Appendix 4E
Rule 4.3A

Appendix 4E
Full year report

THOMAS BRYSON INTERNATIONAL LIMITED

ABN 52 133 453 531

1. Reporting Period	**30 JUNE 2010**
Previous corresponding period	30 JUNE 2009

2. Results for announcement to the market

	$	**% change from previous corresponding period**
Revenue from ordinary activities	63,902,377	Down 25.01%
Net Profit after tax attributable to shareholders (NPAT)	(16,472,910)	Down450.00%
Underlying net profit after tax attributable to shareholders (UNPAT)*	(2,843,035)	Down160.41%

	Amount per share (cents)	**Franked amount per share (cents)**
Final dividend Record date for determining entitlements: Payable:	NIL	NIL

**Underlying Net Profit After Tax (UNPAT) results exclude the impact of investment value write downs, share agreement liability revaluations and business acquisition restructuring costs, provision for impairment of inventory and provision for impairment of receivables.*

Explanation of results for the full year:

The year ended 30 June 2010 marked the second period of TBI Ltd as a listed public company.

The consolidated revenue from ordinary activities of TBI Ltd, comprising the Company as the parent entity and controlled entities, ('TBI Group') was $63,902,377 (30 June 2009: $85,212,774) with a net loss (after tax and equity based remuneration) of $16,472,910 (30 June 2009: net profit, $4,706,434) as at 30 June 2010.

The unexpected loss for financial year 2009-2010 reflects several compounding factors:

- The trading effects of the economic downturn in the Company's main markets following on from the effects of the Global Financial Crisis, which has resulted in reduced demand for high end textile products.
- A shift in focus by the management team, away from the Company's core historical activities.
- Intensified competition in the domestic market in China.
- Underperformance by senior management which has resulted in significant provisioning of non-performing assets.

The Company has experienced a significant reduction in demand for its products in China and internationally which has resulted in reduced revenues and margins compared with 2008-09.

As indicated above, the overall performance of the Company has been affected by the impairment provisions of $13,629,875 which are significantly greater than expected when the Company made its interim release to the ASX on 30 June 2010 (refer discussion below).

A number of significant management changes were made by the Board to address the underperformance of the Company during the period. The Board has announced that:

- Mr Xuefu Yang had joined the Board as an Executive Director, on 5 May 2010.
- Mr Jack Huang had stepped down as Managing Director, on 7 May 2010.
- Ms Jie Yang Joined the Board as a Non Executive Director on 27 August 2010.

A number of consequential changes were also made within the senior management team in China.

As a result of the change in management in China, the Board of TBI initiated an extensive business review. The Board also entered into discussions with the Shaoxing Government in China in relation to assistance with the management transition and re-focusing of the business.

The review process has included a review of the personal financial commitments of the former Managing Director to ascertain what extent, if any, these impinge, directly or indirectly, on the business.

As a result of the management changes, and a review of past business practices, the Board has resolved to cease dealing with a number of suppliers and customers and appropriate provisioning has been made for exposures to these companies.

Following the discussions with Government, a package of assistance has been secured which has resulted in a restructuring of the debt facilities of the Company and enabled these facilities to be extended for a period of up to 5 years.

In addition, the Government has assisted the Company by restructuring the amounts owing to various creditors such that TBI's liability is reduced to 52.5% of the value of the amounts outstanding when the restructure is fully implemented.

The package of assistance is conditional upon the completion of a number of events.

As at this date, the only outstanding condition for implementation of the assistance package is for the transfer of remaining parcel of shares controlled by Mr Jack Huang to the unrelated parties previously advised (i.e. Mr Hanjiang, Ms Yan Yang, Mr Chungang Ren and Mr Zhenghai Zhong).

The company, with the assistance of its new management and Directors, is working on a restructure of the business to re-align its focus with growth opportunities in both global and domestic markets in China, and capitalize on the distribution networks which the company has established over a long period.

TBI is focused on expanding its international and domestic reach – by providing value-add services and products to mass merchants and by developing its distribution channels in both existing and new markets. The Company is keen to explore more and new markets in different industries in Chinese and international markets that utilize its distribution channels and historical strengths in the areas of home textiles and other products used in home building or home renovation.

3. Net tangible assets

	30 June 2010 (cents)	30 June 2009 (cents)
Net tangible assets per share	2.70	29.53

4. Entities over which control has been gained or lost

The Company has not gained or lost any control of any entities during the year ended 30 June 2010.

5. Dividends

No dividends will be paid as a result of a significant change in management in China.

6. Dividend reinvestment plans

The Company has established a dividend reinvestment plan (the Plan), which is intended to apply to all dividends. The Board has resolved to commence the operation of the Plan, as from 1 September 2009.

All holders of ordinary shares are eligible to participate in the Plan. Participation in the Plan will be optional. Shareholders may access the full terms and conditions of the Plan at www.thomasbryson.com.au, and will be given the opportunity to participate in the Plan.

7. Details of associates and joint venture entities

The Company does not have any associates and jointly controlled entities as at 30 June 2010.

8. Other

The information contained in this Appendix 4E is based on the unaudited consolidated financial statements of TBI Limited and its subsidiaries for the year ended 30 June 2010. These financial statements are in the process of being audited.

Further information regarding TBI and its business activities can obtained at www.thomasbryson.com.au.

Thomas Bryson International Ltd
Statement of comprehensive income
For financial year ended 30 June 2010

		Consolidated Group	
		2010	2009
	Note	AUD	AUD
Revenue		63,902,377	85,212,774
Cost of sales		(62,470,953)	(72,818,844)
Gross profit		1,431,424	12,393,930
Other income		327,449	3,361,596
Administrative expenses		(2,943,692)	(5,352,265)
Provision for impairment of inventory		(2,895,390)	(145,436)
Provision for impairment of receivables		(10,734,485)	-
Finance costs		(1,658,216)	(4,844,680)
(Loss)/profit before taxation		(16,472,910)	5,413,145
Taxation expense		-	(706,711)
(Loss)/profit for the year attributable to shareholders		(16,472,910)	4,706,434
Other comprehensive income			
Exchange differences on translation of foreign operations		(1,465,812)	314,181
Total comprehensive income attributable to shareholders		(17,938,722)	5,020,615

Earning per share attributable to ordinary equity holders		
Basic (cents)	(23.40)	12.06
Diluted (cents)	(23.40)	11.51

Thomas Bryson International Ltd
Statement of financial position
As at 30 June 2010

	Note	Consolidated Group	
		2010	2009
		AUD	AUD
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		35,454,919	32,232,638
Trade and other receivables		77,461,334	58,946,388
Inventories		605,289	3,067,336
TOTAL CURRENT ASSETS		113,521,543	94,246,362
NON-CURRENT ASSETS			
Property, plant and equipment		5,223,142	14,585,961
TOTAL NON-CURRENT ASSETS		5,223,142	14,585,961
TOTAL ASSETS		118,744,685	108,832,323
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		48,200,804	15,732,268
Borrowings		68,568,695	73,141,653
Current tax payable		148,216	157,027
TOTAL CURRENT LIABILITIES		116,917,715	89,030,948
TOTAL LIABILITIES		116,917,715	89,030,948
NET ASSETS		1,826,970	19,801,375
EQUITY			
Capital contribution		10,589,121	9,947,731
Retained profits		(7,910,431)	9,239,552
Other reserves		319,495	319,495
Foreign exchange translation reserve		(1,171,215)	294,597
TOTAL EQUITY		1,826,970	19,801,375

Thomas Bryson International Ltd
Statement of equity
For financial year ended 30 June 2010

Consolidated

	Capital Contribution	Retained Profits	Foreign Exchange Translation Reserve	Other Reserves	Total
	AUD	AUD	AUD	AUD	AUD
Balance as at 30 June 2008	3,233,472	4,533,118	(19,584)	67	7,747,073
Shares issued pursuant to IPO	6,853,650	-	-	-	6,853,650
Capitalised transaction costs	(139,391)	-	-	-	(139,391)
Total comprehensive income	-	4,706,434	314,181	-	5,020,615
Share option reserve	-	-	-	319,428	319,428
Balance as at 30 June 2009	9,947,731	9,239,552	294,597	319,495	19,801,375
Total comprehensive income	-	(16,472,910)	(1,465,812)	-	(17,938,722)
Dividend paid	-	(677,073)	-	-	(677,073)
Share issued under dividend reinvestment plan	641,390	-	-	-	641,390
Balance as at 30 June 2010	10,589,121	(7,910,431)	(1,171,215)	319,495	1,826,970

Thomas Bryson International Ltd
Cashflow statement
For financial year ended 30 June 2010

	Notes	Consolidated Group 2010 AUD	2009 AUD
Cash Flows from operating activities			
Receipts from customers		45,387,431	78,489,692
Payments to suppliers and employees		(43,494,152)	(77,962,447)
Finance costs		(1,658,216)	(3,568,628)
Interest received		-	1,574,539
Income tax paid		(8,812)	803,431
Net cash flows from operating activities	14	226,251	(663,413)
Cash Flows from investing activities			
Purchase of property, plant and equipment		(91,315)	(1,185,234)
Proceed from sale of plant and equipment		8,779,313	-
Net cash flows from investing activities		8,687,998	(1,185,234)
Cash Flows from financing activities			
Repayment of borrowings		(4,572,958)	(1,213,583)
Proceeds from issue of shares		-	6,714,259
Dividend paid		(35,682)	
Net cash flows from financing activities		(4,608,640)	5,500,676
Net increase in cash and cash equivalents		4,305,609	3,652,029
Cash and cash equivalents brought forward		32,232,638	29,195,219
Effect of exchange rate changes		(1,083,328)	(614,610)
Cash and cash equivalents carried forward		35,454,919	32,232,638

This preliminary financial report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

The accounting policies adopted in the preparation of this Appendix 4E are consistent with those disclosed in the financial report for the year ended 30 June 2009.

This preliminary financial report includes the consolidated financial statements and notes of Thomas Bryson International Limited and controlled entities (‘Consolidated Group’ or ‘Group’).

NOTE 1. Statement of Significant Accounting Policies

Basis of Preparation

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

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Adoption of New and Revised Accounting Standards

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual reporting period. The 2009 comparatives contained in these financial statements therefore differ from those published in the financial statements for the year ended 30 June 2009 as described below.

Significant effects on current, prior or future periods arising from the first-time application of the standards discussed above in respect of presentation, recognition and measurement of accounts are described in the following notes.

Adoption of AASB 8 Operating Segments

The group has adopted AASB 8 Operating Segments in these financial statements which has resulted in the removal of the requirement for presentation of the segment reporting note.

Adoption of AASB 101 Presentation of Financial Statements (revisions), AASB 2007-8 and 2007-10 Amendments arising from the revisions to AASB 101

The group has adopted the revisions to AASB 101 Presentation of Financial Statements in these financial statements which has resulted in the introduction of the statement of comprehensive income, changes to the statement of changes in equity, and other terminology changes.

Third Statement of Financial Position

Two comparative periods are presented for the statement of financial position when the Group:

i Applies an accounting policy retrospectively,

ii Makes a retrospective restatement of items in its financial statements, or

iii Reclassifies items in the financial statements.

We have determined that only one comparative period for the statement of financial position was required for the current reporting period as the application of the new accounting standards have had no material impact on the previously presented primary financial statements that were presented in the prior year financial statements.

a. Principles of Consolidation

A controlled entity is any entity over which the Parent has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

Details of controlled entities are outlined in Note 7 to the financial statements.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered/(left) the Consolidated Group during the year, their operating results have been included/(excluded) from the date control was obtained/(ceased).

All inter-Group balances and transactions between entities in the Consolidated Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Minority interests, being that portion of the profit or loss and net assets of subsidiaries attributable to equity interests held by persons outside the Group, are shown separately within the Equity section of the consolidated Balance Sheet and in the consolidated Income Statement.

Business combinations

The purchase method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the fair value of the instruments is the published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the Group's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Reverse acquisitions, where the cost of the business combination is deemed to have been incurred by the legal subsidiary (i.e. the acquirer for accounting purposes) in the form of equity instruments issued to the owners of the legal parent (i.e. the acquiree for accounting purposes), are accounted for using AASB 3 Business Combinations. The method calculates the fair value of the instruments issued by the legal parent on the basis of the fair value of existing instruments in the legal subsidiary.

b. Income Tax

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

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. 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 unused tax losses.

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

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, 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, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

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 a legally enforceable right of set-off exists, 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. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs.

d. Property, Plant and Equipment

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

Property (including buildings and land-use-rights), plant and equipment are measured on the cost

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and land-use rights is depreciated on a straight-line basis over the asset's useful life to the Consolidated Group commencing from the time the asset is held ready for use.

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

Class of Fixed Asset	Depreciation Rate
Buildings	20 years
Office equipment	5 years
Plant and machinery	5 – 10 years
Motor vehicle	5 years
Land-use-rights	50 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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 and losses are included in the income statement.

e. Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Finance instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties.

Amortised cost is calculated as:

a. the amount at which the financial asset or financial liability is measured at initial recognition;

b. less principal repayments;

c. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and

d. less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of income or expense in the income statement.

The Group does not designate any interests in subsidiaries as being subject to the requirements of accounting standards specifically applicable to financial instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm’s length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

Financial guarantees

Where material, financial guarantees issued, which require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition.

The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised.

The fair value of financial guarantee contracts has been assessed using a probability weighted discounted cash flow approach. The probability has been based on:

- the likelihood of the guaranteed party defaulting in a year period;
- the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
- the maximum loss exposed if the guaranteed party were to default.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

f. Impairment of Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

g. 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 and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- equity are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the balance sheet. These differences are recognised in the income statement in the period in which the operation is disposed.

h. Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

Equity-settled compensation

The Group operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black–Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

i. Provisions

Provisions are recognised when the Group 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.

j. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, and notes

k. Revenue and Other Income

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

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Lease revenue is recognised on a straight-line basis over the period of lease term so as to reflect a constant periodic rate of return on the net investment.

All revenue is stated net of the amount of goods and services tax (GST) and value added tax (VAT).

l. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

m. Goods and Services Tax (GST) and Value Added Tax (VAT)

Revenues, expenses and assets are recognised net of the amount of GST or VAT, except where the amount of GST or VAT incurred is not recoverable from the Tax Office. In these circumstances the GST or VAT is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables in the balance sheet are shown inclusive of GST or VAT.

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

n. Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision makers, who are responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors.

o. Comparative Figures

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

2. Earnings per share

	Consolidated Group	
	2010	2009
	AUD	AUD
Net loss/profit attributable to ordinary equity holder of the parent	(16,472,910)	4,706,434
	Number of shares	
Weighted average number of ordinary shares used as denominator in calculating basic earnings per share	68,548,742	39,046,036
Adjustments for calculation of diluted earnings per share		
- Options	1,850,000	1,850,000
Weighted average number of ordinary shares and potential ordinary shares used as denominator in calculating diluted earnings per share	70,398,742	40,896,036
Basic earnings per share (cents)	(23.40)	12.06
Diluted earnings per share (cents)	(23.40)	11.51

Options granted to directors are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The options have not been included in the determination of basic earnings per share.

3. Inventory

	Consolidated Group	
	2010	2009
	AUD	AUD
At cost:		
Raw materials	77,564	98,279
Work in progress	2,242,574	1,263,142
Finished goods	1,323,199	1,851,351
	3,643,338	3,212,772
Provision for impairment of obsolete inventory	(3,038,049)	(145,436)
	605,289	3,067,336

Inventories are valued at the lower of cost and net realisable value.

4. Trade and other receivables

	Consolidated Group	
	2010	2009
	AUD	AUD
Trade receivables	34,959,533	27,938,905
Provision for impairment of trade receivables	(6,860,837)	-
	28,098,696	27,938,905
Other receivables	53,568,138	31,007,483
Provision for impairment of other receivables	(4,205,500)	-
	49,362,638	31,007,483
	77,461,334	58,946,388

5. Trade and other payables

	Consolidated Group	
	2010	2009
	AUD	AUD
Trade payables	8,534,253	5,333,810
Other payables	39,666,550	10,398,458
	48,200,804	15,732,268

6. Borrowing

	Consolidated Group	
	2010	2009
	AUD	AUD
Notes payables and Letter of credit	33,924,142	39,424,321
Short term loans	34,644,553	33,717,332
	68,568,695	73,141,653

7. Issued capital

	Consolidated Group	
	2010	2009
	AUD	AUD
Ordinary shares	10,589,121	9,947,731

Movement in ordinary share capital	AUD	Share number
Balance at 1 July 2009	9,947,731	67,707,302
Shares issued on dividend reinvestment plan on 10 November 2009	641,390	1,323,818
Balance at 30 June 2010	10,589,121	69,031,120

8. Other reserves

	Consolidated Group	
	2010	2009
	$	$
(a) Surplus reserve		
Balance at beginning of financial year	67	67
Transfer from profits	-	-
Balance at end of financial year	67	67

Share option reserve is used to recognise the grant date fair value of options issued to directors.

(b) Share option reserve		
Balance at beginning of financial year	319,428	-
Issue of options to directors pursuant to the Company's prospectus	-	319,428
Balance at end of financial year	319,428	319,428

Surplus reserve is a requirement under the China company law that the surplus reserve reaches 50% of the registered capital of the company before distribution of dividends to shareholders can be made.

9. Dividends

	Parent	
	2010	2009
	AUD	AUD
Dividend declared in prior year and paid in current year	-	677,073

No dividend was proposed for current financial year

No franking credit is available to the parent at year end.

10. Cash and cash equivalents

	Consolidated Group	
	2010	2009
	AUD	AUD
Cash on hand and at bank	26,854,919	23,212,638
Notes receivable	8,600,000	9,020,000
	35,454,919	32,232,638

Included in cash on hand and at bank is an amount of $26,685,151 (2009: $20,620,451) held as securities for borrowings.

Reconciliation of profit after tax to net cash flow from operating activities

	Consolidated Group	
	2010	2009
	AUD	AUD
Net profit after tax for the year	(16,472,910)	4,706,434
Depreciation	292,337	1,579,267
(Increase)/Decrease in trade and other receivables	(18,514,946)	(7,525,920)
(Increase)/Decrease in inventory	2,462,046	19,692,225
Increase/(Decrease) in trade and other payable	32,468,536	(19,018,699)
Increase/(Decrease) in current tax payable	(8,812)	(96,720)
Net cash flow from operating activities	226,251	(663,413)

11. Property, plant and equipment

Consolidated Group	Building AUD	Land improvements AUD	Plant and machinery AUD	Motor vehicles AUD	Office equipment AUD	Land use rights AUD	Total AUD
Cost							
At 1 July 2009	5,986,221	108,292	11,297,107	452,764	53,962	210,292	18,108,638
Disposal	-	-	(9,167,400)	(293,234)	-	-	(9,460,634)
Addition	-	-	26,637	14,569	50,109	-	91,315
Foreign exchange differences	(277,965)	(15,412)	(818,551)	(29,976)	(696)	(44,142)	(1,186,743)
At 30 June 2010	5,708,256	92,880	1,337,793	144,123	103,375	166,150	7,552,576
Accumulated Depreciation							
At 1 July 2009	1,354,431	21,929	1,808,683	233,960	33,475	70,199	3,522,677
Disposal	-	-	(1,161,204)	(214,945)	-	-	(1,376,149)
Depreciation for the period	161,462	6,668	53,456	58,834	9,666	2,251	292,337
Foreign exchange differences	35,823	(21,716)	(85,592)	(13,335)	(142)	(24,468)	(109,431)
At 30 June 2010	1,551,716	6,881	615,343	64,514	42,999	47,982	2,329,434
Net book value							
At 30 June 2009	4,631,790	86,363	9,488,424	218,804	20,487	140,093	14,585,961
At 30 June 2010	4,156,540	85,999	722,450	79,609	60,376	118,168	5,223,142

12. Operating Segments

Identification of reportable segments
The group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of trading business and manufacturing business as they have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

- The trading segment trades primarily in cloth and fabric related products.
- The manufacturing segment manufactures clothing and apparel
- The unallocated segment relates to expenses, assets and liabilities which cannot be directly attributed to either the trading or manufacturing segment.

Segment performance

30-Jun-10	Trading	Manufacturing	Others	Total
Revenue from external customer	63,861,349	41,028	-	63,902,377
Revenue from inter-segment	-	1,149,020	-	1,149,020
Profit/(Loss)	(14,382,482)	(1,615,044)	(475,385)	(16,472,910)
Provision for impairment of inventory	(2,635,438)	(259,952)	-	(2,895,390)
Provision for impairment of receivables	(10,091,093)	(306,095)	(337,298)	(10,734,486)
Segment assets	103,287,999	11,848,220	3,608,466	118,744,685
Segment liabilities	(86,139,962)	(26,860,531)	(3,917,222)	(116,917,715)

This is the first reporting year in which AASB 8: Operating Segments has been adopted.

Other segment information

Segment revenue from external customer and segment results are measured in a manner consistent with that in the income statement.

Segment assets and segment liabilities are measured in a manner consistent with that at the financial statements. These assets and liabilities are allocated based on the operations of that segment.

The entity is domiciled in China. Majority of the group's revenue relates to customers in China. Whole amount of the group’s non-current assets are located in China.

No single customer accounted for more than 10% of the group's revenue.

13. Subsequent events

Following the change of senior management during the year, the provincial government of Shaoxing province, China provided the group with a package of assistance on 5 July 2010, which is conditional upon the completion of a number of events.

Pursuant to the package of assistance,

- the group's debt facilities will be restructured and extended for a period of up to 5 years.
- amounts owing to the group's non-trade creditors will be reduced by 47.5%.
- guarantees provided by the group will be reduced to 40%.