833,991
Interest income		44,959	10,480
Interest paid		(191,700)	(186,912)
Income taxes paid		(1,149,836)	(683,109)
Net cash inflow from operating activities	21	(732,298)	5,974,450
Cash flows from investing activities			
Payments for property, plant and equipment		(1,139,223)	(1,967,170)
Net cash (outflow) from investing activities		(1,139,223)	(1,967,170)
Cash flows from financing activities			
Receipt from/(Payments of) borrowings from related party		1,297,799	(1,729,962)
Net cash (outflow) from financing activities		1,297,799	(1,729,962)
Net increase (decrease) in cash and cash equivalents		(573,722)	2,277,318
Cash and cash equivalents at beginning of the financial year		4,038,427	1,761,109
Cash and cash equivalents at the end of the financial year	5	3,464,705	4,038,427

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Georg Jensen Pty Limited is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue on 31 July 2018 by the directors of the company.

Basis of Preparation

The directors have prepared the financial statements on the basis that the company is a non-reporting entity because there are no users dependent on general purpose financial statements. The financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the *Corporations Act 2001*. The company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the *Corporations Act 2001* and the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs unless otherwise stated in the notes. The amounts presented in the financial statements have been rounded to the nearest dollar.

Accounting Policies

a. **New standards and interpretations not yet adopted**

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2017 reporting periods and have not been early adopted by the Company. The company's assessment of these standards and interpretations is set out below.

Title of Standard	**Nature of Changes**	**Impact**	**Mandatory application date/Date of adoption by Company**
AASB 9 Financial Instruments	AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets	There is no impact as the company does not have any financial instruments for hedging or other financial instruments other than current receivables, payables and short term related party borrowings,	Must be applied for financial years commencing on or after 1 January 2018. Based on the transitional provisions in the completed AASB 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 January 2018, but available for early adoption.
AASB 15 Revenue from Contracts with customers	The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers revenue arising from the sale of goods and the rendering of services and AASB 111 which covers construction contracts The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer The standard permits either a full retrospective or a modified retrospective approach for the adoption.	Management is currently assessing the effects of applying the new standard on the Company's financial statements At this stage, the Company I not able to estimate the effect of the new rules on the Company's financial statements. The company will make more detailed assessments of the effect over the next twelve months	Mandatory for financial years commencing on or after 1 January 2018, but available for early adoption Expected date of adoption by the company; 1 January 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

AASB16 Leases	AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases	The standard will affect primarily the accounting for the Company's operating leases. As at the reporting date, the Company has non-cancellable operating lease commitments of $14,500,302 (2016: $19,195,174) see note 19. However, the Company has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Company's profit and classification of cash flows. Some of the commitments may be covered by the exception for short-term and low-value bases and some commitments may relate to arrangements that will not qualify as leases under AASB 16	Mandatory for financial years commencing on or after 1 January 2019, but available dor early adoption At its stage, the Company does not intend to adopt the standard before its effective date,

b. **Foreign Currency Transactions and Balances**

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, which is the parent entity's functional currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates and liabilities denominated in foreign currencies ae recognised in the statement of profit or loss and other comprehensive income.

c. **Revenue Recognition**

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed collected on behalf of third parties.

c. **Revenue Recognition (continued)**

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below. The company basis its estimates on historical results taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

All revenue is stated net of the amount of goods and services tax.

Revenue is recognised for the major business activities using the methods outlined below:

(i) Sale of Goods

A sale is recorded when goods have been delivered to the customer, the company has accepted the goods and collectability of the related receivables is probable.

(ii) Interest Income

Interest income is recognised using the effective interest method. When a receivable is impaired, the company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

b. **Income Tax**

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

Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination or are recognised directly in equity or in other comprehensive income. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of profit or loss when the tax relates to items that are credited or charged directly to equity.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

With respect to land and buildings measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (i) a legally enforceable right of set-off exists; and (ii) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

c. **Leases**

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

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred.

i. **Impairment of Assets**

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease.

l. **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

n. **Trade and Other Receivables**

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(i) for further discussion on the determination of impairment losses.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised become uncollectable in a subsequent period it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

d. **Inventories**

Inventories are measured at the lower of cost and net realisable value. Overheads are applied on the basis of normal operating capacity. Costs are assigned on a first-in, first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

e. **Property, Plant and Equipment**

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

Depreciation

The depreciable amount of all fixed assets, excluding freehold land, is depreciated on a straight-line basis over the asset's useful life, net of residual values, to the company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

- Leasehold improvements	10-33%
- Leased Plant and Equipment	12%
- Shop plant and equipment	20-33%
- Fixtures and fittings	20-33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised immediately in profit or loss.

f. **Trade and Other Payables**

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability. Trade and other payables are presented as current liabilities unless payment is no due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised at using the effective interest method.

g. **Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs to the extent there is no evidence that is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

k. **Provisions**

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured at the best estimate of the amounts required to settle the obligation at the end of the reporting period.

k. **Provisions (continued)**

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assumptions of the time value of money and the risks specific to the liability. The increase in the provision due to passage of time is recognised as an interest expense.

j. **Employee Benefits**

Short-term employee benefits

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as part of employee benefits expense.

The company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

k. **Contributed Equity**

Ordinary shares are classified as equity.

l. **Dividends**

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

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

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

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 ATO is included with other receivables or 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 ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

NOTE 2: CRITICAL ESTIMATES, JUDGEMENTS AND ERRORS

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The directors have not identified any areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

NOTE 3: REVENUE

		2017	2016
		$	$
a.	**Revenue**		
	Sales Revenue	44,269,946	44,847,585
b.	**Other Income**		
	Interest Income	44,958	10,480
	Other Income	16,792	49,026
		61,750	59,506

NOTE 4: EXPENSES

	2017	2016
	$	$
Other expenses from ordinary activities		
Communications	88,958	130,850
Professional Services	183,295	212,583
IT Service Changes	368,234	288,868
Travel Expenses	211,544	174,580
Sundry Charges	257,959	139,792
	1,109,990	946,673
Depreciation and amortisation		
Plant and Equipment	24,170	34,221
Leasehold Improvements	1,335,117	1,444,144
Fixtures & Fittings	46,236	36,594
	1,405,523	1,514,959

NOTE 5: CASH AND CASH EQUIVALENTS

	2017	2016
	$	$
Cash on hand	2,855,709	3,028,500
Cash at bank	9,000	7,996
Deposits	600,000	1,001,931
	3,464,705	4,038,427

NOTE 6: TRADE AND OTHER RECEIVABLES

	2017	2016
	$	$
CURRENT		
Trade receivables	1,529,832	2,705,083
Loans to related parties	-	1,797
Prepayments	197,604	90,419
	1,727,436	2,797,299

NOTE 7: INVENTORIES

	Note	2017	2016
		$	$
CURRENT			
Stock in Transit		988,882	566,452
Finished Goods		14,668,848	13,056,451
		15,657,730	13,623,003

NOTE 8: PROPERTY, PLANT AND EQUIPMENT

	Plant and Equipment	Fixtures and fitting	Leasehold Improvements	Total
	$	$	$	$
At 31 December 2016				
Cost	171,119	391,707	13,031,148	13,593,974
Accumulated Depreciation	(52,299)	(337,082)	(9,292,834)	(9,682,215)
Net book amount	118,820	54,625	3,738,314	3,911,759
At 31 December 2017				
Cost	171,573	361,595	12,752,497	13,285,665
Accumulated Depreciation	(76,923)	(305,899)	(9,257,384)	(9,640,206)
Net book amount	94,650	55,696	3,495,113	3,645,459

Included in leasehold improvements is $1,338,904 (2016: $1,795,398) of carrying value that have been contributed by the lessor as agreed in the lease agreement. The amortisation of the leasehold improvements is included in the depreciation and amortisation in the statement of profit or loss and other comprehensive income.

NOTE 9: TAX

	2017	2016
	$	$
Deferred Tax Assets	851,536	785,142
Current Tax Liabilities	10,932	473,215

NOTE 10: TRADE AND OTHER PAYABLES

	2017	2016
	$	$
CURRENT		
Trade Payables	698,547	1,063,652
Other Payables and Accrued Expenses	4,215,427	5,723,229
	4,913,974	6,786,881

Included in the other payables and accrued expenses is $1,338,904 (2016: $1,795,398) relating to capital contributions in respect of leasehold improvements provided by the lessor as agreed in the lease agreement. The capital contribution is a lease incentive and in accordance with accounting standards is straight-lined over the lease term and classified in the statement of profit or loss and other comprehensive income within occupancy costs.

NOTE 11: BORROWINGS

	2017	2016
	$	$
CURRENT		
Loans from related parties	3,738,003	2,440,204

NOTE 12: PROVISIONS

	2017	2016
	$	$
CURRENT		
Leave obligations (a)	830,787	680,820
	830,787	680,280
NON-CURRENT		
Leave Obligations (a)	122,941	184,798
Make Good Provision	372,051	288,923
	494,992	473,721

(a) Leave Obligations

The leave obligations cover the Company's liability for long service leave and annual leave.

The current portion of this liability includes all of the accrued annual leave, the unconditional entitlements to long service leave where employee have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount of the provision of $830,787 (2016: $680,820) is represented as current, since the company does not have an unconditional right to defer settlement. However, based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

NOTE 13: CONTRIBUTED EQUITY

(a) Share Capital

	2017 Shares	2016 Shares	2017 $	2016 $
Ordinary Shares				
Fully Paid	10,103,526	10,103,526	10,103,526	10,103,526

(b) Ordinary Shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote and upon a poll each shares is entitled to one vote.

NOTE 14: RESERVES

(a) Reserves

	2017	2016
	$	$
Reserves	17,176	17,176

(b) Retained Earnings

Movements in retained earnings were as follows:	2017	2016
	$	$
Balance 1 January	4,180,087	2,856,198
Net profit for the year	1,057,389	1,323,889
Balance 31 December	5,237,476	4,180,087

NOTE 15: DIVIDENDS

(a) Franked Dividends

The final dividends recommended after 31 December 2017 will be fully franked out of existing franking credits, or out of franking credits arising from the payment of income tax in the year ending 31 December 2018.

	2017	2016
	$	$
Franking credits available for subsequent financial years to the equity holders of the Company based on a tax rate of 30% (2016 – 30%)	3,184,893	2,633,037

The above amounts are calculated from the balance of the franking account as at the end of the reporting period, adjusted for franking credits and debits that will arise from the settlement of liabilities or receivables for income tax and dividends after the end of the year.

NOTE 15: REMUNERATION OF AUDITORS

During the year end the following fees were paid or payables for services provided by the auditor of the Company and non-related audit firms:

	2017	2016
(a) Hall Chadwick	$	$
Audit and other assurance services		
Audit	41,500	-
Taxation Services		
Tax Compliance Services	4,000	-
(b) Non-Hall Chadwick related audit firms		
Audit and other assurance services		
Audit and review of financial statements	-	49,316
Other Assurance Services	-	16,925
	-	66,241
Taxation Services		
Tax Compliance Services	-	40,089
	-	40,089
	45,500	106,330

NOTE 16: CONTINGENIES

The company had contingent liabilities in respect of bank guarantees of $1,154,275 (2016: $1,299,653) as at 31 December 2017. There were no other contingencies as at this date.

NOTE 17: COMMITMENTS

Non-Cancellable Operating Leases

	2017	2016
	$	$
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	5,206,598	4,320,592
Later than one year but not later than five years	9,110,448	14,874,582
Later than 5 years	183,256	-
	14,500,302	19,195,174
Rental expenses relating to operating leases	5,471,641	5,063,549

NOTE 18: PARENT ENTITY

The ultimate parent entity is Investcorp Bank (incorporated in Bahrain) which at 31 December 2017 owns 100% (2016: 100%) of the issued ordinary shares of the company.

Related party transactions comprise the purchases of inventories and finance costs in respect of borrowings from related parties. These are disclosed on the face statement of the profit or loss and other comprehensive income and the borrowings are disclosed in Note

NOTE 19: ECONOMIC DEPENDENCY

The company depends on related parties for the supply of its products.

NOTE 20: EVENTS OCCURING AFTER THE REPORTING PERIOD

No matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company or the economic entity in subsequent financial years.

NOTE 21: CASH FLOW INFORMATION

		2017 $	2016 $
a.	**Reconciliation of Cash Flows from Operating Activities with Profit after Income Tax**		
	Profit after income tax	1,057,389	1,323,889
	Non-cash flows in profit:		
	– Depreciation and amortisation	1,405,523	1,514,959
	– Net loss of disposal of property, plant and equipment	-	6,338
	Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
	– decrease/(increase) in trade and term receivables	1,076,132	1,255,784
	– decrease/(increase) in inventories	(2,034,727)	2,216,159
	– decrease/(increase) in deferred tax assets	(66,394)	(535,893)
	– (decrease)/increase in trade and other payables	(1,879,176)	(224,845)
	– (decrease)/increase in provisions	171,238	(10,358)
	– (decrease)/increase in current tax liabilities	(462,283)	428,417
	Cash flows from operating activities	(732,298)	5,974,450

GEORG JENSEN PTY LIMITED

ABN 78 000 773 633

DIRECTORS' DECLARATION

As stated in Note 1(a) to the financial statements, in the directors opinion, the Company is not a reporting entity because there are no users dependent on general purpose financial statements. This is a special purpose financial statements that has been prepared to the Corporations Act 2001 requirements.

The financial statements have been prepared in accordance with Accounting Standards and mandatory professional reporting requirements to the extent described in Note 1(a).

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 6 to 23, are in accordance with the *Corporations Act 2001* and:

    a. comply with Australian Accounting Standards and other mandatory professional reporting requirements as detailed above, and the Corporations Regulations 2001; and

    b. give a true and fair view of the company's financial position as at 31 December 2017 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.

2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

A Sullivan
Director

Sydney
31 July 2018

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GEORG JENSEN PTY LIMITED
ABN 78 000 773 633
AND ITS CONTROLLED ENTITY

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GEORG JENSEN PTY LIMITED

Report on the Financial Report

Opinion

We have audited the financial report of Georg Jensen Pty Limited (the company), which comprises the statement of financial position as at 31 December 2017, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report Georg Jensen Pty Ltd is in accordance with the *Corporations Act 2001*, including

(i) giving a true and fair view of the company's financial position as at 31 December 2017 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards to the extent described in Note 1, and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of the Directors 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 and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hall Chadwick

Hall Chadwick
Level 40, 2 Park Street
Sydney, NSW 2000

SKumar

SANDEEP KUMAR
Partner
Date: 31 July 2018