

PENTEX LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2015

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PENTEX LIMITED

COMPANY INFORMATION

Directors S Iyikan - Managing Director
 S Zeki - Managing Director
 P Reeves - Finance Director
 D Urban - Operations Director

Secretary S Iyikan

Company number 01928818

Registered office 1st Floor North
 93-100 Christian Street
 London
 E1 1RS

Auditors Arram Berlyn Gardner LLP
 30 City Road
 London
 EC1Y 2AB

Business address 1st Floor North
 93-100 Christian Street
 London
 E1 1RS

PENTEX LIMITED

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PENTEX LIMITED

STRATEGIC REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2015

The directors present the strategic report and financial statements for the period ended 31 December 2015.

Fair review of the business

The results are for the 6 month period to 31 December 2015. The comparative results are for 12 months to 30 June 2015.

The results for the period and the financial position at the period end were considered satisfactory by the directors.

Principal risks and uncertainties

The company's principal financial instruments comprise bank balances, trade creditors and trade debtors.

In respect of bank balances the liquidity risk is managed by maintaining a balance between current, deposit and currency accounts. The company make use of money market facilities where funds are available.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet the amounts due.

The company regularly review foreign exchange commitments thereby minimising exposure to currency risks.

Development and performance

The Directors consider that the results for the period reflect the hard work the Pentex team has put into all aspects of the business coupled with the good relationship the Company enjoys with both its customers and suppliers.

The Company regularly reviews its supplier base to ensure it is able to fulfill customer demand and that the factories run efficiently. Pentex operate a balance of owned and subcontracted factories. These are located in the Far East as well as Europe, providing both speed to market as well as highly competitive pricing.

Ethical trading is at the forefront of our attentions and we are very proud of our strong record in this area. We conduct regular inspections of all our factories to ensure that the very highest standards are maintained.

During the period under review the Company has continued to invest heavily in our overseas infrastructure.

The directors are pleased with the performance of the company during the period and look forward to continued growth in the future.

PENTEX LIMITED

STRATEGIC REPORT (CONTINUED)

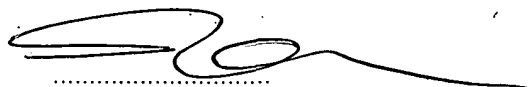
FOR THE PERIOD ENDED 31 DECEMBER 2015

Key performance indicators

The key financial highlights are as follows:

	6 months 31 December 2015 £	12 months 30 June 2015 £
Turnover	30,673,751	60,574,006
Profit before tax	1,721,159	7,242,933
Net assets	13,221,492	16,173,012

On behalf of the board



S Zeki

Director

21 March 2016

PENTEX LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2015

The directors present their report and financial statements for the period ended 31 December 2015.

Principal activities

The principal activity of the company continued to be that of the manufacture and distribution of clothing.

Directors

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

S Iyikan
S Zeki
P Reeves
D Urban

Results and dividends

The results for the period are set out on page 7.

Interim dividends of £4,232,046 were paid in the year.

Future developments

Company service levels will be enhanced in 2016 by the introduction of a new MIS, going live in the first half of the year. This will incorporate activities from design through to delivery, providing one information platform for the whole organisation. The benefits will be improved efficiency, critical path management and speed of decision making.

Pentex will continue to invest to enhance their core strengths in design and development. The Company will also continue to invest in and expand its overseas operations and factories, to ensure both quality and price remain highly competitive.

Auditors

The auditors, Arram Berlyn Gardner LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

PENTEX LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2015

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



S Zeki

Director

21 MARCH 2016

PENTEX LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PENTEX LIMITED

We have audited the financial statements of Pentex Limited for the period ended 31 December 2015 set out on pages 7 to 27. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

PENTEX LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF PENTEX LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Filiz Zekia (Senior Statutory Auditor)
for and on behalf of Arram Berlyn Gardner LLP

24/3/2016

Chartered Accountants
Statutory Auditor

30 City Road
London
EC1Y 2AB

PENTEX LIMITED

INCOME STATEMENT

FOR THE PERIOD ENDED 31 DECEMBER 2015

		Period ended 31 December 2015 £	30 June 2015 £
	Notes		
Turnover	3	30,673,751	60,574,006
Cost of sales		(27,405,980)	(51,613,529)
Gross profit		3,267,771	8,960,477
Administrative expenses		(1,652,546)	(1,725,413)
Other operating income		13,342	6,443
Operating profit	4	1,628,567	7,241,507
Interest receivable and similar income	8	20,769	1,426
Fair value gains and losses on foreign exchange contracts		71,823	-
Profit before taxation		1,721,159	7,242,933
Taxation	9	(440,633)	(1,553,284)
Profit for the financial period	23	1,280,526	5,689,649
Total comprehensive income for the period		1,280,526	5,689,649

The income statement has been prepared on the basis that all operations are continuing operations.

PENTEX LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	Notes	31 December 2015	30 June 2015
		£	£
Fixed assets			
Tangible assets	11	289,601	307,240
Investment properties	12	225,855	225,855
		<u>515,456</u>	<u>533,095</u>
Current assets			
Stocks	15	7,124,977	5,762,714
Debtors	17	7,826,102	8,011,760
Investments	16	4,605	4,605
Cash at bank and in hand		8,350,578	8,575,842
		<u>23,306,262</u>	<u>22,354,921</u>
Creditors: amounts falling due within one year	18	(10,600,226)	(6,715,004)
Net current assets		<u>12,706,036</u>	<u>15,639,917</u>
Total assets less current liabilities		<u>13,221,492</u>	<u>16,173,012</u>
Capital and reserves			
Called up share capital	21	1,066	1,066
Share premium account	22	227,917	227,917
Profit and loss reserves	23	12,992,509	15,944,029
Total equity		<u>13,221,492</u>	<u>16,173,012</u>

The financial statements were approved by the board of directors and authorised for issue on 21 March 2016 and are signed on its behalf by:


S Iyikan
Director


S Zeki
Director

Company Registration No. 01928818

PENTEX LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 DECEMBER 2015

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 July 2014		1,000	-	10,274,378	10,275,378
Period ended 30 June 2015:					
Profit and total comprehensive income for the period		-	-	5,689,649	5,689,649
Issue of share capital	21	66	227,917	-	227,983
Dividends	10	-	-	(19,998)	(19,998)
Balance at 30 June 2015		1,066	227,917	15,944,029	16,173,012
Period ended 31 December 2015:					
Profit and total comprehensive income for the period		-	-	1,280,526	1,280,526
Dividends	10	-	-	(4,232,046)	(4,232,046)
Balance at 31 December 2015		1,066	227,917	12,992,509	13,221,492

PENTEX LIMITED

STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 DECEMBER 2015

	Notes	31 December 2015	30 June 2015
		£	£
Cash flows from operating activities			
Cash generated from operations	29	2,988,613	9,946,470
Income taxes paid		(928,038)	(1,526,382)
Net cash inflow from operating activities		<u>2,060,575</u>	<u>8,420,088</u>
Investing activities			
Purchase of tangible fixed assets		(71,874)	(244,068)
Purchase of investment property		-	(225,855)
Interest received		20,696	160
Dividends received		73	1,266
Net cash used in investing activities		<u>(51,105)</u>	<u>(468,497)</u>
Financing activities			
Proceeds from issue of shares		-	227,983
Repayment of borrowings		1,997,312	16,451
Dividends paid		(4,232,046)	(19,998)
Net cash (used in)/generated from financing activities		<u>(2,234,734)</u>	<u>224,436</u>
Net (decrease)/increase in cash and cash equivalents		<u>(225,264)</u>	<u>8,176,027</u>
Cash and cash equivalents at beginning of period		8,575,842	399,815
Cash and cash equivalents at end of period		<u><u>8,350,578</u></u>	<u><u>8,575,842</u></u>

PENTEX LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015

1 Accounting policies

Company information

Pentex Limited is a limited company registered and incorporated in England and Wales. The registered office is 1st Floor North, 93-100 Christian Street, London, E1 1RS.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in Sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared on the historical cost convention, modified to include the revaluation of investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

These financial statements for the period ended 31 December 2015 are the first financial statements of Pentex Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 July 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 30.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover represents amounts receivable for goods net of VAT and trade discounts.

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and machinery	20% reducing balance
Fixtures, fittings & equipment	20% reducing balance
Computer equipment	33% straight line
Motor vehicles	20% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

PENTEX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2015

1 Accounting policies

(Continued)

1.5 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured using the fair value model and stated at its fair value as the reporting end date. The surplus or deficit on revaluation is recognised in the income statement.

1.6 Impairment of fixed assets

At each reporting end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss.

1.8 Cash and cash equivalents

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

PENTEX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2015

1 Accounting policies

(Continued)

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Other financial assets classified as fair value through profit or loss are measured at fair value.

Loans and receivables

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

PENTEX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2015

1 Accounting policies

(Continued)

Basic financial liabilities, including trade and other payables and bank loans, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

PENTEX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) ... FOR THE PERIOD ENDED 31 DECEMBER 2015

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.16 Foreign exchange

Transactions in currencies other than pounds Sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

PENTEX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2015

2 Judgements and key sources of estimation uncertainty

(Continued)

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Tangible assets

Accounting for tangible assets involves the use of estimates and judgements for determining the useful lives over which these are to be depreciated and the existence and amount of any impairment.

Tangible assets are depreciated on a reducing balance or straight line basis over their estimated useful lives and taking into account their expected residual values. When the Company estimates useful lives, various factors are considered including expected technological obsolescence and the expected usage of the asset.

The Directors regularly review these asset lives and change them as necessary to reflect the estimated current remaining lives in light of technological changes, future economic utilisation and physical condition of the assets concerned. A significant change in asset lives can have a significant change on depreciation and amortisation charges for the period.

Stock

The company manufactures clothing and is subject to changing consumer demands. As a result it is necessary to consider the recoverability of the cost of stock and the associated provision required. When calculating the stock provision, management considers the nature and condition of the stock, as well as applying assumptions around anticipated saleability of finished goods. See note 14 for the net carrying amount of the stock and associated provision.

Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

Provisions

Provisions are recognised when the Company 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 a reliable estimate of the amount can be made. This obligation may be legal or constructive deriving from regulations, contracts, normal practices or public commitments that lead third parties to reasonably expect that the Company will assume certain responsibilities. The amount of the provision is determined based on the best estimate of the outflow of resources required to settle the obligation, taking into account all available information.

No provision is recognised if the amount of liability cannot be estimated reliably. In this case, the relevant information is disclosed in the notes to the financial statements.

Given the uncertainties inherent in the estimates used to determine the amount of provision, actual outflows of resources may differ from the amounts recognised originally on the basis of the estimates.

PENTEX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2015

2 Judgements and key sources of estimation uncertainty

(Continued)

Taxation

The Company evaluates the recoverability of deferred tax assets based on estimates of future earnings. The ability to recover these taxes depends ultimately on the Company's ability to generate taxable earnings over the course of the period for which the deferred tax assets remain deductible. This analysis is based on the estimated reversal of deferred taxes as well as estimates of taxable earnings, which are sourced from internal projections and are updated to reflect the latest trends.

The appropriate classification of tax assets and liabilities depends on a number of factors, including estimates as to the timing and materialisation of deferred tax assets and the forecast tax payment schedule. Actual income tax receipts and payments could differ from the estimates made by Company as a result of changes in tax legislation or unforeseen transactions that could affect tax balances.

3 Turnover and other revenue

The total turnover of the company for the period and the prior period has been derived from its principal activity, wholly undertaken in the United Kingdom and, supplying markets wholly within the United Kingdom and EU.

4 Operating profit

	31 December 2015	30 June 2015
Operating profit for the period is stated after charging/(crediting):	£	£
Exchange losses/(gains)	(5,296)	(1,109,976)
Depreciation of owned tangible fixed assets	89,513	162,352
Cost of stocks recognised as an expense	24,555,131	47,078,459
Operating lease charges	141,716	204,739
	<u> </u>	<u> </u>

5 Auditors' remuneration

	31 December 2015	30 June 2015
Fees payable to the company's auditor and its associates:	£	£
For audit services		
Audit of the company's financial statements	18,900	28,500
	<u> </u>	<u> </u>
For other services		
All other non-audit services	-	9,750
	<u> </u>	<u> </u>

PENTEX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2015

6 Employees

The average monthly number of persons (including directors) employed by the company during the period was:

	31 December 2015 Number	30 June 2015 Number
Administration	11	13
Design and production	73	62
Directors	4	4
	<u>88</u>	<u>79</u>

Their aggregate remuneration comprised:

	31 December 2015 £	30 June 2015 £
Wages and salaries	2,477,882	4,222,123
Social security costs	307,975	493,331
Pension costs	64,946	79,640
	<u>2,850,803</u>	<u>4,795,094</u>

7 Directors' remuneration

	31 December 2015 £	30 June 2015 £
Remuneration for qualifying services	752,445	1,333,080
Company pension contributions to defined contribution schemes	59,861	79,640
	<u>812,306</u>	<u>1,412,720</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (30 June 2015: 2).

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	314,361	611,749
Company pension contributions to defined contribution schemes	-	40,000
Accrued pension at the end of the period	<u>39,996</u>	<u>-</u>

PENTEX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2015

8 Interest receivable and similar income

	31 December 2015 £	30 June 2015 £
Interest income		
Other interest income	20,696	160
Other income from investments		
Dividends received	73	1,266
Total income	<u>20,769</u>	<u>1,426</u>

9 Taxation

	31 December 2015 £	30 June 2015 £
Current tax		
UK corporation tax on profits for the current period	<u>440,633</u>	<u>1,553,284</u>

The tax rate for the current period is lower than the prior period due to changes in the UK Corporation tax rate which decreased from 21% to 20% from 1 April 2015.

Further reductions to the UK Corporation tax rates were substantively enacted as part of the Finance Bill 2016 on 15 July 2015. These reduce the main rate to 19% from 1 April 2017 and to 18% from 1 April 2020.

The charge for the period can be reconciled to the profit per the income statement as follows:

	31 December 2015 £	30 June 2015 £
Profit before taxation	<u>1,721,159</u>	<u>7,242,933</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (30 June 2015: 20.75%)	344,232	1,502,909
Tax effect of expenses that are not deductible in determining taxable profit	94,686	71,026
Permanent capital allowances in excess of depreciation	1,730	(20,459)
Dividend income	(15)	(263)
Other tax adjustments	-	71
Tax expense for the period	<u>440,633</u>	<u>1,553,284</u>

PENTEX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2015

10 Dividends

	31 December 2015 £	30 June 2015 £
Interim paid	4,232,046	19,998
	<u>4,232,046</u>	<u>19,998</u>

11 Tangible fixed assets

	Plant and machinery £	Fixtures, fittings & equipment £	Computer equipment £	Motor vehicles £	Total £
Cost					
At 1 July 2015	309,916	213,286	584,322	39,040	1,146,564
Additions	1,942	448	69,484	-	71,874
At 31 December 2015	<u>311,858</u>	<u>213,734</u>	<u>653,806</u>	<u>39,040</u>	<u>1,218,438</u>
Depreciation and impairment					
At 1 July 2015	291,640	157,363	375,055	15,266	839,324
Depreciation charged in the period	7,500	11,241	66,881	3,891	89,513
At 31 December 2015	<u>299,140</u>	<u>168,604</u>	<u>441,936</u>	<u>19,157</u>	<u>928,837</u>
Carrying amount					
At 31 December 2015	<u>12,718</u>	<u>45,130</u>	<u>211,870</u>	<u>19,883</u>	<u>289,601</u>
At 30 June 2015	<u>18,276</u>	<u>55,923</u>	<u>209,267</u>	<u>23,774</u>	<u>307,240</u>

12 Investment property

	31 December 2015 £
Fair value	
At 1 July 2015 and 31 December 2015	<u>225,855</u>

Investment property comprises a freehold property. The directors have assessed that the fair value of the investment property is not different from the cost of the investment property as at the year end date.

PENTEX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2015

13 Cash and cash equivalents

Cash and cash equivalents consists of:

	31 December 2015 £	30 June 2015 £
Cash at bank	8,350,578	8,575,842
	<u>8,350,578</u>	<u>8,575,842</u>

14 Financial instruments

	31 December 2015 £	30 June 2015 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	15,620,202	16,347,608
Equity instruments measured at cost less impairment	4,605	4,605
Instruments measured at fair value through profit or loss	98,814	-
	<u></u>	<u></u>
Carrying amount of financial liabilities		
Measured at amortised cost	8,019,366	3,777,246
Instruments measured at fair value through profit or loss	26,991	-
	<u></u>	<u></u>

15 Stocks

	31 December 2015 £	30 June 2015 £
Raw materials and consumables	1,389,912	1,363,780
Work in progress	3,850,882	2,910,077
Finished goods and goods for resale	1,884,183	1,488,857
	<u>7,124,977</u>	<u>5,762,714</u>

Stock is stated after provisions for impairment of £369,195 (30 June 2015: £1,975,267).

There is no significant difference between the replacement cost of finished goods and their carrying amounts.

16 Current asset investments

	31 December 2015 £	30 June 2015 £
Listed investments	4,605	4,605
	<u></u>	<u></u>

PENTEX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2015

17 Debtors

	31 December 2015 £	30 June 2015 £
Amounts falling due within one year:		
Trade debtors	5,802,032	6,163,264
Derivative financial instruments	98,814	-
Other debtors	1,727,351	1,673,135
Prepayments and accrued income	197,905	175,361
	<u>7,826,102</u>	<u>8,011,760</u>

Trade debtors disclosed above are classified as loans and receivables and are therefore measured at amortised cost. Trade debtors are stated after provisions for impairment of £16,811 (30 June 2015: £37,464).

18 Creditors: amounts falling due within one year

	Notes	31 December 2015 £	30 June 2015 £
Loans and overdrafts	19	1,995,799	324
Trade creditors		3,987,503	3,776,922
Corporation tax		115,574	602,979
Other taxation and social security		754,173	104,716
Derivative financial instruments		26,991	-
Other creditors		2,000,000	-
Accruals and deferred income		1,720,186	2,230,063
		<u>10,600,226</u>	<u>6,715,004</u>

Other creditors at 31 December 2015 includes £2,000,000 (30 June 2015: £nil) owed to a shareholder.

19 Loans and overdrafts

	31 December 2015 £	30 June 2015 £
Directors' loans	<u>1,995,799</u>	<u>324</u>
Payable within one year	<u>1,995,799</u>	<u>324</u>

Directors's loan accounts relate to amounts payable to the directors at 31 December 2015.

PENTEX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2015

20 Retirement benefit schemes

Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The charge to the profit and loss in respect of defined contribution schemes was £64,946 (30 June 2015: £79,640).

21 Share capital

	31 December 2015 £	30 June 2015 £
Ordinary share capital		
Issued and fully paid		
600 'A' Ordinary of £1 each	600	600
400 'B' Ordinary of £1 each	400	400
66 'C' Ordinary of £1 each	66	66
	<u>1,066</u>	<u>1,066</u>

There are 3 classes of Ordinary shares.

One vote is attached to each 'A' Ordinary share.

The holders of the 'B' and 'C' Ordinary shares do not carry voting rights unless the resolution affects the rights of the 'B' and 'C' Ordinary shares respectively.

22 Share premium account

	31 December 2015 £	30 June 2015 £
At beginning of period	227,917	-
Issue of new shares	-	227,917
At end of period	<u>227,917</u>	<u>227,917</u>

PENTEX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2015

23 Profit and loss reserves

	31 December 2015 £	30 June 2015 £
At the beginning of the period	15,944,029	10,274,378
Profit for the period	1,280,526	5,689,649
Dividends	(4,232,046)	(19,998)
At the end of the period	<u>12,992,509</u>	<u>15,944,029</u>

Retained earnings represents accumulated comprehensive income for the year and prior periods less dividends paid.

24 Financial commitments, guarantees and contingent liabilities

The company enters into forward foreign currency contracts to mitigate the exchange risk for certain foreign currency payables and receivables.

At the balance sheet date the company had commitments to purchase currency under foreign exchange currency contracts on which the total sterling equivalent outstanding amounted to £4,053,506 (June 2015: £2,545,015). These forward foreign currency contracts are measured at fair value which, at the balance sheet date amounted to an asset of £98,814.

The company also had commitments to sell currency under foreign exchange currency contracts on which the total sterling equivalent outstanding at the balance sheet date amounted to £1,105,380 (June 2015: £1,764,914). These forward foreign currency contracts are measured at fair value which, at the balance sheet date amounted to a liability of £26,991.

25 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	31 December 2015 £	30 June 2015 £
Within one year	105,000	105,000
Between two and five years	420,000	420,000
In over five years	52,500	105,000
	<u>577,500</u>	<u>630,000</u>

PENTEX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2015

26 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, who are also directors, is as follows.

	31 December 2015 £	30 June 2015 £
Aggregate compensation	856,890	1,429,421

Transactions with related parties

During the period the company entered into the following transactions with related parties:

	Sale of goods		Purchase of goods	
	31 December 2015 £	30 June 2015 £	31 December 2015 £	30 June 2015 £
Companies and entities under common control	-	35,160	3,399,445	5,801,840
	-	35,160	3,399,445	5,801,840

	Interest receivable			
	31 December 2015 £	30 June 2015 £	31 December 2015 £	30 June 2015 £
Companies and entities under common control	18,330	-	-	-

The following amounts were outstanding at the reporting end date:

	Amounts owed to related parties	
	31 December 2015 £	30 June 2015 £
Companies and entities under common control	308,266	166,687
Other related parties	2,000,000	-
	2,308,266	166,687

PENTEX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2015

26 Related party transactions

(Continued)

The following amounts were outstanding at the reporting end date:

	Amounts owed by related parties		Amounts owed by related parties	
	31 December 2015	Net	30 June 2015	Net
	Balance	£	Balance	£
Companies and entities under common control	858,464	858,464	1,324,618	1,324,618
	<u>858,464</u>	<u>858,464</u>	<u>1,324,618</u>	<u>1,324,618</u>

No guarantees have been given or received.

27 Directors' transactions

The director's had loan accounts with the company as follows:

Description	% Rate	Opening Balance	Amounts Advanced	Interest Charged	Amounts Repaid	Closing Balance
		£	£	£	£	£
S Iyikan - Loan Account	3	1,837	71	1,183	1,000,000	(996,909)
S Zeki - Loan Account	3	(324)	251	1,183	1,000,000	(998,890)
		<u>1,513</u>	<u>322</u>	<u>2,366</u>	<u>2,000,000</u>	<u>(1,995,799)</u>

28 Controlling party

The company is controlled by S Iyikan and S Zeki.

PENTEX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2015

29 Cash generated from operations

	31 December 2015 £	30 June 2015 £
Profit for the year after tax	1,280,526	5,689,649
Adjustments for:		
Taxation charged	440,633	1,553,284
Investment income	(20,769)	(1,426)
Fair value gains and losses on foreign exchange contracts and investment properties	(71,823)	-
Depreciation and impairment of tangible fixed assets	89,513	162,352
Movements in working capital:		
(Increase)/decrease in stocks	(1,362,263)	579,832
Decrease in debtors	282,635	2,427,073
Increase/(decrease) in creditors	2,350,161	(464,294)
Cash generated from operations	2,988,613	9,946,470

30 Reconciliations on adoption of FRS 102

Reconciliation of equity

	1 July 2014 £	30 June 2015 £
Equity as reported under previous UK GAAP and under FRS 102	10,275,378	16,173,012

Reconciliation of profit or loss

	30 June 2015 £
Profit or loss as reported under previous UK GAAP and under FRS 102	5,689,649

Reconciliations on adoption of FRS 102

FRS 102 transitional adjustments in respect of the transitional and comparative

6 months to 31 December 2015. The comparative results are for the 12 months