

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 20-F/A

Amendment No. 1

(Mark One)

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended January 31, 2019

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report _____

Commission File Number 001-38544

NAKED BRAND GROUP LIMITED

(Exact name of registrant as specified in its charter)

N/A

(Translation of Registrant's name into English)

Australia

(Jurisdiction of incorporation or organization)

**c/o Bendon Limited
Building 7C, Huntley Street
Alexandria
NSW 2015, Australia
+61 2 9384 2400**

(Address of principal executive offices)

**Justin Davis-Rice, Executive Chairman
c/o Bendon Limited
Building 7B, Huntley Street
Alexandria
NSW 2015, Australia
+61 2 9384 2400**

(Name, telephone, e-mail and/or facsimile number and address of Company contact person)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Ordinary Shares	The Nasdaq Capital Market

Securities registered pursuant to Section 12(g) of the Act:

None

(Title of class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

(Title of class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: At June 12, 2019, 59,487,636 ordinary shares were issued and outstanding.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934.

Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definition of “large accelerated filer,” “accelerated filer,” “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer
Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

† The term “new or revised financial accounting standard” refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP

International Financial Reporting Standards as issued
by the International Accounting Standards Board

Other

If “Other” has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17 Item 18

If this report is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

NAKED BRAND GROUP LIMITED

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EXPLANATORY NOTE

On October 10, 2019, following the approval of our audit committee, we engaged BDO Audit Pty Ltd (“BDO”) as the principal accountant to audit the Company’s financial statements, which engagement was approved by our shareholders at our annual general meeting held on December 16, 2019. BDO has re-audited our financial statements for the fiscal years ended January 31, 2019 and 2018 and for the seven months ended January 31, 2017.

This Form 20-F/A is being filed by us as Amendment No. 1 to our annual report on Form 20-F for the fiscal year ended January 31, 2019, as filed with the Securities and Exchange Commission on June 14, 2019 (the “Original Form 20-F”), solely for the purpose of:

- amending and restating Items 17 and 18 to include our consolidated financial statements as re-audited by BDO. The only changes to our consolidated financial statements were to update Note 2(a) thereto (“Going Concern”) and Note 36 (“Events occurring after the reporting date”) to reflect events that occurred after June 20, 2019, the date the consolidated financial statements were initially issued; and
- amending and restating Item 5 to reflect the changes to Note 2(a) and Note 36 to our consolidated financial statements.

Other than as stated above, this Form 20-F/A does not amend, update or restate the information in any other item of the Form 20-F as originally filed on June 14, 2019 or reflect any events that have occurred after the original filing of the Form 20-F on June 14, 2019. Pursuant to Rule 12b-15 under the Securities Exchange Act of 1934, as amended, this Form 20-F/A also contains new certifications pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

On December 20, 2019, we completed a reverse stock split of our ordinary shares, pursuant to which every 100 ordinary shares outstanding as of the effective time of the reverse stock split were combined into one ordinary share. All share and per share information in this MD&A is presented on a pre-reverse split basis.

INTRODUCTION

Unless otherwise indicated, all references in this Form 20-F/A to “we,” “our,” “us,” the “Company,” “Naked” or similar terms refer to Naked Brand Group Limited and its consolidated subsidiaries. We publish our consolidated financial statements in New Zealand dollars. In this Form 20-F/A, unless otherwise specified, all monetary amounts are in New Zealand dollars, and all references to “\$,” “NZD\$,” and “dollars” mean New Zealand dollars, unless otherwise indicated.

This Form 20-F/A contains our audited consolidated financial statements and related notes for the years ended January 31, 2019 and 2018, the seven month period ended January 31, 2017 and the year ended June 30, 2016 (“Audited Consolidated Financial Statements”). Our Audited Annual Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”).

On June 19, 2018, we consummated the transactions contemplated by that certain Agreement and Plan of Reorganization, dated as of May 25, 2017 and amended on July 26, 2017, February 21, 2018, March 19, 2018 and April 23, 2018 (the “Merger Agreement”), by and among our company, Naked Brand Group Inc., a Nevada corporation (“Naked (NV)”), Bendon Limited, a New Zealand limited company (“Bendon Limited”), Naked Merger Sub Inc., a Nevada corporation and a wholly owned subsidiary of ours (“Merger Sub”) and Bendon Investments Ltd., a New Zealand company and at the time the owner of a majority of the outstanding shares of Bendon Limited (the “Principal Shareholder”).

Pursuant to the Merger Agreement, (i) we undertook a reorganization (the “Reorganization”) pursuant to which all of the shareholders of Bendon Limited exchanged all of the outstanding ordinary shares of Bendon Limited (the “Bendon Ordinary Shares”) for our ordinary shares (“Naked Ordinary Shares”), and (ii) immediately thereafter, the parties effectuated a merger of Merger Sub and Naked (NV), with Naked (NV) surviving as a wholly owned subsidiary of ours and the Naked (NV) stockholders receiving Naked Ordinary Shares in exchange for all of the outstanding shares of common stock of Naked (NV) (the “Merger” and together with the Reorganization, the “Transactions”).

As a result of the Transactions, Bendon Limited and Naked (NV) became our wholly owned subsidiaries and the shareholders of Bendon Limited and the stockholders of Naked (NV) became shareholders of ours.

TRADEMARKS AND SERVICE MARKS

This Form 20-F/A contains references to a number of trademarks which are our registered trademarks or trademarks for which we have pending applications or common law rights. Our major trademarks include, among others, the “Naked” trademark, the Heidi Klum trademarks, Frederick’s of Hollywood trademarks and other related trademarks.

Solely for convenience, the trademarks, service marks and trade names referred to in this Form 20-F/A are listed without the ®, (sm) and I symbols, but we will assert, to the fullest extent under applicable law, our rights or the rights of the applicable licensors to these trademarks, service marks and trade names.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Form 20-F/A contains forward-looking statements. Forward-looking statements include all statements that are not historical facts. Forward-looking statements can be identified by words such as “anticipate,” “believe,” “envision,” “estimate,” “expect,” “intend,” “may,” “plan,” “predict,” “project,” “target,” “potential,” “will,” “would,” “could,” “should,” “continue,” “contemplate” and other similar expressions, although not all forward-looking statements contain these identifying words. They appear in a number of places throughout this Form 20-F/A and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which we operate. Forward-looking statements contained in this Form 20-F/A include, among other things, statements relating to:

- expectations regarding industry trends and the size and growth rates of addressable markets;

- our business plan and our growth strategies, including plans for expansion to new markets and new products; and
- expectations for seasonal trends.

These statements are not assurances of future performance. Instead, they are based on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, and other future conditions. Although we base the forward-looking statements contained in this Form 20-F/A on assumptions that we believe are reasonable, we caution you that actual results and developments (including our results of operations, financial condition and liquidity, and the development of the industry in which we operate) may differ materially from those made in or suggested by the forward-looking statements contained in this Form 20-F/A. In addition, even if results and developments are consistent with the forward-looking statements contained in this Form 20-F/A, those results and developments may not be indicative of results or developments in subsequent periods. Certain assumptions made in preparing the forward-looking statements contained in this Form 20-F/A include:

- our ability to implement our growth strategies;
- our ability to maintain good business relationships with our suppliers, wholesalers and distributors;
- our ability to keep pace with changing consumer preferences;
- our ability to protect our intellectual property; and
- the absence of material adverse changes in our industry or the global economy.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We believe that these risks and uncertainties include, but are not limited to, those described in Item 3.D of the Original Form 20-F, "Risk Factors," which include, but are not limited to, the following risks:

- we may be unable to raise any necessary capital;
- we may be unable to maintain the strength of our brand or to expand our brand to new products and geographies;
- we may be unable to protect or preserve our brand image and proprietary rights;
- we may not be able to satisfy changing consumer preferences;
- an economic downturn may affect discretionary consumer spending;
- we may not be able to compete in our markets effectively;
- we may not be able to manage our growth effectively;
- poor performance during our peak season may affect our operating results for the full year;
- our indebtedness may adversely affect our financial condition;
- our ability to maintain relationships with our select number of suppliers;
- our ability to manage our product distribution through our retail partners and international distributors;
- the success of our marketing programs;
- the risk our business is interrupted because of a disruption at our headquarters; and
- fluctuations in raw materials costs or currency exchange rates.

Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements we make. As a result, any, or all of our forward-looking statements in this Annual Report may turn out to be inaccurate. We have included important factors in the cautionary statements included in this Annual Report, particularly in Item 3.D of this the Original Form 20-F, “Risk Factors,” that we believe could cause actual results or events to differ materially from the forward-looking statements that we make. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements, and you should not rely on our forward-looking statements. Moreover, we operate in a highly competitive and rapidly changing environment in which new risks often emerge. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make.

You should read this Form 20-F/A, together with the Original Form 20-F, and the documents that we reference herein and therein and have filed as exhibits hereto and thereto, completely and with the understanding that our actual future results may be materially different from what we expect. The forward-looking statements contained herein are made as of the date of this Form 20-F/A, and we do not assume any obligation to update any forward-looking statements except as required by applicable law.

NON-IFRS FINANCIAL MEASURES

This document includes “non-IFRS financial measures,” that is, financial measures that either exclude or include amounts that are not excluded or included in the most directly comparable measure calculated and presented in accordance with IFRS. Specifically, we make use of the non-IFRS measures “EBITDA.”

EBITDA is defined as earnings before interest, taxes, depreciation, depletion, amortization and impairment. Our management uses EBITDA as a measure of our operating results and considers it to be a meaningful supplement to net income as a performance measurement, primarily because we incur significant depreciation and depletion and the exclusion of impairment losses in EBITDA eliminates the non-cash impact.

EBITDA is used by investors and analysts for the purpose of valuing an issuer. The intent of EBITDA is to provide additional useful information to investors and the measure does not have any standardized meaning under IFRS. Accordingly, this measure should not be considered in isolation or used in substitute for measures of performance prepared in accordance with IFRS. Other companies may calculate EBITDA differently. For a reconciliation of net income from continuing operations to EBITDA, please see Item 5 of this Annual Report, “*Operating and Financial Review and Prospects – Results of Operations.*”

PART I

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion and analysis (this “MD&A”) for Bendon Limited provides information concerning our financial condition and results of operations for the year ended January 31, 2019, 2018 and 2017 and should be read in conjunction with our audited consolidation financial statements and the related notes included in Part III, Item 17, “Financial Statements.” Our selected financial information are reported for the fiscal years ended January 31, 2019 and 2018, for the seven month period ended January 31, 2017, and for the fiscal year ended June 30, 2016. In order to provide additional meaningful information to investors, we have included unaudited consolidated information for the 12 month period ended January 31, 2017, and for the seven month period ended January 31, 2016. This unaudited information is presented for comparative purposes to the corresponding fiscal year ended January 31, 2018 and for the seven month period ended January 31, 2017, and is derived from accounting records.

The following discussion contains forward-looking statements that reflect our future plans, estimates, belief, and expected performance. The forward-looking statements are dependent upon events, risks and uncertainties that may be outside our control. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include those discussed elsewhere in this Form 20-F, particularly in Part I, Item 3.D, “Risk Factors” and in “Cautionary Note Regarding Forward-Looking Statements.” In light of these risks, uncertainties and assumptions, the forward-looking events discussed may not occur.

Basis of Presentation

The Audited Annual Consolidated Financial Statements of the Company have been prepared in accordance with IFRS as issued by the IASB, and are presented in thousands of New Zealand dollars, except where otherwise indicated. However, certain financial measures contained in this MD&A are non-IFRS measures and are discussed further under “Non-IFRS Measures” below. All references to “\$” and “dollars” refer to New Zealand dollars, unless otherwise indicated. Certain totals, subtotals and percentages throughout this MD&A may not reconcile due to rounding.

Introduction

We are a designer, distributor, wholesaler and retailer of women’s and men’s intimates apparel and swimwear. Our merchandise is sold through retail and outlet stores located in New Zealand and Australia, wholesale operations in New Zealand, Australia, the United States of America and Europe, and through online channels. We operate licensed brands including Heidi Klum and Frederick’s of Hollywood, and owned brands including Pleasure State, Davenport, Lovable, Bendon, Fayreform, VaVoom, Evollove, and Hickory. We also operated the Stella McCartney brand until June 30, 2018, at which time Bendon Limited’s license to use the brand terminated. Key customers include Farmers, Myer, David Jones and Woolworths.

All dollar values discussed below are presented in New Zealand dollars.

In keeping with customary practice in New Zealand, our fiscal years end on June 30. Subsequent to registration, Bendon Limited changed its fiscal year end to January 31 and align with Naked’s fiscal year end.

Overview

Year ended January 31, 2019 and year ended January 31, 2018

During the 12- month period ended January 31, 2019 and 12-month period ended January 31, 2018 we incurred a net comprehensive loss of (\$49.2m) and (\$37.4m) respectively.

Net sales in the 12-month period ended January 31, 2019 decreased by \$19.5m, or 14.8%, to \$111.9m when compared with \$131.4m in the 12-month period ended January 31, 2018. The sales in the 12-month period ending January 31, 2019 were negatively impacted by a stock supply issue because of liquidity issues. In addition, we also ended our wholesale relationship with key major accounts in the U.S. market. Our strategic decision to exit the E.U./U.K. market as well as the loss of the Stella McCartney license also contributed to the reduction in sales for the Company.

Brand management expenses decreased by \$4.4m, or 8.2% from \$53.7m to \$49.3m in the 12-month period ended January 31, 2019 as compared with the 12-month period ended January 31, 2018. This was largely due to cost savings in our store overheads and reduced marketing spend.

Corporate expenses increased by \$1.3m, or 10.1%, from \$12.8m to \$14.1m in the 12-month period ended January 31, 2019 as compared with the 12-month period ended January 31, 2018, primarily driven by increased salary allocation and rental costs.

Finance expenses decreased by \$4.8m, or 54.5% from \$8.8m to \$4.0m in the 12-month period ended January 31, 2019 as compared with the 12-month period ended January 31, 2018, due to a reduction in interest on both external borrowings and shareholder loans.

Brand transition, restructure and transaction expenses increased by \$6.8m, or 212.5%, from \$3.2m to \$10.0m in the 12-month period ended January 31, 2019 as compared with the 12-month period ended January 31, 2018, which was driven by costs incurred in respect of the U.S. listing process.

Impairment expense increased by \$6.3m, or 331.6%, from \$1.9m to \$8.2m in the 12-month period ended January 31, 2019 as compared with the 12-month period ended January 31, 2018, which was driven by stock supply issue because of liquidity issues.

Other foreign currency gains increased by \$1.2m or 159.2% from \$0.7m to \$1.9m in the 12-month period ended January 31, 2019 as compared with the 12-month period ended January 31, 2018, due to positive movements in exchange rates on foreign exchange contracts.

Year ended January 31, 2018 and 12-month period ended January 31, 2017 (unaudited)

During the 12-month period ended January 31, 2018 and 12-month period ended January 31, 2017, we incurred a net comprehensive loss of (\$37.4m) and (\$39.9m) respectively.

Net sales in the 12-month period ended January 31, 2018 decreased by \$20.75m, or 13.6%, to \$131.4m when compared with \$152.1m in the 12-month period ended January 31, 2017. The sales in the 12-month period ending January 31, 2018 were negatively impacted by a stock supply issue because of liquidity issues.

During the 12-month period ended January 31, 2018 and the 12-month period ended January 31, 2017, the gross margin was 33.4% and 44.6% respectively. The reduction in gross margin was caused by increased discounts provided to customers and sub-optimal stock mix because of the stock supply issue.

Finance expenses decreased by \$2.4m, or 21.6% from \$11.2m to \$8.8m in the 12-month period ended January 31, 2018 as compared with the 12-month period ended January 31, 2017, due to a reduction in interest on the shareholder loan due to the principal amount of such loans being reduced, the majority of which was converted to equity in September 2016.

Brand transition, restructure and transaction expenses increased by \$0.8m, or 34.7%, from \$2.4m to \$3.2m in the 12-month period ended January 31, 2018 as compared with the 12-month period ended January 31, 2017, which was driven by costs incurred in respect of the U.S. listing process.

Other foreign currency gains/(losses) reduced from a loss of \$14.3m in 12-month period ended January 31, 2017 to a gain of \$0.7m in the 12-month period ended Jan 31, 2018, due to positive movements in exchange rates on foreign exchange contracts.

7-month period ended January 31, 2017, 7-month period ended January 31, 2016 (unaudited), the 12 month period ended June 30, 2016 and the 12 month period ended June 30, 2015

During the 7-months ended January 31, 2017 and 12-month period ended June 30, 2016 and 12-month period ended June 30, 2015, we incurred a net comprehensive loss of (\$16.0m), (\$20.7m) and (\$13.2m) respectively.

Net sales in the 12 month period ended June 30, 2016 increased by \$12.2m, or 8.8%, to \$151.0m when compared with \$138.8m in the 12 month period ended June 30, 2015. This was driven by extension of the business into providing advisory and management services to other intimates apparel businesses, favorable foreign exchange rate fluctuations between the New Zealand dollar and United States Dollar, growth in U.S. wholesale distribution through a new contract with Macy's, growth in the online business and introduction of 8 new stores across Australia.

Net sales in the 7-month period ended January 31, 2017 increased by \$1.6m, or 1.7%, to \$96.2m when compared with \$94.7m in the 7-month period ended January 31, 2016. Sales were negatively impacted by a stock supply issue, and less favorable foreign exchange rate fluctuations between the New Zealand dollar and U.S. Dollar, which was offset by the beneficial impact of a new licensing agreement with Frederick's of Hollywood.

During the 7-month period ended January 31, 2017, the 7-month period ended January 31, 2016, the 12 month period ended June 30, 2016 and the 12 month period ended June 30, 2015, the gross margin was 40.7%, 45.1%, 44.7%, and 43.1%, respectively. The movement in gross margin has remained fairly consistent, but has improved due to changes in the sales mix including additional online revenue, as well as positive foreign exchange rate fluctuations.

Brand management expenses increased by \$6.2m, or 14.6%, from \$42.2m to \$48.4m between the 12 month period ended June 30, 2015 and the 12 month period ended June 30, 2016. This was largely driven by growth in business and associated employee costs, as well as additional marketing expenditures to support the introduction of new swimwear ranges. The increase of \$4.4m, or 15.9%, from \$27.6m to \$32.0m in the 7-month period to January 31, 2017 as compared with the 7-month period to January 31, 2016, was also driven by additional marketing expenditures.

Finance expenses increased by \$4.5m, or 77.3%, between the 12 month period ended June 30, 2015 and the 12 month period ended June 30, 2016 from \$5.9m to \$10.4m, due to additional interest expense associated with an increase in debt. The finance expense in the 7-month period to January 31, 2016 and January 31, 2017 increased slightly due to additional interest on convertible loan notes being partially offset by a reduction in interest on the shareholder loan due to the principal amount of such loans being reduced, the majority of which was converted to equity in September 2016.

Brand transition, restructure and transaction expenses of \$1.3m, \$2.2m and \$12.2m were incurred in the 7-month period ended January 31, 2017, the 12 month period ended June 30, 2016 and the 12 month period ended June 30, 2015, respectively. The biggest driver for this decrease was a reduction in brand transition expenses incurred in relation to the transition from the Elle MacPherson to Heidi Klum brand which decreased over time given the Elle MacPherson license was terminated in the fiscal year 2015.

An impairment expense of \$2.2m was recognized in the 12 month period ended June 30, 2016 and 7-month period to January 31, 2016 in relation to a goodwill write-off. An impairment expense of \$0.3m was recognised in 7-month period to January 31, 2017.

Other foreign currency gains/(losses) reduced from a gain of \$4.7m the 12 month period ended June 30, 2015 to a loss of \$2.4m in the 12 month period ended June 30, 2016 due to weakening of the New Zealand dollar and the impact of unfavorable hedge contracts entered into. Other foreign currency gains/(losses) reduced from a gain of \$5.7m in the 7-month period to January 31, 2016 to a loss of \$3.3m in the 7-month period to January 31, 2017 as a result of the same foreign exchange drivers.

Application of Critical Accounting Policies, Estimates, and Judgements

Our accounting policies form the basis for preparation of our financial statements and our financial statements in turn are an essential factor in understanding our operations. Our accounting policies are in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and are fully described in the notes to our audited financial statements as of and for the year ended January 31, 2019, year ended January 31, 2018, 7-month period ended January 31, 2017 and the two years ended June 30, 2016 and June 30, 2015. The preparation of our financial statements required management to make judgments, estimates, assumptions and judgments that affect the reported amounts of revenue, assets, liabilities and expenses. Our management re-evaluates estimates on an on-going basis and such estimates are based on historical experience and on various other assumptions that management believes to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions. Unless otherwise stated, all dollar amounts stated in our financial statements are expressed in the currency of the Commonwealth of Australia.

Critical accounting policies

Critical accounting policies that reflect our industry and activity specific accounting treatments used in preparing our financial statements as of the 12 month period ended January 31, 2019, 12 month period ended January 31, 2018, the 7- month period ended January 31, 2017, the 12 month period ended June 30, 2016 and the 12 month period ended June 30, 2015 or that have significant potential to result in a material adjustment to the carrying amounts of assets and liabilities during each of the years.

(a) Going concern

The financial statements have been prepared on the basis of going concern which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

For the financial year ended 31 January 2019 the Group experienced a loss after income tax from continuing operations of NZ\$49.227million (2018: NZ\$37.445million) and operating cash outflows of NZ\$9.434 million (2018: NZ\$4.116million). It also is in a net current liability position of NZ\$29.426 million (2018: NZ\$20.752million) and a positive net asset position of NZ\$10.519 million (2018: net liability position of NZ\$5.710million).

The losses in the year ended 31 January 2019 were a result of reduced revenue from wholesale customers, increased rebates and discounts, and the plateauing of sales in retail outlets believed to be due to the stores and stockists not having new high margin inventory. The business is experiencing challenging trading conditions which have been impacted by the cancellation of the Stella McCartney licence held by the Group which expired on 30 June 2018, the lack of working capital to purchase sufficient levels of inventory required for trading, reduced customer foot traffic in retail stores and outlets, and a reduction of revenue from wholesale customers. The business also incurred NZ\$10.075 million of non-trading costs in relation to brand transition, restructure, and transaction costs associated with listing the Group on the Nasdaq stock exchange. The Group also has trade creditors that are trading beyond their original credit terms.

The Group has also breached its Bank debt loan covenants during financial year, and is the process of extending their facilities which are currently due on 31 January 2020 to provide the Group and the Bank time to consider a refinance of the facility to a longer term to assist the group continue as a going concern.

In consequent to the challenging trading conditions and the negative working capital the business raised NZ\$24 million of funds in the form of issued capital and convertible notes over the course of the financial year and generated further working capital by reducing inventory by NZ\$9.993million. The Group used the funds to reduce the bank debt from NZ\$38.489 million to NZ\$20 million, reduce long overdue trade creditors, fund operating losses, reduce costs, rebuild higher margin inventory, recruit new staff, and pay the costs of listing on the Nasdaq stock exchange.

It is expected the group will need to continue to fund losses through to the start of the year ending 31 January 2022. This capital raising/recapitalisation is continuing, and management had raised US\$32.4 million between March 2019 and the date of this report. At the date of this report management is intending on raising up to a further US\$15 million. The Group must complete the fundraising to finalise the recapitalization plan and continue as a going concern

As part of the discussions to renegotiate the Bank facilities the Bank appointed Korda Mentha to review the cash flow and working capital history and forecasts. Korda Mentha produced a report which is consistent with the information in this note and the Bank has advised they will continue to monitor the Group's performance during the Bank debt renegotiation process. The Directors expect the Bank to offer a new two year facility. The offer of a new Bank facility is dependent on the Group achieving inventory covenants set by the Bank, and the Bank being satisfied with the raising of the remaining capital planned of US\$15 million.

Despite the ongoing losses, reduced cash flow and cash facilities, and the other negative financial conditions, the Directors are confident that the Group will continue as a going concern. However, while the Directors are confident of continuing as a going concern and meeting its debt obligation to its Bank and creditor commitments as they fall due, the going concern is dependent upon the Directors and Group being successful in:

- Raising further funding before 28 February 2020 in order to meet all debts due in the 12 months after signing of these financial statements;
- Generating sufficient sales and increasing gross margins and reducing overheads in line with forecasts;
- Having sufficient funds to maintain a positive cashflow position, and to reduce bank debt in line with agreed bank amortisation;
- Continuing to receive support from creditors to delay payment of overdue amounts until the Group has adequate cash flow to commence a repayment arrangement or repay the debts in full; and
- Renegotiating the current bank facilities of NZ\$20 million to a facility that is at least a 12 month facility.

As a result, the viability of the Group is dependent on the above matters. The dependence on these matters indicate a material uncertainty exists, that may cast significant doubt as to whether the Group will continue as going concern and therefore whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report.

However, the Directors' believe that the Group will be successful in the above matters and, accordingly, have prepared the report on a going concern basis

(b) Revenue recognition

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Company and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates. The Company assess the expected customer returns and rebates according to the specific information in its possession and its past experience in similar cases.

Sale of goods

Sales of goods through retail stores, e commerce and wholesale channels are recognised when control of the products have been transferred to the customer which is a point in time. For wholesale and e commerce sales, risks and rewards are transferred when goods are delivered to customers, and therefore reflects an estimate of shipments that have not been received at year end based on shipping terms and historical delivery times. The Company also provides a reserve for projected merchandise returns based on prior experience.

The Company sells gift cards to customers. The Company recognises revenue from gift cards when they are redeemed by the customers. In addition, the Company recognises revenue on all of its unredeemed gift cards when the gift cards have expired.

Significant Accounting Judgments, Estimates, and Assumptions

Significant accounting judgments, estimates, and assumptions that have been used in the preparation of our financial statements are set out below. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

We make estimates and assumptions concerning the future in determining accounting treatments and quantifying amounts for transactions and balances in certain circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Key estimates — inventory

Each item on inventory is reviewed on an annual basis to determine whether it is being carried at higher than its net realizable value. During the period, management have written down inventory based on best estimate of the net realizable value, although until the time that inventory is sold this is an estimate.

Key estimates — impairment of goodwill

In accordance with IAS 36 Impairment of Assets, the Company is required to estimate the recoverable amount of goodwill at each reporting period.

Impairment testing is an area involving management judgement, requiring assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate and using a terminal value to incorporate expectations of growth thereafter.

In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters including management's expectations of:

- growth in EBITDA future cash flows;
- timing and quantum of future capital expenditure;
- long-term growth rates; and
- the selection of discount rates to reflect the risks involved.

Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could significantly affect the Company's impairment evaluation and hence results.

The Company's review includes the key assumptions related to sensitivity in the cash flow projections. Further details are provided in note15(c) to the consolidated financial statements.

Key estimates — fair value of financial instruments

The Company has certain financial assets and liabilities which are measured at fair value. Where fair value has not been able to be determined based on quoted price, a valuation model has been used. The inputs to these models are observable, where possible, however these techniques involve significant estimates and therefore fair value of the instruments could be affected by changes in these assumptions and inputs.

Key estimates — impairment of brands

In accordance with IFRS 36 Impairment of Assets, the Company is required to estimate the recoverable amount of indefinite-lived brand assets at each reporting period.

Impairment testing is an area involving management judgement, requiring assessment as to whether the carrying value of assets can be supported by their value in use or fair value less cost to sell.

In calculating the fair value less costs to sell, certain assumptions are required to be made in respect of highly uncertain matters including management's expectations of:

- growth in brand revenues
- market royalty rate
- the selection of discount rates to reflect the risks involved, and
- long-term growth rates

Changing the assumptions selected by management, in particular the growth rate, discount rate and market royalty rate assumption used, could significantly affect the Company's impairment evaluation and hence results.

The Company's review includes the key assumptions related to sensitivity in the model. Further details are provided in note 15 to the consolidated financial statements.

Key estimates — taxes

Determining income tax provisions and the recognition of deferred tax assets including carried forward income tax involves judgment on the tax treatment of certain transactions. Deferred tax is recognised on tax losses not yet used and on temporary differences where it is probable that there will be taxable revenue against which these can be offset. Management has made judgments as to the probability of future taxable income being generated against which tax losses will be available for offset based on budgets, current and future expected economic conditions.

Recent Accounting Pronouncements

New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for January 31, 2019 reporting periods and have not been early adopted by the Company. The Company's assessment of the impact of these new standards and interpretations is set out below.

Title of Standard	Nature of change	Impact	Mandatory application date/Date of adoption by Company
IFRS 16 Leases	In February 2016 the IASB issued a new standard for leases. This AASB 16 replaces IAS 17. The main impact on lessees is that almost all leases go on balance sheet. This is because the balance sheet distinction between operating and finance leases is removed for lessees. Instead, under the new standard an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exemptions are short-term and low-value leases.	Management is currently assessing the impact of the new rules and believes the adoption of the provisions of this update will have a material impact on the Company's consolidated financial statements. The new standard will require that we record a liability and a related asset on the balance sheet for our leased facilities.	Management is currently assessing the impact of the new rules and believes the adoption of the provisions of this update will have a material impact on the Company's consolidated financial statements. Mandatory for financial years commencing on or after January 1, 2019. Expected date of adoption by the Company: February 1, 2019.
IFRC 23 Uncertainty over Income Tax Treatments (IFRIC 23)	On June 7, 2017, the IASB issued IFRIC 23, Uncertainty over Income Tax Treatments ("IFRIC 23"). IFRIC 23 clarifies the application of recognition and measurement requirements in IAS 12, Income Taxes, when there is uncertainty over income tax treatments. The IFRIC 23 interpretation specifically addresses whether an entity considers uncertain tax treatments separately; the assumptions an entity makes about the examination of tax treatments by taxation authorities; how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and how an entity considers changes in facts and circumstances.	The Company is currently evaluating the impact of adopting this standard on the consolidated financial statements.	IFRIC 23 is effective for annual periods beginning on or after January 1, 2019, with earlier application permitted.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Recent Developments

On February 14, 2019, Carole Hochman resigned from the board of directors and as Executive Chairman.

In March 2019, the following share transactions occurred :

- (1) 1.4m ordinary shares and 1.4m warrants were issued in exchange for services to the value of NZ \$0.1m / US\$ 87k. The warrants have an exercise price of US\$0.50 and expire 2 years from the date of issue.
- (2) The issue of 11,248,415 ordinary shares to trade creditors in satisfaction of NZ\$6.6m / US\$4.5m trade payables, at a share price of US\$0.40.
- (3) The issue of 2,119,178 ordinary shares in settlement of a promissory notes in the amount of NZ\$1.25m / US\$847,671, at a share price of US\$0.40 per share.
- (4) The issue of 4,510,588 ordinary shares to investors in a private placement at a share price of US\$0.255 for a total cash consideration of NZ\$1.69m / US\$1.15m. The investors also received warrants to purchase 4,510,588 ordinary shares, at an exercise price of US\$0.306 and expiry 2 years from the date of issue.
- (5) The issue of 10,784,313 ordinary shares to certain investors at a share price of US\$0.255 for a total cash consideration of NZ\$4.05m / US\$2.75m, as well as “pre-funded” warrants to purchase ordinary shares in lieu of such shares if an investor would own more than 9.9% of the total outstanding ordinary shares. Each investor also received “investment” warrants to purchase 100% of the number of ordinary shares, and as a result 3,914,846 ordinary shares, pre-funded warrants to purchase 6,869,467 ordinary shares and investment warrants to purchase 10,784,313 ordinary shares were issued to investors. The investment warrants have an exercise price of US\$0.306 per share and expire 5 years from the date of issue. The pre-funded warrants have an exercise price of US\$0.01 per share and expire 5 years from the date of issue. If the exercise price of the warrants was higher than the last closing bid price of the ordinary shares, the warrants could be exercised on a cashless basis using a Black-Scholes valuation (but not less than US\$0.10). In July and August 2019, the holders of the pre-funded warrants exercised such warrants in full, resulting in the issue of 6,869,467 shares, and the holders of the investment warrants exercised them as to 9,078,877 on a cashless basis, resulting in the issuance of 19,586,048 ordinary shares at that time.

On April 2, 2019, the board of directors appointed Anna Johnson as Chief Executive Officer. Previously Ms. Johnson was Chief Executive Officer of Bendon Limited, the main operating entity within the Company. At the same time, Justin Davis-Rice was appointed as Executive Chairman and resigned as our Chief Executive Officer.

In May 2019, the following share of funding transactions occurred:

- (1) NZ\$4.3m / US\$3m cash was raised via a secured convertible promissory note to St. George Investments, with a US\$3.32m note principal value. The note accrues daily interest at 10% p.a, and matures on November 13, 2020. The Company has the right to prepay the note, subject to a 15% premium. The note is secured by a second priority security interest over all the Company's assets and is subordinated to the Company's existing senior secured credit facility with the Bank of New Zealand. The noteholder has the right to convert the note into Naked ordinary shares at a conversion price of US\$0.90 per share, and also has the right, from December 13, 2019, to request redemption of any portion of the note, up to a maximum of US\$0.4m per month.
- (2) NZ\$2.17m / US\$1.5m cash was raised via the issue of 6m Naked ordinary shares to an investor in a private placement at a share price of US\$0.25. The investor also received warrants to purchase 1m Naked ordinary shares. The warrants have an exercise price of US\$0.25, and expire 2 years from the date of issue.
- (3) 653,595 ordinary shares were issued in exchange for the cancellation of NZ\$0.3m / US\$0.2m in debt held by a shareholder, at a price of US\$0.306 per share.

In July 2019, the following share transactions occurred:

- (1) The issue of 25,068,250 ordinary shares to certain suppliers at a price of US\$0.10 per share, in cancellation of NZ\$3.7m / US\$2,506,825 trade payables.
- (2) The issue of 15.75m ordinary shares to certain investors at a price of US\$0.10 per share, and warrants to purchase up to 15.75m ordinary shares, at an exercise price of US\$0.10 per share, for a total cash consideration of NZ\$2.35m / US\$ 1.575m. Warrants to purchase 1.26m ordinary shares were also issued to various designees of the placement agent at an exercise price of US \$0.125 per share. The placement agent warrants are immediately exercisable and expire 5.5 years from date of the cash offering.
- (3) The exercise prices of certain outstanding warrants to purchase 2.8m ordinary shares held by one of the investors were reduced to US\$0.10 per share, with the exercise prices previously ranging from US\$1.55 to US\$3.75.

On July 31, 2019, Kelvin Fitzalan was appointed as a member of the board of directors.

In August 2019, the following equity transactions occurred:

- (1) 28,571,431 ordinary shares, at a price of \$0.07 per share in a cash offering and 28,571,431 warrants to purchase ordinary shares were issued to certain investors, for a total cash consideration of NZ \$3.1m / US\$2.0m. The warrants are immediately exercisable, expiring 5.5 years from the date of issue, at an exercise price per share of US\$0.07, and may be exercised on a 'cashless' basis based on as Black Scholes valuation from 6 months after the issue. The Company also issued warrants to certain designees of the placement agent to purchase 2,285,714 ordinary shares at an exercise price of US\$0.0875 per share. The placement agent warrants are immediately exercisable and expire 5.5 years from date of the cash offering.
- (2) The Company agreed to reduce the exercise price of outstanding warrants held by certain investors, consisting of warrants to purchase up to 18,550,000 ordinary shares at an exercise price of US\$0.10 per share that expire in October 2021, June 2023 and July 2025. The Company agreed to amend each of the outstanding warrants to reduce the exercise price to US\$0.07.
- (3) The Company issued 57,142,857 ordinary shares to suppliers at a price of US\$0.07 per share in exchange for the cancellation of NZ\$6.2m / US\$4.0m trade payables and the establishment of prepayment credits.

In October 2019, the following funding transaction occurred:

- (1) The Company completed a private placement of a convertible promissory note and a warrant to purchase ordinary shares, for a purchase price of NZ\$3.2m / US\$2.0m, with a principal balance before discount and expenses of US\$2.12m. The holder had the right to exchange the warrant for a 5% increase in the balance of the note. On October 9, 2019, the holder exercised this right, and as result the warrant was cancelled and the balance of the note was increased by US\$106,100. The note balance was further increased to US\$2.51m on November 21, 2019 due to additional funding requirement deadline not being met. The note accrues daily interest at 20% per annum, and matures on October 4, 2021. The Company has the right to prepay the Note, subject to a 25% premium. The note is subordinated to the Company's existing senior secured credit facility with the Bank of New Zealand, From April 7, 2020 the holder has the right to convert the outstanding balance of the note into the Company's ordinary shares at a conversion price of US\$0.05 per share.

In November 2019, the following funding transaction occurred:

- (1) The Company issued a NZ\$4.8m / US\$3.0m convertible note in a private placement, maturing November 12, 2021. The face value of the note is NZ\$5.0m / US\$3.17m after discount and costs, with a cash consideration of US\$3.0m. The holder had the right to exchange the warrant for a 5% increase in the balance of the note. On November 15, 2019, the holder exercised this right, and as result the warrant was cancelled and the balance of the note was increased by US\$158,600. The note balance was further increased by \$340,900 on December 27, 2019 due to additional funding requirement deadline not being met. The interest rate is 20% per annum. The Company has the right to prepay the note at a 25% premium. The note is subordinated to the Company's existing BNZ facility. The note outstanding balance is convertible into ordinary shares from May 13, 2020, at a conversion price of US\$0.04 per share. From May 13, 2020, the holder can request the company redeem any portion of the note, up to a maximum of US\$0.6m per month. At same time warrants to purchase the number of ordinary shares issued under the notes (estimated to be approximately 63,400,000 shares), at a US\$0.05 exercise price, were issued to the note holder, exercisable at any time, with a November 30, 2021 expiry date.
- (2) The holder of the convertible notes issued by us in May 2019 exchanged a portion of the notes at negotiated prices, for a US\$0.028 average price, reducing the principal value of the convertible note by US\$340k.

In December 2019, the following funding transactions occurred :

- (1) The holder of the convertible notes issued by us in May 2019 exchanged an additional portion of the notes at negotiated prices, for a US\$0.021 average price, reducing the principal value of the convertible note by an additional US\$2.265m.
- (2) The Company issued a NZ\$4.8m / US\$3.0m convertible note in a private placement, maturing December 19 2021. The face value of the note is NZ\$5.0m / US\$3.17m after discount and costs, with a cash consideration of US\$3.0m. The holder had the right to exchange the warrant for a 5% increase in the balance of the note. On January 2, 2020, the holder exercised this right, and as result the warrant was cancelled and the balance of the note was increased by US\$159,600. The interest rate is 20% per annum. The Company has the right to prepay the note at a 25% premium. The note is subordinated to the Company's existing BNZ facility. The note outstanding balance is convertible into ordinary shares from May 13, 2020, at a conversion price of US\$0.04 per share. From June 19, 2020, the holder can request the company redeem any portion of the note, up to a maximum of US\$0.6m per month. At same time warrants to purchase the number of ordinary shares issued under the December notes (estimated to be approximately 79,300,000 shares), at a US\$0.05 exercise price, were issued to the note holder, exercisable at any time, with a December 31, 2021 expiry date.

In January 2020, the holder of the convertible notes issued by us in May 2019 exchanged an additional portion of the notes at a negotiated prices, for a US\$0.012 average price, reducing the principal value of the convertible note by an additional US\$0.2m.

On February 5, 2019, we received a notice from the Listing Qualifications Department of Nasdaq stating that, for the last 30 consecutive business days, the closing bid price for our Ordinary Shares had been below the minimum of US\$1.00 per share required for continued inclusion on the Nasdaq Capital Market under Nasdaq Listing Rule 5550(a)(2). We will be afforded until February 3, 2020 to regain compliance with the minimum bid price requirement. In order to regain compliance, the bid price for shares of our ordinary shares must close at US\$1.00 per share or more for a minimum of ten consecutive business days.

At the annual general meeting of the Company's shareholders held on December 16, 2019, it was resolved to complete a reverse stock split of our ordinary shares, pursuant to which every 100 ordinary shares outstanding as of the effective time of the reverse stock split were combined into one ordinary share. Pursuant to a resolution of our Board of Directors, the reverse stock split became effective on December 20, 2019. All share and per share information in this MD&A is presented on a pre-reverse split basis.

The senior secured credit facility with the Bank of New Zealand has been extended from August 31, 2019 to January 31, 2020, with discussions underway to extend for a further period beyond 12 months. The bank covenants were breached throughout the 6 months ended July 31, 2019, and were reset, with a minimum inventory to bank debt ratio required to be maintained from May 1, 2019. This new ratio has been breached every month to the date of signing of the accounts, creating an event of review, but the bank has taken no further action in relation to these breaches.

A restructure of operations was commenced in October 2019 with initiatives to close the US wholesale business as well as the Australian office and to reduce the number of employees by 67 globally by the end of the year, subject to consultation with employees.

A. Operating Results

Year ended January 31, 2019 compared to year ended January 31, 2018

The following table sets forth certain selected operating results and other financial information for each of the years ended January 31, 2019, 2018 and 2017:

	Jan. 31, 2019 NZ\$000 12 months	Jan. 31, 2018 NZ\$000 12 months	% movement FY19 v FY18	Unaudited Jan. 31, 2017 NZ\$000 12 months	% movement FY18 v FY17
Revenue	111,920	131,388	-14.8%	152,144	-13.6%
Cost of goods sold	(74,480)	(87,459)	-14.8%	(84,358)	3.7%
Gross profit	37,440	43,929	-14.8%	67,786	-35.2%
Brand management	(49,256)	(53,653)	-8.2%	(53,957)	-0.6%
Administrative expenses	(3,432)	(4,131)	-16.9%	(3,712)	11.3%
Corporate expenses	(14,145)	(12,851)	10.1%	(12,920)	-0.5%
Finance expense	(4,041)	(8,791)	-54.0%	(11,214)	-21.6%
Brand transition, restructure and transaction expenses	(10,075)	(3,272)	207.9%	(2,430)	34.7%
Impairment expense	(8,173)	(1,914)	326.9%	(2,865)	-33.2%
Other foreign currency gains/(losses)	1,963	757	159.3%	(14,327)	-105.3%
Fair value gain/(loss) on convertible notes derivative	(775)	2,393	-132.4%	(592)	-504.5%
Loss before income tax	(50,494)	(37,533)	34.5%	(34,230)	9.7%
Income tax benefit/(expense)	1,274	(60)	-2223.3%	(6,123)	-99.0%
Loss for the period	(49,220)	(37,593)	30.9%	(40,352)	-6.8%
<i>Other comprehensive loss</i>					
Exchange differences on translation of foreign operations	(7)	148	-104.7%	384	-61.5%
Total comprehensive loss for the period	(49,227)	(37,445)	31.5%	(39,968)	-6.3%

Year ended January 31, 2018 compared to 12-month period ended January 31, 2017 (unaudited)

The following table sets forth certain selected operating results and other financial information for each of the years ended January 31, 2018 and 2017:

	Jan. 31, 2018 NZ\$000 12 months	Unaudited Jan. 31, 2017 NZ\$000 12 months	% movement
Revenue	131,388	152,144	-13.6%
Cost of goods sold	(87,459)	(84,358)	3.7%
Gross profit	43,929	67,786	-35.2%
Brand management	(53,653)	(53,957)	-0.6%
Administrative expenses	(4,131)	(3,712)	11.3%
Corporate expenses	(12,851)	(12,920)	-0.5%
Finance expense	(8,791)	(11,214)	-21.6%
Brand transition, restructure and transaction expenses	(3,272)	(2,430)	34.7%
Impairment expense	(1,914)	(2,865)	-33.2%
Other foreign currency gains/(losses)	757	(14,327)	-105.3%
Fair value gain/(loss) on convertible notes derivative	2,393	(592)	-504.5%
Loss before income tax	(37,533)	(34,230)	9.7%
Income tax benefit/(expense)	(60)	(6,123)	-99.0%
Loss for the period	(37,593)	(40,352)	-6.8%
<i>Other comprehensive loss</i>			
Exchange differences on translation of foreign operations	148	384	-61.5%
Total comprehensive loss for the period	(37,445)	(39,968)	-6.3%

* Note that January 31, 2017 is not an annual period, rather it has been derived from accounting records, to provide a 12 month comparative to the January 31, 2018 annual period.

7-month period ended January 31, 2017 compared to 7-month period ended January 31, 2016 and 12-month period ended June 30, 2016 compared to 12-month period ended June 30, 2015

The following table sets forth certain selected operating results and other financial information for each of the 7-month periods ended January 31, 2017 and 2016, and each of the years ended June 30, 2016 and 2015:

	Jan. 31, 2017 NZ\$000 seven months	Unaudited Jan. 31, 2016 NZ\$000 seven months	% movement	Jun. 30, 2016 NZ\$000 12 months	Jun. 30, 2015 NZ\$000 12 months	% movement
Revenue	96,284	94,667	1.7%	151,000	138,838	8.8%
Cost of goods Sold	(57,144)	(51,998)	9.9%	(83,525)	(79,031)	5.7%
Gross Profit	39,140	42,669	-8.3%	67,475	59,807	12.8%
Brand Management	(32,040)	(27,647)	15.9%	(48,362)	(42,203)	14.6%
Administrative expenses	(2,383)	(2,109)	13.0%	(4,090)	(4,691)	-12.8%
Corporate expenses	(8,082)	(8,236)	-1.9%	(13,002)	(13,940)	-6.7%
Finance expense	(6,238)	(5,436)	14.8%	(10,409)	(5,870)	77.3%
Brand transition, restructure and transaction expense	(1,321)	(1,122)	17.7%	(2,232)	(12,182)	-81.7%
Impairment expense	(292)	(2,157)	-86.5%	(2,157)	-	100.0%
Other foreign currency gains/(losses)	(3,306)	5,685	-158.2%	(2,423)	4,700	-151.6%
Fair value gain/(loss) on convertible notes derivative	(592)	-	100.0%	-	-	0%
Profit/(Loss) before income tax	(15,114)	1,647	-1017.7%	(15,200)	(14,379)	5.7%
Income tax benefit/(expense)	(865)	(289)	199.3%	(5,546)	1,274	-535.3%
Profit/(Loss) for the period	(15,979)	1,358	-1276.7%	(20,746)	(13,105)	58.3%
<i>Other comprehensive income</i>						
Exchange differences on translation of foreign operations	(29)	(379)	-92.3%	31	(93)	-133.3%
Total comprehensive income/(loss) for the period	(16,008)	979	-1735.2%	(20,715)	(13,198)	57.0%

Revenue

Year ended January 31, 2019 compared to 12-month period ended January 31, 2018

During the 12-month period ended January 31, 2019 the net sales decreased by \$19.5m or 14.8% when compared with \$131.4m in the 12-month period ended January 31, 2018. The sales in the 12-month period ended January 31, 2019 continued to be negatively impacted by a stock supply issue because of liquidity issues. In addition, we also ended our wholesale relationship with key major accounts in the US market. Our strategic decision to exit the EU/UK market as well as the loss of the Stella McCartney license also contributed to the reduction in sales for the Company.

One new store was opened in Australia, as well as three new stores in New Zealand to continue to expand our brand presence across the Australasian market during the year ended January 31, 2019. During the current financial year, we also successfully acquired both the Naked and Fredricks of Hollywood entities.

Year ended January 31, 2018 compared to 12-month period ended January 31, 2017 (unaudited)

During the 12-month period ended January 31, 2018 the net sales decreased by \$20.75m or 13.6% when compared with \$152.1m in the 12-month period ended January 31, 2017. The sales in the 12-month period ended January 31, 2018 were negatively impacted by a stock supply issue because of liquidity issues. Three new stores were opened in Australia, as well as two new stores in New Zealand to continue to expand our brand presence across the Australasian market.

7-month period ended January 31, 2017 compared to the 7-month period ended January 31, 2016 (unaudited) and 12-month period ended June 30, 2016 compared to the 12-month period ended June 30, 2015

Net sales in the 7-month period ended January 31, 2017 increased by \$1.6m, or 1.7%, to \$96.2m when compared with \$94.7m in the 7-month period ended January 31, 2016. Sales were negatively impacted by a stock supply issue, and less favorable foreign exchange rate fluctuations between the New Zealand dollar and U.S. Dollar, which was offset by the beneficial impact of a new licensing agreement with Frederick's of Hollywood.

Net sales in the 12-month period ended June 30 2016 increased by \$12.2m, or 8.8%, to \$151.0m when compared with \$138.8m in the 12-month period ended June 30 2015. This was driven by the extension of the business into providing advisory and management services to other intimate apparel businesses, favorable foreign exchange rate fluctuations between the New Zealand dollar and U.S. Dollar, growth in U.S. wholesale distribution through a new contract with Macy's, growth in the online business and introduction of 8 new stores across Australia.

Gross margins

Year ended January 31, 2019 compared to 12-month period ended January 31, 2018

During the 12-month period ended January 31, 2019 and the 12-month period ended January 31, 2018, the gross margin was 33.5% and 33.4% respectively. The movement year on year is consistent, however the margin continues to be impacted by the sales mix, discounts provided to customers and a lack of current season stock because of the supply issue.

Year ended January 31, 2018 compared to 12-month period ended January 31, 2017 (unaudited)

During the 12-month period ended January 31, 2018 and the 12-month period ended January 31, 2017, the gross margin was 33.4% and 44.6% respectively. The reduction in gross margin was caused by increased discounts provided to customers and sub-optimal stock mix because of the stock supply issue.

7-month period ended January 31, 2017 compared to 7-month period ended January 31, 2016 and 12-month period ended June 30, 2016 compared to 12-month period ended June 30, 2015

During the 7-month period ended January 31, 2017, the 7-month period ended January 31, 2016, 12-month period ended June 30 2016 and 12-month period ended June 2015, the gross margin was 40.7%, 45.1%, 44.7%, and 43.1%, respectively. The movement in gross margin has remained fairly consistent, but has improved due to changes in the sales mix including additional online revenue, as well as positive foreign exchange rate fluctuations.

Operating expenses

Year ended January 31, 2019 compared to 12-month period ended January 31, 2018

	Jan. 31, 2019 NZ\$000 12 months	Jan. 31, 2018 NZ\$000 12 months	% movement FY19 v FY18	Unaudited Jan. 31, 2017 NZ\$000 12 months	% movement FY18 v FY17
Brand management	(49,256)	(53,653)	-8.2%	(53,957)	-0.6%
Administrative expenses	(3,432)	(4,131)	-16.9%	(3,712)	11.3%
Corporate expenses	(14,145)	(12,851)	10.1%	(12,920)	-0.5%
Finance expense	(4,041)	(8,791)	-54.0%	(11,214)	-21.6%
Brand transition, restructure and transaction expenses	(10,075)	(3,272)	207.9%	(2,430)	34.7%
Impairment expense	(8,173)	(1,914)	326.9%	(2,865)	-33.2%
Other foreign currency gains/(losses)	1,963	757	159.3%	(14,327)	-105.3%
Fair value gain/(loss) on convertible notes derivative	(775)	2,393	-132.4%	(592)	-504.5%

Brand management decreased by \$4.4m, or 8.2% from \$53.6m to \$49.2m in the 12-month period ended January 31, 2019 as compared with the 12-month period ended January 31, 2018. This was largely due to cost savings in our store overheads and reduced marketing spend.

Administrative expenses decreased by \$0.7m, or 17% from \$4.1m to \$3.4m in the 12-month period ended January 31, 2019 as compared with the 12-month period ended January 31, 2018. This was due to cost saving initiatives implemented by our new CEO who joined us during the financial year ended January 31, 2019.

Corporate expenses increased by \$1.3m, or 10.1%, from \$12.8m to \$14.1m in the 12-month period ended January 31, 2019 as compared with the 12-month period ended January 31, 2018, which was primarily driven by an increase in salary and rental costs.

Finance expenses decreased by \$4.8m, or 54.5% from \$8.8m to \$4.0m in the 12-month period ended January 31, 2019 as compared with the 12-month period ended January 31, 2018, due to a reduction in interest on both external borrowings and shareholder loans.

Brand transition, restructure and transaction expenses increased by \$6.4m, or 195.9%, from \$3.2m to \$9.6m in the 12-month period ended January 31, 2019 as compared with the 12-month period ended January 31, 2018, which was driven by costs incurred in respect of the US listing process.

Impairment expense increased by \$6.3m, or 331.6%, from \$1.9m to \$8.2m in the 12-month period ended January 31, 2019 as compared with the 12-month period ended January 31, 2018, which was driven by stock supply issue due to liquidity issues.

Other foreign currency gains increased by \$1.2m or 159.2% from \$0.7m to \$1.9m in the 12-month period ended January 31, 2019 as compared with the 12-month period ended January 31, 2018 due to gains on foreign exchange contracts.

Year ended January 31, 2018 compared to 12-month period ended January 31, 2017 (unaudited)

	Jan. 31, 2018 NZ\$000 12 months	Unaudited Jan. 31, 2017 NZ\$000 12 months	% movement
Brand management	(53,653)	(53,957)	-0.6%
Administrative expenses	(4,131)	(3,712)	11.3%
Corporate expenses	(12,851)	(12,920)	-0.5%
Finance expense	(8,791)	(11,214)	-21.6%
Brand transition, restructure and transaction expenses	(3,272)	(2,430)	34.7%
Impairment expense	(1,914)	(2,865)	-33.2%
Other foreign currency gains/(losses)	757	(14,327)	-105.3%
Fair value gain/(loss) on convertible notes derivative	2,393	(592)	-504.5%

Brand management expenses decreased by \$0.3m, or 0.6%, from \$53.9m to \$53.6m in the 12-month period to January 31, 2018 as compared with the 12-month period to January 31, 2017. This reduction was due to the increased focus on cost control in this area.

Administrative expenses increased by \$0.4m or 11.3% from \$3.7m to \$4.1m in the 12-month period to January 21, 2018 as compared with the 12-month period to January 31, 2017. This increase was due to a higher spend on accounting and tax fees associated with the US listing process.

Corporate expenses are consistent with the prior 12-month period. The slight decrease of \$69k, or 0.5% between the 12-month period ended to January 31, 2018 and 12-month period to January 31, 2017, from \$12.92m to \$12.85m is considered immaterial.

Finance expenses decreased by \$2.4m, or 21.6% from \$11.2m to \$8.8m in the 12-month period ended January 31, 2018 as compared with the 12-month period ended January 31, 2017, due to a reduction in interest on the shareholder loan due to the principal amount of such loans being reduced, the majority of which was converted to equity in September 2016.

Brand transition, restructure and transaction expenses increased by \$0.8m, or 34.7%, from \$2.4m to \$3.2m in the 12-month period ended January 31, 2018 as compared with the 12-month period ended January 31, 2017, which was driven by costs incurred in respect of the US listing process.

Impairment expense decreased by \$0.95m or 33.2% from \$2.8m to \$1.9m in the 12-month period ended January 31, 2018 as compared with the 12-month period ended January 31, 2017. During the current financial year an impairment expense of \$1.6m was incurred as management impaired the costs incurred on the ERP upgrade, as this software will need to be replaced and updated with a more advanced system. In the 12-month period ended January 31, 2017 an impairment expense of \$2.2m was recognized in relation to a goodwill write-off.

Other foreign currency gains/(losses) reduced from a loss of \$14.3m in 12-month period ended January 31, 2017 to a gain of \$0.7m in the 12-month period ended Jan 31, 2018, due to gains on foreign exchange contracts.

Fair value gain/(loss) on convertible notes derivative was a gain of \$2.4m in 12-month period ended January 31, 2018 compared to a loss of \$0.6m the period ended January 31, 2017. This is because the derivative ended at conversion date.

7-month period ended January 31, 2017 compared to 7-month period ended January 31, 2016 and 12-month period ended June 30, 2016 compared to 12-month period ended June 30, 2015

	Jan. 31, 2017	<i>Unaudited</i> Jan. 31, 2016	%	Jun. 30, 2016	Jun. 30, 2015	%
	NZ\$000	NZ\$000	%	NZ\$000	NZ000\$	%
	seven months	seven months	movement	12 months	12 months	movement
Brand management	(32,040)	(27,647)	15.9%	(48,362)	(42,203)	14.6%
Administrative expenses	(2,383)	(2,109)	13.0%	(4,090)	(4,691)	-12.8%
Corporate expenses	(8,082)	(8,236)	-1.9%	(13,002)	(13,940)	-6.7%
Finance expense	(6,238)	(5,436)	14.8%	(10,409)	(5,870)	77.3%
Brand transition, restructure, and transaction expenses	(1,321)	(1,122)	17.7%	(2,232)	(12,182)	-81.7%
Impairment expense	(292)	(2,157)	-86.5%	(2,157)	—	100.0%
Other foreign currency gains/(losses)	(3,306)	5,685	-158.2%	(2,423)	4,700	-151.6%
Fair value gain/(loss) on convertible notes derivative	(592)	-	100.0%	-	-	0%

Brand management expenses increased by \$6.2m, or 14.6%, from \$42.2m to \$48.4m between the 12-month period ended June 30 2015 and 12-month period ended June 30 2016. This was largely driven by growth in business and associated employee costs, as well as additional marketing expenditures to support the introduction of new swimwear ranges. The increase of \$4.4m, or 15.9%, from \$27.6m to \$32.0m in the 7-month period to January 31, 2017 as compared with the 7-month period to January 31, 2016, was also driven by additional marketing expenditures.

Finance expenses increased by \$4.5m, or 77.3%, between the 12-month period ended June 30 2015 and 12-month period ended June 30 2016, from \$5.9m to \$10.4m, due to additional interest expense associated with an increase in debt. The finance expense in the 7-month period to January 31, 2016 and January 31, 2017 remained consistent due to additional interest on convertible loan notes being partially offset by a reduction in interest on the shareholder loan due to the principal amount of such loans being reduced, the majority of which was converted to equity in September 2016.

Brand transition, restructure and transaction expenses decreased by \$10.0m from \$12.2m in fiscal year 2015 to \$2.2m in fiscal year 2016. This was largely driven by a reduction in brand transition expenses incurred in relation the transition from the Elle MacPherson to Heidi Klum brand of \$9.2m, given the licence arrangement terminated in fiscal year 2015 and therefore majority of the associated costs were recognized in the same period.

Brand transition, restructure and transaction expenses decreased by \$0.9m from \$2.2m in the 12-month period ended June 30 2016 to \$1.3m in the 7-month period ended January 31, 2017, largely due to a \$0.9m decrease in Heidi Klum brand transition costs due to any non-recurring costs associated with the transition having been incurred prior to the 7-months ended January 31, 2017.

An impairment expense of \$2.2m was recognized in the 12-month period ended June 30 2016 and 7-month period to January 31, 2016 in relation to a goodwill write-off. An impairment expense of \$0.3m was recognised in the 7-month period to January 31, 2017.

Other foreign currency gains/(losses) reduced a gain of \$4.7m in the 12-month period ended June 30 2015 to a loss of \$2.4m in the 12-month period ended June 30 2016, due to weakening of the New Zealand dollar and the impact of unfavorable hedge contracts.

Other foreign currency gains/(losses) reduced a gain of \$5.7m in the 7-month period to January 31, 2016 to a loss of \$3.3m in the 7-month period to January 31, 2017 as a result of the same foreign exchange drivers.

Taxation

Year ended January 31, 2019 compared to 12-month period ended January 31, 2018

The tax benefit of \$1,274k in the 12 month period ended January 31, 2019 was an increase of \$1,334k when compared to the tax expense of \$60k for the 12 month period ended January 31, 2018. This year on year movement is due to increased tax benefits resulting from the increased losses and adjustments for current tax for prior periods.

Year ended January 31, 2018 compared to 12-month period ended January 31, 2017 (unaudited)

The tax expense of \$60k in the 12month period ended January 31, 2018 decreased by \$6.06m when compared to the 12-month period ended January 31, 2017. The variance was due to the write off of the carrying value of prior year tax losses and deferred tax in the due to the uncertainty over whether the deferred tax asset could be utilized.

7-month period ended January 31, 2017 compared to the 7-month period ended January 31, 2016 (unaudited) and 12-month period ended June 30, 2016 and the 12-month period ended June 30, 2015

The tax benefit of \$1.3m in the 12-month period ended June 30 2015, increased by \$6.8m, which resulted in a tax expense of \$5.5m in the 12-month period ended June 30 2016. A tax expense of \$0.9m was recognised in the 7- month period to January 31, 2017. The variances were caused by a write off of the carrying value of prior year tax losses and deferred tax temporary differences in the 12-month period ended June 30 2016 due to uncertainty over future profitability to ensure utilization of the deferred tax assets.

The effective tax rate for the 7-month period ended January 31, 2017, the 12-month period ended June 30 2016 and the 12-month period ended June 30 2015 was 5.7%, 36.5% and 8.9%, respectively. These effective tax rates can be explained by deferred tax credits not brought to accounts due to uncertainty over their availability for utilization.

Net loss and comprehensive loss

Year ended January 31, 2019 compared to 12-month period ended January 31, 2018

The net loss in the 12-month period ended January 31, 2019 increased by \$11.2m, or 29.9%, to (\$48.9m) when compared with (\$37.4m) in the 12-month period ended January 31, 2018. This was due to both the decrease in gross profit of \$6.5m and the increase in expenses of \$6.4m in the 12-month period ended January 31, 2019 when compared with the 12-month period ended January 31, 2018.

Year ended January 31, 2018 compared to 12-month period ended January 31, 2017 (unaudited)

The net loss in the 12-month period ended January 31, 2018 decreased by \$2.5m, or 6.3%, to (\$37.4m) when compared with (\$39.9m) in the 12-month period ended January 31, 2017. The decrease in gross profit of \$23.9m in the 12-month period ended January 31, 2018 when compared with the 12-month period ended January 31, 2017 was significantly offset by the reduction in expenses of \$20.5m when comparing the same 12 month periods. Tax expense also decreased by \$6.06m when compared to the 12-month period ended January 31, 2017 to \$60k in the 12month period ended January 31, 2018. The variance was due to the write off of the carrying value of prior year tax losses and deferred tax in the due to the uncertainty over whether the deferred tax asset could be utilized.

7-month period ended January 31, 2017 compared to the 7-month period ended January 31, 2016 (unaudited) and 12-month period ended June 30, 2016 and the 12-month period ended June 30, 2015

For the seven months ended January 31, 2017 and fiscal years ended June 30, 2016 (fiscal year 2016) and June 30, 2015 (fiscal year 2015), we incurred a net comprehensive loss of (\$16.0m), (\$20.7m) and (\$13.2m) respectively. Gross profit for the seven month period ended January 31, 2017, the seven month period ended January 31, 2016, fiscal year 2016 and fiscal year 2015 was 40.7%, 45.1%, 44.7%, and 43.1%, respectively. The movement in gross margin has remained fairly consistent, but improved due to changes in the sales mix including additional online revenue, as well as positive foreign exchange rate fluctuations. The tax benefit of \$1.3m in fiscal year 2015, increased by \$6.8m, which resulted in a tax expense of \$5.5m in fiscal year 2016. A tax expense of \$0.9m was recognised in the seven month period to January 31, 2017. The variances were caused by a write off of the carrying value of prior year tax losses and deferred tax temporary differences in fiscal year 2016 due to uncertainty over future profitability to ensure utilization of the deferred tax assets.

The net loss in the 6-month period ended July 31, 2017 increased by \$4.8m, or 34.8%, to (\$18.5m) when compared with (\$13.7m) in the 12-month period ended July 31, 2016. This net loss was due to a reduction in gross profit, which decreased \$13.6m in the 6-month period ended July 31, 2017 when compared with the 6-month period ended July 31, 2016, however this was partially offset by a reduction in expenses of \$2.2m and a reduction in income tax expense of \$5.9m for the 6-month period ended July 31, 2017 when compared with the 6-month period ended July 31, 2016.

Segmented Reporting

Bendon Limited has seven reportable segments: Australia retail, New Zealand retail, Australia wholesale, New Zealand wholesale, US wholesale, Europe wholesale and E-commerce.

- *Australia retail.* This segment covers retail and outlet stores located in Australia.
- *New Zealand retail.* This segment covers retail and outlet stores located in New Zealand.
- *Australia wholesale.* This segment covers the wholesale of intimates apparel to customers based in Australia.
- *New Zealand wholesale.* This segment covers the wholesale of intimates apparel to customers based in New Zealand.
- *US wholesale.* This segment covers the wholesale of intimates apparel to customers based in the United States of America.
- *Europe wholesale.* This segment covers the wholesale of intimates apparel to customers based in Europe.
- *E-commerce.* This segment covers the Company's online retail activities.

The following table provides our segment net sales, gross margin and EBITDA for the 12-month period to January 31, 2019, 2018 and 2017.

Year ending January 31, 2019

	NZ Retail NZ\$000's	AU Retail NZ\$000's	NZ Wholesale NZ\$000's	AU Wholesale NZ\$000's	US Wholesale NZ\$000's	EU Wholesale NZ\$000's	e- commerce NZ\$000's	Unallocated NZ\$000's	Total
Revenue	31,801	18,547	7,154	11,491	5,798	4,996	32,133	-	111,920
Gross margin	16,377	9,355	782	2,993	576	506	10,885	(4,034)	37,440
EBITDA	3,373	(1,337)	(10)	(1,309)	(2,120)	(1,006)	(210)	(22,983)	(25,602)

Year ending January 31, 2018

	NZ Retail NZ\$000's	AU Retail NZ\$000's	NZ Wholesale NZ\$000's	AU Wholesale NZ\$000's	US Wholesale NZ\$000's	EU Wholesale NZ\$000's	e- commerce NZ\$000's	Unallocated NZ\$000's	Total
Revenue	34,269	18,236	10,453	15,512	6,390	14,192	32,234	102	131,388
Gross margin	17,781	8,779	2,240	2,967	(48)	3,971	11,260	(3,021)	43,929
EBITDA	4,330	(2,550)	1,172	(814)	(3,349)	1,067	(260)	(23,649)	(24,053)

Year ending January 31, 2017 (Unaudited)

	NZ Retail NZ\$000's	AU Retail NZ\$000's	NZ Wholesale NZ\$000's	AU Wholesale NZ\$000's	US Wholesale NZ\$000's	EU Wholesale NZ\$000's	e- commerce NZ\$000's	Unallocated NZ\$000's	Total
Revenue	35,968	19,395	13,636	27,174	15,695	15,148	23,424	1,702	152,143
Gross margin	20,761	10,958	4,072	9,764	4,979	5,013	10,879	1,358	67,785
EBITDA	7,683	310	1,157	5,623	907	925	4,551	(19,060)	2,098

For the 7-months ended January 31, 2017

	NZ Retail NZ\$000's	AU Retail NZ\$000's	NZ Wholesale NZ\$000's	AU Wholesale NZ\$000's	US Wholesale NZ\$000's	EU Wholesale NZ\$000's	e- commerce NZ\$000's	Unallocated NZ\$000's	Total
Revenue	21,953	12,053	7,484	18,091	9,015	9,548	18,140	-	96,284
Gross margin	12,246	6,461	2,523	6,660	2,081	3,271	6,238	(340)	39,140
EBITDA	4,766	265	2,048	4,571	16	1,258	2,584	(17,634)	(2,126)

Year to June 30, 2016

	NZ Retail NZ\$000's	AU Retail NZ\$000's	NZ Wholesale NZ\$ 000's	AU Wholesale NZ\$000's	US Wholesale NZ\$000's	EU Wholesale NZ\$000's	e- commerce NZ\$ 000's	Unallocated NZ\$000's	Total
Revenue	37,389	20,680	15,071	28,021	18,876	16,531	6,722	7,710	151,000
Gross margin	21,336	11,750	4,350	9,965	4,336	4,873	3,140	7,725	67,475
EBITDA	9,073	1,915	3,641	6,445	1,519	1,669	1,101	(14,893)	10,470

Year to June 30, 2015

	NZ Retail NZ\$000's	AU Retail NZ\$000's	NZ Wholesale NZ\$ 000's	AU Wholesale NZ\$000's	US Wholesale NZ\$000's	EU Wholesale NZ\$000's	e- commerce NZ\$ 000's	Unallocated NZ\$000's	Total
Revenue	37,089	18,491	16,333	29,817	13,853	17,548	5,683	24	138,838
Gross margin	20,819	10,425	5,355	11,356	2,924	6,290	2,611	27	59,807
EBITDA	8,934	2,801	3,568	8,907	388	3,024	620	(24,822)	3,420

(1) Unallocated revenue, gross margin and EBITDA relates to revenue, gross margin and EBITDA that cannot be attributed directly to the other reportable segments above including various brand management and head office costs.

New Zealand and Australia Retail

In the 12-month period ended January 31, 2019 New Zealand retail EBITDA was \$3.4m compared with \$4.3m in the 12-month period to January 31, 2018. Australian Retail EBITDA for the 12-month period ended January 31, 2019 was a loss of \$1.3m compared with a loss of \$2.5m in the 12-month period to January 31, 2018. The retail environment continued to be challenging for our Bendon stores, and this along with a lack of current season stock supply were the key reasons for both the reduction in the New Zealand market EBITDA year on year as well as the continued operating loss in the Australian market.

In the 12-month period ended January 31, 2018 New Zealand retail EBITDA was \$4.3m compared with \$7.7m in the 12-month period to January 31, 2017. Australian Retail EBITDA for the 12-month period ended January 31, 2018 was a loss of \$2.5m compared with a profit of \$0.3m in the 12-month period to January 31, 2017. A challenging retail environment, seasonal product mix and vendor supply issues were the key reasons for this reduced EBITDA across both the New Zealand and Australian retail markets.

New Zealand Retail Gross margin reduced 5.8% between the 12-month period to January 31, 2018 and 12-month period to January 31, 2017 from 57.7% to 51.9%. Australia Retail Gross margin reduced 8.4% between the 12-month period to January 31, 2018 and 12-month period to January 31, 2017 from 56.5% to 48.1%. The reduction in the gross margin in both markets was caused by increased discounts provided to customers and sub-optimal stock mix because of the stock supply issue.

In the 7-month period ended January 31, 2017, the 12-month period ended June 30 2016, the 12-month period ended June 30 2015, New Zealand retail EBITDA was \$4.8m, \$9.1m, and \$8.9m respectively, as a result of similar trading conditions and consistent store numbers.

In the 12-month period ended June 30 2016, Australia retail recognized increased revenue and reduced EBITDA of \$20.7m and \$1.9m, respectively, as compared with \$18.5m and \$2.8m, respectively, in the 12-month period ended June 30 2015. The increase in revenue was due to the introduction of 8 new outlet stores, which due to early trading losses experienced reduced EBITDA. The revenue and EBITDA in the 7-month period to January 31, 2017 showed a consistent trend as compared with the 12-month period ended June 30 2016.

NZ Wholesale, AU Wholesale, US Wholesale and EU wholesale

In the 12-month period ended January 31, 2019 the EBITDA loss decreased in the US market and increased in the NZ, AU and EU markets when compared with the 12-month period ended January 31, 2018. New Zealand wholesale EBITDA was a loss of \$0.01m in the 12-months ended January 31, 2019 compared with an EBITDA profit of \$1.1m in the 12-months ended January 31, 2018. AU wholesale EBITDA was a loss of \$1.3m in the 12-months ended January 31, 2019 compared with an EBITDA loss of \$0.8m in the 12-months ended January 31, 2018. US wholesale EBITDA was a loss of \$2.1m in the 12-months ended January 31, 2019 compared with an EBITDA loss of \$3.3m in the 12-months ended January 31, 2018. EU Wholesale EBITDA was a loss of \$1.0m in the 12-months ended January 31, 2019 compared with a profit of \$1.1m in the 12-months ended January 31, 2018.

In the 12-month period January 31, 2019, and 12-month period ended January 31, 2018 New Zealand wholesale revenue was \$7.1m and \$10.4m respectively. In the 12-month period ended January 31, 2019 New Zealand Wholesale EBITDA was a loss of \$0.01m compared with a profit of \$1.1m in the 12-month period to January 31, 2018. Both the reduction in sales, and EBITDA loss in the New Zealand market is attributed to a lack of order fulfillment due to the reduced stock supply, additional costs were also incurred as a result of unfulfilled orders.

In the 12-month period ended January 31, 2019 and 12-month period ended January 31, 2018, Australia wholesale revenue was \$11.5m and \$15.5m, respectively. In the 12-month period ended January 31, 2019 Australia Wholesale EBITDA was a loss of \$1.3m compared with a loss of \$0.8m in the 12-month period to January 31, 2018. The EBITDA loss for the Australian market was also due to a lack of fulfillment of orders because of the reduced stock supply.

US wholesale revenue dropped from \$6.4m for the 12-month period ended January 31, 2018 to \$5.8m for the 12-month period ended January 31, 2019. The EBITDA Loss for the period ended January 31, 2019 was \$2.1m compared to the EBITDA loss of \$3.3m for the year ended January 31, 2018. The EBITDA loss incurred for the US Wholesale market was primarily due to our relationship ending with key major wholesale accounts.

In the 12-month period ended January 31, 2019, and the 12-month period ended January 31, 2018, EU wholesale revenue was \$5.0m, and \$14.2m respectively. The EBITDA Loss for the period ended January 31, 2019 was \$1.0m compared to the EBITDA profit of \$1.1m for the year ended January 31, 2018. A strategic decision was made by the business to exit the EU market and this is the key driver for reduction in sales and the loss for the current period.

In the 12-month period ended January 31, 2018 EBITDA increased in the NZ Wholesale and EU Wholesale markets and decreased in the AU Wholesale and US Wholesale markets when compared with the 12-month period ended January 31, 2017. New Zealand wholesale EBITDA was \$1.17m in the 12-months ended January 31, 2018, compared with \$1.15m in the 12-months ended January 31, 2017. AU wholesale EBITDA was a loss of \$0.8m in the 12-months ended January 31, 2018, compared with an EBITDA profit of \$5.6m in the 12-months ended January 31, 2017. US wholesale EBITDA was a loss of \$3.3m in the 12-months ended January 31, 2018 compared with an EBITDA profit of \$0.9m in the 12-months ended January 31, 2017. EU wholesale EBITDA was a profit of \$1.1m in the 12-months ended January 31, 2018, compared with a profit of \$0.9m in the 12-months ended January 31, 2017.

In the 12-month period ended January 31, 2018 and 12-month period ended January 31, 2017 New Zealand wholesale revenue was \$10.4m and \$13.6m, respectively. Cancellation of orders from our key account holders due to vendor supply issues were the key reasons for these reduced sales.

In the 12-month period ended January 31, 2018 and 12-month period ended January 31, 2017, Australia wholesale revenue was \$15.5m and \$27.1m, respectively. In the 12-month period ended January 31, 2018 Australia Wholesale EBITDA was a loss of \$0.8m compared with a profit of \$5.6m in the 12-month period to January 31, 2017. The EBITDA loss for the Australian market was due to the cancellation of multiple orders as a result of delayed supply, due to vendor delays and discounts offered to customers for delayed ranges.

US wholesale revenue dropped from \$15.7m for the 12-month period ended January 31, 2017 to \$6.4m for the 12-month period ended January 31, 2018. The EBITDA Loss for the period ended January 31, 2018 was \$3.3m compared to the EBITDA profit of \$0.9m for the year ended January 31, 2017. The EBITDA loss incurred for the US Wholesale market was primarily due to our relationship ending with Macy's

In the 12-month period ended January 31, 2018, and the 12-month period ended January 31, 2017, EU wholesale revenue was \$14.2m, and \$15.1m respectively. EU Wholesale Gross margin decreased 5.1% between the 12-month period to January 31, 2018 and 12-month period to January 31, 2017 from 33.1% to 28%. These fluctuations were driven by changes in customer mix. EBITDA increased year on year, driven by a reduction in expenses.

In the 7-month period ended January 31, 2017, the 12-month period ended June 30 2016, and the 12-month period ended June 30 2015, New Zealand wholesale revenue was \$7.5m, \$15.1m, and \$16.3m, respectively. In the 7-month period ended January 31, 2017, the 12-month period ended June 30 2016, and the 12-month period ended June 30 2015, Australia wholesale revenue was \$18.1m, \$28.0m and \$29.8m, respectively. These fluctuations were driven by changes in customer mix and a general trend in the business to focus on its direct to consumer strategy. EBITDA for these respective segments was in line with sales movements.

US wholesale revenue grew from \$13.9m in the 12-month period ended June 30 2015 to \$18.9m in the 12-month period ended June 30 2016 as a result of a new Macy's contract and favorable foreign exchange rate variances. U.S. wholesale revenue was \$9.0m and EBITDA was \$0.0m in the 7-month period to January 31, 2017 which was due to reduced business from Macy's and less favorable foreign exchange movements than in the 12-month period ended June 30 2016. EBITDA for this segment was in line with sales movements.

In the 7-month period ended January 31, 2017, the 12-month period ended June 30 2016, and the 12-month period ended June 30 2015, EU wholesale revenue was \$9.6m, \$16.5m, and \$17.5m respectively. These fluctuations were driven by changes in customer mix and general trend in the business to focus on its direct to consumer strategy. EBITDA for segments was in line with sales movements.

E-commerce

For the 12-months ended January 31, 2019 the e-commerce EBITDA was a loss of \$0.2m compared with a loss of \$0.3m for the 12-months ended January 31, 2018. The loss for this period was impacted by the reduction in gross margin between the 12-month period to January 31, 2019 and 12-month period to January 31, 2018 from 34.9% to 33.9%, sales are comparable year on year.

For the 12-months ended January 31, 2018 our e-commerce EBITDA was a loss of \$0.3m compared with a profit of \$4.5m for the 12-months ended January 31, 2017. The loss for this period is due to decrease in margin as a result of the new license fee under the license agreement with FOH and discounts offered to customers. E-commerce Gross margin reduced 11.5% between the 12-month period to January 31, 2018 and 12-month period to January 31, 2017 from 46.4% to 34.9%.

In the 12-month period ended June 30 2016, e-commerce Revenue grew to \$6.7m from \$5.7m in the 12-month period ended June 30 2015. This was as a result of changing consumer trends and a conscious shift in the business to focus on this revenue stream. EBIDA for this segment was in line with sales movements.

The e-commerce revenue and EBITDA increased significantly in the 7-month period to January 31, 2017, to \$18.4m and \$2.6m respectively. This was as a result of entering into a license agreement with Frederick's of Hollywood. The previous management service arrangement with Frederick's of Hollywood that existed in the 12-month period ended June 30 2016 was not allocated to this segment.

Non-IFRS Financial Measures

EBITDA is defined as earnings before interest, taxes, depreciation, depletion, amortization and impairment. Our management uses EBITDA as a measure of our operating results and considers it to be a meaningful supplement to net income as a performance measurement, primarily because we incur significant depreciation and depletion and impairment charges, and the exclusion of such amounts in EBITDA eliminates the non-cash impact.

Reconciliations

Reconciliation of segment EBITDA to the consolidated statements of profit or loss and other comprehensive income follows:

Year ended January 31, 2019 compared to 12-month period ended January 31, 2018

	12 months ended January 2019 NZ\$000	12 months ended January 2018 NZ\$000
Segment EBITDA	(25,602)	(24,053)
Income tax (expense)/benefit	1,274	(60)
Any other reconciling items	(24,892)	(13,480)
Total net loss after tax	(49,220)	(37,593)

Year ended January 31, 2018 compared to 12-month period ended January 31, 2017 (unaudited)

	12 months ended January 2018 NZ\$000	Unaudited 12 months ended January 2017 NZ\$000
Segment EBITDA	(24,053)	2,098
Income tax (expense)/benefit	(60)	(6,123)
Any other reconciling items	(13,480)	(36,327)
Total net loss after tax	(37,593)	(40,352)

7-month period ended January 31, 2017 compared to the 12-month period ended June 30, 2016 and the 12-month period ended June 30, 2015

	7 months ended January 2017 NZ\$000's	12 months ended June 2016 NZ\$000's	12 months ended June 2015 NZ\$000's
Segment EBITDA	(2,126)	10,470	3,420
Income tax (expense)/ benefit	(865)	(5,546)	1,274
Other Revenue		7,710	24
Any other reconciling items	(12,988)	(33,380)	(17,823)
Total net loss after tax	(15,979)	(20,746)	(13,105)

In each of the tables above, "other reconciling items" consist of brand transition, restructure and transaction expenses, finance expense, impairment expense, depreciation and amortization, fair value (gain)/loss on foreign exchange contracts, and unrealized foreign exchange (gain)/loss.

B. Liquidity, and Capital Resources

Liquidity

We finance our business through cash from operations and equity and debt financing. Our cash requirements have been principally to fund working capital needs, to support the growth of the business and to partially repay our bank loan.

Management intends to continue to raise funds from equity financing to fund our operations and objectives. There is no assurance the additional funding will be achieved. If we are unable to achieve the additional funding, we may not be able to conduct our operations and pursue our objectives as presently contemplated, which may adversely affect our results of operations and financial condition.

12-month period ended January 31, 2019 compared to 12-month period ended January 31, 2018

As at January 31, 2019 and January 31, 2018 the Company had cash totaling \$1.9m and \$10.7m respectively. During the 12-months ended January 31, 2019 and the 12-months ended January 31, 2018 insufficient cash availability directly contributed to a lack of stock.

During the year ended January 31, 2019, the Company has undertaken a number of financing activities and raised \$23.6m. Of this amount, \$18.5m was utilized to repay Bank debt and the balance was utilized as working capital in the operating business.

12-month period ended January 31, 2018 compared to 12-month period ended January 31, 2017

As of January 31, 2018, and January 31, 2017, the Company had cash totaling \$10.7m and \$2.6m respectively. During the 12-months ended January 31, 2018 and the 12-months ended January 31, 2017, insufficient cash liquidity contributed to a stock supply issue as described above.

During the year ended January 31, 2018, the Company issued an aggregate amount of USD \$2,600,000 (NZ\$3,544,649) of convertible notes.

Working capital

We have managed and continue to manage our working capital constraints through the deferral of creditor settlement. Our relationships with our suppliers are managed carefully and we do not have any significant concerns about the deferred payment arrangements. We are continuing to raise capital and believe that this will assist greatly in reducing the overdue creditor position in the coming financial year.

As of January 31, 2019 and January 31, 2018

	January 31, 2019 NZ\$000	January 31, 2018 NZ\$000
Current Assets	33,369	70,343
Current Liabilities	(62,795)	(91,095)
Working Capital	(29,426)	(20,752)

As of January 31, 2019, current assets decreased due to the reduction in related party receivables, the reduction in inventory because of the reduced stock supply, and the reduced trade and other receivables because of cancelled orders from our wholesale accounts due to ongoing stock supply issues. Our cash balance also reduced by \$8.8m from \$10.7m as at the year ended January 31, 2018 to \$1.9m as at the year ended January 31, 2019.

As of January 31, 2018 and January 31, 2017

	January 31, 2018 NZ\$000	January 31, 2017 NZ\$000
Current Assets	70,343	81,588
Current Liabilities	(91,095)	(101,232)
Working Capital	(20,752)	(19,644)

The negative working capital is primarily driven by the classification of bank debt and shareholder loan as current liabilities. As of January 31, 2018, current assets decreased due to both the reduction in inventory because of vendor supply issues and the reduced trade and other receivables as a result of cancelled orders from our wholesale accounts due to vendor supply issues

As of January 31, 2017, June 30, 2016 and June 30, 2015

	January 31, 2017 NZ\$000's	June 30, 2016 NZ\$000's	June 30, 2015 NZ\$000's
Current Assets	81,588	74,807	70,026
Current Liabilities	(108,027)	(94,794)	(94,093)
Working Capital	(26,439)	(19,987)	(24,067)

The negative working capital is primarily driven by the classification of bank debt and shareholders loan as current liabilities.

Cash flows

Year ended January 31, 2019 compared to 12-month period ended January 31, 2018

	12 months ended January 31, 2019 NZ\$000	12 months ended January 31, 2018 NZ\$000
Net cash outflow from operating activities	(9,434)	(4,116)
Net cash outflow from investing activities	(1,867)	(2,312)
Net cash inflow from financing activities	2,168	14,496
Net increase/(decrease) in cash and cash equivalents held	(9,133)	8,068
Cash and cash equivalents at end of the year	1,962	10,739

Operating Activities

Net cash outflow from operating activities for the 12-month period to January 31, 2019 and, 12-month period to January 31, 2018 was \$9.4m, and \$4.1m, respectively. This was largely because of the increased net loss for the current period. The company is committed to a strategic plan lead by our new CEO to create cost savings and manage the overhead structure moving forward, we anticipate that this plan will have a positive impact on our operating cashflow moving forward.

Investing Activities

Net cash outflow from investing activities for the 12-month period to January 31, 2019 and for the 12-month period to January 31, 2018 was \$1.9m and \$2.3m respectively. This was driven by the proceeds from the businesses acquired during the period.

Financing Activities

Net cash inflow from financing activities for the 12-month period to January 31, 2019 and, 12-month period to January 31, 2018 was \$2.2m, and \$14.5m, respectively. During the 12-month period to January 31, 2019 the company raised \$23.2m through the issue of shares. These funds were partially used to fund interest charges of \$2.3m during the period, and to also repay the bank \$18.5m.

Year ended January 31, 2018 compared to 12-month period ended January 31, 2017 (unaudited)

	12 months ended January 31, 2018 NZ\$000	12 months ended January 31, 2017 NZ\$000
Net cash outflow from operating activities	(4,116)	(15,160)
Net cash outflow from investing activities	(2,312)	(2,933)
Net cash inflow from financing activities	14,496	17,039
Net increase/(decrease) in cash and cash equivalents held	8,068	(1,053)
Cash and cash equivalents at end of the year	10,739	2,645

Operating Activities

Net cash outflow from operating activities for the 12-month period to January 31, 2018 and, 12-month period to January 31, 2017 was \$4.1m, and \$15.1m, respectively. This was largely as a result of the net loss for the periods. Bendon Limited will continue to implement a restructure plan to create cost savings and manage the overhead structure, which will show as favorable impact in the cash flow going forward.

Investing Activities

Net cash outflow from investing activities for the 12-month period to January 31, 2018 and, 12-month period to January 31, 2017 was \$2.3m, and \$2.9m, respectively. This was largely driven by capital expenditure on property, plant and equipment in stores including enhancement of existing stores and introduction of new stores.

Financing Activities

Net cash inflow from financing activities for the 12-month period to January 31, 2018 and, 12-month period to January 31, 2017 was \$14.5m, and \$17m, respectively. During the 12-month period to January 31, 2018 the company raised \$22m through the issue of shares and an additional \$4.5m through convertible note issuance. These funds were used partly to fund interest charges of \$3.4m during the period, and to also repay the bank \$9.7m.

7-month period ended January 31, 2017 compared to 12-month period ended June 30, 2016 and 12-month period ended June 30 2015

	7 months ended January 31, 2017 NZ\$000's	12 months ended June 30, 2016 NZ\$000's	12 months ended June 30, 2015 NZ000's
Net cash (outflow) from operating activities	(13,518)	(5,040)	(17,199)
Net cash (outflow) from investing activities	(1,074)	(3,178)	(5,794)
Net cash inflow from financing activities	13,082	11,251	20,524
Net increase/decrease in cash and cash equivalents held	(1,510)	3,033	(2,469)
Cash and cash equivalents	2,644	4,193	1,246

Operating Activities

Net cash (outflow) from operating activities for the 7-month period to January 31, 2017, 12 month period ended June 30 2016 and the 12 month period ended June 30, 2015 was \$13.5m, \$5.0m, and \$17.2m, respectively, which was largely as a result of the net loss for the periods.

Investing Activities

Net cash (outflow) from investing activities for the 7-month period to January 31, 2017, the 12 month period ended June 30, 2016 and the 12 month period ended June 30, 2015 was \$1.1m, \$3.2m, and \$5.8m respectively. This was largely driven by capital expenditure on property, plant and equipment in stores including enhancement of existing stores and introduction of new stores.

Financing Activities

Net cash inflow from financing activities for the 7- month period to January 31, 2017, the 12 month period ended June 30, 2016, and the 12 month period ended June 30, 2015 was \$13.1m, \$11.3m, and \$20.5m respectively. Bank debt and shareholder loan finance increased in the 12 month period ended June 30 2015 and the 12 month period ended June 30 2016 to fund operating cash outflows. During the 7- month period ended January 31, 2017, in addition to additional bank and shareholder debt, cash was also raised through issuance of \$16.5m in convertible note debt.

Indebtedness

Bank loan

On June 27, 2016, all banking facilities were repaid and a new banking arrangement with BNZ commenced. This debt arrangement with BNZ was entered into on June 27, 2016 and included a term loan facility and revolving (working capital) loan facility. The facility limits of the term loan and revolving loan were \$54,000,000 in aggregate.

On June 13, 2018, we entered into a Deed of Amendment with BNZ to reduce the facility limits from \$54,000,000 in the aggregate to a single revolving facility limit of \$20,000,000. In addition, the new facility takes over guarantees and financial instruments totalling \$1,345,000. In connection with the Deed of Amendment, we repaid approximately \$18 million of the outstanding loans.

The new facility of \$20,000,000 has been extended to January 31, 2020 and discussions are continuing to extend the facility beyond that point. The current amount outstanding under the facilities (including the instruments referenced above) is \$20,000,000 (January 31, 2018: \$38,489,428, 2017: \$41,710,000). The current interest rate on this loan is 5.57% (January 31, 2019: 5.57%, 2018: 5.55%, 2017: 4.84%) per annum.

BNZ has the first ranking charge over all assets of the Company and its subsidiaries. Under the terms of the major borrowing facility, the new facility is subject to four undertakings being: Interest cover ratio of three times that is first tested as at April 30, 2019; gross EBITDA ratio measured to 3 months to September 2018 had to be greater than \$0, six months to December 30, 2018 is greater than \$3 million; inventory and receivables ratio must be greater than 2 times being first measured as at September 30, 2018; and the actual sales and gross margin must not vary by more than 10% from the budget submitted to the Bank. The covenants were reset as at 1 May 2019 and only the inventory covenant remains.

As at October 31, 2018, there was a breach in minimum gross EBITDA ratio. As at January 31, 2019, there was a breach of the minimum Gross EBITDA ratio and a breach of the inventory and receivables ratio. The reset inventory ratio has been breached up until November 30, 2019. The Bank has advised that they are currently taking these breaches under review.

Shareholder loan

On September 29, 2016, Bendon Limited issued 24,839 Bendon Ordinary Shares to the shareholders as part of an agreement to convert debt to equity. The amount of debt converted on this date amounted to \$24,839,783.

On June 19, 2018, Bendon Limited issued additional 24,221 Bendon Ordinary Shares to the shareholders as part of an agreement to convert the remainder of the shareholder debt to equity. The amount of debt converted on this date amounted to a fair value of \$12,244,208.

After this conversion, the shareholder loan is fully converted to equity and the outstanding balance as at January 31, 2019 was zero (January 31, 2018: \$10,951,295, 2017: \$8,200,000). The interest rate on the shareholder loans up to the date of conversion was 30%, and was capitalised quarterly. Total interest capitalised during the twelve months to January 31, 2019 was \$641,000 (January 31, 2018: \$553,000, 2017: \$275,000).

Convertible notes

On September 29, 2017, the holders of US\$11.75m (NZ\$16.79m) of convertible notes converted to 23,961 Bendon Ordinary Shares. On June 19, 2018, in connection with the closing of the Reorganization, the holders of US\$2.8m (NZ\$4.2m) of convertible notes converted to 16,408 Bendon Ordinary Shares.

The holder of US\$1.0m (NZ\$1.42m) of convertible notes elected for their convertible note to be repaid which is due at a future date to be agreed between us and the holder. The amount owing has been classified as a current borrowing and amounted to NZ\$1.247m as at January 31, 2019.

All the convertible notes have now converted to equity due to the closing of the Reorganization, or been reclassified as other loans. Accordingly, the outstanding balance of the convertible notes was zero as at January 31, 2019 (January 31, 2018: US\$2,600,000 (NZ\$3,624,198), 2017: US\$12,000,000 (NZ\$16,474,465)). The convertible notes had been issued pursuant to an Investment Agreement dated on August 9, 2017. The convertible notes accrued interest at 10% interest, were subject to a conversion at a fixed value on the business day immediately prior to the Reorganization and had a maturity date of August 10, 2019. Conversion was at the noteholders option. If conversion had not occurred the convertible notes would have been redeemable at maturity. The issuer could have elected to redeem the convertible notes at any time prior to maturity.

The carrying value of the convertible notes at initial recognition was determined as the difference between the consideration received and the fair value of the embedded derivative recognised. The convertible notes are subsequently measured at amortised cost using the effective interest rate method. The carrying value of the convertible notes at January 31, 2019 was zero (2018: \$1,740,000, 2017: \$13,744,000).

C. Research and Development, Patents and Licenses

We do not have any set research and development policies and have not spent a significant amount on research and development in the last three fiscal years

D. Trend Information

For a discussion of trends relating to revenues, please see Item 5.A, "Results of Operations," contained in this Annual Report and incorporated herein by reference.

E. Off-balance Sheet Arrangements

Except for amounts due under operating lease commitments disclosed below under Item E, “Contractual Obligations,” of this Annual Report, we do not have any material off-balance sheet commitments or arrangements.

F. Contractual Obligations

As of January 31, 2019, our contractual, obligations, excluding trade creditors, were as set forth below:

	Total January 31, 2019 NZ\$000	Not later than one year NZ\$000	Between one year and five years NZ\$000	Later than five years NZ\$000
Bank loan	20,000	20,000		
Shareholder loans	1,049	1,049		
Other Loans	967	967		
Working capital financing bank facility	-	-		
Convertible notes	0	0		
Minimum lease payments under non-cancellable operating leases	28,057	8,974	18,532	1,485
Contracted commitments	12,982	4,286	8,696	
Total	<u>64,066</u>	<u>35,354</u>	<u>27,228</u>	<u>1,485</u>

G. Safe Harbor

The safe harbor provided in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act applies to forward-looking information provided under “Off-Balance Sheet Arrangements” and “Contractual Obligations.”

PART III

ITEM 17. FINANCIAL STATEMENTS

See Item 18, "Financial Statements," of this Form 20-F/A.

ITEM 18. FINANCIAL STATEMENTS

Our Audited Annual Consolidated Financial Statements are included at the end of this Form 20-F/A.

ITEM 19. EXHIBITS

Exhibit No.	Description
12.1	Certification of Principal Executive Officer required by Rule 13a-14(a).
12.2	Certification of Principal Financial Officer required by Rule 13a-14(a).
13.1	Certification required by Section 1350 of Chapter 63 of Title 18 of the United States Code.
15.1	Consent of BDO Audit Pty Ltd.
15.2	Consent of PricewaterhouseCoopers.
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on annual report on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

Naked Brand Group Limited

By: /s/ Justin Davis-Rice

Name: Justin Davis-Rice

Title: *Executive Chairman*

By: /s/ David Adams

Name: David Adams

Title: *Interim Chief Financial Officer*

Date: January 3, 2020

Naked Brand Group Limited
ACN 619 054 938

Consolidated Financial Statements
(Expressed in New Zealand Dollars)

For the Periods Ended 31 January 2019, 31 January 2018, and 31 January 2017 and 30 June 2016

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For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017 and 30 June 2016

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Report of Independent Registered Public Accounting Firm

Stockholders and Board of Directors
Naked Brand Group Limited

Alexandria, NSW, Australia

Opinion on the consolidated financial statements

We have audited the accompanying consolidated balance sheets of Naked Brand Group Limited (the 'Company') as of January 31, 2019, 2018 and 2017, the related consolidated statements of profit or loss and other comprehensive income, stockholders' equity, and cash flows for the 7 month period ended 31 January 2017 and each of the two years in the period ended January 31, 2019, and the related notes and schedules (collectively referred to as the 'consolidated financial statements').

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at January 31, 2019, 2018 and 2017 and the results of its operations and its cash flows for the 7 month period ended 31 January 2017 and each of the two years in the period ended January 31, 2019, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IFRS').

Substantial doubt about the Company's ability to continue as a going concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company has suffered recurring losses and cash outflows from operations, has a net working capital deficiency, has breached debt covenants and other matters that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for opinion


These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ('PCAOB') and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB and in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that



respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

BDO Audit Pty Ltd

BDO


Tim Aman
Director

We have served as the Company's auditor since 2019.

Sydney, NSW, Australia

January 3, 2020

Report of Independent Registered Public Accounting Firm

To the Board of Directors and shareholders of Naked Brand Group Limited:

In our opinion, the consolidated statements of profit or loss and other comprehensive income, of changes in equity and of cash flows for the year ended 30 June 2016 present fairly, in all material respects, the results of operations and cash flows of Naked Brand Group Limited (the "Company") for the year ended 30 June 2016, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.



PricewaterhouseCoopers
Sydney, Australia
June 14, 2019

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017 and 30 June 2016

	Note	For the Year Ended 31 January 2019 NZ\$000's	For the Year Ended 31 January 2018 NZ\$000's	For the 7 Months Ended 31 January 2017 NZ\$000's	For the Year Ended 30 June 2016 NZ\$000's
Revenue	5	111,920	131,388	96,284	151,000
Cost of goods sold		(74,480)	(87,459)	(57,144)	(83,525)
Gross profit		37,440	43,929	39,140	67,475
Brand management		(49,256)	(53,653)	(32,040)	(48,362)
Administrative expenses		(3,432)	(4,131)	(2,383)	(4,090)
Corporate expenses		(14,145)	(12,851)	(8,082)	(13,002)
Finance expense	6	(4,041)	(8,791)	(6,238)	(10,409)
Brand transition, restructure and transaction expenses	6	(10,075)	(3,272)	(1,321)	(2,232)
Impairment expense	6	(8,173)	(1,914)	(292)	(2,157)
Other foreign currency gains/(losses)	6	1,963	757	(3,306)	(2,423)
Fair value gain/(loss) on Convertible Notes derivative		(775)	2,393	(592)	-
Loss before income tax		(50,494)	(37,533)	(15,114)	(15,200)
Income tax (expense)/benefit	7	1,274	(60)	(865)	(5,546)
Loss for the period		(49,220)	(37,593)	(15,979)	(20,746)
Other comprehensive income					
<i>Items that may be reclassified to profit or loss</i>					
Exchange differences on translation of foreign operations	22	(7)	148	(29)	31
Other comprehensive income/(loss) for the period, net of tax		(7)	148	(29)	31
Total comprehensive income/(loss) for the period		(49,227)	(37,445)	(16,008)	(20,715)
Total comprehensive income/(loss) attributable to:					
Owners of Naked Brand Group Limited		(49,227)	(37,445)	(16,008)	(20,715)

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017 and 30 June 2019

	<u>Note</u>	<u>For the Year Ended 31 January 2019 NZ\$000's</u>	<u>For the Year Ended 31 January 2018 NZ\$000's</u>	<u>For the 7 Months Ended 31 January 2017 NZ\$000's</u>	<u>For the Year Ended 30 June 2016 NZ\$000's</u>
Loss per share for profit from continuing operations attributable to the ordinary equity holders of the Group:					
Basic loss per share (NZ\$)	23	(2.01)	(1.79)	(0.82)	(1.13)
Diluted loss per share (NZ\$)	23	(2.01)	(1.79)	(0.82)	(1.13)

A stock reorganisation occurred on the 19th June 2018 upon completion of the merger between Naked Brands Inc. and Bendon Limited. As a result, the calculation of the basic and diluted earnings per share for 2018, 2017 and 2016 has been adjusted retrospectively. The number of ordinary shares outstanding has been adjusted to reflect the proportionate change in the number of shares. See note 23 for further information.

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

Consolidated Balance Sheets
As at 31 January 2019, 31 January 2018, and 31 January 2017

	<u>Note</u>	<u>31 January 2019</u> NZ \$000's	<u>31 January 2018</u> NZ \$000's	<u>31 January 2017</u> NZ \$000's
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	11	1,962	10,739	2,644
Trade and other receivables	12	9,650	13,165	28,090
Inventories	13	21,120	31,113	37,751
Current tax receivable		355	-	52
Related party receivables	34	282	15,326	13,051
TOTAL CURRENT ASSETS		33,370	70,343	81,588
NON-CURRENT ASSETS				
Property, plant and equipment	14	3,763	4,741	4,964
Deferred tax assets	28	692	-	
Intangible assets	15	37,864	13,012	14,680
TOTAL NON-CURRENT ASSETS		42,319	17,753	19,644
TOTAL ASSETS		75,688	88,096	101,232
LIABILITIES				
CURRENT LIABILITIES				
Trade and other payables	18	35,545	32,516	28,565
Borrowings	19	20,967	52,121	68,998
Foreign currency derivative financial instruments	16	1,484	2,087	4,188
Derivative on Convertible Notes	17	-	1,110	4,112
Current tax liabilities		140	786	
Related party payables	34	3,738	1,369	635
Provisions	20	921	1,106	1,528
TOTAL CURRENT LIABILITIES		62,795	91,095	108,026

Consolidated Balance Sheets
As at 31 January 2019, 31 January 2018, and 31 January 2017

	<u>Note</u>	<u>31 January 2019</u> NZ \$000's	<u>31 January 2018</u> NZ \$000's	<u>31 January 2017</u> NZ \$000's
NON-CURRENT LIABILITIES				
Provisions	20	<u>2,372</u>	<u>2,711</u>	<u>2,249</u>
TOTAL NON-CURRENT LIABILITIES		<u>2,372</u>	<u>2,711</u>	<u>2,249</u>
TOTAL LIABILITIES		<u>65,167</u>	<u>93,806</u>	<u>110,275</u>
NET ASSETS/(LIABILITIES)		<u>10,519</u>	<u>(5,710)</u>	<u>(9,043)</u>
EQUITY				
Share capital	21	134,183	68,727	27,948
Other reserves	22	(2,013)	(2,006)	(2,154)
Accumulated profit/(losses)	24	<u>(121,651)</u>	<u>(72,431)</u>	<u>(34,838)</u>
TOTAL EQUITY		<u>10,519</u>	<u>(5,710)</u>	<u>(9,044)</u>

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated Statements of Changes in Equity

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017 and 30 June 2016

	<u>Ordinary Shares</u> NZ\$000's	<u>Retained Earnings/ (Accumulated Losses)</u> NZ\$000's	<u>Foreign Currency Translation Reserve</u> NZ\$000's	<u>Total</u> NZ\$000's
Balance at 1 July 2015	3,108	1,887	(2,156)	2,839
Loss for the year	-	(20,746)	-	(20,746)
Other comprehensive loss for the year	-	-	31	31
Balance at 30 June 2016	<u>3,108</u>	<u>(18,859)</u>	<u>(2,125)</u>	<u>(17,876)</u>
Balance at 1 July 2016	3,108	(18,859)	(2,125)	(17,876)
Loss for the year	-	(15,979)	-	(15,979)
Other comprehensive loss for the year	-	-	(29)	(29)
Transactions with owners in their capacity as owners	-	-	-	-
Issuance new shares	24,840	-	-	24,840
Balance at 31 January 2017	<u>27,948</u>	<u>(34,838)</u>	<u>(2,154)</u>	<u>(9,044)</u>
Balance at 1 February 2017	27,948	(34,838)	(2,154)	(9,044)
Loss for the year	-	(37,593)	-	(37,593)
Other comprehensive income for the year	-	-	148	148
Transactions with owners in their capacity as owners				
Issuance new shares	22,990	-	-	22,990
Value of conversion rights - convertible notes	17,789	-	-	17,789
Balance at 31 January 2018	<u>68,727</u>	<u>(72,431)</u>	<u>(2,006)</u>	<u>(5,710)</u>

Consolidated Statements of Changes in Equity

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017 and 30 June 2016

	<u>Ordinary Shares</u> NZ\$000's	<u>Retained Earnings/ (Accumulated Losses)</u> NZ\$000's	<u>Foreign Currency Translation Reserve</u> NZ\$000's	<u>Total</u> NZ\$000's
Balance at 1 February 2018	68,727	(72,431)	(2,006)	(5,710)
Loss for the year	-	(49,220)	-	(49,220)
Other comprehensive income for the year	-	-	(7)	(7)
Transactions with owners in their capacity as owners				
Issuance new shares	40,228	-		40,228
Issuance new shares from business combination Naked	14,196			14,196
Issuance new shares from business combination FOH	6,873			6,873
Value of conversion rights - convertible notes	<u>4,159</u>	<u>-</u>	<u>-</u>	<u>4,159</u>
Balance at 31 January 2019	<u><u>134,183</u></u>	<u><u>(121,651)</u></u>	<u><u>(2,013)</u></u>	<u><u>10,519</u></u>

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

Consolidated Statements of Cash Flows
For the Year Ended 31 January 2019, 31 January 2018, 31 January 2017 and 30 June 2016

	<u>Note</u>	<u>For the Year Ended 31 January 2019 NZ\$000's</u>	<u>For the Year Ended 31 January 2018 NZ\$000's</u>	<u>For the 7 Months Ended 31 January 2017 NZ\$000's</u>	<u>For the Year Ended 30 June 2016 NZ\$000's</u>
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers		140,736	159,042	92,066	160,880
Payments to suppliers and employees		(149,750)	(163,304)	(105,389)	(165,708)
Income taxes paid		(420)	146	(195)	(530)
Net cash (outflow) from operating activities	35	<u>(9,434)</u>	<u>(4,116)</u>	<u>(13,518)</u>	<u>(5,040)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Payment for intangible asset		(151)	(118)	(351)	(475)
Payments for property, plant and equipment		(2,585)	(2,194)	(723)	(2,703)
Proceeds from business combination, net of cash acquired		870	-	-	-
Net cash (outflow) from investing activities		<u>(1,867)</u>	<u>(2,312)</u>	<u>(1,074)</u>	<u>(3,178)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:					
Proceeds from issue of shares		23,248	22,721	-	-
Proceeds from borrowings - Bank		-	463	1,940	62,127
Proceeds from borrowings - Convertible notes issue		-	4,521	16,474	-
Repayment of borrowings - Bank		(18,489)	(9,684)	(2,832)	(46,986)
Debt issuance costs		(322)	(107)	(367)	(750)
Interest paid		(2,269)	(3,418)	(2,133)	(3,140)
Net cash inflow from financing activities		<u>2,168</u>	<u>14,496</u>	<u>13,082</u>	<u>11,251</u>

Consolidated Statements of Cash Flows
For the Year Ended 31 January 2019, 31 January 2018, 31 January 2017 and 30 June 2016

Net increase/(decrease) in cash and cash equivalents held		(9,134)	8,068	(1,510)	3,033
Cash and cash equivalents at beginning of year		10,739	2,644	4,193	1,246
Effects of exchange rate changes on cash and cash equivalents		<u>355</u>	<u>27</u>	<u>(39)</u>	<u>(86)</u>
Cash and cash equivalents at end of the half year	11	<u>1,962</u>	<u>10,739</u>	<u>2,644</u>	<u>4,193</u>

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

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

Description of business

Naked Brand Group Limited (“the Group”) is a designer, distributor, wholesaler and retailer of women’s and men’s intimates apparel globally. The Group sells its merchandise through retail and outlet stores in New Zealand and Australia, wholesale operations in New Zealand, Australia, the United States and Europe, and through online channels. The Group operates both licenced and owned brands, including the following:

Licensed brands:

Heidi Klum, Fredericks of Hollywood

Owned brands:

Pleasure State, Davenport, Lovable, Bendon, Fayreform, Naked, VaVoom, Evollove, Hickory

The financial report covers Naked Brand Group Limited and its controlled entities (‘the Group’). Naked Brand Group Limited is a for-profit Group, incorporated and domiciled in Australia.

During the year the following significant changes occurred, of which there is further disclosure contained within this report:

- On 19th June 2018, Bendon Limited (Bendon) and Naked Brand Group Inc. (Naked) completed a business combination pursuant to the Merger Agreement.
- On 30th June 2018, the licence agreement with Stella McCartney was terminated
- On 15th November 2018 the Group entered into a Stock Purchase Agreement with the shareholders of FOH Online Corp Inc (FOH)

The financial report was authorised for issue by the Directors on 31 December 2019.

Comparatives are consistent with prior years, unless otherwise stated.

The amounts in the financial statements have been rounded to the nearest thousand dollars.

1 Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. Naked Brand Group Limited is a for-profit entity for the purpose of preparing the financial statements.

The consolidated financial statements of the Group also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

1 Basis of Preparation

Naked Brand Group Limited (The Group) acquired all the share capital of Bendon Limited as part of a corporate reorganization on 19 June 2018. Following the reorganization, Naked Brand Group Limited completed a merger with Naked Brand Group Inc. which for accounting purposes was treated as an acquisition such that Naked brand group limited is deemed the accounting acquirer of the Naked Brand Group Inc. The reorganization of the ownership of Bendon Limited results in the financial statements of the consolidated Naked Brand Group Limited being a continuation of the Bendon Limited financial statements. The consolidated financial report of Naked Brand Limited represents a full year of Bendon Limited's financial results plus Naked Brand Group Inc. from the date of acquisition being 19 June 2018 to 31 January 2019. The comparative period represents Bendon Limited and its controlled entities only.

(a) Historical cost convention

The financial statements are based on historical costs, except for the measurement at fair value of selected financial assets and financial liabilities.

2 Summary of Significant Accounting Policies

(a) Going concern

The financial statements have been prepared on the basis of going concern which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

For the financial year ended 31 January 2019 the Group experienced a loss after income tax from continuing operations of NZ\$49.227million (2018: NZ\$37.445million) and operating cash outflows of NZ\$9.434 million (2018: NZ\$4.116million). It also is in a net current liability position of NZ\$29.426 million (2018: NZ\$20.752million) and a positive net asset position of NZ\$10.519 million (2018: net liability position of NZ\$5.710million).

The losses in the year ended 31 January 2019 were a result of reduced revenue from wholesale customers, increased rebates and discounts, and the plateauing of sales in retail outlets believed to be due to the stores and stockists not having new high margin inventory. The business is experiencing challenging trading conditions which have been impacted by the cancellation of the Stella McCartney licence held by the Group which expired on 30 June 2018, the lack of working capital to purchase sufficient levels of inventory required for trading, reduced customer foot traffic in retail stores and outlets, and a reduction of revenue from wholesale customers. The business also incurred NZ\$10.075 million of non-trading costs in relation to brand transition, restructure, and transaction costs associated with listing the Group on the Nasdaq stock exchange. The Group also has trade creditors that are trading beyond their original credit terms.

The Group has also breached its Bank debt loan covenants during financial year, and is the process of extending their facilities which are currently due on 31 January 2020 to provide the Group and the Bank time to consider a refinance of the facility to a longer term to assist the group continue as a going concern.

In consequent to the challenging trading conditions and the negative working capital the business raised NZ\$24 million of funds in the form of issued capital and convertible notes over the course of the financial year and generated further working capital by reducing inventory by NZ\$9.993million. The Group used the funds to reduce the bank debt from NZ\$38.489 million to NZ\$20 million, reduce long overdue trade creditors, fund operating losses, reduce costs, rebuild higher margin inventory, recruit new staff, and pay the costs of listing on the Nasdaq stock exchange.

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

2 Summary of Significant Accounting Policies

(a) Going concern

It is expected the group will need to continue to fund losses through to the start of the year ending 31 January 2022. This capital raising/recapitalisation is continuing, and management had raised US\$32.4 million between March 2019 and the date of this report. At the date of this report management is intending on raising up to a further US\$15 million. The Group must complete the fundraising to finalise the recapitalization plan and continue as a going concern.

As part of the discussions to renegotiate the Bank facilities the Bank appointed Korda Mentha to review the cash flow and working capital history and forecasts. Korda Mentha produced a report which is consistent with the information in this note and the Bank has advised they will continue to monitor the Group's performance during the Bank debt renegotiation process. The Directors expect the Bank to offer a new two year facility. The offer of a new Bank facility is dependent on the Group achieving inventory covenants set by the Bank, and the Bank being satisfied with the raising of the remaining capital planned of US\$15 million.

Despite the ongoing losses, reduced cash flow and cash facilities, and the other negative financial conditions, the Directors are confident that the Group will continue as a going concern. However, while the Directors are confident of continuing as a going concern and meeting its debt obligation to its Bank and creditor commitments as they fall due, the going concern is dependent upon the Directors and Group being successful in:

- Raising further funding before 28 February 2020 in order to meet all debts due in the 12 months after signing of these financial statements;
- Generating sufficient sales and increasing gross margins and reducing overheads in line with forecasts;
- Having sufficient funds to maintain a positive cashflow position, and to reduce bank debt in line with agreed bank amortisation;
- Continuing to receive support from creditors to delay payment of overdue amounts until the Group has adequate cash flow to commence a repayment arrangement or repay the debts in full; and
- Renegotiating the current bank facilities of NZ\$20 million to a facility that is at least a 12 month facility.

As a result, the viability of the Group is dependent on the above matters. The dependence on these matters raise substantial doubt about its ability to continue as a going concern and therefore whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report.

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

2 Summary of Significant Accounting Policies

(a) Going concern

However, the Directors' believe that the Group will be successful in the above matters and, accordingly, have prepared the report on a going concern basis.

(b) Basis for consolidation

Subsidiaries

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

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

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(c) Business combinations

Business combinations are accounted for by applying the acquisition method which requires an acquiring entity to be identified in all cases. The acquisition date under this method is the date that the acquiring entity obtains control over the acquired entity.

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

2 Summary of Significant Accounting Policies

(c) Business combinations

The fair value of identifiable assets and liabilities acquired are recognised in the consolidated financial statements at the acquisition date.

Goodwill or a gain on bargain purchase may arise on the acquisition date, this is calculated by comparing the consideration transferred and the amount of non-controlling interest in the acquiree with the fair value of the net identifiable assets acquired. Where consideration is greater than the net assets acquired, the excess is recorded as goodwill. Where the net assets acquired are greater than the consideration, the measurement basis of the net assets are reassessed and then a gain from bargain purchase recognised in profit or loss.

All acquisition-related costs are recognised as expenses in the periods in which the costs are incurred except for costs to issue debt or equity securities.

Any contingent consideration which forms part of the combination is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity then it is not remeasured and the settlement is accounted for within equity. Otherwise subsequent changes in the value of the contingent consideration liability are measured through profit or loss.

(d) Income Tax

The tax expense/(benefit) recognised in the consolidated statements of profit or loss and other comprehensive income comprises of current income tax expense plus deferred tax expense/(benefit).

Current tax is the amount of income taxes payable/(recoverable) in respect of the taxable profit/(loss) for the period and is measured at the amount expected to be paid to/(recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by each jurisdiction by the end of the reporting period. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the consolidated financial statements.

Deferred tax is not provided for the following:

- 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 accounting profit nor taxable profit/(tax loss).
- Taxable temporary differences arising on the initial recognition of goodwill.
- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

2 Summary of Significant Accounting Policies

(d) Income Tax

Deferred tax assets and liabilities are measured 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 (and tax laws) that have been enacted or substantively enacted by each jurisdiction by the end of the reporting period.

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

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

In determining the amount of current and deferred income tax, the Group takes into account the impact of uncertain income tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact the income tax expense in the period that such a determination is made.

(e) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the Group, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

2 Summary of Significant Accounting Policies

(f) Revenue and other income

Sale of goods

Sales of goods through retail stores, e-commerce and wholesale channels are recognised when control of the products have been transferred to the customer which is a point in time. For wholesale and e-commerce sales, risks and rewards are transferred when goods are delivered to customers, and therefore reflects an estimate of shipments that have not been received at year end based on shipping terms and historical delivery times. The Group also provides a reserve for projected merchandise returns based on prior experience.

The Group sells gift cards to customers. The Group recognises revenue from gift cards when they are redeemed by the customers. In addition, the Group recognises revenue on all of its unredeemed gift cards when the gift cards have expired.

(i) Sale of goods - wholesale

The Group sells a range of lingerie products in the wholesale market. Sales are recognised when control of the products has transferred, being when the products are delivered to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the group has objective evidence that all criteria for acceptance have been satisfied.

Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts. The estimates of discount is based on the trading terms in the contracts, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in trade and other payables) is recognised for expected volume payable to customers in relation to sales made until the end of the reporting period. The Group's obligation to provide a refund for faulty products under the standard trading terms is recognised as a provision.

(ii) Sale of goods - retail/e-commerce

The group operates a chain of retail stores and e-commerce websites selling lingerie products. Revenue from the sale of goods is recognised when a group entity sells a product to the customer.

Payment of the transaction price is due immediately when the customer purchases the product. It is the group's policy to sell its products to the end customer with a right of return within 30 days.

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

2 Summary of Significant Accounting Policies

(f) Revenue and other income

Therefore, a refund liability (included in trade and other payables) and a right to the returned goods (included in inventory if deemed saleable) are recognised for the products expected to be returned. Accumulated experience is used to estimate such returns at the time of sale at a portfolio level (expected value method). Because the number of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognised will not occur. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date.

Interest revenue

Interest is recognised using the effective interest method.

Other income

Other income is recognised on an accruals basis when the Group is entitled to it.

(g) Brand management, administrative and corporate expenses

Corporate expenses includes head office costs such as human resources, finance team and rental costs. Administrative expenses includes depreciation and amortisation, as well as professional accounting fees. Brand management expenses includes other costs incurred in selling products, including advertising, design and retail store occupancy and payroll.

(h) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready 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. Investment income earned on the temporary investment of specific borrowing pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

(i) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the weighted average costs basis and is net of any rebates and discounts received. Net realisable value represents the estimated selling price for inventories less costs necessary to make the sale. Net realisable value is estimated using the most reliable evidence available at the reporting date and inventory is written down through an obsolescence provision if necessary.

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

2 Summary of Significant Accounting Policies

(j) Property, plant and equipment

Plant and equipment

Plant and equipment are measured using the cost model.

Under the cost model the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price and other directly attributable costs associated with locating the asset to the installation site, where applicable.

Depreciation

Property, plant and equipment, is depreciated on a straight-line basis over the assets useful life to the Group, commencing when the asset is ready for use.

The estimated useful lives used for each class of depreciable asset are shown below:

Fixed asset class	Useful life
Leasehold improvements	1 - 10 years
Plant, furniture, fittings and motor vehicles	3 - 7 years

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in accounting estimate.

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

2 Summary of Significant Accounting Policies

(k) Financial instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Group becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial Assets

(i) Classification

From 1 February 2018, the group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

2 Summary of Significant Accounting Policies

(k) Financial instruments

(iii) Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established.

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

2 Summary of Significant Accounting Policies

(k) Financial instruments

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment

From 1 February 2018, the group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(v) Subsequent measurement

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired. Although the Group uses derivative financial instruments in economic hedges of currency and interest rate risk, it does not hedge account for these transactions.

The Group's financial liabilities include borrowings, trade and other payables (including finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

All of the Group's derivative financial instruments that are not designated as hedging instruments are accounted for at fair value through profit or loss.

(l) Impairment of non-financial assets

At the end of each reporting period the Group determines whether there is an evidence of an impairment indicator for non-financial assets.

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

2 Summary of Significant Accounting Policies

(l) Impairment of non-financial assets

Where an indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

(m) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

(n) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(o) Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

2 Summary of Significant Accounting Policies

(p) Intangibles

Goodwill

Goodwill is carried at cost less accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

- i) the consideration transferred;
- ii) any non-controlling interest; and
- iii) the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of net identifiable assets acquired in a business combination.

Patents and licences

Separately acquired patents and licences are shown at historical cost. Licences and customer contracts acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses. Licence fees have an estimated useful life of 5 - 50 years.

Software

Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of between one and three years.

Brands

Brand assets relate to brands owned by the Group that have arisen on historical acquisitions. These assets were initially measured at fair value.

Brands are considered to have an indefinite life and are therefore not amortised. They are considered to have indefinite lives because there is no foreseeable limit to the period over which the asset is expected to generate net cash flows for the entity. The brands have been in existence for many years, are well established and show no signs of deteriorating. They are assessed for impairment annually or more frequently if impairment indicators exist.

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

2 Summary of Significant Accounting Policies

(p) Intangibles

Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill and brands, from the date that they are available for use.

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

Goodwill and indefinite life brands are not amortised but are tested for impairment annually or more frequently if impairment indicators exist. Goodwill is allocated to the Group's cash generating units or groups of cash generating units, which represent the lowest level at which goodwill is monitored but where such level is not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

(q) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other long-term employee benefit obligations

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

2 Summary of Significant Accounting Policies

(r) 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.

Provisions are measured at the present value of management's best estimate of the outflow required to settle the obligation at the end of the reporting period. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the unwinding of the discount is taken to finance costs in the consolidated statements of profit or loss and other comprehensive income.

Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(i) Lease incentive provision

Lease contributions include payment for improvements initially funded by the landlord. The improvement asset is capitalised and a provision for the amount of landlord contribution is recognised. The provision is released on a monthly basis over the term of the lease of the property.

(ii) Onerous contract provision

The Group provides for future losses on long-term contracts where it is considered probable that the contract costs are likely to exceed revenues in future years. A provision is required for the present value of future losses. Estimating these future losses involves a number of assumptions about the achievement of contract performance targets and the likely levels of future cost escalation over time.

(iii) Make good provision

The Group is required to restore the lease premises of various retail stores to their original condition at the end of the respective lease terms. Provisions for make good obligations are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. A provision is recognised for the present value of the estimated expenditure required to remove any leasehold improvements. These costs have been capitalised as part of the cost of leasehold improvements and are amortised over the lease term.

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

2 Summary of Significant Accounting Policies

(s) Earnings/(loss) per share

(i) Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing:

- the profit/(loss) attributable to owners of the Group, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted earnings/(loss) per share

Diluted earnings/(loss) per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

For periods in which the Group has reported net losses, diluted net loss per share attributable to common shareholders is the same as basic net loss per share attributable to common stockholders, since their impact would be anti-dilutive to the calculation of net loss per share.

(t) 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 it 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 it 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 removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

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

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

2 Summary of Significant Accounting Policies

(u) Convertible Notes

On issuance of the convertible notes, an assessment is made to determine whether the convertible notes contain an equity instrument or whether the whole instrument should be classified as a financial liability.

When it is determined that the whole instrument is a financial liability and no equity instrument is identified (for example for foreign-currency-denominated convertibles notes), the conversion option is separated from the host debt and classified as a derivative liability. The carrying value of the host contract (a contract denominated in a foreign currency) at initial recognition is determined as the difference between the consideration received and the fair value of the embedded derivative. The host contract is subsequently measured at amortised cost using the effective interest rate method. The embedded derivative is subsequently measured at fair value at the end of each reporting period through the profit and loss. The convertible note and the derivative are presented as a single number on the balance sheet within interest-bearing loans and borrowings.

When it is determined that the instrument contains an equity component based on the terms of the contract, on issuance of the convertible notes, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not re-measured in subsequent years.

(v) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(w) Foreign currency transactions and balances

Each of the entities within the Group prepare their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in New Zealand dollars which is the parent entity's functional and presentation currency.

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

2 Summary of Significant Accounting Policies

(w) Foreign currency transactions and balances

Transaction and balances

Foreign currency transactions are recorded at the spot rate on the date of the transaction.

At the end of the reporting period:

- Foreign currency monetary items are translated using the closing foreign currency rate;
- Non-monetary items that are measured at historical cost are translated using the exchange rate at the date of the transaction; and
- Non-monetary items that are measured at fair value are translated using the rate at the date when fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition or in prior reporting periods are recognised through profit or loss, except where they relate to an item of other comprehensive income or whether they are deferred in equity as qualifying hedges.

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 period-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period where the average rate approximates the rate at the date of the transaction; and
- retained earnings 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 consolidated balance sheets. These differences are recognised in the consolidated statements of profit or loss and other comprehensive income in the period in which the operation is disposed.

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

2 Summary of Significant Accounting Policies

(x) New and amended accounting standards adopted by the Group

A number of new or amended accounting standards become applicable for the current reporting period and the Group had to change its accounting policies as a result of adopting the following accounting standards.

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from contract with customers

There were no material impacts on adoption of IFRS 9 and IFRS 15. The other accounting standards did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

(y) New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 January 2018 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

2 Summary of Significant Accounting Policies

(y) New Accounting Standards and Interpretations

<u>Title of Standard</u>	<u>Nature of change</u>	<u>Impact</u>	<u>Mandatory application date/Date of adoption by Group</u>
IFRS 16 Leases	<p>The IASB issued a new standard for leases. This will replace IAS 17</p> <p>The main impact on lessees is that almost all leases go on balance sheet. This is because the balance sheet distinction between operating and finance leases is removed for lessees. Instead, under the new standard an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exemptions are short-term and low-value leases.</p>	<p>Management is currently assessing the impact of the new rules and believes the adoption of the provisions of this update will have a material impact on the Group's consolidated financial statements.</p> <p>The new standard will require that we record a liability and a related asset on the balance sheet for our leased facilities.</p>	<p>Management is currently assessing the impact of the new rules and believes the adoption of the provisions of this update will have a material impact on the Group's consolidated financial statements.</p> <p>Mandatory for financial years commencing on or after 1 January 2019.</p> <p>Expected date of adoption by the Group: 1 February 2019.</p>

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

2 Summary of Significant Accounting Policies

(y) New Accounting Standards and Interpretations

<u>Title of Standard</u>	<u>Nature of change</u>	<u>Impact</u>	<u>Mandatory application date/Date of adoption by Group</u>
IFRC 23 Uncertainty over Income Tax Treatments (IFRIC 23)	On June 7, 2017, the IASB issued IFRIC 23, Uncertainty over Income Tax Treatments (“IFRIC 23”). IFRIC 23 clarifies the application of recognition and measurement requirements in IAS 12, Income Taxes, when there is uncertainty over income tax treatments. The IFRIC 23 interpretation specifically addresses whether an entity considers uncertain tax treatments separately; the assumptions an entity makes about the examination of tax treatments by taxation authorities; how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and how an entity considers changes in facts and circumstances.	The Group is currently evaluating the impact of adopting this standard on the consolidated financial statements.	IFRIC 23 is effective for annual periods beginning on or after January 1, 2019, with earlier application permitted.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(z) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The executive directors are the chief operating decision maker, responsible for allocating resources and assessing performance of the operating segments.

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

3 Changes in accounting policies

This note explains the impact of the adoption of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers on the group's financial statements and also discloses the new accounting policies that have been applied from 1 February 2018, where they are different to those applied in prior periods.

(a) Impact on the financial statements

There were no impacts on the Group's accounting policies on adoption of IFRS 9 and IFRS 15, and no retrospective adjustments required either.

(b) IFRS 9 Financial Instruments – Accounting policies applied from 1 February 2018

Impairment

For trade receivables, the group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(c) IFRS 15 Revenue from Contracts with Customers – Accounting policies

(i) Sale of goods - wholesale

The Group sells a range of lingerie products in the wholesale market. Sales are recognised when control of the products has transferred, being when the products are delivered to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the group has objective evidence that all criteria for acceptance have been satisfied.

Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts. The estimates of discount is based on the trading terms in the contracts, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in trade and other payables) is recognised for expected volume payable to customers in relation to sales made until the end of the reporting period. The Group's obligation to provide a refund for faulty products under the standard trading terms is recognised as a provision.

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

3 Changes in accounting policies

(c) IFRS 15 Revenue from Contracts with Customers – Accounting policies

(ii) Sale of goods - retail/e-commerce

The group operates a chain of retail stores and e-commerce websites selling lingerie products. Revenue from the sale of goods is recognised when a group entity sells a product to the customer.

Payment of the transaction price is due immediately when the customer purchases the product. It is the group's policy to sell its products to the end customer with a right of return within 30 days. Therefore, a refund liability (included in trade and other payables) and a right to the returned goods (included in inventory) are recognised for the products expected to be returned. Accumulated experience is used to estimate such returns at the time of sale at a portfolio level (expected value method). Because the number of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognised will not occur. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date.

4 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - inventory

Each item on inventory is reviewed on an annual basis to determine whether it is being carried at higher than its net realisable value. During the period, management have written down inventory based on best estimate of the net realisable value, although until the time that inventory is sold this is an estimate.

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

4 Critical Accounting Estimates and Judgments

Key estimates - fair value of financial instruments

The Group has certain financial assets and liabilities which are measured at fair value. Where fair value has not been able to be determined based on quoted price, a valuation model has been used. The inputs to these models are observable, where possible, however these techniques involve significant estimates and therefore fair value of the instruments could be affected by changes in these assumptions and inputs.

Key estimates - impairment of brands

In accordance with IAS 36 Impairment of Assets, the Group is required to estimate the recoverable amount of indefinite-lived brand assets at each reporting period.

Impairment testing is an area involving management judgement, requiring assessment as to whether the carrying value of assets can be supported by their value in use or fair value less cost to sell.

In calculating the fair value less costs to sell, certain assumptions are required to be made in respect of highly uncertain matters including management's expectations of:

- growth in brand revenues
- market royalty rate
- the selection of discount rates to reflect the risks involved, and
- long-term growth rates

Changing the assumptions selected by management, in particular the growth rate, discount rate and market royalty rate assumption used, could significantly affect the Group's impairment evaluation and hence results.

The Group's review includes the key assumptions related to sensitivity in the model. Further details are provided in note 12 to the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

4 Critical Accounting Estimates and Judgments

Key estimates - impairment of goodwill

In accordance with IAS 36 Impairment of Assets, the Group is required to estimate the recoverable amount of goodwill at each reporting period.

Impairment testing is an area involving management judgement, requiring assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate and using a terminal value to incorporate expectations of growth thereafter.

In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters including management's expectations of:

- growth in EBITDA future cash flows;
- timing and quantum of future capital expenditure;
- long-term growth rates; and
- the selection of discount rates to reflect the risks involved.

Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could significantly affect the Group's impairment evaluation and hence results.

The Group's review includes the key assumptions related to sensitivity in the cash flow projections. Further details are provided in note 8 to the consolidated financial statements.

Key judgments - taxes

Deferred tax assets

Determining income tax provisions and the recognition of deferred tax assets including carried forward income tax involves judgment on the tax treatment of certain transactions. Deferred tax is recognised on tax losses not yet used and on temporary differences where it is probable that there will be taxable revenue against which these can be offset. Management has made judgments as to the probability of future taxable income being generated against which tax losses will be available for offset based on budgets, current and future expected economic conditions.

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

5 Revenue and Other Income

Revenue from continuing operations

	For the Year Ended 31 January 2019 NZ\$000's	For the Year Ended 31 January 2018 NZ\$000's	For the 7 Months Ended 31 January 2017 NZ\$000's	For the Year Ended 30 June 2016 NZ\$000's
Gross revenue	120,278	145,452	104,007	163,481
Rebates	(8,359)	(14,064)	(7,723)	(12,481)
	<u>111,920</u>	<u>131,388</u>	<u>96,284</u>	<u>151,000</u>
Sale of goods				
- Retail	50,443	53,150	34,460	58,837
- Wholesale	29,394	45,901	43,379	77,729
- Online	32,082	32,234	18,157	6,724
	<u>111,920</u>	<u>131,285</u>	<u>95,996</u>	<u>143,290</u>
Services	-	-	-	7,702
Other income	-	103	288	8
	<u>111,920</u>	<u>131,388</u>	<u>96,284</u>	<u>151,000</u>
Sales of goods by geography				
- New Zealand	40,791	46,665	30,676	62,109
- Australia	32,065	38,208	32,913	53,193
- United States	34,112	32,323	23,146	19,167
- Europe	4,996	14,192	9,549	16,531
	<u>111,920</u>	<u>131,388</u>	<u>96,284</u>	<u>151,000</u>

Other income relates to non-recurring advisory, management and design services provided to other third party intimates apparel brand owners.

All revenue is recognised at a point in time.

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

6 Loss for the Period

The loss for the half year was derived after charging / (crediting) the following items that are unusual and of significance because of their size, nature and incidence:

	For the Year Ended 31 January 2019 NZ\$000's	For the Year Ended 31 January 2018 NZ\$000's	For the 7 Months Ended 31 January 2017 NZ\$000's	For the Year Ended 30 June 2016 NZ\$000's
Finance Costs				
- Interest expense on external borrowings	2,338	5,431	2,923	3,140
- Interest expense on shareholder loans	1,062	2,807	3,040	7,042
- Amortisation on loan set up costs	641	553	275	227
	<u>4,041</u>	<u>8,791</u>	<u>6,238</u>	<u>10,409</u>
Other (gains)/losses				
- Fair value (gain)/loss on foreign exchange contracts	1,065	(502)	2,135	7,660
- Net foreign exchange (gains)/losses	<u>(3,027)</u>	<u>(256)</u>	<u>171</u>	<u>(5,237)</u>
	<u>(1,963)</u>	<u>(758)</u>	<u>3,306</u>	<u>2,423</u>

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

6 Loss for the Period

	For the Year Ended 31 January 2019 NZ\$000's	For the Year Ended 31 January 2018 NZ\$000's	For the 7 Months Ended 31 January 2017 NZ\$000's	For the Year Ended 30 June 2016 NZ\$000's
Brand transition, restructure and transaction expenses				
- Brand transition expenses	291	-	-	884
- Onerous contracts	(109)	(265)	1,166	789
- Restructure expenses	626	215	103	559
- Transaction expenses	9,268	3,322	52	-
	<u>10,075</u>	<u>3,272</u>	<u>1,321</u>	<u>2,232</u>

The onerous contracts expense reversal relates to a reversal of the provision raised in the prior year.

Transaction expenses relate to costs incurred in respect of the US listing process.

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

6 Loss for the Period

The loss for the year includes the following specific expenses:

	For the Year Ended 31 January 2019 NZ\$000's	For the Year Ended 31 January 2018 NZ\$000's	For the 7 Months Ended 31 January 2017 NZ\$000's	For the Year Ended 30 June 2016 NZ\$000's
Employee benefits expense:				
- Salaries and wages	30,872	33,613	19,917	33,666
- Defined contribution expenses	508	545	1,022	1,588
	<u>31,380</u>	<u>34,158</u>	<u>20,939</u>	<u>35,254</u>
Depreciation	2,151	2,724	1,664	2,966
Amortisation	231	306	178	323
Impairment loss	8,173	1,914	292	2,157
	<u>10,555</u>	<u>4,944</u>	<u>2,134</u>	<u>5,446</u>
Rental expense on operating leases:				
- Lease payments	9,760	10,807	6,485	11,034
- Sublease payments received	-	(483)	(354)	(567)
	<u>9,760</u>	<u>10,324</u>	<u>6,131</u>	<u>10,467</u>

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

7 Income Tax Expense/(benefit)

(a) The major components of tax expense/(benefit) comprise:

	For the Year Ended 31 January 2019 NZ\$000's	For the Year Ended 31 January 2018 NZ\$000's	For the 7 Months Ended 31 January 2017 NZ\$000's	For the Year Ended 30 June 2016 NZ\$000's
Current tax				
Current tax on profits for the period	(667)	537	807	301
Adjustments for current tax of prior periods	(607)	(478)	58	(344)
Total current tax expense/(benefit)	(1,274)	60	865	(43)
Deferred tax expense/(benefit)				
Decreased/(increase) in deferred tax assets (note 28)	-	-	-	5,589
Income tax expense/(benefit) for continuing operations	(1,274)	60	865	5,546
(b) Reconciliation of income tax to accounting profit:				
Loss before income tax	(50,494)	(37,533)	(15,114)	(15,200)
Tax at New Zealand tax rate of 28%	(14,138)	(10,509)	(4,232)	(4,256)
Tax effect of:				
- permanent differences (including impairment expense)	753	(105)	(6)	757
- adjustments in respect of current income tax of previous years	(522)	(449)	41	(237)
- effects of different tax rates of subsidiaries operating in other jurisdictions	493	(30)	(15)	(42)
- deferred tax assets relating to prior periods no longer recognised (note 28)	12,077	11,150	5,119	3,934
- deferred tax assets relating to the current year not brought to account			-	5,589
- other	63	3	(42)	(199)
Income tax expense/(benefit)	(1,274)	60	865	5,546

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

7 Income Tax Expense/(benefit)

(c) Tax losses not recognised

	For the Year Ended 31 January 2019 NZ\$000's	For the Year Ended 31 January 2018 NZ\$000's	For the 7 Months Ended 31 January 2017 NZ\$000's	For the Year Ended 30 June 2016 NZ\$000's
Unused tax losses for which no deferred tax asset has been recognised	130,587	87,455	43,269	23,765
Potential tax benefit at 28%	36,564	24,487	12,115	6,654

The Group has assessed future forecast profits and concluded that not enough criteria have been satisfied to recognise any deferred tax assets at the period ended 31 January 2019. Unused tax losses do not have an expiry date.

(d) Temporary differences not recognised

	For the Year Ended 31 January 2019 NZ\$000's	For the Year Ended 31 January 2018 NZ\$000's	For the 7 Months Ended 31 January 2017 NZ\$000's	For the Year Ended 30 June 2016 NZ\$000's
Temporary differences for which no deferred tax asset has been recognised	14,504	14,661	18,703	19,924
Potential tax benefit at 28%	4,061	4,105	5,237	5,579

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

8 Business Combination

On 19th June 2018, Bendon Limited (Bendon) and Naked Brand Group Inc. (Naked) completed a business combination pursuant to the Merger Agreement. The business combination was executed after Bendon Limited reorganised its group and inserted a new entity as its parent entity in which the Bendon shareholders rolled over their shares into the new entity. The new parent entity is called Naked Brand Group Limited. Bendon Limited was considered the accounting acquirer of the consolidated group and the consolidated accounts represents a continuation of the Bendon Limited financial statements.

Pursuant to the Merger Agreement, (i) Bendon undertook a reorganization (the “Reorganization”) pursuant to which all of the shareholders of Bendon Limited exchanged all of the outstanding ordinary shares of Bendon Limited (the “Bendon Ordinary Shares”) for ordinary shares in Naked Brand Group Limited (“Naked Brand Group Ordinary Shares”), and (ii) immediately thereafter, the parties effectuated a merger of Merger Sub and Naked, with Naked surviving as a wholly owned subsidiary of Naked Brand Group Limited and the Naked stockholders receiving Naked Brand Group Ordinary Shares in exchange for all of the outstanding shares of common stock of Naked (the “Merger” and together with the Reorganization, the “Transactions”).

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

8 Business Combination

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	Naked NZ\$000's
Purchase consideration:	
Shares issued	14,196

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value NZ\$000's
Cash	592
Trade and other receivables	4,186
Inventories	1,810
Intangible assets	
- Brand	2,726
Trade and other payables	(916)
Net identifiable assets acquired	8,398
Add: goodwill	5,798
Net assets acquired	14,196

There were no acquisitions in the year ended 31 January 2018.

(a) Acquisition-related costs

Acquisition related costs of \$3,739,279 that were not directly attributable to the issue of shares are included in administrative expenses in profit or loss and in operating cash flows in the statement of cash flows. In addition, approximately 100,000 Naked Brand Group's share was issued to advisors as part of their consultancy in lieu of cash payment. The fair value of these was \$700 thousand and that cost has been recognised as an expense in the profit and loss.

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

8 Business Combination

(b) Revenue and profit contribution

The acquired business contributed revenues of \$2,244,095 and net loss of \$813,808 to the group for the period from 19 June 2018 to 31 January 2019. If the acquisition occurred on 1 February 2018, the full year revenue of the combined group would have been \$113,969,040 and loss of \$49,255,319.

(c) Provisional accounting

The initial accounting for the business combination is incomplete at the time of the end of the reporting period and will be recognised using provisional amounts. During the measurement period, the Group will retrospectively adjust the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstance that existed as at the acquisition date. The measurement period ends as soon the Group receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtained. The measurement shall not exceed one year from the acquisition date.

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

9 Acquisition of FOH Online Corp Inc.

On November 15, 2018 the Group entered into a Stock Purchase Agreement with the shareholders of FOH Online Corp Inc (FOH), which included Cullen Investments Limited (Cullen) a related entity, that the Group purchased all of the issued and outstanding shares of FOH. The transaction was settled on December 6, 2019. The sub licence agreement which was in place between the Group and FOH was terminated upon completion of this transaction. The Group has treated this transaction as an asset acquisition as the activities of FOH did not constitute a business.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	FOH NZ\$000's
Purchase consideration:	
Shares issued	6,872
Debt Forgiveness	13,073
Total purchase consideration	19,946

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value NZ\$000's
Cash	278
Net balance with sub licensee	(3,119)
Loan payable to EJ Watson	(2,172)
Patents and Licences	24,959
Total of assets acquired	19,946

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

10 Operating Segment

Segment information

Identification of reportable operating segments

The consolidated entities' Director examined the group's performance from both sales channel and geographical perspective and identified seven reportable segments being Australia Retail, New Zealand Retail, Australia wholesale, New Zealand wholesale, US Wholesale, EU Wholesale and e-commerce.

Australia retail

This segment covers retail and outlet stores located in Australia.

New Zealand retail

This segment covers retail and outlet stores located in New Zealand.

Australia wholesale

This segment covers the wholesale of intimates apparel to customers based in Australia

New Zealand wholesale

This segment covers the wholesale of intimates apparel to customers based in New Zealand.

US wholesale

This segment covers the wholesale of intimates apparel to customers based in the United States of America.

Europe wholesale

This segment covers the wholesale of intimates apparel to customers based in Europe.

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

10 Operating Segment

Identification of reportable operating segments

E-commerce

This segment covers the group's online retail activities. E commerce revenue for the periods ended 31 January 2019, 31 January 2018 and 31 January 2017 include revenue from a US brand called Fredericks of Hollywood for which Bendon Limited currently has a licence agreement.

These operating segments are based on the internal reports that are reviewed and used by the Chief Executive Officer (who is identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The CODM reviews underlying EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

EBITDA is a financial measure which is not prescribed by IFRS and represents the profit adjusted for specific non cash and significant items. The directors consider EBITDA to reflect the core earnings of the consolidated entity.

The information reported to the CODM is on a monthly basis.

Other Costs and Business Activities

Certain costs are not allocated to our reporting segment results, such as costs associated with the following:

- Corporate overheads, which is responsible for centralized functions such as information technology, facilities, legal, finance, human resources, business development, and procurement. These costs also include compensation costs and other miscellaneous operating expenses not charged to our operating segments, as well as interest and tax income and expense.

These costs are included with in "unallocated" segment in our segment performance.

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

10 Operating Segment

Other assets and liabilities

We manage our assets and liabilities on a Group basis, not by segment. CODM does not regularly review any asset or liability information by segment and its preparation is impracticable. Accordingly, we do not report asset and liability information by segment.

(a) Reconciliations

Reconciliation of segment revenue to consolidated statements of profit or loss and other comprehensive income:

	For the Year Ended 31 January 2019 NZ\$000's	For the Year Ended 31 January 2018 NZ\$000's	For the 7 Months ended 31 January 2017 NZ\$000's	For the Year Ended 30 June 2016 NZ\$000's
Total segment revenue	136,844	156,311	113,031	176,145
Intersegment eliminations	(24,924)	(24,923)	(16,747)	(32,855)
Other revenue	-	-	-	7,710
Total revenue	111,920	131,388	96,284	151,000

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

10 Operating Segment

(a) Reconciliations

Reconciliation of segment EBITDA to the consolidated statements of profit or loss and other comprehensive income:

The Board meets on a monthly basis to assess the performance of each segment, net operating profit does not include non-operating revenue and expenses such as dividends, fair value gains and losses.

	For the Year Ended 31 January 2019 NZ\$000's	For the Year Ended 31 January 2018 NZ\$000's	For the 7 Months ended 31 January 2017 NZ\$000's	For the Year Ended 30 June 2016 NZ\$000's
Segment EBITDA	(25,602)	(24,053)	(2,126)	10,470
Income tax (expense)/benefit	1,274	(60)	(865)	(5,546)
Other revenue			-	7,710
Any other reconciling items	(24,892)	(13,481)	(12,988)	(33,380)
Total net loss after tax	(49,220)	(37,593)	(15,979)	(20,746)

Any other reconciling items includes brand transition, finance expenses, impairment expense, depreciation and amortisation, fair value gain/loss on foreign exchange contracts, and unrealised foreign exchange gain/loss that cannot be allocated to segments.

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

10 Operating Segment

(b) Geographical information

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers whereas segment assets are based on the location of the assets.

	For the Year Ended 31 January 2019 NZ\$000's	For the Year Ended 31 January 2018 NZ\$000's	For the 7 Months ended 31 January 2017 NZ\$000's	For the Year Ended 30 June 2016 NZ\$000's
New Zealand	40,747	46,665	30,676	62,109
Australia	32,065	38,208	32,913	53,193
United States	34,112	32,323	23,146	19,167
Europe	4,996	14,192	9,549	16,531
	111,920	131,388	96,284	151,000

The revenues resulting from the Naked business combination are included in the United States segment as shown above

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

10 Operating Segment

(c) Segment performance

	NZ Retail NZ\$000's	AU Retail NZ\$000's	NZ Wholesale NZ\$000's	AU Wholesale NZ\$000's	US Wholesale NZ\$000's	EU Wholesale NZ\$000's	e- commerce NZ\$000's	Unallocated NZ\$000's	Total
For the year ended 31 January 2019									
Revenue from external customers	31,801	18,547	7,154	11,491	5,798	4,996	32,133	-	111,920
Service income	-	-	-	-	-	-	-	-	-
	<u>31,801</u>	<u>18,547</u>	<u>7,154</u>	<u>11,491</u>	<u>5,798</u>	<u>4,996</u>	<u>32,133</u>	<u>-</u>	<u>111,920</u>
Cost of sales	(15,423)	(9,192)	(6,372)	(8,498)	(5,222)	(4,490)	(21,248)	(4,034)	(74,480)
Gross margin	16,378	9,355	781	2,993	576	506	10,885	(4,034)	37,440
Other segment expenses*	(13,537)	(11,003)	(912)	(4,495)	(2,724)	(1,536)	(11,248)	-	(45,454)
<i>Unallocated expenses</i>									
Administrative expenses	-	-	-	-	-	-	-	(1,050)	(1,050)
Corporate expenses	-	-	-	-	-	-	-	(17,947)	(17,947)
Other foreign exchange gain/loss	-	-	-	-	-	-	-	1,409	1,409
EBITDA	2,842	(1,648)	(130)	(1,502)	(2,148)	(1,030)	(363)	(21,623)	(25,602)
Brand transition, restructure and transaction expenses	-	-	-	-	-	-	-	(10,075)	(10,075)
Finance expense	-	-	-	-	-	-	-	(4,041)	(4,041)
Impairment expense	-	-	-	-	-	-	-	(8,173)	(8,173)
Depreciation and amortisation	-	-	-	-	-	-	-	(2,382)	(2,382)
Fair value (gain)/loss on foreign exchange contracts	-	-	-	-	-	-	-	(1,704)	(1,704)
Unrealised foreign exchange gain/(loss)	-	-	-	-	-	-	-	2,258	2,258
Fair value gain/(loss) on Convertible Note derivative	-	-	-	-	-	-	-	(775)	(775)
Loss before income tax expense	2,842	(1,648)	(130)	(1,502)	(2,148)	(1,030)	(363)	(46,514)	(50,494)
Income tax expense	-	-	-	-	-	-	-	1,274	1,274
Loss after income tax expense	2,842	(1,648)	(130)	(1,502)	(2,148)	(1,030)	(363)	(45,240)	(49,220)

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

10 Operating Segment

(c) Segment performance

	NZ Retail NZ\$000's	AU Retail NZ\$000's	NZ Wholesale NZ\$000's	AU Wholesale NZ\$000's	US Wholesale NZ\$000's	EU Wholesale NZ\$000's	e- commerce NZ\$000's	Unallocated NZ\$000's	Total
For the year ended 31 January 2018									
Revenue from external customers	34,269	18,236	10,453	15,512	6,390	14,192	32,234	-	131,286
Service income	-	-	-	-	-	-	-	102	102
	34,269	18,236	10,453	15,512	6,390	14,192	32,234	102	131,388
Cost of sales	(16,488)	(9,457)	(8,213)	(12,545)	(6,438)	(10,221)	(20,974)	(3,123)	(87,459)
Gross margin	17,781	8,779	2,240	2,967	(48)	3,971	11,260	(3,021)	43,929
Other segment expenses*	(13,451)	(11,329)	(1,068)	(3,781)	(3,301)	(2,904)	(11,520)	-	(47,354)
<i>Unallocated expenses</i>									
Administrative expenses	-	-	-	-	-	-	-	(1,101)	(1,101)
Corporate expenses	-	-	-	-	-	-	-	(19,150)	(19,150)
Other foreign exchange gain/loss	-	-	-	-	-	-	-	(377)	(377)
EBITDA	4,330	(2,550)	1,172	(814)	(3,349)	1,067	(260)	(23,649)	(24,053)
Brand transition, restructure and transaction expenses	-	-	-	-	-	-	-	(3,272)	(3,272)
Finance expense	-	-	-	-	-	-	-	(8,791)	(8,791)
Impairment expense	-	-	-	-	-	-	-	(1,914)	(1,914)
Depreciation and amortisation	-	-	-	-	-	-	-	(3,030)	(3,030)
Fair value (gain)/loss on foreign exchange contracts	-	-	-	-	-	-	-	(502)	(502)
Unrealised foreign exchange gain/(loss)	-	-	-	-	-	-	-	1,636	1,636
Fair value gain/(loss) on Convertible Note derivative	-	-	-	-	-	-	-	2,393	2,393
Loss before income tax expense	4,330	(2,550)	1,172	(814)	(3,349)	1,067	(260)	(37,129)	(37,533)
Income tax expense	-	-	-	-	-	-	-	(60)	(60)
Loss after income tax expense	4,330	(2,550)	1,172	(814)	(3,349)	1,067	(260)	(37,189)	(37,593)

* Other segment expenses relate to brand management expenses and some corporate expenses.

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

10 Operating Segment

(c) Segment performance

	NZ Retail NZ\$000's	AU Retail NZ\$000's	NZ Wholesale NZ\$000's	AU Wholesale NZ\$000's	US Wholesale NZ\$000's	EU Wholesale NZ\$000's	e- commerce NZ\$000's	Unallocated NZ\$000's	Total
For the 7 months ended 31 January 2017									
Revenue from external customers	21,953	12,053	7,484	18,091	9,015	9,548	18,140	-	96,284
	<u>21,953</u>	<u>12,053</u>	<u>7,484</u>	<u>18,091</u>	<u>9,015</u>	<u>9,548</u>	<u>18,140</u>	<u>-</u>	<u>96,284</u>
Cost of sales	(9,707)	(5,592)	(4,961)	(11,431)	(6,934)	(6,277)	(11,902)	(340)	(57,144)
Gross margin	12,246	6,461	2,523	6,660	2,081	3,271	6,238	(340)	39,140
Other segment expenses*	(7,480)	(6,196)	(475)	(2,089)	(2,065)	(2,013)	(3,654)	(8,068)	(32,040)
<i>Unallocated expenses</i>									
Administrative expenses	-	-	-	-	-	-	-	(541)	(541)
Corporate expenses	-	-	-	-	-	-	-	(8,082)	(8,082)
Other foreign exchange gain/loss	-	-	-	-	-	-	-	(603)	(603)
EBITDA	4,766	265	2,048	4,571	16	1,258	2,584	(17,634)	(2,126)
Brand transition, restructure and transaction expenses	-	-	-	-	-	-	-	(1,321)	(1,321)
Finance expense	-	-	-	-	-	-	-	(6,238)	(6,238)
Impairment expense	-	(281)	-	-	-	-	-	(11)	(292)
Depreciation and amortisation expense	-	-	-	-	-	-	-	(1,842)	(1,842)
Fair value gain/(loss) on foreign exchange contracts	-	-	-	-	-	-	-	(2,135)	(2,135)
Unrealised foreign exchange (gain)/loss	-	-	-	-	-	-	-	(568)	(568)
Fair value (gain)/loss on Convertible Note derivative	-	-	-	-	-	-	-	(592)	(592)
Loss before income tax expense	4,766	(16)	2,048	4,571	16	1,258	2,584	(30,341)	(15,114)
Income tax expense	-	-	-	-	-	-	-	(865)	(865)
Loss after income tax expense	4,766	(16)	2,048	4,571	16	1,258	2,584	(31,206)	(15,979)

* Other segment expenses relate to brand management expenses and some corporate expenses.

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

10 Operating Segment

(c) Segment performance

	NZ Retail NZ\$000's	AU Retail NZ\$000's	NZ Wholesale NZ\$000's	AU Wholesale NZ\$000's	US Wholesale NZ\$000's	EU Wholesale NZ\$000's	e- commerce NZ\$000's	Unallocated NZ\$000's	Total
For the year ended 30 June 2016									
Revenue from external customers	37,389	20,680	15,071	28,021	18,876	16,531	6,722	-	143,290
Service income	-	-	-	-	-	-	-	7,702	7,702
Other income	-	-	-	-	-	-	-	8	8
	<u>37,389</u>	<u>20,680</u>	<u>15,071</u>	<u>28,021</u>	<u>18,876</u>	<u>16,531</u>	<u>6,722</u>	<u>7,710</u>	<u>151,000</u>
Cost of sales	(16,053)	(8,930)	(10,721)	(18,056)	(14,540)	(11,658)	(3,582)	15	(83,525)
Gross margin	21,336	11,750	4,350	9,965	4,336	4,873	3,140	7,725	67,475
Other segment expenses*	(12,263)	(9,835)	(709)	(3,520)	(2,817)	(3,204)	(2,039)	(13,975)	(48,362)
Unallocated expenses									
Administrative expenses	-	-	-	-	-	-	-	(801)	(801)
Corporate expenses	-	-	-	-	-	-	-	(13,002)	(13,002)
Other foreign exchange gain/loss	-	-	-	-	-	-	-	5,160	5,160
EBITDA	9,073	1,915	3,641	6,445	1,519	1,669	1,101	(14,893)	10,470
Brand transition, restructure and transaction expenses	-	-	-	-	-	-	-	(2,232)	(2,232)
Finance expense	-	-	-	-	-	-	-	(10,409)	(10,409)
Impairment expense	-	-	-	-	-	-	-	-	-
Depreciation and amortisation expense	-	-	-	(2,157)	-	-	-	(3,289)	(5,446)
Fair value gain/(loss) on foreign exchange contracts	-	-	-	-	-	-	-	(7,660)	(7,660)
Unrealised foreign exchange (gain)/loss	-	-	-	-	-	-	-	77	77
Loss before income tax expense	9,073	1,915	3,641	4,288	1,519	1,669	1,101	(38,406)	(15,200)
Income tax expense	-	-	-	-	-	-	-	(5,546)	(5,546)
Loss after income tax expense	9,073	1,915	3,641	4,288	1,519	1,669	1,101	(43,952)	(20,746)

* Other segment expenses relate to brand management expenses and some corporate expenses.

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

11 Cash and Cash Equivalents

	<u>31 January 2019</u> NZ \$000's	<u>31 January 2018</u> NZ \$000's	<u>31 January 2017</u> NZ \$000's
Cash on hand	47	54	48
Cash at bank	1,915	10,685	2,596
	<u>1,962</u>	<u>10,739</u>	<u>2,644</u>

12 Trade and Other Receivables

	<u>31 January 2019</u> NZ \$000's	<u>31 January 2018</u> NZ \$000's	<u>31 January 2017</u> NZ \$000's
CURRENT			
Trade receivables	7,789	9,982	26,499
Provision for impairment (a)	(609)	(326)	(537)
	<u>7,180</u>	<u>9,656</u>	<u>25,962</u>
Prepayments	2,288	1,792	1,779
Other receivables	183	1,717	349
	<u>9,650</u>	<u>13,165</u>	<u>28,090</u>

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

12 Trade and Other Receivables

(a) Impairment of receivables

The Group applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 31 January 2019 is determined as follows, the expected credit losses incorporate forward looking information.

31 January 2019	0 - 30 days	31 - 60 days	60 - 90 days	> 90 days overdue	Total
Expected loss rate (%)	-	-	-	48.40	
Gross carrying amount (\$)	5,577	852	101	1,259	7,789
ECL provision	-	-	-	609	609

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

12 Trade and Other Receivables

(a) Impairment of receivables

Reconciliation of changes in the provision for impairment of receivables is as follows:

	For the Year Ended 31 January 2019 NZ \$000's	For the Year Ended 31 January 2018 NZ \$000's	For the 7 Months Ended 31 January 2017 NZ \$000's
Balance at beginning of the period (calculated in accordance with AASB 139)	(326)	(537)	(268)
Amount restated through opening retained earnings on adoption of AASB 9	-	-	-
Opening impairment allowance calculated under AASB 9	(326)	(537)	(268)
Additional impairment loss recognised	-	-	-
Amounts written off as uncollectable			
Directly to P&L	-	-	-
Movement through provision	(1,037)	(92)	(364)
Unused amounts reversed	772	316	80
Foreign exchange movement	(18)	(13)	15
Balance at end of the period	(609)	(326)	(537)

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss (ECL). The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Group has recognised a loss allowance of 48.40% against identifiable receivables at risk in excess of 90 days because historical experience has indicated that these receivables are generally not recoverable.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, whichever occurs first.

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

12 Trade and Other Receivables

(b) Aged analysis

The ageing analysis of receivables is as follows:

	31 January 2019 NZ \$000's	31 January 2018 NZ \$000's	31 January 2017 NZ \$000's
0-30 days	5,577	7,945	14,883
31-60 days	852	335	2,566
61-90 days (past due not impaired)	101	489	2,166
61-90 days (considered impaired)	-	-	-
91+ days (past due not impaired)	3,295	1,213	6,884
91+ days (considered impaired)	(2,036)	-	-
	<u>7,789</u>	<u>9,982</u>	<u>26,499</u>

(c) Transferred receivables

During the periods ended 31 January 2018 and 31 January 2017 the carrying amounts of the trade receivables included receivables which were subject to a bank funding arrangement. Under this arrangement, Bendon had transferred the relevant receivables to BNZ in exchange for cash and is prevented from selling or pledging the receivables. However, Bendon has retained credit risk. The group therefore continues to recognise the transferred assets in their entirety in the balance sheet. The amount repayable under the factoring agreement is presented as secured borrowings.

	31 January 2019 NZ \$000's	31 January 2018 NZ \$000's	31 January 2017 NZ \$000's
Transferred receivables	-	9,790	11,649

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

13 Inventories

	31 January 2019 NZ \$000's	31 January 2018 NZ \$000's	31 January 2017 NZ \$000's
Finished goods	21,564	31,451	37,904
Provision for impairment	(444)	(338)	(153)
	<u>21,120</u>	<u>31,113</u>	<u>37,751</u>

Write downs of inventories to net realisable value during the period were NZ\$106,433 (2018: NZ\$185,026, 2017: NZ\$364,660).

14 Property, plant and equipment

	31 January 2019 NZ \$000's	31 January 2018 NZ \$000's	31 January 2017 NZ \$000's
Plant, furniture, fittings and motor vehicles			
At cost	25,666	27,801	25,455
Accumulated depreciation	(25,168)	(25,789)	(23,182)
	<u>499</u>	<u>2,013</u>	<u>2,273</u>
Leasehold improvements			
At cost	12,035	10,762	10,132
Accumulated depreciation	(8,770)	(8,034)	(7,441)
	<u>3,264</u>	<u>2,728</u>	<u>2,691</u>
Total property, plant and equipment	<u><u>3,763</u></u>	<u><u>4,741</u></u>	<u><u>4,964</u></u>

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

14 Property, plant and equipment

(a) Movements in carrying amounts of property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial period:

	Leasehold improvements NZ \$000's	Plant, furniture, fittings and motor vehicles NZ \$000's	Total NZ \$000's
Year ended 31 January 2019			
Balance at the beginning of the period	2,728	2,013	4,741
Additions	1,501	1,084	2,585
Disposals	(105)	(2,736)	(2,841)
Depreciation expense	(982)	(1,170)	(2,151)
Impairment	-	(239)	(239)
Foreign exchange movements	121	1,547	1,668
Balance at the end of the year	3,264	499	3,763

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

14 Property, plant and equipment

(a) Movements in carrying amounts of property, plant and equipment

	Leasehold improvements NZ \$000's	Plant, furniture, fittings and motor vehicles NZ\$000's	Total NZ \$000's
Year ended 31 January 2018			
Balance at the beginning of the period	2,691	2,273	4,964
Additions	285	2,032	2,317
Disposals	(4)	(118)	(122)
Depreciation expense	(496)	(2,228)	(2,724)
Foreign exchange movements	253	54	306
Balance at the end of the year	2,728	2,013	4,741

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

14 Property, plant and equipment

(a) Movements in carrying amounts of property, plant and equipment

	Leasehold improvements NZ \$000's	Plant, furniture, fittings and motor vehicles NZ\$000's	Total NZ \$000's
7 months ended 31 January 2017			
Balance at the beginning of the year	2,795	3,414	6,209
Additions	241	482	723
Depreciation expense	(296)	(1,368)	(1,664)
Impairment	-	(281)	(281)
Foreign exchange movements	49	26	75
Balance at the end of the year	2,691	2,273	4,964

The group is currently assessing the impact of IFRS 16 Leases and believes adoption of the provisions of this standard will have a material impact on the Group's consolidated financial statements

IFRS16 Leases will require that the group record a liability and a related asset on the balance sheet for our leased facilities

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

15 Intangible Assets

	31 January 2019 NZ \$000's	31 January 2018 NZ \$000's	31 January 2017 NZ \$000's
Goodwill			
Cost	5,607	-	-
Accumulated impairment	(3,287)	-	-
	<u>2,320</u>	<u>-</u>	<u>-</u>
Patents, licences and trademarks			
Cost	25,993	919	1,169
Accumulated amortisation and impairment	(918)	(718)	(573)
	<u>25,076</u>	<u>201</u>	<u>596</u>
Brands			
Cost	14,769	12,463	12,036
Accumulated amortisation and impairment	(4,563)	-	-
	<u>10,205</u>	<u>12,463</u>	<u>12,036</u>
Software			
Cost	15,718	15,788	17,308
Accumulated amortisation and impairment	(15,455)	(15,440)	(15,260)
	<u>263</u>	<u>348</u>	<u>2,048</u>
Total intangible assets	<u><u>37,864</u></u>	<u><u>13,012</u></u>	<u><u>14,680</u></u>

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

15 Intangible Assets

(a) Software Impairment

For the year ended 31 January 2018, management decided to fully impair the costs on the ERP upgrade and are currently reviewing alternatives.

(b) Movements in carrying amounts of intangible assets

	Software NZ \$000's	Patents and licences NZ \$000's	Brands NZ \$000's	Goodwill NZ \$000's	Total NZ \$000's
Year ended 31 January 2019					
Balance at the beginning of the year	348	201	12,463	-	13,012
Additions	33	25,076	2,726	5,798	33,634
Amortisation	(29)	(202)	-	-	(231)
Impairment (refer note 12c)	(83)	-	(4,563)	(3,287)	(7,934)
Foreign exchange movements	(7)	1	(420)	(192)	(618)
Closing value at 31 January 2019	263	25,076	10,205	2,320	37,864

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

15 Intangible Assets

(b) Movements in carrying amounts of intangible assets

	Software NZ \$000's	Patents and licences NZ \$000's	Brands NZ \$000's	Goodwill NZ \$000's	Total NZ \$000's
Year ended 31 January 2018					
Balance at the beginning of the year	2,048	596	12,036	-	14,680
Additions	106	12	-	-	118
Amortisation	(163)	(143)	-	-	(306)
Impairment (refer note 12c)	(1,650)	(264)	-	-	(1,914)
Foreign exchange movements	7	1	427	-	434
Closing value at 31 January 2018	348	201	12,463	-	13,012

15 Intangible Assets

(a) Movements in carrying amounts of intangible assets

	Software NZ \$000's	Patents and licences NZ \$000's	Brands NZ \$000's	Goodwill NZ \$000's	Total NZ \$000's
7 months ended 31 January 2017					
Balance at the beginning of the period	2,251	128	12,554	-	14,933
Additions	10	808	-	-	818
Amortisation	(318)	(33)	-	-	(351)
Impairment	-	(331)	-	-	(331)
Foreign exchange movements	105	24	(518)	-	(389)
Closing value at 31 January 2017	2,048	596	12,036	-	14,680

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

15 Intangible Assets

(c) Impairment of goodwill

For the purpose of impairment testing, goodwill is allocated to cash-generating units as below:

Description of cash-generating unit (CGU)

	31 January 2019 NZ \$000's	31 January 2018 NZ \$000's	31 January 2017 NZ \$000's
United States	2,320	-	-
Impairment expense	2,320	-	-

Impairment assumption

Goodwill relates to the acquisition of Naked Inc, a business operating in the United States and was allocated to the Group's operation in United States which is the cash generating unit (CGU) for the purpose of impairment testing. The recoverable amount of the CGU was determined based on value in use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five year period. Cash flows beyond the five year period are extrapolated using the estimated growth rates stated below. These growth rates do not exceed the long term average growth rates for the industry.

The result of the impairment assessment is that the carrying value exceeded the fair value less costs to sell by an amount of \$3.2m. As such, the goodwill has been partially impaired for the year ended 31 January 2019.

Significant assumptions used for the purposes of the value in use calculation include:

United States

Post-tax discount rate - 10.50%

EBITDA growth rate - 10%

Terminal growth - 2%

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

15 Intangible Assets

(c) Impairment of goodwill

Impact of possible changes in key assumptions

The directors have made judgements and estimates to assess goodwill for impairment. Should these judgements and estimates not occur the resulting carrying amount may decrease.

The sensitivities that have been separately modelled are as follows:

- (a) a 3.25% increase in the post-tax discount rate
- (b) sales growth rate reduced to 5%

The carrying amount of the goodwill is sensitive to assumptions used in the impairment test calculations including the post tax discount rate and sales growth rate. A 3.25% increase in the post tax discount rate would result in an additional impairment of \$2,320 thousand against the carrying amount of the goodwill. A reduction of the EBITDA growth rate to 5% would not result in a further impairment as goodwill would be fully impaired from the increase of the post-tax discount rate.

(d) Impairment testing for indefinite-lived brand intangibles

Brand intangible assets represent brands owned by the Group, that arose on historical acquisitions including Pleasure State, Davenport and Lovable. The intangible assets increased in the current period as result of the business combinations with Naked Brand Group Inc. See note 8 for further information.

The brand intangible assets of \$10,205,000 (2018: \$12,463,000, 2017: \$12,036,000) are tested for impairment annually.

Impairment assumptions

Management has determined the recoverable amount of the indefinite lived brand assets by assessing the fair value less cost of disposal (FVLCO) of the underlying assets. The relief from royalty method adopted to complete the valuation determines, in lieu of ownership, the cost that would be required to obtain comparable rights to use the asset via a third party licence arrangement. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates shown below. These growth rates do not exceed the long term average growth rates for the industry. The result of the impairment assessment is that the carrying value has exceeded the fair value less costs to sell by \$3.9m. As such, the indefinite lived brand assets has been partially impaired for the year ended 31 January 2019.

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

15 Intangible Assets

(d) Impairment testing for indefinite-lived brand intangibles

Management's approach and the key assumptions used to determine the FVLCOD were as follows:

Sales growth: 2.5% (31 January 2018: 5%)

Royalty rate: 5.0% (31 January 2018: 6.6%)

Cash flow - revenue forecast period: 5 years (31 January 2018: 5 years)

Post tax discount rate (%) for US brands: 10.5% (31 January 2018: 0%)

Post-tax discount rate (%) for NZ brands: 11.75% (31 January 2018: 11.4%)

Long term sales growth rate (%): 2% (31 January 2018: 2%)

Impact of possible changes in key assumptions

The directors have made judgements and estimates to assess indefinite-lived brand assets for impairment. Should these judgements and estimates not occur the resulting carrying amount may decrease.

The sensitivities that have been separately modelled are as follows:

(a) a 2.1% increase in the post-tax discount rate

(b) sales growth rate reduced to 0%

The carrying amounts of the indefinite lived brand intangible assets are sensitive to assumptions used in the impairment test calculations including the post tax discount rate and sales growth rate. A 2.1% increase in the post tax discount rate would result in an additional impairment of \$951 thousand (31 January 2018: an increase of 1.5% would result an impairment of \$929 thousand) against the carrying amount of the indefinite lived brand intangibles. A reduction of the sales growth rate to 0% would result in an additional impairment of \$1,554 thousand (31 January 2018: a reduction to 2% would result an impairment of \$611 thousand) against the carrying amount of the indefinite lived brand intangible assets.

16 Derivative Financial Instruments

	31 January 2019 NZ \$000's	31 January 2018 NZ \$000's	31 January 2017 NZ \$000's
Current liabilities			
Forward exchange contracts	<u>1,484</u>	<u>2,087</u>	<u>4,188</u>

In order to mitigate exchange rate movements and to manage the inventory costing process, the Group has entered into forward currency contracts to purchase US dollars.

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

17 Derivative on Convertible Notes

	<u>31 January 2019</u> NZ \$000's	<u>31 January 2018</u> NZ \$000's	<u>31 January 2017</u> NZ \$000's
Derivative on Convertible Notes	-	1,110	4,112

The Group has an embedded derivative feature in convertible notes due to foreign currency. Derivatives are recognized initially at fair value; attributable transaction costs are recognized in profit or loss as incurred. Fair value of the derivative is determined on inception using the Black-Scholes model. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted in profit or loss.

The fair value of the separable embedded derivative in the convertible notes has been determined using Black-Scholes model. Measurement inputs include share price on measurement date, expected term of the instrument, risk free rate (based on government bonds), expected volatility (based on weighted average historic volatility) and expected dividend rate.

18 Trade and Other Payables

	<u>31 January 2019</u> NZ \$000's	<u>31 January 2018</u> NZ \$000's	<u>31 January 2017</u> NZ \$000's
CURRENT			
Trade payables	23,580	21,143	19,221
Accruals	10,150	9,568	7,503
Employee benefits liabilities	1,815	1,805	1,842
	<u>35,545</u>	<u>32,516</u>	<u>28,565</u>

Trade and other payables are unsecured, non interest bearing and are normally settled within 30 days however some the trade creditors are out of term as at 31 January 2019 and subsequent to the end of the financial period the Group has reduced the out of term trade creditors but further work is required to bring all of the creditors in term. The carrying amounts are considered to be a reasonable approximation of fair value.

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

19 Borrowings

	Note	31 January 2019 NZ \$000's	31 January 2018 NZ \$000's	31 January 2017 NZ \$000's
CURRENT				
Secured liabilities:				
Bank overdraft		-	-	-
Shareholder loans		-	10,951	8,200
Leased liability		-	-	-
Bank Loans		20,000	16,000	16,000
Debt issuance costs in relation to bank loan		(270)	(218)	(656)
Working capital financing bank facility		-	22,489	31,710
Convertible notes		-	1,740	13,744
Other loan		1,236	1,159	-
		20,967	52,121	68,998

The fair value of borrowings is not considered to be materially different to their carrying amounts.

(a) Assets pledged as security:

Borrowings are secured by a fixed and floating charge over the assets of the consolidated entity. The lease liabilities are effectively secured as the rights to the leased assets, recognised in the balance sheet, revert to the lessor in the event of default.

(b) Bank overdrafts and bank loans

On 27 June 2016, all banking facilities were repaid and a new banking arrangement with BNZ commenced. BNZ has a first ranking charge over all assets of the Bendon Limited group.

The new debt arrangement entered into on 27 June 2016 includes a term loan facility and interchangeable (working capital) loan facility.

On 13 June 2018, the Company entered into a Deed of Amendment with BNZ to reduce the facility to NZD\$20,000,000 (31 January 2018: NZD\$38,489,428). In addition the new facility takes over guarantees and financial instruments totalling NZD\$1,345,000.

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

19 Borrowings

(b) Bank overdrafts and bank loans

The term loan facility of NZD\$20,000,000 is repayable on 14 June 2019. The current interest rate on this loan is 5.57% (31 January 2018: 5.55%) per annum. There has been a breach of covenant during the period.

Bank of New Zealand has the first ranking charge over all assets of Naked Brand Group Limited. Under the terms of the major borrowing facility, the facility is subject to four undertakings being: Interest cover ratio of three times that is first tested as at 30 April 2019; gross EBITDA ratio measured to 3 months to September 2018 had to be greater than \$0, six months to 30 December 2018 is greater than \$3 million; inventory and receivables ratio must be greater than 2 times being first measured as at 30 September 2018; and the actual sales and gross margin must not vary by more than 10% from the budget submitted to the Bank.

(c) Shareholder loan - Related party

On 19 June 2018, Naked Brand Group Limited issued additional 24,221 Naked shares to the shareholders as part of an agreement to convert a portion of the outstanding liability (Debt) to equity. The amount of debt converted on this date amounted to a fair value of \$12,244,208. After this conversion, the shareholder loan is fully converted to equity and the outstanding balance as at 31 January 2019 is nil (31 January 2018: \$10,951,295).

The interest rate on the shareholder loans up to the date of conversion was 30% (31 January 2018: 30%) and was increased at the end of 2014, and was capitalised quarterly. Total interest capitalised during the year ended 31 January is \$1.062 million (year ended 31 January 2018: \$2.807 million, 7 months to 31 January 2017 is \$3.040 million).

(d) Convertible Notes

On 19th June 2018, the holders of USD\$2.8m (NZ\$4.2m) of convertible notes converted to 16,408 Bendon ordinary shares. The holder of US\$1.0m (NZ\$1.42m) of convertible notes elected for their convertible note to be repaid at a future date as agreed. The amount owing has been classified as a current borrowing and amounted to \$1.159 million as at 31 January 2019.

(e) Loan covenants

As at 31 January 2019, there was a breach of the minimum Gross EBITDA ratio and a breach of the Inventory and Receivables ratio. The Bank has advised that they are currently taking these Breaches under review.

(f) Other loan

The other loan is convertible note which the note holder elected not to convert. This loan is payable at a future date to be agreed.

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

20 Provisions

	31 January 2019 NZ \$000's	31 January 2018 NZ \$000's	31 January 2017 NZ \$000's
CURRENT			
Lease contributions	179	412	480
Onerous contracts	-	264	377
Make good	742	430	671
	<u>921</u>	<u>1,106</u>	<u>1,528</u>

	31 January 2019 NZ \$000's	31 January 2018 NZ \$000's	31 January 2017 NZ \$000's
NON-CURRENT			
Lease contributions	906	910	702
Onerous contracts	-	-	176
Make good	1,466	1,801	1,371
	<u>2,372</u>	<u>2,711</u>	<u>2,249</u>

	Lease contributions NZ \$000's	Onerous contracts NZ \$000's	Make good NZ \$000's	Total NZ \$000's
Opening balance at 1 February 2018	1,321	264	2,230	3,815
Additional provisions recognised	337	-	717	1,054
Unused amounts reversed	-	-	(600)	(600)
Unwinding of discounts	-	-	(84)	(84)
Amounts used during the year	(510)	(264)	-	(774)
Exchange differences	(62)	-	(56)	(118)
Balance at 31 January 2019	<u>1,086</u>	<u>-</u>	<u>2,208</u>	<u>3,294</u>

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

20 Provisions

	Lease contributions NZ \$000's	Onerous contracts NZ \$000's	Make good NZ \$000's	Total NZ \$000's
Opening balance at 1 February 2017	1,182	553	2,042	3,777
Additional provisions recognised	635	-	595	1,230
Unused amounts reversed	-	-	(658)	(658)
Unwinding of discounts	-	-	271	271
Amounts used during the year	(547)	(289)	(77)	(913)
Exchange differences	50	(0)	58	108
Balance at 31 January 2018	1,321	264	2,230	3,815

	Lease contributions NZ \$000's	Onerous contracts NZ \$000's	Make good NZ \$000's	Total NZ \$000's
Opening balance at 1 February 2017	1,318	275	1,817	3,410
Additional provisions recognised	145	508	353	1,006
Unused amounts reversed	-	-	(112)	(112)
Unwinding of discounts	-	-	(9)	(9)
Amounts used during the year	(269)	(230)	-	(499)
Exchange differences	(12)	-	(7)	(19)
Balance at 31 January 2018	1,182	553	2,042	3,777

Onerous contracts

The onerous provision relates to a head office lease for which the space is not fully utilised. The provision is calculated using a pre-tax discount rate of 10.25% (2018: 11.4%, 2017: 11.4%).

Make good

In accordance with certain lease agreements, the Group must refurbish and restore the lease premises to a condition agreed with the landlord at the end of the lease term or as prescribed. The provision has been calculated using a pre-tax discount rate of 2% (2018: 2%, 2017: 2%), and other market assumptions and re-assessed annually.

During the 2018 financial year an additional \$595 thousand was recognised in relation to new retail leases in Australia. As a result of the new Auckland office lease, make good requirements were reversed.

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

21 Share Capital

	31 January 2019 NZ \$000's	31 January 2018 NZ \$000's	31 January 2017 NZ \$000's
29,640,965(2018: 306,028, 2017: 274,839) Ordinary shares	<u>134,183</u>	<u>68,727</u>	<u>27,948</u>

(a) Ordinary shares

	For the Year Ended 31 January 2019 NZ\$000's	For the Year Ended 31 January 2018 NZ\$000's	For the 7 Months Ended 31 January 2017 NZ\$000's
At the beginning of the reporting period	68,727	27,948	3,108
Issuance of new shares			24,840
- Cash collected	23,248	22,990	-
- Settle Shareholder loan	12,242	0	
- Shares issued in lieu of consultancy fee	692	-	
- Shares issued in lieu of stock payment	4,045	-	
Convertible note maturity	4,159	17,789	
Business combination with Naked Brand Group Inc.	14,196	-	
Business combination with FOH Online Inc.	6,872		
At the end of the reporting period	<u>134,183</u>	<u>68,727</u>	<u>27,948</u>

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

The Company does not have authorised capital or par value in respect of its shares.

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

21 Share Capital

	For the Year Ended 31 January 2019 Number	For the Year Ended 31 January 2018 Number	For the 7 Months Ended 31 January 2017 Number
Naked Brand Group Limited shares issued on close of the merger between Bendon Limited and Naked Brand Group Inc.			
- Bendon shareholders	20,889,940	306,028	274,839
- Naked shareholders	2,068,438		-
Shares issued during the period	6,682,587		-
At the end of the period	<u>29,640,965</u>	<u>306,028</u>	<u>274,839</u>

The number of shares for the year ended 31 January 2018 and 31 January 2017 relates to the pre-merger entity Bendon Limited.

(b) Other equity

	31 January 2019 NZ \$000's	31 January 2018 NZ \$000's	31 January 2017 NZ \$000's
Value of conversion rights - convertible notes	<u>4,159</u>	<u>17,789</u>	<u>-</u>

The amount shown for other equity is the value of the conversion rights relating to the 15% convertible notes, details of which are shown in note 16(d).

(c) Capital Management

The key objectives of the Company when managing capital is to safeguard its ability to continue as a going concern and maintain optimal benefits to stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity. The Company defines capital as its equity and net debt.

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

21 Share Capital

(c) Capital Management

There has been no change to capital risk management policies during the year.

Management are constantly adjusting the capital structure to take advantage of favourable costs of capital or high return on assets. As the market is constantly changing, management may change the amount of dividends to be paid to shareholders, return capital to shareholders or sell assets to reduce debt. The Group is not subject to any externally imposed capital requirements.

The gearing ratio for the years ended 31 January 2019, 31 January 2018 and 31 January 2017 are as follows:

	Note	31 January 2019 NZ \$000's	31 January 2018 NZ \$000's	31 January 2017 NZ \$000's
Total borrowings	19	20,967	52,121	68,998
Less Cash and cash equivalents	11	(1,962)	(10,739)	(1,965)
Net debt		19,005	41,382	67,033
Equity		10,519	(5,710)	(9,044)
Total capital		29,524	35,672	57,989
Gearing ratio		64%	116%	116%

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

22 Reserves

	31 January 2019 NZ \$000's	31 January 2018 NZ \$000's	31 January 2017 NZ \$000's
Foreign currency translation reserve			
Opening balance	(2,006)	(2,154)	(2,125)
Trasnfers in	(7)	148	(29)
Balance at the end of the year	(2,013)	(2,006)	(2,154)

Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income - foreign currency translation reserve. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

23 Loss per Share

(a) Basic and diluted loss per share

	For the Year Ended 31 January 2019 NZ\$	For the Year Ended 31 January 2018 NZ\$	For the 7 Months Ended 31 January 2017 NZ\$	For the Year Ended 30 June 2016 NZ\$
From continuing operations attributable to the ordinary equity holders of the company	(2.01)	(1.79)	(0.82)	(1.13)
Total basic and diluted loss per share attributable to the ordinary equity holders of the company	(2.01)	(1.79)	(0.82)	(1.13)

All convertible notes issued during the period are not included in the calculation of diluted loss per share because they are antidilutive in nature for the period ended 31 January 2018. These notes could potentially dilute earnings/loss per share in the future.

(b) Reconciliation of loss used in calculating earnings per share

	For the Year Ended 31 January 2019 NZ\$000's	For the Year Ended 31 January 2018 NZ\$000's	For the 7 Months Ended 31 January 2017 NZ\$000's	For the Year Ended 30 June 2016 NZ\$
Basic and diluted loss per share				
Profit/(loss) attributable to the ordinary equity holders of the company used in calculating basic earnings per share:	(48,946)	(37,445)	(16,008)	(20,715)

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

23 Loss per Share

(c) Weighted average number of shares used as the denominator

	31 January 2019 Number	31 January 2018 Number	31 January 2017 Number	30 June 2016 Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	<u>24,379,019</u>	<u>20,915,036</u>	<u>19,404,681</u>	<u>18,345,000</u>

* As a result of the merger between Bendon and Naked on 19 June 2018 the calculation of basic and diluted earnings per share for 2018 and 2017 has been adjusted retrospectively. Number of ordinary shares outstanding has been adjusted to reflect the proportionate change in the number of shares.

(d) Information concerning the classification of securities

Convertible notes

At 31 January 2019, the Group had no convertible notes.

24 Accumulated Losses

	For the Year Ended 31 January 2019 NZ\$000's	For the Year Ended 31 January 2018 NZ\$000's	For the 7 Months Ended 31 January 2017 NZ\$000's
(Accumulated losses)/retained earnings at the beginning of their period	(72,431)	(34,838)	(18,859)
Loss for the period	<u>(49,220)</u>	<u>(37,593)</u>	<u>(15,979)</u>
Accumulated losses at the end of their period	<u>(121,651)</u>	<u>(72,431)</u>	<u>(34,838)</u>

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

25 Capital and Leasing Commitments

(a) Operating Leases

	31 January 2019 NZ \$000's	31 January 2018 NZ \$000's	31 January 2017 NZ \$000's
Minimum lease payments under non-cancellable operating lease			
- not later than one year	8,533	9,618	9,472
- between one year and five years	18,039	14,943	14,435
- later than five years	1,485	528	59
	<u>28,058</u>	<u>25,089</u>	<u>23,966</u>

Operating leases are in place for leased premises and vehicles, and normally have a term between 1 and 11 years. Lease payments are increased on an annual basis to reflect market rentals.

(b) Contracted Commitments

	31 January 2019 NZ \$000's	31 January 2018 NZ \$000's	31 January 2017 NZ \$000's
Licence contract			
- not later than one year	4,286	3,797	3,652
- between one year and five years	8,696	12,009	15,917
- later than five years	-	-	-
	<u>12,982</u>	<u>15,806</u>	<u>19,569</u>

The Group has an exclusive licence to use the trademark and name Heidi Klum in the manufacture, promotion, sale and distribution of product. The contract was executed on 26 September 2014 and commenced on 1 January 2015. The contract has a 7 year term with no rights to renew. Licence royalties are calculated based on net sales, and the minimum guarantee payments payable by the Group are set out above.

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

26 Lessor Commitments

The Group sub leases its US and Australian premises under a commercial lease. These non-cancellable leases have terms between 1 and 6 years. All leases include an option for the Group to increase rent to current market rental on an annual basis.

The future minimum lease payments under non-cancellable leases are:

	<u>31 January</u> <u>2019 NZ \$000's</u>	<u>31 January</u> <u>2018 NZ \$000's</u>	<u>31 January</u> <u>2017 NZ \$000's</u>
- not later than one year	441	166	503
- between one year and five years	493	-	1,076
- later than five years	-	-	-
Total minimum lease payments	<u>934</u>	<u>166</u>	<u>1,579</u>

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

27 Financial Risk Management

The Group is exposed to a variety of financial risks through its use of financial instruments.

The Group's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The most significant financial risks to which the Group is exposed to are described below:

Specific risks

- Liquidity risk
- Credit risk
- Market risk - currency risk, interest rate risk and price risk

Financial instruments used

The principal categories of financial instrument used by the Group are:

- Trade receivables
- Cash at bank
- Bank overdraft
- Trade and other payables
- Floating rate bank loans
- Forward currency contracts
- Shareholders loan

Objectives, policies and processes

The Board of Directors receives overall responsibility for the establishment of the Group's financial risk management framework. This includes the development of policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and the use of derivatives.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The day-to-day risk management is carried out by the Group's finance function under policies and objectives which have been approved by the Board of Directors.

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

27 Financial Risk Management

Objectives, policies and processes

Mitigation strategies for specific risks faced are described below:

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due.

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long term financial liabilities as well as cash outflows due in day to day business.

The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward. The amounts disclosed in the table are the undiscounted contracted cash flows and therefore the balances in the table may not equal the balances in the consolidated balance sheets due to the effect of discounting.

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

27 Financial Risk Management

The Group's liabilities have contractual maturities which are summarised below:

	Non- derivatives Borrowings <u>NZ\$000's</u>	Non- derivatives Trade payables <u>NZ\$000's</u>	Non- derivatives Total <u>NZ\$000's</u>	Derivatives Gross future cash settlement on forward currency contracts - inflow <u>NZ\$000's</u>	Derivatives Gross future cash settlement on forward currency contracts - (outflow) <u>NZ\$000's</u>	Derivatives Total <u>NZ\$000's</u>
Not later than 1 month						
31 January 2019	1,329	23,580	24,908	18,325	(19,212)	(887)
31 January 2018	24,677	21,143	45,820	13,577	(13,950)	(373)
31 January 2017	56,333	19,221	75,554	2,078	(2,250)	(172)
1 to 3 months						
31 January 2019	184	-	184	9,610	(10,061)	(451)
31 January 2018	148	-	148	13,836	(14,453)	(617)
31 January 2017	129	-	129	9,900	(11,326)	(1,426)
3 months to 1 year						
31 January 2019	20,184	-	20,184	4,976	(5,121)	(145)
31 January 2018	27,247	-	27,247	20,895	(21,993)	(1,098)
31 January 2017	18,631	-	18,631	37,855	(40,445)	(2,590)
1 to 5 years						
31 January 2019	-	-	-	-	-	-
31 January 2018	-	-	-	-	-	-
31 January 2017	323	-	323	-	-	-
Total						
31 January 2019	21,697	23,580	45,277	32,912	(34,395)	(1,483)
31 January 2018	52,072	21,143	73,215	48,308	(50,396)	(2,088)
31 January 2017	75,416	19,221	94,637	49,833	(54,021)	(4,188)

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

27 Financial Risk Management

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group.

Credit risk arises from cash and cash equivalents, derivative financial instruments, as well as credit exposure to wholesale and retail customers, including outstanding receivables and committed transactions.

Trade receivables and contract assets

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The utilisation of credit limits by customers is regularly monitored by line management. Customers who subsequently fail to meet their credit terms are required to make purchases on a prepayment basis until creditworthiness can be re established.

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

27 Financial Risk Management

Credit Risk

On a geographical basis, the Group has significant credit risk exposures in New Zealand, Australia, United States and United Kingdom given the substantial operations in those regions.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings if available or historical information about counterparty default rate.

	31 January 2019 NZ \$000's	31 January 2018 NZ \$000's	31 January 2017 NZ \$000's
Trade receivables			
Counterparty without external credit ratings			
New customer less than 6 months	42	12	187
Existing customers (more than 6 months with default in past)	7,747	9,970	26,312
Total trade receivables	7,789	9,982	26,499
	31 January 2019 NZ \$000's	31 January 2018 NZ \$000's	31 January 2017 NZ \$000's
Credit ratings			
AA-	1,915	10,591	265
A+	-	94	(11)
	1,915	10,685	254

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties.

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

27 Financial Risk Management

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

(i) Foreign exchange risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which financial instruments are held in currencies other than the functional currency.

Exposures to currency exchange rates arise from overseas sales and purchases, which are primarily denominated in currencies other than the functional currency, in particular USD.

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

27 Financial Risk Management

Foreign currency denominated financial assets and liabilities, translated into New Zealand Dollars at the closing rate, are as follows:

	AUD NZ\$000's	USD NZ\$000's	GBP NZ\$000's	EUR NZ\$000's	HKD NZ\$000's	Total NZ\$000's
31 January 2019						
Trade receivables	51	42	-	285	-	378
Trade payables	1	9,035	8	61	7	9,111
Cash and cash equivalents	623	149	38	8	11	829
31 January 2018						
Trade receivables	328	199	-	1,376	-	1,903
Trade payables	781	11,209	74	29	53	12,146
Cash and cash equivalents	1,660	7,190	77	92	165	9,185
31 January 2017						
Trade receivables	424	211	-	1,509	-	2,144
Trade payables	315	8,557	131	32	16	9,051
Cash and cash equivalents	926	401	131	388	28	1,874

The following table illustrates the sensitivity of the net result for the year and equity in regards to the Group's financial assets and financial liabilities and the US dollar New Zealand Dollar, Australian Dollar New Zealand Dollar, GB Pound New Zealand Dollar, Euro New Zealand Dollar, and Hong Kong Dollar New Zealand Dollar exchange rates. There have been no changes in the assumptions calculating this sensitivity from prior years.

It assumes a 10% change of the New Zealand Dollar / Australian Dollar exchange rate for the year ended 31 January 2019 (31 January 2018: 10%, 31 January 2017: 10%). A 10% change is considered for the New Zealand Dollar / US Dollar exchange rate (31 January 2018: 10%, 31 January 2017: 10%). A 10% change is considered for the New Zealand Dollar / GB Pound exchange rate (31 January 2018: 10%, 31 January 2017: 10%). A 10% change is considered for the New Zealand Dollar / Euro exchange rate (31 January 2018: 10%, 31 January 2017: 10%). All of these percentages have been determined based on the average market volatility in exchange rates in the previous 12 months.

The year end rate is 0.9513 AUD, 0.6903 USD, 0.5265 GBP, 0.6008 EUR and 5.4138 HKD.

The sensitivity analysis is based on the foreign currency financial instruments held at the reporting date and also takes into account forward exchange contracts that offset effects from changes in currency exchange rates.

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

27 Financial Risk Management

If the New Zealand Dollar had strengthened and weakened against the Australian Dollar, US Dollar, GB Pound, Euro and HK Dollar by 10% (31 January 2018: 10%, 31 January 2017: 10%) and 10% (31 January 2018: 10%, 31 January 2017: 10%) respectively then this would have had the following impact:

	NZ\$000's	
	+10%	-10%
USD		
Net results/Equity (31 January 2018)	(954)	954
Net results/Equity (31 January 2017)	(1,509)	1,509
Net results/Equity (30 June 2016)	(1,196)	1,196
AUD		
Net results/Equity (31 January 2018)	(5)	5
Net results/Equity (31 January 2017)	(805)	805
Net results/Equity (30 June 2016)	86	(86)
GBP		
Net results/Equity (31 January 2018)	(1)	1
Net results/Equity (31 January 2017)	(175)	175
Net results/Equity (30 June 2016)	34	(34)
EUR		
Net results/Equity (31 January 2018)	(32)	32
Net results/Equity (31 January 2017)	(136)	136
Net results/Equity (30 June 2016)	186	(186)
HKD		
Net results/Equity (31 January 2018)	(1)	1
Net results/Equity (31 January 2017)	(14)	14
Net results/Equity (30 June 2016)	1	(1)

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

27 Financial Risk Management

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to foreign currency risk.

Forward exchange contracts

The Group has open forward exchange contracts at the end of the reporting period relating to highly probable forecast transactions and recognised financial assets and financial liabilities. These contracts commit the Group to buy specified amounts of foreign currencies in the future at specified exchange rates. The Group has a policy of requiring that forward exchange contracts be entered into where future commitments are entered into requiring settlement at a time in excess of 1 month but less than 1 year, to a value of approximately 75% total foreign exchange exposure. Contracts are taken out with terms that reflect the underlying settlement terms of the commitment to the maximum extent possible so that hedge ineffectiveness is minimised.

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

27 Financial Risk Management

The following table summarises the notional amount of the Group's commitments in relation to forward exchange contracts.

	Notional Accounts			Average Exchange Rate		
	31 January 2019 NZ \$000's	31 January 2018 NZ \$000's	31 January 2017 NZ \$000's	31 January 2019 NZ \$000's	31 January 2018 NZ \$000's	31 January 2017 NZ \$000's
Buy USD/ sell NZD Settlement						
Less than 6 months	34,395	48,149	47,292	0.6620	0.7061	0.6687
6 months to 1 year	-	-	3,479	-	-	0.7186
Buy AUD/ sell NZD Settlement						
Less than 6 months	NZ\$000's -	NZ\$000's 2,247	NZ\$000's 2,250	\$ -	\$ 0.8900	\$ 0.8890
Buy GBP/ sell NZD Settlement						
Less than 6 months	NZ\$000's -	NZ\$000's -	NZ\$000's 1,000	\$ -	\$ -	\$ 0.5784

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

27 Financial Risk Management

(ii) Interest rate risk

The Group is exposed to interest rate risk as funds are borrowed at floating and fixed rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

The Group's policy is to minimise interest rate cash flow risk exposures on long term financing. Longer term borrowings are therefore usually at fixed rates. At the reporting date, the Group is exposed to changes in market interest rates through its bank borrowings, which are subject to variable interest rates.

	31 January 2019 NZ \$000's	31 January 2018 NZ \$000's	31 January 2017 NZ \$000's
Floating rate instruments			
Bank overdrafts	-	-	-
Working capital financing bank facility	-	22,489	31,710
Convertible notes	-	1,740	16,474
Borrowings	<u>20,000</u>	<u>16,000</u>	<u>16,000</u>
	<u>20,000</u>	<u>40,229</u>	<u>64,184</u>

The following table illustrates the sensitivity of the net result for the year and equity to a reasonably possible change in interest rates of +1.00%/ 1.00% (2018: +1.00%/ 1.00%, 2017: +1.00%/ 1.00%), with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions and economist reports.

The calculations are based on the financial instruments held at each reporting date. All other variables are held constant.

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

27 Financial Risk Management

	NZ \$000's	
	1.00%	1.00%
Net results/Equity (31 January 2019)	200	(200)
Net results/Equity (31 January 2018)	402	(402)
Net results/Equity (31 January 2017)	642	(642)

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

28 Tax assets and liabilities

	Opening Balance NZ\$000's	Charged to Income NZ\$000's	Charged directly to Equity NZ\$000's	Changes in Tax Rate NZ\$000's	Exchange Differences NZ\$000's	Closing Balance NZ\$000's
Deferred tax assets/(liabilities)						
Carried forward tax losses	630	692	-	-	-	1,322
Intangible assets	(630)	-	-	-	-	(630)
Balance at 31 January 2019	<u>-</u>	<u>692</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>692</u>
Carried forward tax losses	630	-	-	-	-	630
Intangible assets	(630)	-	-	-	-	(630)
Balance at 31 January 2018	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Carried forward tax losses	630	-	-	-	-	630
Intangible assets	(630)	-	-	-	-	(630)
Balance at 31 January 2017	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

29 Dividends

No final dividend will be paid in respect of the period ended 31 January 2019 (31 January 2018: Nil, 31 January 2017).

Franking account

	31 January 2019 NZ \$000's	31 January 2018 NZ \$000's	31 January 2017 NZ \$000's
Australian franking credits available for subsequent financial years at a tax rate of 30%	3,995	3,995	3,757
New Zealand imputation credits available for subsequent financial years at a tax rate of 28%	236	236	235

The above amounts are based on the dividend franking account at period-end adjusted for:

- (a) Franking credits that will arise from the payment of the current tax liabilities;
- (b) Franking debits that will arise from the payment of dividends recognised as a liability at the period end;
- (c) Franking credits that will arise from the receipt of dividends recognised as receivables at the end of the period.

30 Key Management Personnel Remuneration

Key management personnel remuneration included within employee expenses for the period is shown below:

	For the Year Ended 31 January 2019 NZ\$000's	For the Year Ended 31 January 2018 NZ\$000's	For the 7 Months Ended 31 January 2017 NZ\$000's	For the Year Ended 30 June 2016 NZ\$000's
Short-term employee benefits	2,056	1,743	1,492	1,752
	<u>2,056</u>	<u>1,743</u>	<u>1,492</u>	<u>1,752</u>

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

31 Interests in Subsidiaries

Composition of the Group

	Principal place of business / country of Incorporation	Percentage Owned (%)* 31 January 2019	Percentage Owned (%)* 31 January 2018	Percentage Owned (%)* 31 January 2017
Subsidiaries:				
Bendon Retail Limited	New Zealand	100	100	100
Bendon Holdings Limited	New Zealand	100	100	100
Bendon Holdings Pty Limited	Australia	100	100	100
Bendon Pty Limited	Australia	100	100	100
Bendon Intimates Pty Limited	Australia	100	100	100
PS Holdings No. 1 Pty Limited	Australia	100	100	100
Pleasure State Pty Limited	Australia	100	100	100
Pleasure State (HK) Limited	Hong Kong	100	100	100
Bendon UK Limited	United Kingdom	100	100	100
Bendon USA Inc	United States of America	100	100	100
Bendon Limited**	New Zealand	100	-	-
Naked Brand Inc.	United States of America	100	-	-
FOH Online Corp Inc.	United States of America	100	-	-

*The percentage of ownership interest held is equivalent to the percentage voting rights for all subsidiaries.

** Bendon Limited was the parent entity in the periods ended 31 January 2018 and 31 January 2017.

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

32 Fair Value Measurement

The Group measures the following assets and liabilities at fair value on a recurring basis:

- Financial assets - derivative financial instruments
- Financial liabilities - derivative financial instruments

Fair value hierarchy

All assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Unobservable inputs for the asset or liability.

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

32 Fair Value Management

Fair value hierarchy

The table below shows the assigned level for each asset and liability held at fair value by the Group:

	Level 1 NZ\$000's	Level 2 NZ\$000's	Level 3 NZ\$000's	Total
31 January 2019				
Recurring fair value measurements				
Financial assets				
Foreign exchange contracts	-	-	-	-
Financial liabilities				
Foreign exchange contracts	-	1,484	-	1,484
Derivative on Convertible Notes	-	-	-	-
31 January 2018				
Recurring fair value measurements				
Financial assets				
Foreign exchange contracts	-	-	-	-
Financial liabilities				
Foreign exchange contracts	-	2,087	-	2,087
Derivative on Convertible Notes	-	-	1,110	1,110

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

32 Fair Value Management

31 January 2017

Recurring fair value measurements

Financial assets

Foreign exchange contracts

- - - -

Financial liabilities

Foreign exchange contracts

- 4,188 - 4,188

Derivative on Convertible Notes

- - 4,112 4,112

There were no transfers between levels during the financial periods.

The carrying amount of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short term nature. Bank loans approximate fair value of the carrying amount on the basis of the variable nature of the interest rates associated with the

Valuation techniques for fair value measurements categorised within level 2

The fair value of derivative financial instruments is determined using valuation techniques which maximise the use of observable market data where it is available and relies as little as possible on entity specific estimates.

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

32 Fair Value Management

Valuation techniques for fair value measurements categorised within level 3

The fair value of the derivative on convertible notes has been determined using a Black Scholes model. Measurement inputs include share price on measurement date, expected term of the instrument, risk free rate, expected volatility and expected dividend rate. The Group used valuations specialists to perform these valuations.

Fair value measurements using significant unobservable movements (level 3)

The following table presents the changes in level 3 instruments for the year ended 31 January 2019.

	Convertible note liability NZ\$000's
Balance at 31 January 2018	1,110
Changes in fair value	
Conversion	(1,110)
Balance at 31 January 2019	-

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

33 Contingencies

Contingent Liabilities

The Group had the following contingent liabilities at the end of the reporting period:

	For the Year Ended 31 January 2019 NZ\$000's	For the Year Ended 31 January 2018 NZ\$000's	For the 7 Months Ended 31 January 2017 NZ\$000's
Rent guarantees to certain landlords	419	419	571
Standby letter of credit to JP Morgan Chase Bank	291	291	286
Guarantee provided to UK Customs Department	329	329	282
Guarantee provided to ANZ for Merchant Service	172	172	-

A shareholder has lodged a court Action against the Group claiming they did not receive the correct number of shares in the Group on completion of the merger between Naked Inc. and Bendon Limited on 19 June 2018. The Group has sought to have this claim dismissed by the Court on the basis that the Group had no contract with the shareholder and that the shareholder did not have a possessory right over a certain number of shares in the Group.

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

34 Related Parties

(a) The Group's main related parties are entities owned/controlled by shareholders:

(b) Loans (to)/from related parties

	Opening balance NZ\$	Closing balance NZ\$
	<u> </u>	<u> </u>
Loans to related parties		
Cullen Investments Limited - 31 January 2019	11,535,677	-
Cullen Investments Limited - 31 January 2018	13,051,321	11,535,677
Cullen Investments Limited - 31 January 2017	9,613,014	13,051,321
Whitespace Atelier Limited - 31 January 2019	272,665	281,714
Whitespace Atelier Limited - 31 January 2018	-	272,665
FOH Online Inc. - 31 January 2018	3,518,009	-
FOH Online Inc. - 31 January 2018	-	3,518,009
Loans from related parties		
SBL Holdings - 31 January 2019	-	(1,448,646)
Naked Inc. - 31 January 2019	(1,368,577)	-
Naked Inc. - 31 January 2018	-	(1,368,577)
Naked Inc. - 31 January 2017	-	-
EJ Watson - 31 January 2019	-	(2,289,212)

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

34 Related Parties

(b) Loans (to)/from related parties

On 15th November 2018, the Group entered into a Stock Purchase Agreement with the shareholders of FOH Online Corp (FOH), which included Cullen Investments Limited (Cullen), that the Group will purchase all of the issued and outstanding shares of FOH. Under the terms of the Agreement, the amount owed by Cullen was fully forgiven by the Group (31 January 2018: \$11,535,677).

Whitespace Atelier Limited (“Whitespace”) is owned by a shareholder of the Naked Brand Group Limited. Beginning 1 Feb 2017, Whitespace is engaged by the Group to procure stock from various suppliers at competitive prices. During the year ended 31 January 2019, purchases amounting to \$12,720,499 (31 January 2018: \$13,281,727) have been made from Whitespace. As at 31 January 2018, the Group has made prepayments to Whitespace amounting to \$281,714 (31 January 2018: \$272,665).

Subsequent to the merger with Naked Brand Group Inc. on 19th June 2018, Naked Brand Group Inc. became part of the Group as at 31 January 2019. The balances between the subsidiaries are eliminated in the Group Balance Sheet (31 January 2018: \$1,368,557).

Subsequent to the acquisition of FOH Online Inc. on 15th November 2018, FOH Online Inc. became part of the Group as at 31 January 2019. The balances between the subsidiaries are eliminated in the Group Balance Sheet (31 January 2018: \$3,518,009).

During the period, a shareholder SBL Holdings Limited loaned the business funds to be utilised as working capital in the business.

During the period, and subsequent to the acquisition of FOH Online Inc, the balance of the loan outstanding from EJ Watson as at 31 January 2019 was \$2,289,212, which includes interest accrued for the period of \$81,866 (31 January 2018: Nil)

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

35 Cash Flow Information

Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	For the Year Ended 31 January 2019 NZ\$000's	For the Year Ended 31 January 2018 NZ\$000's	For the 7 Months Ended 31 January 2017 NZ\$000's	For the Year Ended 30 June 2016 NZ\$000's
Loss for the period	(49,220)	(37,593)	(15,979)	(20,746)
Cash flows excluded from profit attributable to operating activities interest paid on borrowings	3,400	8,792	6,238	10,182
Non-cash flows in profit:				
- depreciation and amortisation expense	2,382	3,030	1,842	3,516
- impairment expense	8,173	1,914	292	2,157
- fair value gain/(loss) on Convertible Notes derivative	775	(2,393)	592	-
Changes in assets and liabilities:				
- (increase) in trade and other receivables	14,267	14,925	(4,748)	(6,518)
- (increase) in current tax receivables	(355)	52	35	(88)
- (increase)/decrease in derivative assets	-	-	-	(2,289)
- (increase)/decrease in inventories	13,350	6,638	(179)	8,088
- (increase)/decrease in deferred tax asset/(liability)	(692)	-	-	5,589
- (increase)/decrease in related party receivables	6,531	(906)	(3,438)	(5,603)
- (increase)/decrease in trade and other payables	(5,681)	6,956	2,078	(11,113)
- (increase)/decrease in income taxes payable	226	152	635	(483)
- (increase)/decrease in provisions	(522)	39	367	311
- (increase)/decrease in foreign currency derivative liability	(1,712)	(5,104)	(1,343)	5,530
- net exchange differences	(355)	(618)	90	1,849
Cashflows from operations	(9,434)	(4,116)	(13,518)	(5,040)

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

36 Events occurring after the reporting date

On February 14, 2019, Carole Hochman resigned from the board of directors and as Executive Chairman.

In March 2019 the following share transactions occurred :

- (1) 1.4m ordinary shares and 1.4m warrants were issued in exchange for services to the value of NZ \$0.1m / US\$ 87k. The warrants have an exercise price of US\$0.50 and expire 2 years from the date of issue.
- (2) The issue of 11,248,415 ordinary shares to trade creditors in satisfaction of NZ\$6.6m / US\$4.5m trade payables, at a share price of US\$0.40.
- (3) The issue of 2,119,178 ordinary shares in settlement of a promissory notes in the amount of NZ\$1.25m / US\$847,671, at a share price of US\$0.40 per share.
- (4) The issue of 4,510,588 ordinary shares to investors in a private placement at a share price of US\$0.255 for a total cash consideration of NZ\$1.69m / US\$1.15m.
The investors also received warrants to purchase 4,510,588 ordinary shares, at an exercise price of US\$0.306 and expiry 2 years from the date of issue.

On April 2, 2019, the board of directors appointed Anna Johnson as Chief Executive Officer. Previously Ms. Johnson was Chief Executive Officer of Bendon Limited, the main operating entity within the Company. At the same time, Justin Davis-Rice was appointed as Executive Chairman and resigned as our Chief Executive Officer.

In May 2019, the following share of funding transactions occurred :

- (1) NZ\$4.3m / US\$3m cash was raised via a secured convertible promissory note to St. George Investments, with a US\$3.32m note principal value. The note accrues daily interest at 10% p.a, and matures on November 13, 2020. The Company has the right to prepay the note, subject to a 15% premium. The note is secured by a second priority security interest over all the Company's assets and is subordinated to the Company's existing senior secured credit facility with the Bank of New Zealand. The noteholder has the right to convert the note into Naked ordinary shares at a conversion price of US\$0.90 per share, and also has the right, from December 13, 2019, to request redemption of any portion of the note, up to a maximum of US\$0.4m per month.
- (2) NZ\$2.17m / US\$1.5m cash was raised via the issue of 6m Naked ordinary shares to an investor in a private placement at a share price of US\$0.25. The investor also received warrants to purchase 1m Naked ordinary shares. The warrants have an exercise price of US\$0.25, and expire 2 years from the date of issue.
- (3) 653,595 ordinary shares were issued in exchange for the cancellation of NZ\$0.3m / US\$0.2m in debt held by a shareholder, at a price of US\$0.306 per share.

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

36 Events occurring after the reporting date (continued)

In July 2019, the following share transactions occurred :

- (1) The issue of 25,068,250 ordinary shares to certain suppliers at a price of US\$0.10 per share, in cancellation of NZ\$3.7m / US\$2,506,825 trade payables.
- (2) The issue of 15.75m ordinary shares to certain investors at a price of US\$0.10 per share, and warrants to purchase up to 15.75m ordinary shares, at an exercise price of US\$0.10 per share, for a total cash consideration of NZ\$2.35m / US\$ 1.575m. Warrants to purchase 1.26m ordinary shares were also issued to various designees of the placement agent at an exercise price of US \$0.125 per share. The placement agent warrants are immediately exercisable and expire 5.5 years from date of the cash offering.
- (3) The exercise prices of certain outstanding warrants to purchase 2.8m ordinary shares held by one of the investors were reduced to US\$0.10 per share, with the exercise prices previously ranging from US\$1.55 to US\$3.75.

On July 31, 2019, Kelvin Fitzalan was appointed as a member of the board of directors

In August 2019, the following equity transactions occurred :

- (1) 28,571,431 ordinary shares, at a price of \$0.07 per share in a cash offering and 28,571,431 warrants to purchase ordinary shares were issued to certain investors, for a total cash consideration of NZ \$3.1m / US\$2.0m. The warrants are immediately exercisable, expiring 5.5 years from the date of issue, at an exercise price per share of US \$0.07, and may be exercised on a 'cashless' basis based on as Black Scholes valuation from 6 months after the issue. The Company also issued warrants to certain designees of the placement agent to purchase 2,285,714 ordinary shares at an exercise price of \$0.0875 per share. The placement agent warrants are immediately exercisable and expire 5.5 years from date of the cash offering.
- (2) The Company agreed to reduce the exercise price of outstanding warrants held by certain investors, consisting of warrants to purchase up to 18.55m ordinary shares at an exercise price of US\$0.10 per share that expire in October 2021, June 2023 and July 2025. The Company agreed to amend each of the outstanding warrants to reduce the exercise price to US\$0.07.
- (3) The Company issued 57,142,857 ordinary shares to suppliers at a price of \$0.07 per share in exchange for the cancellation of NZ\$6.2m / US\$4.0m trade payables and the establishment of prepayment credits.

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

36 Events occurring after the reporting date (continued)

In October 2019, the following funding transaction occurred :

The Company completed a private placement of a convertible promissory note and a warrant to purchase ordinary shares, for a purchase price of NZ\$3.2m / US\$2m, with a principal balance before discount and expenses of US\$2.12m. The holder had the right to exchange the warrant for a 5% increase in the balance of the note. On October 9, 2019, the holder exercised this right, and as result the warrant was cancelled and the balance of the note was increased by US\$106,100. The note balance was further increased to US\$2.51m on November 21 2019 due to additional funding requirement deadline not being met. The note accrues daily interest at 20% p.a., and matures on October 4, 2021. The Company has the right to prepay the Note, subject to a 25% premium. The note is subordinated to the Company's existing senior secured credit facility with the Bank of New Zealand, From April 7, 2020 the holder has the right to convert the outstanding balance of the note into the Company's ordinary shares at a conversion price of US\$0.05 per share.

In November 2019, the following funding transaction occurred :

The Company issued a NZ \$ 4.8m / \$US 3m convertible note in a private placement, maturing November 12 2021. The face value of the note is NZ \$ 5.0m / \$US 3.17m after discount and costs, with a cash consideration of \$US 3m. The interest rate is 20% p.a.. The Company has the right to prepay the note at a 25% premium. The note is subordinated to the Company's existing BNZ facility. The note outstanding balance is convertible into ordinary shares from May 13, 2020, at a conversion price of \$US 0.04 per share. From May 13, 2020, the holder can request the company redeem any portion of the note, up to a maximum of \$US0.4m per month. At same time 63.4m warrants were issued to the note holder at a \$US 0.05 exercise price, exercisable at any time, with a November 30 2021 expiry date.

St. George Investments converted 12.1m convertible notes at an agreed \$US 0.028 average price, reducing the principal value of the convertible note by \$US 340k.

In December 2019, the following funding transactions occurred (prior to reverse stock split on December 20 2019, referred to below) :

St. George Investments converted 108.2m convertible notes at an \$US 0.021 average price, reducing the principal value of the convertible note by \$US 2.265m

The Company issued a NZ \$ 4.8m / \$US 3m convertible note in a private placement, maturing December 19 2021. The face value of the note is NZ \$ 5.0m / \$US 3.17m after discount and costs, with a cash consideration of \$US 3m. The interest rate is 20% p.a.. The Company has the right to prepay the note at a 25% premium. The note is subordinated to the Company's existing BNZ facility. The note outstanding balance is convertible into ordinary shares from May 13, 2020, at a conversion price of \$US 0.04 per share. From June 19, 2020, the holder can request the company redeem any portion of the note, up to a maximum of \$US0.6m per month. At same time 79.3m warrants were issued to the note holder at a \$US 0.05 exercise price, exercisable at any time, with a December 31 2021 expiry date.

Notes to the Consolidated Financial Statements

For the Periods Ended 31 January 2019, 31 January 2018, 31 January 2017, 30 June 2016

36 Events occurring after the reporting date (continued)

On February 5, 2019, we received a notice from the Listing Qualifications Department of Nasdaq stating that, for the last 30 consecutive business days, the closing bid price for our Ordinary Shares had been below the minimum of US\$1.00 per share required for continued inclusion on the Nasdaq Capital Market under Nasdaq Listing Rule 5550(a)(2). Compliance has been extended in November 2019 until February 3, 2020. In order to regain compliance, the bid price for shares of our Ordinary Shares must close at US\$1.00 per share or more for a minimum of ten consecutive business days.

At the AGM on held on December 16, 2019 and in conjunction with a Board decision on timing, it was resolved to complete on December 20 2019 a reverse stock split of our Ordinary Shares, pursuant to which every 100 Ordinary Shares outstanding as of the effective time of the reverse stock split were combined into one Ordinary Share. This should resolve the Nasdaq requirement for a US \$1.00 minimum share price.

The senior secured credit facility with the Bank of New Zealand matured on August 31, 2019 and has been extended to January 31 2020, with discussions underway to extend for a further period beyond 12 months. The bank covenants were breached since January 2019 and were reset at April 30, 2019. The reset inventory ratio has been breached to the date of signing these accounts.

A restructure or operations was commenced in October 2019 with initiatives to close the US wholesale business as well as the Australian office and to disestablish up to 50 roles globally by the end of the year, subject to consultation.

CERTIFICATIONS

I, Justin Davis-Rice, certify that:

1. I have reviewed this Annual Report on Form 20-F/A of Naked Brand Group Limited;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

Dated: January 3, 2020

By: /s/ Justin Davis-Rice

Justin Davis-Rice
Executive Chairman
(Principal Executive Officer)

CERTIFICATIONS

I, David Adams, certify that:

1. I have reviewed this Annual Report on Form 20-F/A of Naked Brand Group Limited;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

Dated: January 3, 2020

By: */s/ David Adams*

David Adams
Interim Chief Financial Officer
(Principal Accounting Officer and
Principal Financial Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Naked Brand Group Limited (the "Company") on Form 20-F/A for the year ended January 31, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned, in the capacities and on the dates indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Dated: January 3, 2020

By: /s/ Justin Davis-Rice

Justin Davis-Rice
Executive Chairman

By: /s/ David Adams

David Adams
Interim Chief Financial Officer



Tel: +61 2 9251 4100
Fax: +61 2 9240 9821
www.bdo.com.au


Level 11, 1 Margaret St
Sydney NSW 2000
Australia

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Naked Brand Group Limited

We hereby consent to the incorporation by reference in the Registration Statement on Form F-3 (No. 333-226192; No. 333-230757 and No. 333-232229) of Naked Brand Group Limited of our report dated January 3, 2020, relating to the consolidated financial statements, which appear in this Form 20-F/A. Our report contains an explanatory paragraph regarding Naked Brand Group Limited's ability to continue as a going concern.

BDO Audit Pty Ltd

BDO


Tim Aman
Director

Sydney, Australia
January 3, 2020

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form F-3 (Nos. 333-226192, 333-230757 and 333-232229) of Naked Brand Group Limited of our report dated June 14, 2019 relating to the financial statements, which appears in this Form 20-F/A.

PricewaterhouseCoopers

[s] PricewaterhouseCoopers
Sydney, Australia
3 January 2020
