CONSOLIDATED FINANCIAL STATEMENTS - YEAR ENDED 30 JUNE 2023

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Bremworth Limited and subsidiary companies

Consolidated Statement of Profit or Loss
For the year ended 30 June 2023

	Note	Unaudited 2023 $000	Audited 2022 $000
Revenue from contracts with customers	4c	**89,689**	95,485
Cost of sales		**(64,481)**	(65,785)
Gross profit		**25,208**	29,700
Other income and gains	4d	**540**	688
Distribution expenses		**(16,183)**	(16,286)
Administration expenses	4e	**(11,118)**	(10,627)
Cyclone Gabrielle related insurance income	3a	**35,500**	-
Cyclone Gabrielle related expenses	3d	**(14,464)**	-
Cyclone Gabrielle related asset write offs	3d	**(7,644)**	-
		11,839	3,475
Finance costs	4h	**(1,045)**	(1,029)
Finance income		**502**	159
Profit before income tax		**11,296**	2,605
Income tax expense	4i	**(263)**	(365)
Profit after tax for the year		**$11,033**	$2,240
Basic earnings per share (cents)	4b	**15.81**	3.24
Diluted earnings per share (cents)	4b	**15.46**	3.17

This Consolidated Statement of Profit or Loss is to be read in conjunction with the notes on pages 8 to 48.

Bremworth Limited and subsidiary companies

Consolidated Statement of Comprehensive Income
For the year ended 30 June 2023

	Note	Unaudited 2023 $000	Audited 2022 $000
Profit after tax for the year		**11,033**	2,240
Other comprehensive income that may be reclassified subsequently to profit or loss			
Effective portion of changes in fair value of cash flow hedges (net of income tax)		**1,088**	(576)
Net change in fair value of cash flow hedges transferred to profit or loss (net of income tax)		**426**	(55)
Total other comprehensive income		**1,514**	(631)
Total comprehensive income for the year		**$12,547**	$1,609

This Consolidated Statement of Comprehensive Income is to be read in conjunction with the notes on pages 8 to 48.

Bremworth Limited and subsidiary companies

Consolidated Statement of Changes in Equity
For the year ended 30 June 2023

	Note	Share Capital $000	Cash Flow Hedging Reserve $000	Unaudited Foreign Currency Translation Reserve $000	Share-based Payment Reserve $000	Retained Earnings $000	Total Equity $000
Total equity at 1 July 2022		**22,054**	**(576)**	**(1,420)**	**413**	**17,300**	**37,771**
Total comprehensive income for the year							
Profit after tax		**-**	**-**	**-**	**-**	**11,033**	**11,033**
Other comprehensive income that may be reclassified subsequently to profit or loss							
Changes in fair value of cash flow hedges (net of income tax)		**-**	**1,514**	**-**	**-**	**-**	**1,514**
Total comprehensive income for the year		**-**	**1,514**	**-**	**-**	**11,033**	**12,547**
Transaction with owners in their capacity as owners							
Share-based payments - value of employee services	9b	**-**	**-**	**-**	**202**	**-**	**202**
Issue of shares pursuant to the Bremworth Equity	5b, 9b	**-**	**-**	**-**	**-**	**-**	**-**
Total transaction with owners for the year		**-**	**-**	**-**	**202**	**-**	**202**
Total equity at 30 June 2023		**$22,054**	**$938**	**($1,420)**	**$615**	**$28,333**	**$50,520**

	Note	Share Capital $000	Cash Flow Hedging Reserve $000	Audited Foreign Currency Translation Reserve $000	Share-based Payment Reserve $000	Retained Earnings $000	Total Equity $000
Total equity at 1 July 2021		21,846	55	(1,420)	51	15,060	35,592
Total comprehensive income for the year							
Profit after tax		-	-	-	-	2,240	2,240
Other comprehensive income that may be reclassified subsequently to profit or loss							
Changes in fair value of cash flow hedges (net of income tax)		-	(631)	-	-	-	(631)
Total comprehensive income for the year		-	(631)	-	-	2,240	1,609
Transaction with owners in their capacity as owners							
Share-based payments - value of employee services	9b	-	-	-	362	-	362
Issue of shares pursuant to the Bremworth Equity	5b, 9b	208	-	-	-	-	208
Total transaction with owners for the year		208	-	-	362	-	570
Total equity at 30 June 2022		$22,054	($576)	($1,420)	$413	$17,300	$37,771

This Consolidated Statement of Changes in Equity is to be read in conjunction with the notes on pages 8 to 48.

Bremworth Limited and subsidiary companies

Consolidated Statement of Financial Position
As at 30 June 2023

	Note	Unaudited 2023 $000	Audited 2022 $000
ASSETS			
Property, plant and equipment - owned	6a	**10,234**	14,306
Property, plant and equipment - right-of-use	9a	**8,616**	9,280
Deferred tax asset	4i	**576**	532
Total non-current assets		**19,426**	24,118
Cash and bank	7a	**39,319**	14,874
Trade receivables, other receivables and prepayments	7b	**9,957**	12,201
Inventories	7c	**21,419**	27,263
Advances to employees	9b	**170**	160
Derivative financial instruments	8	**1,017**	8
Income tax receivable		**125**	278
Total current assets		**72,007**	54,784
Total assets		**$91,433**	$78,902
EQUITY			
Share capital	5b	**22,054**	22,054
Cash flow hedging reserve	5b	**938**	(576)
Foreign currency translation reserve	5b	**(1,420)**	(1,420)
Share-based payment reserve	5b, 9b	**615**	413
Retained earnings		**28,333**	17,300
Total equity		**50,520**	37,771
LIABILITIES			
Lease liabilities	9a	**16,742**	17,820
Employee benefits	9d	**666**	720
Provisions	9c	**819**	711
Total non-current liabilities		**18,227**	19,251
Trade payables and accruals	7d	**14,948**	12,210
Customer deposits	4c	**192**	203
Employee benefits	9d	**38**	53
Employee entitlements	7e	**4,877**	5,376
Lease liabilities	9a	**1,296**	1,938
Provisions	9c	**816**	988
Derivative financial instruments	8	**16**	694
Deferred income	4g	**503**	418
Total current liabilities		**22,686**	21,880
Total liabilities		**40,913**	41,131
Total equity and liabilities		**$91,433**	$78,902

This Consolidated Statement of Financial Position is to be read in conjunction with the notes on pages 8 to 48.

Bremworth Limited and subsidiary companies

Consolidated Statement of Cash Flows

For the year ended 30 June 2023

	Note	Unaudited 2023 $000	Audited 2022 $000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		**91,200**	96,808
Cash paid to suppliers and employees		**(88,359)**	(101,010)
		2,842	(4,202)
Government grants received		**582**	640
COVID-19-related subsidies received	4g	**-**	1,776
Other receipts		**5**	5
GST refunded		**1,191**	107
Interest paid - loans and borrowings		**(166)**	(39)
Interest component of lease payments	9a	**(879)**	(990)
Interest received		**503**	172
Income tax paid		**(154)**	(386)
Cyclone Gabrielle related expenses	3e	**(10,992)**	-
Net cash flow from operating activities		**(7,069)**	(2,917)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of plant and equipment		**44**	105
Acquisition of plant and equipment	6a	**(1,956)**	(2,898)
Short term deposits		**(3,500)**	8,000
Advances to employees pursuant to the Bremworth Equity Plan	9b	**(10)**	(160)
Cyclone Gabrielle related insurance income	3a	**35,500**	-
Net cash flow from investing activities		**30,078**	5,047
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of shares pursuant to the Bremworth Equity Plan	9b	**0**	208
Principal component of lease payments	9a	**(2,051)**	(2,041)
Net cash flow from financing activities		**(2,051)**	(1,833)
Net increase in cash and cash equivalents		**20,959**	297
Cash and cash equivalents at beginning of the year		**10,874**	10,508
Effect of exchange rate changes on cash		**(13)**	69
Cash and cash equivalents at end of the year		**$31,819**	$10,874

This Consolidated Statement of Cash Flows is to be read in conjunction with the notes on pages 8 to 48.

Bremworth Limited and subsidiary companies

Consolidated Statement of Cash Flows (continued)
For the year ended 30 June 2023

RECONCILIATION OF PROFIT WITH NET CASH FLOW FROM OPERATING ACTIVITIES

	Note	Unaudited 2023 $000	Audited 2022 $000
Profit after tax for the year		**11,033**	2,240
Add/(Deduct) non-cash items:			
Depreciation - owned assets	6a	**845**	683
Depreciation - right-of-use assets	9a	**994**	954
Impairment of buildings and plant and equipment	3d	**5,170**	-
Share-based payments - value of employee services	9b	**202**	362
Deferred tax		**(44)**	200
Net gain on sale of plant and equipment		**(30)**	(102)
Net (gain)/loss on foreign currency balance		**13**	(69)
Add/(Deduct) Cyclone Gabrielle related cash items:			
Cyclone Gabrielle related insurance income	3a	**(35,500)**	-
Changes in working capital items:			
Trade receivables, other receivables and prepayments		**2,243**	321
Inventories		**5,844**	(7,228)
Income tax receivable		**153**	(221)
Trade payables and accruals		**2,739**	(856)
Customer deposits		**(11)**	203
Employee benefits and entitlements		**(568)**	34
Provisions		**(63)**	365
Deferred income		**85**	67
Derivative financial instruments		**(173)**	130
Net cash flow from operating activities		**($7,069)**	($2,917)

This Consolidated Statement of Cash Flows is to be read in conjunction with the notes on pages 8 to 48.

1. COMPANY INFORMATION

Bremworth Limited ("Bremworth" or "the Company") is a limited liability company that is domiciled and incorporated in New Zealand.

The consolidated financial statements presented are for Bremworth and its subsidiaries ("the Group") as at, and for the year ended, 30 June 2023.

The Company is registered under the Companies Act 1993 and is an FMC reporting entity for the purposes of the Financial Reporting Act 2013 and the Financial Markets Conduct Act 2013. The consolidated financial statements have been prepared in accordance with these Acts.

The principal activities of the Group comprise wool acquisition, and carpet and rug manufacturing and sales.

All Group subsidiaries are wholly-owned.

2. GENERAL INFORMATION RELATING TO PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

2a. Statement of compliance

The consolidated financial statements comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), other applicable New Zealand accounting standards and authoritative notices as appropriate for Tier 1 For-Profit entities. The consolidated financial statements also comply with International Financial Reporting Standards (IFRS).

2b. Basis of preparation

The consolidated financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) as appropriate for Tier 1 For-Profit entities.

They have been prepared on the historical cost basis, except for derivative financial instruments which are measured at fair value as disclosed at note 8 (Risks and financial instruments) to the consolidated financial statements.

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in New Zealand dollars, which is Bremworth Limited's functional and presentation currency. Unless otherwise indicated, all financial information presented in New Zealand dollars has been rounded to the nearest thousand.

The Consolidated Statements of Profit or Loss, Comprehensive Income, Changes in Equity and Cash Flows are stated exclusive of GST. All items in the Consolidated Statement of Financial Position are stated exclusive of GST, except for trade receivables and trade payables, which include GST invoiced.

2c. Critical accounting estimates and judgements and significant accounting policies

The preparation of the consolidated financial statements in conformity with NZ IFRS requires the directors to make estimates, judgements and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about estimates and judgements that have a significant effect on the amounts recognised in the consolidated financial statements are disclosed in the following notes:

Note 3 – impact of Cyclone Gabrielle
Note 4i – measurement and recoverability of tax losses
Note 6a – recoverability of property, plant and equipment
Note 7c – inventory provisioning

2c. Critical accounting estimates and judgements and significant accounting policies (continued)

Note 9a – determination of lease term
Note 9c – measurement of provisions
Note 9d – measurement of employee benefits

Significant accounting policies and critical estimates, judgements and assumptions are also disclosed in the relevant notes to the consolidated financial statements and identified using the following coloured boxes:

Accounting policies	Estimates, judgements and assumptions

2d. Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Group as at 30 June 2023 and the results of all subsidiaries for the year then ended. Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company 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 over the entity.

Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the underlying intra-group transaction provides evidence that the asset transferred is impaired.

2e. Changes in accounting policies

There were no changes in accounting policies during the year ended 30 June 2023.

2f. Impact of Cyclone Gabrielle

Background

On 14 February 2023, the Napier yarn spinning plant suffered widespread flooding as Cyclone Gabrielle which struck New Zealand from 13 to 15 February 2023 brought severe winds and rain and extensive flooding to parts of the North Island - including Hawke's Bay where the Napier yarn spinning plant is situated.

The Napier plant was inundated and sustained significant damage to buildings and plant and equipment as well as loss of inventory.

The Napier plant is a key plant within the Group's woollen carpet operation, supplying woollen spun yarn to the Auckland carpet plant for conversion into carpet and dyed fibre to the Whanganui yarn spinning plant for processing into felted yarns for carpet manufacturing.

The plant has not operated since 14 February 2023. Although significant progress has been made at the plant - with clean-up virtually completed and buildings and plant and equipment stabilised to prevent further deterioration - it is expected to be offline for a yet to be determined, but significant, period of time pending a decision on appropriate next steps.

Insurances

The Group has comprehensive insurances, with the following table summarising the type and scope of cover relating to the damage and losses arising from Cyclone Gabrielle:

Type of cover	Scope of cover	Sums insured $000's
Material damage	Buildings	49,400
	Plant and equipment	116,100
	Inventory stored at the Napier plant	2,700
	Inventory stored elsewhere	1,100
		$169,300
Business interruption	Gross profit (including payroll, fixed costs and increased cost of working to avoid loss of turnover)	91,500
	Additional costs	10,000
	Claims preparation costs	500
		$102,000

The insurers have acknowledged the cyclone event and confirmed that the Group's material damage policy will respond in relation to damage to buildings and plant and equipment as well as loss of inventory and the business interruption policy will respond in relation to the impact of reduction in turnover and costs incurred as a result of consequent disruptions to the business.

2f. Impact of Cyclone Gabrielle (continued)

Insurances (continued)

The business interruption policy provides for an indemnity period of 18 months from the date of loss and will therefore extend over the period through to 13 August 2024. As a consequence, claims under the business interruption policy are expected to occur in FY24 and into FY25.

While the insurance claims process is progressing well, it is expected to take a number of months to complete. The Group has already received, prior to balance date, $35.5 million of progress payments from its insurers. These payments were made on the condition that if the final adjusted loss (as agreed between the parties or as determined by any applicable dispute resolution process) is less than the amount of the progress payments and all other payments under the policies, then the overpaid amount will be promptly refunded.

The Group has engaged two independent consulting engineering firms to perform detailed assessments of damage to buildings and plant and equipment, with these assessments placing the P50 estimated cost of remediation at $130.6 million (being the estimate of cost such that there is a 50% probability of the remediation being completed within that cost estimate).

The estimated remediation range put forward by the Group's independent external experts of between $112.7 million (at P10) and $162.0 million (at P90) is currently being reviewed by the loss adjusters and their experts. While the results are still some weeks away, the loss adjusters and their experts have issued an interim report questioning whether alternative methods of remediation are possible or ought to be considered.

There is, to date, no agreement between the loss adjusters and the Group around the extent of damage to the Napier yarn spinning plant and the nature and estimated cost of, as well as time required for, the remediation works. However, the loss adjusters have acknowledged that significant damage has occurred to the Napier plant and that the claim would be significant.

Risk mitigation and business continuity plans

With the Napier yarn spinning plant offline and in order to secure the Group's ongoing access to yarns and dyed fibre, management has activated risk mitigation and business continuity plans which included alternative supply arrangements as follows:

- procuring woollen yarns from an independent New Zealand yarn spinner for some of its woollen carpet ranges;

- use of an independent third-party dyeing facility to supply the Whanganui yarn spinning plant with dyed fibre; and

- procuring New Zealand wool yarns, and dyed New Zealand wool fibre, from overseas suppliers.

Following the reconfiguration of its plant and equipment, the Whanganui plant is now able to not only produce felted yarns but also woollen spun yarns – putting the woollen carpet operation in a strong position to continue to supply key product ranges to its distribution partners.

Trials of New Zealand wool yarns, and dyed New Zealand wool fibre, from offshore have proved to be successful, with commercial-sized batches on order and expected to be received for processing into carpet from September 2023 onwards.

This new hybrid supply chain model is complementary to the existing woollen carpet operation and will insulate the Group from future events that could potentially disrupt operations while also strengthening the business.

Board-led strategic review

A decision around the remediation works at the Napier plant is yet to be made, pending completion of the loss adjusters' review of remediation costs and the outcome of a Board-led strategic review that the Directors have commenced.

This review, which involves external consultants, recognises that the receipt of insurance proceeds presents options for the Group, with the strategic review designed to assist the Board in identifying the options around the application of those proceeds.

2f. Impact of Cyclone Gabrielle (continued)

Dealing with impact of Cyclone Gabrielle in the financial statements

The following table summarises the impact of Cyclone Gabrielle on the Group and how these have been dealt with in the financial statements:

Impact of Cyclone Gabrielle	Financial statements line item	$000's	Notes
Insurance proceeds have been recognised as income	Cyclone Gabrielle related insurance income	$35,500	3a
Further insurance proceeds are recognised as income and as a receivable where receipt is virtually certain and amount is able to be reliably estimated	Not applicable	$0	3b
Insurance proceeds as contingent assets	Not applicable	$0	3c
Site clean-up and asset stabilisation costs incurred have been recognised as expenses Ongoing costs (including payroll) as a result of the cyclone, increased costs of working and other additional costs to avoid loss of revenue as well as professional fees (including claims preparation costs) incurred have also been recognised as expenses	Cyclone Gabrielle related expenses	($14,464)	3d
Damaged or destroyed buildings and plant and equipment have been derecognised to the extent appropriate	Cyclone Gabrielle related asset write offs	($5,170)	3d, 6a
Damaged or destroyed inventory has been written off to the extent appropriate	Cyclone Gabrielle related asset write offs	($2,474)	3d, 7c

The accounting for the impact of Cyclone Gabrielle is discussed in detail in note 3 (Cyclone Gabrielle) to the consolidated financial statements.

3. CYCLONE GABRIELLE

Accounting policies

Insurance proceeds are recognised as income and as a receivable when receipt is virtually certain and to the extent that the amount can be reliably estimated.

In the event that insurance proceeds cannot be recognised as income and as a receivable because receipt is not virtually certain and/or the amount cannot be reliably estimated, they are disclosed as contingent assets.

Estimates, judgements and assumptions

As a result of the Cyclone Gabrielle flooding event, a number of significant estimates and judgements have been necessary to determine the accounting treatment in these financial statements.

These estimates and judgements include the following:

- recognition of insurance income (note 3a)
- estimation of further insurance proceeds as income (note 3b)
- assessment of and disclosure of contingent assets (note 3c)
- assessment of impairment of inventory, buildings, land and plant and equipment (note 3d)

Details of the estimates and judgements made are further discussed below where relevant.

3a. Cyclone Gabrielle related insurance income

	2023 **$000**	2022 $000
Insurance recovery - progress payments	**$35,500**	$0

Cyclone Gabrielle related insurance income consists of:

Insurance recovery progress payments ($35.5 million)

Prior to 30 June 2023, the Group received two initial progress payments from the insurers – the first of $20.0 million in April 2023, followed by $15.5 million in June 2023 - with the insurers treating these as non-specific to either material damage or business interruption.

The Group has concluded that there is virtual certainty as at balance date with respect to the progress payments of $35.5 million and has recognised that as income in the Consolidated Statement of Profit or Loss.

The initial progress payments were made on the condition that if the final adjusted loss (as agreed between the parties or as determined by any applicable dispute resolution process) is less than the amount of the progress payments and all other payments under the policies, then the overpaid amount will be promptly refunded.

3a. Cyclone Gabrielle related insurance income (continued)

The Group expects that the initial progress payments of $35.5 million received will not be required to be refunded, based on the following:

- the substantially greater estimated costs of remediation as determined by the Group’s independent external experts as discussed at note 2f (Impact of Cyclone Gabrielle) to the consolidated financial statements;

- the acknowledgement from the insurers’ loss adjusters that the Group has already incurred significant costs associated with the clean-up and stabilisation of the Napier site, as well as the other costs that have been incurred (including employee costs) which are also covered by the Group's insurance policies;

- recognition by the loss adjusters that significant damage has occurred to the Napier plant and that the claim is a significant claim.

3b. Estimation of further insurance proceeds as income

The Group’s expectation is that the ultimate amount received will be larger than the $35.5 million progress payments to date for the following reasons:

- the substantially greater estimated costs of remediation under the material damage policy as discussed in note 2f (Impact of Cyclone Gabrielle) to the consolidated financial statements and note 3a above;

- the loss adjusters having acknowledged the cyclone as an insured event and the indemnity owed to the Group under the policies;

- the insignificant counterparty credit risks.

However, the amount cannot currently be estimated sufficiently reliably for the following reasons:

- the estimated remediation range put forward by the Group's independent external experts of between $112.7 million and $162.0 million and the consequent wide range of possible outcomes;

- the relatively early stage of the insurance claims process, with the estimate currently being reviewed by the loss adjusters and their experts;

- the estimate being highly sensitive to the actual extent of damage to buildings and plant and equipment and whether key underlying assets can be repaired or alternatively must be replaced;

- the damage assessment and estimated cost of, as well as time required for, remediation works being particularly sensitive to availability of machine parts and specialist labour, with actual results potentially differing significantly from estimates.

There is also uncertainty around the quantum of the indemnity cash settlement the Group would be entitled to if chooses to not reinstate the Napier plant.

As a consequence, further insurance proceeds have not been recognised as income and as a receivable in the financial statements.

3c. Contingent assets

While the Group has a contingent asset at balance date - being the probable receipt of further insurance proceeds under the material damage policy as identified in note 3b - the Group has not provided an estimate of the contingent asset because it has determined, based on the estimation uncertainties discussed at note 3b, that it is not practicable to do so.

These estimates and judgements will continue to be reviewed as new information becomes available. Because the insurance claims process is expected to take a number of months to complete and will involve a number of parties - including the loss adjusters and their experts as well as the Group and its own experts - it is possible that the actual financial impacts will differ from those included in these financial statements and that these differences may be material.

As claims under the business interruption policy are expected to be made in future, a contingent asset does not yet exist in relation to the business interruption policy at balance date.

3d. Cyclone Gabrielle related asset write offs and expenses

	Note	2023 $000	2022 $000
Write off of buildings	6a	**3,608**	-
Write off of plant and equipment, other assets and assets under construction	6a	**1,562**	-
Write off of inventory	7c	**2,474**	-
Other recoverable expenses		**14,204**	-
Non-recoverable expenses		**260**	-
		$22,108	$0

Cyclone Gabrielle related asset write offs and expenses consist of:

Write off of buildings ($3.6 million) and plant and equipment, other assets and assets under construction ($1.6 million)

Accounting standards treat the physical damage of an asset to be an indicator of impairment. Therefore, if there has been physical damage to an asset as a result of a natural disaster, like Cyclone Gabrielle, an impairment test is required with careful consideration given to assessing the asset's recoverable amount.

Following impairment assessment of damaged buildings and plant and equipment, the Group has determined that the carrying values of buildings and plant and equipment at the Napier plant are required to be derecognised on the basis that there are no longer any future economic benefits that could be derived from their use in their current state or from their disposal.

As a result, the carrying values of these assets have been written off to the Consolidated Statement of Profit or Loss.

The Group does not consider the carrying value of the Napier land of $811,000 to be impaired, with the carrying amount of that land supported by its standalone fair value, after having regard to the land categorisation attributed to the land by the Hawke's Bay City Council following Cyclone Gabrielle and the current market value of industrial land in Hawke's Bay after allowing for estimated building demolition costs.

Refer also to note 6a (Property, plant and equipment) to the consolidated financial statements for further information.

Write off of inventory ($2.5 million)

Accounting standards require inventory to be measured at the lower of cost and net realisable value.

Where the cost of inventory may not be recoverable because the inventory is damaged as a consequence of an event like Cyclone Gabrielle, the Group is required to estimate its recoverable amount and recognise an impairment if this estimate is less than the carrying amount.

Based on the analysis and estimates prepared by management, the Group has determined that the carrying value of inventory at the Napier plant was required to be written off – either because they have been damaged or destroyed as a consequence of having been immersed in, or exposed to, contaminated flood water or otherwise contaminated by virtue of their proximity to flood water and could not therefore be used for further processing into finished carpet.

Refer also to note 7c (Inventories) to the consolidated financial statements for further information.

Other recoverable costs ($14.2 million)

The Group has incurred costs relating to site clean-up and asset stabilisation, with $3.5 million accrued at balance date.

Of the total of $14.2 million, $5.4 million related to wages and salaries (largely of the Napier-based employees) and $1.2 million to ongoing fixed costs at the Napier plant, as well as $6.4 million towards site clean-up and asset stabilisation and $1.2 million of miscellaneous spends (including professional fees and claims preparation costs and the other costs associated with the activation of the risk mitigation and business continuity plans).

These costs are recoverable from the proceeds of insurance.

3d. Cyclone Gabrielle related asset write offs and expenses (continued)

Non-recoverable costs ($0.3 million)

These are expenses incurred by the Group in relation to the cyclone where there will be no recovery from the insurers and include the $250,000 deductible under the material damage policy as well as other expenses that are above the sub-limits provided for in the policy (for example, employees' personal effects).

3e. Progress payments received and cash paid

Prior to 30 June 2023, the Group received two initial progress payments from the insurers – the first of $20.0 million in April 2023, followed by $15.5 million in June 2023 - with the insurers treating these as non-specific to either material damage or business interruption. As a consequence, the Group has treated the $35.5 million as cash inflow relating to investing activities.

At balance date, $11.0 million has been spent, with $5.4 million relating to wages and salaries (largely of the Napier-based employees) and $1.2 million relating to ongoing fixed costs at the Napier plant, as well as $3.1 million towards site clean-up and asset stabilisation and $1.3 million of miscellaneous spends (including professional fees and claims preparation costs and the other costs associated with the activation of the risk mitigation and business continuity plans).

3f. Going concern

The Group prepares its consolidated financial statements on a going concern basis and expects to be able to realise its assets and meet its financial obligations in the normal course of business.

Cash and bank at balance date of $39.3 million (2022: $14.9 million) is at a level significantly higher than forecasted as a result of insurance progress payments received.

Net working capital (being current assets (excluding cash and bank) less current liabilities) employed by the Group as at balance date of $10.0 million (2022: $18.0 million) is well down on the previous year, with the Group continuing to focus on working capital utilisation and efficiency.

To assess the ongoing liquidity of the Group and its ability to meet its other financial commitments as they fall due in the normal course of business as a consequence of Cyclone Gabrielle, management has prepared forecasts of the Group's financial performance, while also assessing cash flows and financial position, as part of its management and monitoring of the Group's operations through to 30 June 2025.

In preparing these forecasts, management considered and, where required made assumptions, in relation to:

— the costs associated with voluntary redundancies for Napier-based employees, and holiday pay paid out, subsequent to balance date as further discussed at note 9h (Events after balance date) to the consolidated financial statements;

— the additional costs, and time it could take, to switch to alternative sources of supply of yarns and dyed fibre and be able to maintain inventory at, or otherwise return inventory to, levels required to meet current demand;

— the ongoing costs relating to the business and the other actions that have been taken to reduce discretionary spending during the period of interruption to the business; and

— the further insurance recoveries that are expected to insulate the Group from the impact of Cyclone Gabrielle.

The Board expects that existing cash and bank of $39.3 million is easily sufficient to enable the Group's continued operation.

Despite the disruptions from Cyclone Gabrielle, the Group continues to trade and to actively engage with its distribution partners - with the focus on ensuring we can continue to supply key product ranges and to support them.

The Board is committed to the future of the existing woollen carpet business, with the new hybrid supply chain model post Cyclone Gabrielle going to be not only complementary to the existing operation but also insulate the Group from future events that could potentially disrupt operations.

3f. Going concern (continued)

That commitment to the future of the business is further demonstrated by its decision to undertake a Board-led strategic review.

This review, which involves external consultants, recognises that the receipt of insurance proceeds presents options for the Group, with the strategic review designed to assist the Board in identifying the options around the application of those proceeds while also looking to address the Group's current supply chain and manufacturing cost base.

4. FINANCIAL PERFORMANCE

This section deals with the financial performance of the Group and addresses, among other things, the financial performance of the Group's reportable segments and the key areas that impact on the Group's profitability, including operating revenue, other income, gains/losses on sale of property, plant and equipment, expenses and taxation.

4a. Segment performance

Reportable segments

The Group's reportable and operating segments are:

- Carpet, with this segment involved in the manufacturing and sales of carpet and rugs in New Zealand, Australia and rest of the world; and
- Wool, with this segment involved in the acquisition of wool for the carpet segment and for sales to external customers in New Zealand.

An operating segment is a component of the Group:

- that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components;
- whose operating results are regularly reviewed by the Group's chief operating decision maker - in this case, the Chief Executive Officer - to make decisions about the resources to be allocated to the segment and to assess its performance; and
- for which discrete financial information is available.

The Chief Executive Officer uses total revenue, segment result before depreciation, restructuring and impairment and segment result after depreciation but before restructuring and impairment to assess the performance of the operating segments. Total assets and total liabilities are also reviewed for the operating segments.

4a. Segment performance (continued)

Inter-segment transactions

Inter-segmental sales during the year and intercompany profits on stocks at balance date are eliminated on consolidation.

Geographical areas

In presenting information on the basis of geographical areas, revenue is based on the geographical location of customers and non-current assets are based on the geographical location of those assets.

Revenue	**2023 $000**	2022 $000
New Zealand	**50,637**	54,595
Australia	**37,027**	37,797
Canada	**1,231**	1,460
USA	**761**	1,331
Rest of the world	**33**	302
	$89,689	$95,485

Non-current assets	**As at 30 Jun 2023 $000**	As at 30 Jun 2022 $000
New Zealand	**18,329**	23,040
Australia	**1,097**	1,078
	$19,426	$24,118

Major customers

None of the Group's external customers contributed revenues in excess of 10% of the Group's total revenues.

4a. Segment performance (continued)

	Carpet and rugs sales and manufacturing		Wool acquisition		Total	
	2023	2022	**2023**	2022	**2023**	2022
	$000	$000	**$000**	$000	**$000**	$000
External revenue	**71,502**	76,307	**18,187**	19,178	**89,689**	95,485
Inter-segment revenue	**-**	-	**1,634**	2,401	**1,634**	2,401
Total revenue	**71,502**	76,307	**19,821**	21,579	**91,323**	97,886
Elimination of inter-segment revenue					**(1,634)**	(2,401)
Consolidated revenue					**$89,689**	$95,485
Segment result before depreciation and insurances	**434**	4,880	**766**	949	**1,200**	5,829
Depreciation - owned assets	**(674)**	(515)	**(171)**	(168)	**(845)**	(683)
Depreciation - right-of-use assets	**(862)**	(822)	**(132)**	(132)	**(994)**	(954)
Depreciation - recycled through inventory	**-**	194	**-**	-	**-**	194
Segment result before insurances	**(1,102)**	3,737	**463**	649	**(639)**	4,386
Cyclone Gabrielle related insurance income	**35,500**	-	**-**	-	**35,500**	-
Cyclone Gabrielle related expenses	**(14,464)**	-	**-**	-	**(14,464)**	-
Cyclone Gabrielle related asset write offs	**(7,644)**	-	**-**	-	**(7,644)**	-
Segment result after insurances	**12,290**	3,737	**463**	649	**12,753**	4,386
Elimination of inter-segment profits					**14**	52
Unallocated corporate costs					**(928)**	(963)
Results from operating activities					**11,839**	3,475
Finance costs					**(1,045)**	(1,029)
Finance income					**502**	159
Profit before income tax					**11,296**	2,605
Income tax expense					**(263)**	(365)
Profit after tax for the year					**$11,033**	$2,240

	Carpet and rugs sales and manufacturing		Wool acquisition		Total	
	2023	2022	**2023**	2022	**2023**	2022
	$000	$000	**$000**	$000	**$000**	$000
Reportable segment assets	**47,143**	59,122	**4,971**	4,906	**52,114**	64,028
Unallocated assets - Cash and bank					**39,319**	14,874
Total assets					**$91,433**	$78,902
Capital expenditure	**1,956**	2,621	**-**	277	**$1,956**	$2,898
Reportable segment liabilities	**21,290**	20,229	**1,585**	1,144	**22,875**	21,373
Unallocated liabilities - Lease liabilities					**18,038**	19,758
Total liabilities					**$40,913**	$41,131

4b. Earnings per share

Basic earnings per share (Basic EPS)

	2023	2022
Profit after tax attributable to shareholders of the Company ($000)	**11,033**	2,240
Weighted average number of ordinary shares outstanding	**69,771,837**	69,081,838
Basic EPS (cents)	**15.81**	3.24

Diluted earnings per share (Diluted EPS)

	2023	2022
Profit after tax attributable to shareholders of the Company ($000)	**11,033**	2,240
Weighted average number of ordinary shares outstanding and potential ordinary shares	**71,364,576**	70,659,533
Diluted EPS (cents)	**15.46**	3.17

In calculating the diluted earnings per share, the Company has taken into account the maximum number of shares that could be issued under the Company's LTI Schemes and the Bremworth Option Scheme as further discussed at note 9b (Share-based payment) to the consolidated financial statements.

4c. Revenue from contracts with customers

	2023 $000	2022 $000
Sales of goods		
Carpet	**70,234**	72,296
Rugs	**1,122**	773
Wool	**18,187**	19,178
Carpet yarn	**-**	598
Others	**146**	2,130
	89,689	94,975
Provision of installation services	**-**	510
Total revenue	**$89,689**	$95,485

Credit terms for carpet and rug sales within New Zealand and Australia are generally no later than 30 days after the month in which invoices are raised and, in the case of wool sold in New Zealand, within 14 days of invoice date or on despatch whichever is the earlier. Credit terms for sales of carpet overseas are generally 60 to 90 days from date of invoice and for sales of carpet yarn overseas 120 days from date of invoice.

Rugs sold direct are for cash, with payment at the time orders are placed. All amounts received are accounted for as customer deposits in the first instance, with $192,000 of customers deposits booked as at balance date (2022: $203,000).

Accounting policies

Sale of goods

Revenue is recognised when or as performance obligations are satisfied by transferring control of the products sold to the customer at the transaction price specified in the contract. Control transfers to the customers for carpet, rug and carpet yarn sales on delivery of the goods to the customer. For wool sales, control passes on payment, prior to delivery. The transaction price includes all amounts which the Group expects to be entitled to, net of goods and services tax and other indirect taxes, expected rebates and discounts.

Apart from warranties, there are no contractual rights of return and there are therefore no provisions for returns. In specific circumstances, the Group may choose to accept returns, in which case the returns are recognised at that time.

Provision of installation services

Revenue from installation services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date as the customer receives and uses the benefit simultaneous to installation. The stage of completion of installation services rendered is determined by having regard to the quantity in lineal metres of carpet installed at balance date relative to the total quantity in lineal metres of carpet required for each contract.

4d. Other income and gains

	Note	2023 $000	2022 $000
Rentals received		**4**	4
Dividends received		**1**	1
Government grants recognised	4g	**505**	581
Net gain on sale of plant and equipment		**30**	102
Total other income and gains		**$540**	$688

4e. Administration expenses

The following items of expenditure are included in administration expenses:

	2023 $000	2022 $000
Donations	**$1**	$2
Total fees paid and payable to auditors		
Audit fees and expenses paid and payable for audit of consolidated financial statements	**564**	515
Non-audit fees paid and payable for strategic options analysis	**15**	-
Total fees paid and payable	**$579**	$515

Strategic options analysis relates to a report detailing those options that may be available to the Group and the Board in relation to Cyclone Gabrielle insurance recoveries. This report did not contain any recommendations or decisions, and the services were cleared by the Chair of the Audit Committee as having no impact on auditor independence.

4f. Personnel expenses

	Note	2023 $000	2022 $000
Directors' fees	8g	**387**	372
Wages, salaries, bonuses and holiday pay		**31,663**	33,218
Other employee related costs		**1,372**	1,494
Restructuring costs		**-**	121
Employee benefits		**1,033**	1,130
Increase/(Decrease) in liability for retiring allowances and long service leave		**(15)**	392
Total personnel expenses		**$34,440**	$36,727

Personnel costs are included in cost of sales, distribution expenses and administration expenses in the Consolidated Statement of Profit or Loss (except where these costs relate to the restructuring of the Group's operations in which case they are classified as restructuring costs).

Employee benefits include those benefits provided to employees as part of their employee arrangements with the Group and cover the provision of motor vehicles, income protection insurances, life insurances and medical insurances and associated fringe benefits taxes. Employee benefits also include the costs of providing on-site staff amenities.

4g. Government grants

COVID-19 subsidies

	2023 $000	2022 $000
Balance at 1 July brought forward in inventory	**109**	-
Subsidies received during the year	**89**	1,776
Amount recognised in the Consolidated Statement of Profit or Loss	**(198)**	(1,667)
Balance at 30 June carried forward in inventory	**$0**	$109

The Group applied for and received $89,000 pursuant to residual COVID-19 subsidy schemes from the New Zealand Government (2022: Applied for and received $1,676,000 pursuant to various COVID-19 subsidy schemes from the New Zealand Government and $100,000 from the New South Wales Government).

$198,000 of these subsidies were recognised in cost of sales in the Consolidated Statement of Profit or Loss during the financial year (2022: $1,308,000, $257,000 and $102,000 recognised in cost of sales, distribution expenses and administration expenses respectively).

International Growth Fund and Sustainable Food and Fibre Futures Fund

Grants totalling $121,000 (2022: $242,000) from the Government's International Growth Fund (IG Fund) and $384,000 (2022: $339,000) from the Sustainable Food and Fibre Futures Fund (SFFF Fund) are included in other income in the Consolidated Statement of Profit or Loss, with the IG Fund covering pre-approved activities over the period from May 2019 to January 2023 and the SFFF Fund over the period from December 2020 through to June 2024.

There are no unfulfilled conditions or other contingencies attaching to the grants recognised in other income during the year.

Government grants that have been deferred, either because they relate to future costs to be incurred or assets, totalled $503,000 at balance date (2022: $418,000).

Others

The Group did not benefit directly from any other forms of government assistance.

Notes 4d (Other income and gains) and 4g (Government grants) to the consolidated financial statements provide further information on how the Group accounts for government grants.

Accounting policies

Grants from the government are recognised at their fair value where there is a reasonable assurance that the Group will comply with all attached conditions and the grants will be received.

Government grants relating to costs that have been incurred are credited to profit or loss while grants relating to future costs are included in current liabilities as deferred income and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and they are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

4h. Finance costs

	2023 $000	2022 $000
Interest component of lease payments	(879)	(990)
Facility fees - Bank guarantees	(166)	(39)
Finance costs	($1,045)	($1,029)

Accounting policies

Finance costs include interest expense on loans and borrowings, interest component of lease payments and facility fees for the Bank's guarantee of the Group's commitments. All interest expense are recognised in the Consolidated Statement of Profit or Loss using the effective interest method.

4i. Income tax

	2023 $000	2022 $000
Income tax expense in the Consolidated Statement of Profit or Loss		
Current tax expense		
Current year	175	66
Adjustment for prior years	132	99
	307	165
Deferred tax expense/(benefit)		
Origination and reversal of temporary differences	(44)	695
Adjustment for prior years	-	10
Unrecognised deferred tax liabilities	-	(505)
	(44)	200
Income tax expense	$263	$365

	2023 $000	2022 $000
Reconciliation of effective tax rate		
Profit after tax for the year	11,033	2,240
Income tax expense	263	365
Profit excluding income tax	$11,296	$2,605
Income tax using the Company's domestic tax rate of 28% (2022: 28%)	3,163	729
Non-deductible expenses	(13)	15
Effect of tax rate difference in foreign jurisdiction	10	17
Adjustment for prior years	132	109
Unrecognised deferred tax liabilities	723	(505)
Tax loss re-recognised	(3,752)	-
Income tax expense	$263	$365

	2023 $000	2022 $000
Imputation credits		
Imputation credits available to shareholders of the Company	$9,223	$9,223

Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2023 $000	2022 $000	2023 $000	2022 $000	2023 $000	2022 $000
Property, plant and equipment	240	302	-	-	240	302
Employee benefits	105	101	-	-	105	101
Lease liabilities	1	21	-	-	1	21
Provisions	230	108	-	-	230	108
Net tax assets/(liabilities)	$576	$532	$0	$0	$576	$532

Deferred tax assets at balance date relate to the Group's Australian carpet sales operations where it is expected that there will be taxable profits in future periods to allow for the utilisation of the deferred tax assets.

4i. Income tax (continued)

Deferred tax assets and liabilities (continued)

Deferred tax assets relating to the Group's New Zealand operations were written off in FY20. Deferred tax assets not recognised in respect of temporary differences and tax loss carry-forwards totalled $13,607,000 at balance date (2022: $16,601,000), with the change relating to the re-recognition of unrecognised tax loss.

While the Board has confidence in the prospects of the business as discussed at note 3f (Going concern) to the consolidated financial statements, it has taken the same approach with respect to the recognition of deferred tax assets as it has with the reversal of the FY20 impairment of assets as discussed at note 6a (Property, plant and equipment) to the consolidated financial statements and has concluded that the execution of the Group's strategy to focus on wool carpets, while progressing to plan, is still in its early stages and therefore does not warrant the re-recognition of deferred tax assets.

Deferred tax assets have also not been recognised in respect of temporary differences and tax loss carry-forwards totalling $24,150,000 (2022: $24,150,000) relating to an Australian subsidiary that currently does not have trading activity on the basis that it is also not probable that future taxable profit will be available against which the Group can use the benefits therefrom, taking the total deferred tax assets unrecognised to $37,757,000 (2022: $40,751,000).

Notwithstanding the derecognition of deferred tax assets for accounting purposes, these deferred tax assets remain available to the Group for income tax purposes.

Movement in temporary differences during the year:

	Balance 30 June 2022 $000	**Recognised in Consolidated Statement of Profit or Loss $000**	**Balance 30 June 2023 $000**
Property, plant and equipment	**302**	**(62)**	**240**
Employee benefits	**101**	**4**	**105**
Lease liabilities	**21**	**(20)**	**1**
Provisions	**108**	**122**	**230**
Total	**$532**	**$44**	**$576**

	Balance 30 June 2021 $000	**Recognised in Consolidated Statement of Profit or Loss $000**	**Balance 30 June 2022 $000**
Property, plant and equipment	378	(76)	302
Employee benefits	156	(55)	101
Lease liabilities	80	(59)	21
Provisions	118	(10)	108
Total	$732	($200)	$532

Accounting policies

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes and is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Estimates, judgements and assumptions

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each balance date and adjusted to the extent that it is no longer probable that sufficient taxable profits will be available in the future to utilise the deferred tax asset.

5. CAPITAL AND FUNDING

This section looks at the Group's two key sources of funding, how it manages its funding and other related matters.

5a. Capital management

The Group's capital includes share capital, reserves and retained earnings.

The Group's capital management policy is aimed at maintaining a strong capital base so as to maintain investor, creditor and market confidence in the Group and to enable it to continue to fund the ongoing needs of the business and to sustain its future development.

The impact of the level of capital on shareholders' return is also recognised, as is the return to shareholders in the form of dividends paid and growth in share price, and the Group works to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital base.

The Group is not subject to any externally imposed capital requirements.

The allocation of capital between the Group's specific business segment operations and activities is, to a large extent, driven by the opportunities that exist within each of these segments and the optimisation of the return achieved on the capital allocated. The process of allocating capital to specific business segment operations and activities is determined by the Chief Executive Officer in consultation with the Board and is therefore undertaken independently of those responsible for the operation.

The Group's policies in respect of capital management and allocation are reviewed regularly by the Board.

There have been no material changes in the Group's management of capital during the year.

Consistent with best practice, the Group monitors capital on the basis of the leverage ratio. Leverage ratio is calculated as net debt divided by total capital employed. Net debt is determined as total loans and borrowings (including both non-current and current as shown in the Consolidated Statement of Financial Position) plus bank overdraft less cash and bank. Total capital employed is calculated as equity as shown in the Consolidated Statement of Financial Position plus net debt financing assets in operation.

5b. Share capital, dividends and reserves

Share capital

	2023	2022
	$000	$000
Shares on issue		
Balance at 1 July	69,179,098	68,679,098
Issued during the year	890,328	500,000
balance as at 30 June	70,069,426	69,179,098

The Company does not have a limited amount of authorised capital.

The Company issued, in accordance with the terms of the Bremworth 2022 Long-Term Incentive Scheme, 890,328 fully paid-up ordinary shares on 31 October 2022 to Bremworth Share Scheme Limited (Trustee), with these shares to be held by the Trustee on behalf of the participating employees until the relevant vesting date (2022: 500,000 fully paid up ordinary shares on 10 September 2021 to the Chief Executive Officer pursuant to the Bremworth Equity Plan), with more information to be found in note 9b (Share-based payment) to the consolidated financial statements.

All issued shares are fully paid up and have no par value.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Dividends

No dividends were paid during the year (2022: Nil).

The Board has not declared a final dividend in respect of the current year ended 30 June 2023 (2022: Nil).

Cash flow hedging reserve

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investing activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at fair value and transaction costs are expensed immediately. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss.

Where derivatives qualify for hedge accounting, changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised in other comprehensive income to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in other comprehensive income remains there until the forecast transaction occurs at which time the gain or loss is transferred to profit or loss. When the hedge item is a non-financial asset, the amount recognised in the cash flow hedging reserve is transferred to the carrying amount of the asset when it is recognised. In other cases, the amount recognised in the cash flow hedging reserve is transferred to profit or loss in the same year that the hedged item affects profit or loss.

The cash flow hedging reserve represents the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Foreign currency translation reserve

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to New Zealand dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to New Zealand dollars at exchange rates at the dates of the transactions.

The foreign currency translation reserve comprises all exchange rate differences arising from the translation of the financial statements of foreign operations and the translation of liabilities designated as hedges against the Company's net investment in a foreign operation.

There is no movement in the foreign currency translation reserve balance for the year ended 30 June 2023 (2022: Nil) as the reserve relates to dormant foreign entities of the Group.

5b. Share capital, dividends and reserves (continued)

Share-based payment reserve

The share-based payment reserve is used to recognise the grant date assessed fair value of the performance rights issued to executive employees under the Company's long-term incentive scheme as further discussed at note 9b (Share-based payment) to the consolidated financial statements.

The assessed fair value of the performance rights at grant date are recognised as an expense in profit or loss over the period from grant date to condition date, adjusted to reflect only those rights where the service condition will be met, with corresponding entries to the share-based payment reserve.

5c. Banking facilities and loans and borrowings

This note provides information about the contractual terms of the Group’s banking facilities. For more information about the Group’s exposure to interest rate risks, see note 8 (Risks and financial instruments) to the consolidated financial statements.

The Group’s banking facilities (including Bank guarantees to third parties relating to lease and other commitments of the Group) are provided by Bank of New Zealand and National Australia Bank Limited (together, “the Bank”).

The Group has no funding facilities at balance date (2022: Nil).

The Group fully repaid its Bank loans and borrowings, while also putting itself in a surplus cash position, during FY21 with the cash coming from the Group's sell-down of non-wool inventory as it exited the non-wool carpet market and from the sale and leaseback of the Auckland property.

Following the full repayment of the Group's Bank loans and borrowings in December 2020, the Bank and the Company agreed to the withdrawal of all committed credit lines while continuing to retain transactional banking facilities, foreign exchange transaction facilities and a guarantee facility.

The Group continues to maintain ongoing relationships with the Bank, with the view that committed credit lines could be reinstated in the future to fund working capital requirements as the Group progresses through its transformation journey. As a consequence, the Group has retained the security arrangements that were previously put in place to secure obligations for the payment and repayment of moneys due, owing or payable by the Group to the Bank.

These security arrangements include the granting in favour of Bank of New Zealand, as security agent for the Bank, a first-ranking composite general security deed and cross guarantee securing all obligations of the Group to the Bank by certain companies in the Group. The property-owning companies in the Group have also continued to grant in favour of Bank of New Zealand first-ranking mortgages in respect of land and buildings as security for all obligations of the Group to the Bank, including obligations for the payment and repayment of moneys due, owing or payable by the Group to the Bank (see note 6a (Property, plant and equipment) to the consolidated financial statements).

The Group had no other borrowings at balance date (2022: Nil).

6. ASSETS EMPLOYED

This section covers non-current assets, being property, plant and equipment and other assets that the Group employs in the production and sale of carpet and rugs, and the acquisition and sale of wool fibre, to generate revenues and profits.

6a. Property, plant and equipment

	Land and buildings	Plant and equipment	Other assets	Under construction	Total
	$000	$000	$000	$000	$000
Cost					
Balance at 1 July 2022	**10,970**	**65,663**	**12,784**	**669**	**90,086**
Additions	**8**	**41**	**84**	**1,823**	**1,956**
Disposals	**(9)**	**(3,992)**	**(598)**	**-**	**(4,599)**
Transfers	**-**	**697**	**298**	**(995)**	**-**
Cyclone Gabrielle related derecognition	**(4,409)**	**(27,067)**	**(337)**	**(653)**	**(32,466)**
Balance at 30 June 2023	**$6,560**	**$35,342**	**$12,231**	**$844**	**$54,977**
Balance at 1 July 2021	10,427	64,793	11,448	1,322	87,990
Additions	543	83	379	1,893	2,898
Disposals	-	(528)	(274)	-	(802)
Transfers	-	1,315	1,231	(2,546)	-
Balance at 30 June 2022	$10,970	$65,663	$12,784	$669	$90,086
Depreciation and impairment losses					
Balance at 1 July 2022	**1,672**	**63,518**	**10,545**	**45**	**75,780**
Depreciation for the year	**129**	**279**	**437**	**-**	**845**
Disposals	**-**	**(3,948)**	**(638)**	**-**	**(4,586)**
Transfers	**-**	**45**	**-**	**(45)**	**-**
Cyclone Gabrielle related derecognition	**(801)**	**(26,210)**	**(285)**	**-**	**(27,296)**
Balance at 30 June 2023	**$1,000**	**$33,684**	**$10,059**	**$0**	**$44,743**
Balance at 1 July 2021	1,544	63,848	10,459	45	75,896
Depreciation for the year	128	232	323	-	683
Disposals	-	(562)	(237)	-	(799)
Balance at 30 June 2022	$1,672	$63,518	$10,545	45	$75,780
Carrying amounts					
At 30 June 2023	**$5,560**	**$1,658**	**$2,172**	**844**	**$10,234**
At 30 June 2022	$9,298	$2,145	$2,239	$624	$14,306
At 1 July 2021	$8,883	$945	$989	$1,277	$12,094

Other assets

Other assets comprise fixtures and fittings (including leasehold improvements and display stands), computer equipment, motor vehicles and office equipment.

Impairment

The Group's market capitalisation at balance date was below the carrying value of net assets. Even though market capitalisation excludes any control premium and may not reflect the value of 100% of the Group's net assets, it is still considered to be an indicator of impairment. As a consequence, the Group conducted a review of all of its assets, including fixed assets and right-of-use assets, to assess whether there was any impairment at balance date.

Apart from Cyclone Gabrielle related impairments (refer to note 3 (Cyclone Gabrielle) to the consolidated financial statements), the Group has concluded that no other impairment of assets was required at balance date (2022: Nil).

The Group has also concluded that no reversal of the previous impairment of assets should be made following an assessment that the execution of the Group's strategy to focus on wool carpets which, while progressing to plan, is in its early stages.

6a. Property, plant and equipment (continued)

Security

At balance date, the Group's property, plant and equipment were subject to various registered charges in favour of the Group's bankers as security for the Group's banking facilities and arrangements (see note 5c (Banking facilities and loans and borrowings) to the consolidated financial statements).

Accounting policies

Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Under construction

Items being constructed for future use are held as part of property, plant and equipment under construction. The carrying amounts of these represent the costs incurred at balance date and will be transferred to the appropriate classification of property, plant and equipment on completion. Initial cost includes the purchase consideration and those costs directly attributable in bringing the asset to the location and condition necessary for its intended use. These costs include site preparation costs, installation costs, borrowing costs, unrecovered operating costs incurred during planned commissioning and the costs of obtaining consents.

Costs cease to be capitalised when all the activities necessary to bring the asset to its location and condition for its intended use are complete.

Depreciation

Depreciation is recognised in the Consolidated Statement of Profit or Loss over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated.

The principal rates used for the current and comparative periods are as follows:

· buildings	1.0 - 2.5% straight line
· building fitouts	5.0 - 20.0% straight line
· plant and equipment	6.7 – 20.0% straight line
· other assets	
o display stands	10.0% straight line
o computer equipment	20.0 – 25.0% straight line
o office equipment	10.0 – 20.0% straight line
o cars	20.0% diminishing value
o trucks and utilities	10.0% straight line

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

Impairment

The carrying amount of property, plant and equipment and other assets is tested for impairment whenever there are indicators of impairment.

An impairment loss is recognised if the carrying amount of the cash-generating unit (being the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups) to which the property, plant and equipment and other assets is allocated exceeds its recoverable amount.

The recoverable amount of a cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the cash-generating unit.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

6a. Property, plant and equipment (continued)

Estimates, judgements and assumptions

NZ IAS 36 *Impairment of Assets* requires the Group to assess, at the end of each reporting period, whether there is any indication that an asset may be impaired. If any such indication exists, the Group shall estimate the recoverable amount of the asset. The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. The Group is required to recognise an impairment loss to the extent to which the carrying amount of an asset exceeds its recoverable amount.

For the purpose of assessing impairment, assets are grouped in the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash generating unit or CGU), which as at 30 June 2023 were identified as being the Carpets and Wool Acquisition CGUs.

6b. Capital commitments

Capital expenditure contracted for, but not recognised as liabilities, at balance date is set out below.

	2023 **$000**	2022 $000
Property, plant and equipment	**$72**	$208

The remediation works that may be required at the Napier yarn spinning plant are yet to be decided and no capital commitments relating to remediation have therefore been entered into at balance date.

7. WORKING CAPITAL

This section reviews the level of working capital the Group generates and utilises in its normal day-to-day operating activities. The Group's working capital includes current assets (cash and bank, trade receivables, other receivables and prepayments and inventories) and current liabilities (trade payables and accruals and employee entitlements).

7a. Cash and bank

Cash and bank at balance date comprise the following:

	2023 **$000**	2022 $000
Cash and cash equivalents	**31,819**	10,874
Short term deposits	**7,500**	4,000
	$39,319	$14,874

Accounting policy

Cash is cash on hand and demand deposits and includes bank overdrafts used for cash management purposes where formal arrangements for set off has been agreed with the Bank. Under these set off arrangements, the Group is able to set off overdrawn balances up to a maximum of $1,000,000 against credit balances in selected accounts as long as the net balance of all these accounts (including overdrawn accounts) as a whole remain in credit. At balance date, there were no overdrawn amounts subject to set off (2022: $130,000). Cash equivalents are highly liquid investments that are readily convertible to known amounts of cash (that is, there is insignificant risk of changes in value) with maturity no more than three months from balance date.

7b. Trade receivables, other receivables and prepayments

	2023 $000	2022 $000
Trade receivables due from external customers	**9,306**	11,145
Other receivables	**8**	39
Prepayments	**643**	1,017
	$9,957	$12,201

The Group's approach and policy with respect to, and quantitative disclosure of, credit risk are discussed at note 8 (Risks and financial instruments) to the consolidated financial statements.

Impairment losses on trade receivables and other receivables are assessed collectively and on a portfolio basis based on the number of days overdue using the expected loss model, taking into account the historical loss experienced in portfolios with a similar number of days overdue as well as current conditions and forecast of future economic conditions.

Accounting policy

Trade receivables and other receivables are recognised initially at transaction price and subsequently at amortised cost less impairment losses.

7c. Inventories

Inventories, net of provision, are summarised in the table below:

	2023 $000	2022 $000
Raw materials and consumables	**4,801**	6,984
Work in progress	**1,050**	1,024
Finished goods	**15,568**	19,255
	$21,419	$27,263
Carrying amount of inventories subject to retention of title clauses	**$760**	$3,378
Inventory provision at 1 July	**1,353**	1,976
Change in provision during the year	**55**	(623)
Inventory provision at 30 June	**$1,408**	$1,353

The approach to inventory provisioning in 2023 is substantially consistent with 2022.

Write downs or write offs of inventory during the year totalled $3,775,000 (2022: $935,000). The 2023 write offs include $2,474,000 of inventory that was written off because of damage as a consequence of Cyclone Gabrielle, with the Group determining that the inventory had been damaged or destroyed as a consequence of having been immersed in, or exposed to, contaminated flood water or otherwise contaminated by virtue of their proximity to flood water and could not therefore be used for further processing into finished carpet. Refer to note 3 (Cyclone Gabrielle) to the consolidated financial statements) for further information.

7c. Inventories (continued)

Accounting policies

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Estimates, judgements and assumptions

Inventory provisions are recognised for oddments and obsolete, aged and discontinued inventories to arrive at their likely net realisable value.

Estimates and judgement are applied in identifying and categorising - to the extent applicable - obsolete, aged and discontinued inventory and determining the level of provisioning that is required – with a range of factors including inventory rationalisation plans, consumer demand and trends, available distribution channels and historical sales and margin data considered.

7d. Trade payables and accruals

	2023 $000	2022 $000
Trade payables	**10,111**	10,766
Accruals	**4,837**	1,444
	$14,948	$12,210

Accounting policy

Trade payables are unsecured - except to the extent to which they have retention of titles clauses within their supply arrangements with the Group - and are usually paid within the agreed payment terms.

The carrying amounts of trade payables are considered to be the same as their fair values, due to their short-term nature.

7e. Employee entitlements

	2023 $000	2022 $000
Leave obligations	**4,562**	4,351
Bonus entitlement	**-**	732
Wages accruals	**315**	293
	$4,877	$5,376

Leave obligations cover the Group's liabilities in relation to employees' accrued and entitled annual leave as well as their unconditional entitlement to long service leave where they have completed the required period of service.

Accounting policy

Employee entitlements relating to wages and salaries as well as annual leave and other employment-related payments that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period as liabilities and are measured at the amounts expected to be paid when the liabilities are settled.

The entire amount of employee entitlements is presented as current as the Group does not have an unconditional right to defer settlement for any of these obligations.

8. RISKS AND FINANCIAL INSTRUMENTS

This section identifies the risks faced by the Group, explains the impact of these risks on its financial position, performance and cash flows, outlines the Group's approach to financial risk management and highlights the financial instruments used to manage risks.

Management commentary

Exposure to credit, liquidity, foreign currency and interest rate risks arises in the normal course of the Group's businesses.

The Group enters into derivative financial instruments in the ordinary course of business to manage foreign currency and interest rate risks in accordance with the treasury policy approved by the Board. A financial risk management committee, composed of senior management and operating under the Board-approved treasury policy, ensures that procedures for derivative instrument utilisation, control and valuation, risk analysis, counterparty credit approval, and ongoing monitoring and reporting are adhered to.

The Group manages commodity price risks through negotiated supply contracts and forward physical contracts. However, because these contracts are, generally, in respect of raw material and utility purchases for own use, they are not accounted for as financial instruments.

Credit risk

Management has a credit policy in place under which each new customer is individually analysed for credit worthiness and assigned a purchase limit before the standard payment and delivery terms and conditions are offered. Because of the Group's customer base, there is no need for the Group to rely on external ratings. In most cases, bankers' references, trade credit insurance approvals and/or credit references from other suppliers are considered adequate. Purchase limits are reviewed on a regular basis.

In order to determine which customers are classified as having payment difficulties, the Group applies a mix of duration and frequency of default. The Group does not generally require collateral in respect of trade and other receivables.

The Group's exposure to credit risk is mainly influenced by its customer base. As such, it is concentrated to the default risk of its industry. However, geographically, there is no credit risk concentration, with the Group's customers spread throughout New Zealand, Australia and other overseas markets. Credit risk exposure with respect to trade receivables is limited by stringent credit controls, by the utilisation of irrevocable letters of credit and trade credit insurances wherever required, and by the large number of customers within the Group's customer base.

The amount and timing of collection of trade receivables and estimate of expected credit losses under NZ IFRS 9 Financial Instruments have been considered and included in the consolidated financial statements.

The Group does not invest in securities, but accepts that surplus cash and cash equivalents may arise from time to time during the course of its management of cash. In these instances, it requires these surplus cash and cash equivalents to be deposited on call and only with counterparties approved by the Board as having the required credit ratings.

Foreign currency forward exchange contracts and interest rate swaps have been entered into with counterparties approved by the Board as having the required credit ratings. The Group's exposure to credit risk from these financial instruments is limited because it does not expect the non-performances of the obligations contained therein due to the high credit ratings of the financial institutions concerned. The Group does not require any collateral or security to support these financial instruments.

8. RISKS AND FINANCIAL INSTRUMENTS (continued)

Management commentary (continued)

Liquidity risk

Liquidity risk represents the Group's ability to meet its contractual obligations. The Group evaluates its liquidity requirements on an ongoing basis. In general, the Group generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities and has credit lines in place to cover potential shortfalls.

The funds generated enabled the Group to not only repay all of the Group's bank debt outstanding as at that date but also put it into a significant cash surplus position at balance date to enable it to fund its transformation and provide it with sufficient liquidity to settle its ongoing financial obligations for at least 12 months after the date of issuing these consolidated financial statements.

As discussed at note 5c (Banking facilities and loans and borrowings) to the consolidated financial statements, the Group continues to maintain, among other things, transactional banking facilities with its Bank and will look to raise for discussions with the Bank the reinstatement of committed credit lines to cover working capital requirements as the Group progresses through its transformation journey.

The Group's contractual cash flows and liquidity risk profile are set out in detail on page 35.

Foreign currency risk

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and payables are denominated. All entities in the Group have New Zealand dollars ($) as their functional currency.

The Group enters into foreign currency contracts within policy parameters to manage the risk associated with forecast sales and purchases. The Group's policy allows management to hedge up to 12 months forecast sales and purchases without prior approval of the Board having first been obtained.

The Group does not engage in speculative transactions or hold derivative financial instruments for trading purposes and requires that exposures to foreign currency risks, and details of all outstanding derivative instruments, are reported to and reviewed by the Board on a monthly basis.

The Group applies a hedge ratio of 1:1. The method used to assess hedge effectiveness is Critical Match Terms whereby the hedging instrument and the hedged item are matched to the key terms. In the hedge relationship, the main cause of ineffectiveness includes a change in the critical terms, for example, the timing of the transaction.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of the respective cash flows. The Group assesses whether the derivative designated in each hedging relationship is expected to be, and has been, effective in offsetting changes in cash flows of the hedged item using the critical matched terms method.

Interest rate risk

Prior to the repayment of bank debt in December 2020, interest rate swaps were entered into to hedge a proportion of the Group's exposure to interest rate fluctuations by ensuring that there was an appropriate mix, after having regard to the circumstances prevailing at the time, of fixed and floating rate exposure within the Group's total loans and borrowings.

Interest rate risks are continually monitored having regard to the circumstances at any given time.

The Group's policy allows management to hedge up to between 25% and 75% of the Group's core loans and borrowings without the prior approval of the Board having first been obtained.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional or par amounts. The Group assesses whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the critical matched terms method.

8. RISKS AND FINANCIAL INSTRUMENTS (continued)

Quantitative disclosures

Credit risk
The carrying amount of financial assets represents the Group's maximum credit exposure.

The Group has not renegotiated the terms of any financial assets which would result in the carrying amount no longer being past due or avoid a possible past due status.

The Group's maximum exposure to credit risk for trade and other receivables by geographic regions is as follows:

	2023 $000	2022 $000
New Zealand	**5,556**	5,797
Australia	**3,173**	4,677
Other regions	**585**	710
Trade and other receivables	**$9,314**	$11,184

The status of trade and other receivables at the reporting date is as follows:

	Current	0 – 30 days past due	31 – 120 days past due	More than 120 days past due	Total
2023					
Expected loss rate	**0%**	**0%**	**0%**	**8%**	
Gross carrying amount – trade and other receivables	**7,260**	**1,480**	**368**	**225**	**9,333**
Loss allowance	**-**	**-**	**-**	**(19)**	**(19)**
2022					
Expected loss rate	0%	0%	0%	7%	
Gross carrying amount – trade and other receivables	9,885	930	291	84	11,190
Loss allowance	-	-	-	(6)	(6)

In summary, trade and other receivables are determined to be impaired as follows:

	2023 $000	2022 $000
Trade and other receivables - gross	**9,333**	11,190
Individual impairment provisions	**(19)**	(6)
Trade and other receivables - net	**$9,314**	$11,184

Individually impaired trade receivables relate to a small number of customers where the amounts involved are immaterial. In the case of insolvency, the Group generally writes off the receivable in full unless there is clear evidence that a receipt, whether directly or by way of a claim under the Group's trade credit insurance policy, is highly probable.

The Group adopts the expected loss model in assessing its trade and other receivables for impairment. In doing so, it determines impairment on a forward-looking basis, taking into account not only past events and current conditions, but also forecast of future economic conditions. Bad debts are written off when they are considered to have become uncollectable.

The details of movements in the impairment provision are as follows:

	2023 $000	2022 $000
Balance at 1 July	**(6)**	(13)
Impaired trade receivables written off	**6**	7
Changes in impairment provision	**(19)**	-
Balance at 30 June	**($19)**	($6)

Changes in the impairment provision are included in distribution expenses in the Consolidated Statement of Profit or Loss.

8. RISKS AND FINANCIAL INSTRUMENTS (continued)

Quantitative disclosures (continued)

Liquidity risk

The following table sets out the contractual undiscounted cash flows for all material financial liabilities (including projected interest costs).

	Statement of Consolidated Financial Position	Total contractual cash flows	Timing of contractual cash flows				
			6 months or less	6-12 months	1-2 years	2-5 years	Greater than 5 years
	$000	$000	$000	$000	$000	$000	$000
2023							
Trade payables	**10,111**	**10,111**	**10,111**	**-**	**-**	**-**	**-**
Lease liabilities	**18,038**	**23,181**	**1,074**	**1,017**	**1,964**	**5,763**	**13,363**
Total non-derivative liabilities	**$28,149**	**$33,292**	**$11,185**	**$1,017**	**$1,964**	**$5,763**	**13,363**
Forward exchange contracts							
Inflow		**(45,575)**	**(18,425)**	**(15,219)**	**(11,931)**	**-**	**-**
Outflow		**44,285**	**18,049**	**14,805**	**11,430**	**-**	**-**
	(1,001)	**(1,290)**	**(376)**	**(414)**	**(500)**	**-**	**-**
Net derivative liabilities/(assets)	**($1,001)**						
Disclosed in Consolidated Statement of Financial Position							
Current assets	**(1,017)**						
Current liabilities	**16**						
Net derivative liabilities/(assets)	**($1,001)**						
2022							
Trade payables	10,766	10,766	10,766	-	-	-	-
Lease liabilities	19,758	26,537	1,427	1,408	2,735	5,726	15,241
Total non-derivative liabilities	$30,524	$37,303	$12,193	$1,408	$2,735	$5,726	$15,241
Forward exchange contracts							
Inflow		(41,693)	(13,534)	(12,147)	(16,012)	-	-
Outflow		42,240	13,914	12,251	16,075	-	-
	686	547	380	104	63	-	-
Net derivative (assets)/liabilities	$686						
Disclosed in Consolidated Statement of Financial Position							
Current assets	(8)						
Current liabilities	694						
Net derivative (assets)/liabilities	$686						

8. RISKS AND FINANCIAL INSTRUMENTS (continued)

Quantitative disclosures (continued)

Foreign currency risk
The Group's exposure to foreign currency risk can be summarised as follows:

NZD equivalent of these foreign currencies:	**AUD $000**	**USD $000**	**EUR $000**	**Others $000**
2023				
Trade receivables	**3,173**	**76**	**-**	**-**
Trade payables	**(314)**	**(123)**	**(19)**	**(32)**
Net Consolidated Statement of Financial Position exposure before hedging activity	**2,859**	**(47)**	**(19)**	**(32)**
Estimated forecast sales for which hedging is in place	**42,716**	**-**	**-**	**-**
Net cash flow exposure before hedging activity	**45,575**	**(47)**	**(19)**	**(32)**
Forward exchange contracts				
Notional amounts	**(45,575)**	**-**	**-**	**-**
Net unhedged exposure	**($0)**	**($47)**	**($19)**	**($32)**
2022				
Trade receivables	4,715	300	-	-
Trade payables	(1,596)	(1,001)	(94)	(13)
Net Consolidated Statement of Financial Position exposure before hedging activity	3,119	(701)	(94)	(13)
Estimated forecast sales for which hedging is in place	38,574	-	-	-
Net cash flow exposure before hedging activity	41,693	(701)	(94)	(13)
Forward exchange contracts				
Notional amounts	(41,693)	-	-	-
Net unhedged exposure	$0	($701)	($94)	($13)

Interest rate risk – re-pricing analysis
At balance date, the interest rate profile of the Group's interest-bearing financial instruments was as follows:

	Total $000	**6 months or less $000**	**6-12 months $000**	**1-2 years $000**	**2-5 years $000**	**Greater than 5 years $000**
2023						
Financial assets and liabilities						
Cash and bank	**39,319**	**39,319**	**-**	**-**	**-**	**-**
2022						
Financial assets and liabilities						
Cash and bank	14,874	14,874	-	-	-	-

8. RISKS AND FINANCIAL INSTRUMENTS (continued)

Sensitivity analysis

In managing interest rate and currency risks, the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer-term, however, changes in foreign exchange and interest rates will have an impact on profit.

For foreign exchange contracts that continue to meet the hedge accounting criteria at the balance sheet date to hedge foreign exchange exposures, it is estimated that a general change in the value of the New Zealand dollar against other foreign currencies as set out below would have no impact on the Group's profit or loss before income tax for the years ended 30 June 2023 and 2022. The impact on equity, net of tax, for these foreign exchange contracts, is disclosed in the table below:

	Strengthen	Weaken	Strengthen	Weaken
	P&L		Equity, net of tax	
	$000	$000	$000	$000
30 June 2023				
NZD/AUD (+/- 5%)	**-**	**-**	**1,437**	**(1,588)**
30 June 2022				
NZD/AUD (+/- 5%)	-	-	1,318	(1,457)

There were no foreign exchange contracts that do not meet the hedge accounting criteria at the balance sheet date.

The impact of a change in interest rates by one percentage point on the Group's profit or loss and OCI is set out as follows:

	Increase 1% point	Decrease (1% point)	Increase 1% point	Decrease (1% point)
	P&L		Equity, net of tax	
	$000	$000	$000	$000
Interest rate impact - Net FY23	**$382**	**($382)**	**-**	**-**
Interest rate impact - Net FY22	$142	($142)	-	-

Hedging

Forecast transactions
The Group classifies the forward exchange contracts taken out to hedge forecast transactions as cash flow hedges.

8. RISKS AND FINANCIAL INSTRUMENTS (continued)

Hedging (continued)

The following relates to items designated as hedging instruments:

	Notional amount	Carrying amount		Line item in Consolidated Statement of Financial Position	Changes in the value of the hedging instrument recognised in OCI during the year	Hedge ineffectiveness recognised in profit or loss	Balance in CFHR	Average rate of hedging
		Assets	Liabilities					
	$000	$000	$000		$000	$000	$000	
2023								
Foreign currency risk								
Forward exchange contracts – sales and receivables [1, 2]	**AUD40,680**	**1,017**	**(16)**	**Derivative financial instruments - assets and liabilities**	**(426)**	**-**	**938**	**0.8926**

[1] 62% of notional amount expiring within 12 months of balance date and 38% expiring between 12 and 24 months of balance date

[2] Hedge ratio 1:1

	Notional amount	Carrying amount		Line item in Consolidated Statement of Financial Position	Changes in the value of the hedging instrument recognised in OCI during the year	Hedge ineffectiveness recognised in profit or loss	Balance in CFHR	Average rate of hedging
		Assets	Liabilities					
	$000	$000	$000		$000	$000	$000	
2022								
Foreign currency risk								
Forward exchange contracts – sales and receivables [1, 2]	AUD38,100	8	(694)	Derivative financial instruments - assets and liabilities	52	-	(576)	0.9138

[1] 100% of notional amount expiring within 12 months of balance date

[2] Hedge ratio 1:1

8. RISKS AND FINANCIAL INSTRUMENTS (continued)

Classification and fair values

The following tables show the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

	Hedging instruments $000	Amortised cost $000	Total carrying amount $000	Fair value hierarchy Level 2 $000
2023				
Assets				
Derivative financial instruments	1,017	-	1,017	1,017
Cash and bank	-	39,319	39,319	
Trade and other receivables	-	9,314	9,314	
Advances to employees	-	170	170	
Total assets	$1,017	$48,803	$49,820	
Liabilities				
Lease liabilities	-	16,742	16,742	
Employee benefits	-	666	666	
Total non-current liabilities	-	17,408	17,408	
Derivative financial instruments	16	-	16	16
Trade payables and accruals	-	14,948	14,948	
Customer deposits	-	192	192	
Employee benefits and entitlements	-	4,915	4,915	
Lease liabilities	-	1,296	1,296	
Total current liabilities	16	21,351	21,367	
Total liabilities	$16	$38,759	$38,775	

	Hedging instruments $000	Amortised cost $000	Total carrying amount $000	Fair value hierarchy Level 2 $000
2022				
Assets				
Derivative financial instruments	8	-	8	8
Cash and bank	-	14,874	14,874	
Trade and other receivables	-	11,184	11,184	
Advances to employees	-	160	160	
Total assets	$8	$26,218	$26,226	
Liabilities				
Lease liabilities	-	17,820	17,820	
Employee benefits	-	720	720	
Total non-current liabilities	-	18,540	18,540	
Derivative financial instruments	694	-	694	694
Trade payables and accruals	-	12,210	12,210	
Customer deposits	-	203	203	
Employee benefits and entitlements	-	5,429	5,429	
Lease liabilities	-	1,938	1,938	
Total current liabilities	694	19,780	20,474	
Total liabilities	$694	$38,320	$39,014	

There were no financial assets or liabilities with fair values classified as Level 1 or Level 3 in the fair value hierarchy.

8. RISKS AND FINANCIAL INSTRUMENTS (continued)

Classification and fair values (continued)

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Derivatives, being forward exchange contracts, have been measured at fair value using relevant valuation techniques which include net present value and discounted cash flow models and comparison with similar instruments for which observable market prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other information used in estimating discount rates and foreign currency exchange rates.

Classification and fair values (continued)

Non-derivative financial instruments comprise trade and other receivables, cash and bank and trade and other payables. Non-derivative financial instruments are recognised initially at fair value, inclusive of transaction costs, and are subsequently measured at amortised cost using the effective interest rate method less any impairment losses.

Determination of fair values

The fair value of an asset or a liability is measured on a recurring basis. When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change occurred.

Master netting or similar agreements

The Group enters into derivative transactions under International Swaps and Derivatives Association (ISDA) master netting agreements. In general, under such agreements the amounts owed by each counterparty on a single day in respect of all transactions outstanding are aggregated into a single net amount that is payable by one party to the other. In certain circumstances – for example, when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions.

The ISDA agreements do not meet the criteria for offsetting in the Consolidated Statement of Financial Position. This is because the Group does not have any currently legally enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrences of future events such as a default on the bank loans or other credit events.

The following table sets out the carrying amounts of recognised derivatives that are subject to master netting agreements:

	2023		2022	
	Derivative assets $000	**Derivative liabilities $000**	Derivative assets $000	Derivative liabilities $000
Gross amounts in the Consolidated Statement of Financial Position	**1,017**	**(16)**	8	(694)
Amounts offset	**-**	**-**	-	-
Net amounts in the Consolidated Statement of Financial Position	**1,017**	**(16)**	8	(694)
Related amounts that are not offset based on ISDA	**(16)**	**16**	(8)	8
Net amounts	**$1,001**	**$0**	$0	($686)

9. OTHERS

This section includes the remaining information relating to the consolidated financial statements which is required to be disclosed to comply with financial reporting standards.

9a. Leases

This note provides information for leases where the Group is a lessee.

Amounts recognised in the Consolidated Statement of Financial Position

Right-of-use assets

	2023 $000	2022 $000
Buildings	**8,017**	8,839
Plant and equipment	**358**	361
Motor vehicles	**241**	80
	$8,616	$9,280

Lease liabilities

	2023 $000	2022 $000
Non-current	**16,742**	17,820
Current	**1,296**	1,938
	$18,038	$19,758

Additions to right-of-use assets during the year were $331,000 (2022: $266,000).

There was no impairment of right-of-use assets during the year (2022: Nil).

There was also no reversal of prior year impairment of right-of-use assets during the year (2022: Nil).

Amounts recognised in the Consolidated Statement of Profit or Loss

Depreciation charge in respect of right-of-use assets

	2023 $000	2022 $000
Buildings	**821**	823
Plant and equipment	**134**	110
Motor vehicles	**39**	21
	$994	$954
Interest expense (included in finance costs)	**$879**	$990
Expense relating to short-term leases (included in cost of goods sold and administration expenses	**$311**	$594
Expense relating to leases of low-value assets that are not disclosed above as short-term leases (included in administrative expenses)	**$39**	$71

Amounts recognised in the Consolidated Statement of Cash Flows

Total cash outflow for leases	**$2,930**	**$3,031**

Accounting policy

The Group leases buildings, forklifts and motor vehicles, with contracts typically entered into for fixed periods ranging from between three to four years for motor vehicles, five to six years for fork hoists and up to sixteen years for buildings, but may have extension options as further discussed below.

Contracts may contain both lease and non-lease components. The Group has elected, for leases of motor vehicles, to not separate lease and non-lease components and instead account for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following
- fixed payments; and
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date.

9a. Leases (continued)

Accounting policy (continued)

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing secured by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was secured;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by lessees within the Group which does not have recent third-party financing; and
- makes adjustments, where necessary, specific to the lease taking into account country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the group entities use that rate as a starting point to determine the incremental borrowing rate.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:
- the amount of the initial measurement of lease liability; and
- make good costs.

Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases of plant and equipment and motor vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

Extension options

Extension options are generally incorporated into contracts for leases of buildings, with these options used to maximise operational flexibility with respect to the management of the buildings used in the Group's operations. Where extension options are held, they are exercisable only by the Group and not by the respective lessor. Extension options are generally not included in contracts for leases of plant and equipment and motor vehicles because of the Group's ability to replace these assets without significant cost, delay or disruption to the business.

Estimates, judgements and assumptions

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended, with the Group reasonably certain to extend:

- if there are significant costs to not extend; and
- if leasehold improvements are expected to have a significant remaining value.

Otherwise, the Group considers other factors including the lease durations already provided for in the contract, the Group's future strategic or business direction and the costs and disruptions to the business as a consequence of any decision to not exercise an extension option.

As at balance date, potential future cash outflows of $19,803,000 (undiscounted) in respect of leases of buildings have not been included in the determination of lease liability because it is not reasonably certain that these leases will be extended (2022: $19,803,000).

The lease term is reassessed if an extension option is actually exercised. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee. The Group did not revise its assessment of reasonable certainty with respect to extension options during the year (2022: Nil).

9b. Share-based payment

Share-based payment arrangements

The Company operates four share-based payment plans/schemes, with these plans/schemes designed to incentivise selected employees by providing them with opportunities to be issued equity interests in the Company – in the process aligning their interests with those of shareholders.

The Company has determined the performance rights, the shares and the options issued under these plans/schemes to be equity-settled share-based payment arrangements pursuant to NZ IFRS 2 Share-based Payment, with the participants not able to request payment in cash.

Bremworth 2020 Long-Term Incentive Scheme (2020 LTI Scheme)

The 2020 LTI Scheme provides for eligible employees to be issued performance rights which would entitle them to be issued shares in the Company, subject to service and performance conditions being met, at the end of the stipulated performance period.

No performance rights were issued under the 2020 LTI Scheme in the current year (2022: Nil).

The number of shares to be issued is dependent on the extent to which total shareholder return (TSR) exceeds 14% per annum compounding over the performance period and the share price at condition date, except that the number of shares issued to all participants will not, together with shares issued under NZX Listing Rule 4.6.1 over the previous 12 months, exceed 3% of the total number of shares on issue at condition date.

The maximum number of shares that could have been issued in respect of all outstanding performance rights under the 2020 LTI Scheme at condition date (being 1 May 2023) was 1,071,394 (or 1.53% of the total number of shares on issue at balance date of 70,069,426).

All performance rights issued in 2020 under the 2020 LTI Scheme lapsed during the year (2022: Nil).

Bremworth Equity Ownership Plan (Bremworth Equity Plan)

The Bremworth Equity Plan provides for eligible employees to be issued shares in the Company on terms determined by the Board and as set out in the rules of the Bremworth Equity Plan and includes the provision of a full recourse loan by the Company to those eligible employees to fund the amount payable for the shares issued to them.

No shares were issued under the Bremworth Equity Plan in the current year (2022: 500,000).

The total number of shares issued under the Bremworth Equity Plan as at balance date was 500,000 (2002: 500,000).

Bremworth Share Option Scheme (Bremworth Option Scheme)

The Bremworth Option Scheme provides for selected employees to be awarded options to acquire ordinary shares at a fixed price, with the options becoming exercisable over time in accordance with a vesting schedule or on certain liquidity events as defined in the rules of the Bremworth Option Scheme.

No options were issued under the Bremworth Option Scheme in the current period (2022: 1,000,000).

The total number of options issued under the Bremworth Option Scheme at balance date was 1,000,000 (2002: 1,000,000).

9b. Share-based payment (continued)

Bremworth 2022 Long-Term Incentive Scheme (2022 LTI Scheme)

The 2022 LTI Scheme was established by the Board in October 2022, with the Scheme providing for selected employees to be awarded performance rights which would entitle them to be issued shares in the Company, subject to service and performance conditions being met, at the end of the stipulated performance period.

In accordance with the terms of the Scheme, 890,328 fully paid-up ordinary shares were issued by the Company on 31 October 2022 to Bremworth Share Scheme Limited (Trustee), with these shares to be held by the Trustee on behalf of the participating employees until the relevant vesting date.

Vesting of these shares is dependent on TSR performance over the three-year period from 1 July 2022 to 30 June 2025 exceeding the 14% per annum compounding threshold set by the Board, with TSR calculated by reference to the volume weighted average share price on the NZX for the last 20 trading days prior to 30 June 2025 as compared to the volume weighted average share price on the NZX for the last 20 trading days prior to 1 July 2022 of $0.4787.

Measurement of fair value of performance rights and options granted under share-based payment arrangements

The fair value of performance rights and options granted under the various schemes have been determined using a Monte Carlo simulation, with a detailed description of how the model is used, and the key inputs, set out in Note 8b (Share-based payment) of the annual financial statements for the year ended 30 June 2022.

Maximum number of shares that could be issued under current share-based payment arrangements

The following table summarises the maximum number of shares that could be issued under the Bremworth Option Scheme and the LTI Scheme as at balance date:

	2023	2022
Balance at 1 July	2,071,394	1,071,394
Issued during the year	890,328	1,000,000
Lapsed during the year	(1,071,394)	-
Balance as at 30 June	1,890,328	2,071,394
% of total number of shares on issue	2.70	2.99

Impact of share-based payment arrangements on the financial statements

The assessed fair value of the performance rights and options at grant date are recognised as an expense in profit or loss over the period from date on which the participant started rendering service or the grant date (whichever is the earlier), adjusted to reflect only those rights and options where the service condition will be met, with corresponding entries to the share-based payment reserve within equity.

The following were recognised in administration expenses in the Consolidated Statement of Profit or Loss for the year ended 30 June 2023:

- $80,800, being the proportion of the fair value of the performance rights issued under the 2020 LTI Scheme relating to the year ended 30 June 2023 (2022 $97,000);

- $78,300, being the proportion of the fair value of the options granted under the Bremworth Option Scheme relating to the year ended 30 June 2023 (2022: $73,300 being the proportion of the fair value of the options granted for the period from commencement of employment through to balance date);

- $43,100, being the proportion of the fair value of the options granted under the 2022 LTI Scheme for the period from grant date through to balance date (2022: Nil);

with a corresponding credit totalling $202,000 to the share-based payment reserve within equity (2022: $170,300).

There were no issue of shares under the Bremworth Equity Plan during the year (2022: The Company issued 500,000 fully paid up ordinary shares in September 2021, with the difference between the $0.4161 issue price per share and the $0.8000 market price per share at issue date of $192,000 recognised in administration expenses in the Consolidated Statement of Profit or Loss with a corresponding credit to the share-based payment reserve within equity).

Interest-free full-recourse loan

The Company did not provide any interest-free, full-recourse, loans under the Bremworth Equity Plan during the period (2022: $208,050).

The accounting for interest-free, full-recourse, loans under the Bremworth Equity Plan is disclosed in Note 8b (Share-based payment) of the annual financial statements for the year ended 30 June 2022.

9c. Provisions

	Workplace accidents $000	Make good $000	Warranties $000	Claims $000	Total $000
Balance at 1 July 2022	**150**	**89**	**1,110**	**350**	**1,699**
Provided during the year	**-**	**-**	**1,145**	**15**	**1,160**
Utilised during the year	**-**	**-**	**(949)**	**(175)**	**(1,124)**
Released to profit or loss during the year	**(100)**	**-**	**-**	**-**	**(100)**
Balance at 30 June 2023	**$50**	**$89**	**$1,306**	**$190**	**$1,635**
Non-current	**-**	**89**	**729**	**-**	**819**
Current	**50**	**-**	**577**	**190**	**816**
Balance at 30 June 2023	**$50**	**$89**	**$1,306**	**$190**	**$1,635**
Balance at 1 July 2021	150	89	1,095	-	1,334
Provided during the year	-	-	699	350	1,049
Utilised during the year	-	-	(684)	-	(684)
Released to profit or loss during the year	-	-	-	-	-
Balance at 30 June 2022	$150	$89	$1,110	$350	$1,699
Non-current	-	89	622	-	711
Current	150	-	488	350	988
Balance at 30 June 2022	$150	$89	$1,110	$350	$1,699

Workplace accidents

Certain companies within the Group are parties to the ACC Partnership Programme during the year. Under this programme, these companies assume the costs normally assumed by ACC (Accident Compensation Corporation of New Zealand) for accidents in the workplace, with the provision for claims incurred but yet to be settled. It is expected that the outflow of economic benefit will occur within 12 months of balance date.

Make good

Provision for make good relates to the costs expected to be incurred in relation to make good obligations under leases entered into, with the provision utilised as the costs relating thereto are incurred or adjusted to reflect current estimates of costs to be incurred. The amount utilised during the year relates to the amount paid.

Warranties

The provision for warranties relates mainly to carpet sold during the years ended 30 June 2023 and 2022. The provision is based on estimates made from historical warranty data associated with similar products sold by the Group.

The Group has no history of material warranty claims in respect of non-carpet products sold. As a consequence, no provision for warranties is required in respect of these other products.

The amount of warranty costs recognised as an expense directly to the Consolidated Statement of Profit or Loss during the year totalled $1,208,000 (2022: $1,024,000).

Warranties relating to the sale of carpet are standard warranties. The Group does not offer extended warranties that would be subject to a separate performance obligation.

Claims

The provision for claims relates to the estimated cost to settle claims received during the year ended 30 June 2023 for products supplied by a previously-owned business unit, with these claims yet to be resolved at balance date (2022: Nil).

Accounting policies

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Estimates, judgements and assumptions

Provision for warranties requires judgement to be applied by considering a range of factors including the nature and extent of historical claims data associated with similar products sold by the Group, the terms of the warranties built into supply contracts, consumer protection laws in key markets and the corrective actions being taken to address quality issues at production.

9d. Employee benefits

	2023	2022
	$000	$000
Liability for long service	**704**	773
Total employee benefits	**$704**	$773
Non-current	**666**	720
Current	**38**	53
Balance at 30 June	**$704**	$773

Accounting policies

Short-term employee benefits are expensed as the related services are provided.

Long-term employee benefits relate to long service leave that is not expected to be settled within 12 months after the end of the annual reporting period in which the employees render the service that gives rise to the benefit. The Group's net obligation is the amount of future benefit employees have earned in return for their service in the current and prior years. The complexity and length of the long service leave arrangement requires the use of actuarial assumptions, such as salary increases and inflation, in order to calculate the present value of the obligation. The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods adjusted for the probability of the benefits vesting and discounted at the appropriate rate to determine its present value.

Estimates, judgements and assumptions

The Group appointed Deloitte to assist with the Group's assessment of its liability for long service leave as at 30 June 2023, with Deloitte using a Projected Unit Credit (PUC) method to value employees' entitlements to long service leave.

This method involves a monthly projection of the long service leave entitlement for each employee to retirement age. The expected entitlement payment at each point over the projection period is calculated using assumptions about likely resignation, retirement, mortality and disability for each employee. Using employee data provided by the Company, Deloitte were able to estimate the value of the long service leave liability as at balance date.

9e. Contingent liabilities

The Group has granted indemnities in favour of Bank of New Zealand and National Australia Bank Limited (together, "the Bank") at balance date in respect of Bank guarantees relating to leases and other commitments totalling $2,068,000 (2022: $2,248,000).

Some subsidiaries in the Group are parties to a cross guarantee in favour of the Bank securing each other's obligations, with the property-owning companies in the Group also granting in favour of the Bank first-ranking mortgages in respect of land and buildings as security for all obligations if the Group to the Bank.

The Group's indebtedness under the cross guarantee at balance date amounted to nil (2022: Nil).

The Group received claims during the year ended 30 June 2022 for products supplied by a previously-owned business unit, with the estimated cost to settle these claims provided for at balance date. It is not possible to estimate the financial impact of any further claims given there is insufficient history to inform the extent or the timing of any future claims.

9f. Related parties

Transactions with directors and key management personnel

For the purposes of this note, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

As shareholders

One of the Directors is a shareholder in the Company. The Chief Executive Officer is also a shareholder in the Company by virtue of the fully paid up ordinary shares issued to and held by him pursuant to the Bremworth Equity Plan with more information found in note 9b (Share-based payment) to the consolidated financial statements.

9f. Related parties (continued)

Transactions with directors and key management personnel (continued)

As shareholders (continued)

Their shares rank pair passu with all the other ordinary shares in the capital of the Company and do not therefore confer additional rights to dividends paid or to attend or vote at any meetings of the shareholders of the Company.

As lenders or borrowers

There were no loans to, or from, the Directors and key management personnel during the year ended 30 June 2023. An interest-free, full-recourse, loan of $208,050 was provided to the Chief Executive Officer during the 2022 financial year pursuant to the terms of the Bremworth Equity Plan, with the proceeds of that loan applied towards the amount payable for the 500,000 fully paid up ordinary shares issued to the Chief Executive Officer under the Bremworth Equity Plan. More information can be found in note 9b (Share-based payment) to the consolidated financial statements.

Directors' remuneration and benefits

The fees paid to the Directors for services in their capacity as directors totalled $387,000 during the year ended 30 June 2023 (2022: $372,000).

No other services were provided by the Directors during the year (2022: Nil).

The scale of fees payable to the Directors was last reviewed and approved by the Board in January 2019, with the current scale of fees applying with effect from 1 January 2019 set out below:

Directors' fees	Per annum	Explanatory notes
Non-executive Chairman of the Board	$128,100	Inclusive of time spent on Board committees and as Chairman of Nomination Committee
Non-executive directors (including Deputy Chairman of the Board)	$61,000	Inclusive of time spent on Board committees
Chairman of the Audit Committee	$10,000	In recognition of additional time and responsibilities as Chairman of Audit Committee
Chairman of the Remuneration Committee	$5,000	In recognition of additional time and responsibilities as Chairman of Remuneration Committee

G C W Biel, a long-serving Director, was paid a lump sum retiring allowance pursuant to an arrangement that was contained in the Company's constitution on his retirement from the Board on 25 November 2021. The amount of this retiring allowance, which was set in November 2007, is $96,000. The Company decided at that time that retiring allowances would no longer be offered in respect of new Directors appointed to the Board.

The Group notes that the Directors are precluded by the NZX Listing Rules from voting at general meetings of shareholders on certain matters prescribed by the New Zealand Exchange. These matters include, in the case of the Directors who are also shareholders, shareholders' approval of directors' fees.

Key management personnel's (including the Chief Executive Officer's) remuneration and benefits

In addition to salaries and performance-based payments, the Group also provides non-cash benefits to the Chief Executive Officer of the Company and key management personnel of the Group.

These non-cash benefits may include the provision of motor vehicles, income protection insurances, life insurances and medical insurances. In assessing the value of the non-cash benefit provided to the Chief Executive Officer and key management personnel, the Group has used the value of the benefit that is used for calculating fringe benefit tax plus the fringe benefit tax that is paid or payable.

The remuneration paid and payable, and the benefits provided, to the Chief Executive Officer and key management personnel (but excluding the Directors' remuneration and benefits) comprised:

	2023	2022
	$000	$000
Salaries, bonuses and leave entitlements	**2,878**	3,582
Share-based payments	**202**	362
Employee benefits	**287**	254
Termination payments	**-**	10
	$3,367	$4,208

The Group has not provided the Chief Executive Officer and key management personnel with any post-employment benefits.

Pursuant to the terms of employment of the Chief Executive Officer, the Company agreed to issue the Chief Executive Officer with 500,000 ordinary shares under the terms of the Bremworth Equity Plan (as discussed in detail at note 9b (Share-based payment) to the consolidated financial statements), with the issue of these shares to take place at the time of the appointment of the Chief Executive Officer.

9f. Related parties (continued)

Transactions with directors and key management personnel (continued)

Key management personnel's (including the Chief Executive Officer's) remuneration and benefits (continued)

However, because of a delay in the issue of those shares to the Chief Executive Officer and the increase in the Bremworth share price between the time of his appointment on 23 June 2021 and the time the shares were issued to him on 10 September 2021, the Chief Executive Officer was liable for the tax on the difference between the market price of Bremworth shares on issue date and the price those shares were issued to him at.

In keeping with the agreement that was reached with the Chief Executive Officer, the Board approved a one-off payment to the Chief Executive Officer in September 2021 of $127,317 to keep the Chief Executive Officer neutral in respect of the tax that he had to pay as a consequence of the delay.

That amount of $127,317 is recognised in administration expenses in the Consolidated Statement of Profit or Loss.

Other transactions

The Group deals with many entities and organisations in the normal course of business. The Group is not aware of any of the Directors, the Chief Executive Officer or key management personnel, or their related parties, holding positions in any of these entities or organisations that result in them having control or significant influence over the financial or operating policies of these entities or organisations.

The Group does not transact with the Directors, the Chief Executive Officer or key management personnel, and their related parties, other than in their capacity as directors and employees, except that they may purchase carpets and rugs from the Group for their own domestic use. These purchases are on the same terms and conditions as those applying to all employees of the Group and are immaterial and personal in nature.

9g. Group entities

Operating subsidiaries of the Group

	Principal activity	Country of incorporation	Interest (%) 2023	2022
Bremworth Carpets and Rugs Limited (previously Bremworth Limited)	Carpet sales and manufacturing	New Zealand	**100**	100
Bremworth Pty Limited (previously Cavalier Bremworth Pty Limited)	Carpet sales	Australia	**100**	100
Cavalier Bremworth (Australia) Limited	Carpet distribution	New Zealand	**100**	100
Bremworth Spinners Limited (previously Cavalier Spinners Limited)	Carpet yarn sales	New Zealand	**100**	100
Elco Direct Limited	Wool acquisition	New Zealand	**100**	100

9h. Events after balance date

Voluntary redundancies for Napier-based employees

Subsequent to balance date – and after having confirmed that the Napier yarn spinning plant would be offline for a considerable, but yet to be determined, period of time and having established that staff at the Napier plant were looking for more certainty around their future – the Group presented several options to employees, while also putting in place various programmes aimed at providing career and financial advice, as well as emotional support, for all affected staff.

These options included voluntary redundancy or expressions of interest for redeployment to the Whanganui plant.

110 waged and eight salaried employees opted for voluntary redundancy. While some employees did consider redeployment to the Whanganui plant, these did not work out for personal reasons.

The cost of voluntary redundancy is $1.4 million.

18 waged and seven salaried employees either did not take up the offer, or were not eligible, for voluntary redundancy and will continue to be employed by the Group.

Future insurances

The Group is in the process of renewing its insurances for 2023/24, with its insurance brokers:

- working with the panel of insurers on the scope of cover that would be available to the Group from any future flooding events (with latest advice indicating a limit of $20.0 million cover for material damage and business interruption combined) and a deductible of $1.0 million); and

- investigating excess layer coverage for floods to the extent required.

9i. Climate-related disclosures

The Group has considered the impact of climate-related risks on the business and on its future financial performance, financial position and cash flows as part of the sustainability framework that has been adopted under the Group's transformation strategy to becoming an all-wool and natural materials organisation.

These risks are broadly as follows:

- the exposure to carbon pricing and its impact on the cost of natural gas, with the Group's reliance on natural gas at its carpet manufacturing plant in Auckland and its carpet yarn spinning plants in Napier (while noting that a decision regarding its future is yet to be made following the impact of Cyclone Gabrielle as discussed in more detail in note 2f (Impact of Cyclone Gabrielle) to the consolidated financial statements) and Whanganui;

- the exposure to the effects of climate change through adverse climatic conditions (for example, flooding) and, in time, rising sea levels, with both the Napier and Whanganui sites within close proximity of the coast and significant rivers;

- climate change adaptation and managed retreat legislation on the longer-term regulatory framework.

In relation to the exposure to carbon pricing, the Group has in place two decarbonisation projects that are aimed at directly reducing our reliance on natural gas in our manufacturing processes while also ensuring that its electricity provider is, by design, a fully renewable generator of electricity.

The first initiative is a $2,500,000 project at the Group's Napier carpet yarn spinning plant to reduce its reliance on natural gas process heat through process heat optimisation and transitioning to electric heat pump technology. This project is being 38% co-funded ($958,000) under various funding programmes, including the GIDI (Government Investment in Decarbonising Industry) Fund administered by the Energy Efficiency and Conservation Authority (EECA). This initiative has been put on hold as a consequence of the disruption to the Napier carpet yarn spinning plant following Cyclone Gabrielle. The initial stages of this project, including the detailed feasibility study and monitoring and targeting programme were completed prior to the plant going offline. The project will be reassessed once the site damage assessment is able to be completed and a decision around the future of the plant able to be made.

The second decarbonisation initiative at the Group’s Whanganui carpet yarn spinning plant, which is also being co-funded by EECA, involves the replacement of the gas-fired dryer used in felted yarn production with an alternative radio frequency (RF) dryer. This project had an expected cost of $440,000, with the EECA co-funding agreed at 40% ($176,000). This project was successfully delivered in FY23, with the new RF dryer currently in use on the felting line. The project is now in the final measuring and monitoring stage before being closed off with EECA.

The organisation has a thorough understanding of scope 1 and 2 emissions for the business as well as material scope 3 emissions. It has undertaken third party verification of its carbon inventory including a 2018 baseline and the financial years ended June 2022 and 2023. This is a significant step towards setting science based targets for organisational emission reduction.

In relation to the exposure to adverse climatic conditions, the Group has in place insurances to protect it against losses arising from such events while also having established natural hazards exposure levels for the Napier site. See also note 2f (Impact of Cyclone Gabrielle) to the consolidated financial statements for further discussions relating to the risk mitigation and business continuity plans following Cyclone Gabrielle and the resilience of the new hybrid supply chain model.

Work is also underway to understand natural hazards at the other manufacturing sites as well as available mitigation strategies.

Based on the Group's assessment, there is nothing to indicate that climate-related risks have had any impact on the carrying value of its non-financial assets as at 30 June 2023 other than those already recognised following Cyclone Gabrielle as discussed at note 3 (Cyclone Gabrielle) to the consolidated financial statements, with the Board closely monitoring developments in this area.

The matter of future insurances against flooding is discused at note 9h (Events after balance date) to the consolidated financial statements.

9j. Standards, interpretations and amendments to standards

There are no new, or pending, standards or amendments to existing standards which have, or are expected to have, a material impact on the Group.

Bremworth

NON-GAAP FINANCIAL INFORMATION

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Bremworth Limited and subsidiary companies

Trend Statement

	2023 $000	2022 $000	2021 $000	2020 $000	2019 $000	2018 $000	2017 $000
Financial Performance							
Operating revenue	**$89,689**	$95,485	$111,577	$117,981	$135,234	$148,120	$156,120
EBITDA (normalised)	**286**	4,918	3,385	2,300	7,076	9,998	2,572
Depreciation - owned assets	**(845)**	(683)	(379)	(2,418)	(3,479)	(3,561)	(3,251)
Depreciation - right-of-use assets	**(994)**	(954)	(534)	(1,779)	-	-	-
Depreciation - recycled through inventory	**-**	194	(764)	(265)	-	-	-
EBIT (normalised)	**(1,553)**	3,475	1,708	(2,162)	3,597	6,437	(679)
Finance costs	**(1,045)**	(1,029)	(1,124)	(2,535)	(1,790)	(2,798)	(2,936)
Finance income	**502**	159	68	-	-	-	-
Share of profit after tax of equity-accounted investees (normalised)	**-**	-	-	-	644	1,419	797
Profit/(Loss) before income tax	**(2,096)**	2,605	652	(4,697)	2,451	5,058	(2,818)
Income tax (expense)/benefit	**(263)**	(870)	(276)	1,240	(572)	(1,084)	962
Profit/(Loss) after tax (normalised)	**(2,359)**	1,735	376	(3,457)	1,879	3,974	(1,856)
Abnormal gains/(losses) (after tax)	**13,392**	505	1,353	(17,994)	(18,659)	107	(268)
Profit/(Loss) after tax attributable to shareholders of the Company (GAAP)	**11,033**	2,240	1,729	(21,451)	(16,780)	4,081	(2,124)
Ordinary dividends paid	**-**	-	-	-	-	-	-
Profit/(Loss) after dividends	**$11,033**	$2,240	$1,729	($21,451)	($16,780)	$4,081	($2,124)
Financial Position							
Shareholders' equity	**50,520**	37,771	35,592	33,637	54,989	72,222	67,890
Loans and borrowings - term portion	**-**	-	-	-	20,500	27,500	35,000
Term liabilities	**18,227**	19,251	20,978	3,511	1,618	2,029	3,728
Loans and borrowings – current portion	**-**	-	-	15,800	-	4,000	6,500
Current liabilities	**22,686**	21,880	21,453	17,033	22,227	27,253	25,739
Shareholders' equity and total liabilities	**$91,433**	$78,902	$78,023	$69,981	$99,334	$133,004	$138,857
Property, plant and equipment	**10,234**	14,306	12,094	22,725	30,164	35,142	37,123
Right-of-use assets	**8,616**	9,280	9,968	430	-	-	-
Investment in equity-accounted investees	**-**	-	-	-	-	24,544	23,490
Goodwill and other intangibles	**-**	-	-	-	-	2,362	2,362
Deferred tax asset	**576**	532	732	600	5,456	4,971	5,532
Non-current assets	**19,426**	24,118	22,794	23,755	35,620	67,019	68,507
Cash and bank	**39,319**	14,874	22,508	1,276	2,724	2,111	1,255
Current assets	**32,688**	39,910	32,721	44,950	60,990	63,874	69,095
Total assets	**$91,433**	$78,902	$78,023	$69,981	$99,334	$133,004	$138,857

	2023 $000	2022 $000	2021 $000	2020 $000	2019 $000	2018 $000	2017 $000
Abnormal items (after tax)							
Cyclone Gabrielle related income	**35,500**	-	-	-	-	-	-
Cyclone Gabrielle related expenses	**(14,464)**	-	-	-	-	-	-
Impairment of assets	**(7,644)**	-	-	(5,095)	(4,413)	-	-
Impairment of right-of-use assets	**-**	-	-	(2,094)	-	-	-
Impairment of intangible assets	**-**	-	-	-	(2,362)	-	-
Impending change in legislation relating to tax depreciation on buildings	**-**	-	-	2,940	-	-	-
Derecognition of deferred tax assets	**-**	-	-	(12,891)	-	-	-
Restructuring costs	**-**	-	(1,271)	(854)	-	136	(4,542)
Reversal of impairment of fixed assets	**-**	-	-	-	-	99	1,083
Gain on sale of property	**-**	-	2,624	-	-	-	-
Scour merger costs	**-**	-	-	-	-	(128)	(738)
Gain on merger and dilution of equity-accounted investee	**-**	-	-	-	-	-	3,929
Loss on sale of interest in, and property held by, equity-accounted investees	**-**	-	-	-	(11,884)	-	-
Reversal of normalised tax expense	**-**	505	-	-	-	-	-
Total	**$13,392**	$505	$1,353	($17,994)	($18,659)	$107	($268)

Bremworth Limited and subsidiary companies

Trend Statement (continued)

	2023	2022	2021	2020	2019	2018	2017
Financial Ratios and Summary							
Use of Funds and Return on Investment							
Return on average shareholders' equity (normalised) - %	**(5.3%)**	4.7%	1.1%	(7.8%)	3.0%	5.7%	(2.7%)
Basic earnings per ordinary share (normalised) - cents	**(3.38)**	2.51	0.55	(5.03)	2.74	5.79	(2.70)
Diluted earnings per ordinary share (normalised) - cents	**(3.31)**	2.46	0.54	(5.03)	2.74	5.79	(2.70)
Financial Structure							
Net tangible asset backing per ordinary share - $	**$0.59**	$0.40	$0.36	$0.47	$0.72	$0.94	$0.87
Equity ratio - %	**55.3%**	47.9%	45.6%	48.1%	55.4%	54.3%	48.9%
Return to Shareholders							
Dividends paid per ordinary share	**-**	-	-	-	-	-	-
Share Price							
30 June	**$0.400**	$0.465	$0.490	$0.220	$0.320	$0.620	$0.350
52 week high	**$0.640**	$0.850	$0.490	$0.380	$0.680	$0.630	$0.950
52 week low	**$0.295**	$0.445	$0.205	$0.160	$0.310	$0.270	$0.330
Market Capitalisation ($000)							
30 June	**$28,028**	$32,168	$33,653	$15,109	$21,977	$42,581	$24,038
Capital Expenditure and Depreciation ($000)							
Capital expenditure	**$1,956**	$2,898	$2,481	$2,119	$4,705	$1,622	$2,123
Depreciation - owned assets	**$845**	$683	$379	$2,418	$3,479	$3,561	$3,251
Depreciation - right-of-use assets	**$994**	$954	$534	$1,779	$0	$0	$0

Bremworth Limited and subsidiary companies

Trend Statement (continued)

Glossary of financial terms

EBITDA	Earnings before interest, tax, depreciation and amortisation
EBIT	Earnings before interest and tax
EBITDA (normalised)	Earnings before abnormal costs, interest, tax, depreciation and amortisation
EBIT (normalised)	Earnings before abnormal costs, interest and tax
Net assets	Total assets less total liabilities

Use of funds and Return on investment

Return on average shareholders' equity (normalised)	Profit/(Loss) after tax (normalised) / Average shareholders' equity
Basic earnings per ordinary share (normalised)	Profit/(Loss) after tax (normalised) / Weighted average number of ordinary shares on issue during the year
Diluted earnings per ordinary share (normalised)	Profit/(Loss) after tax (normalised) / Weighted average number of ordinary shares on issue during the year (including the maximum number of shares that could be issued under the Company's LTI Scheme and the Bremworth Option Scheme)

Financial structure

Net tangible asset backing per ordinary	Net assets less goodwill and intangible assets / Number of ordinary shares on issue at balance date
Equity ratio	Shareholders' equity / Shareholders' equity and total liabilities

Bremworth Limited and subsidiary companies

Disclosure of Non-GAAP Financial Information

The Directors acknowledge that the Annual Report, including the Trend Statement from pages 50 to 52, contains financial information that is non-GAAP (Generally Accepted Accounting Practice) and therefore falls within the Financial Markets Authority's guidance note on "Disclosing non-GAAP financial information" issued in July 2017.

The Trend Statement has been prepared using the unaudited GAAP-compliant financial statements of the Group.

The Directors believe that the non-GAAP financial information contained within the Trend Statement (more particularly, the non-GAAP measures of financial performance such as *"EBITDA (normalised)"*, *"EBIT (normalised)"*, *"Profit before income tax (normalised)"* and *"Profit after tax (normalised)"* as well as the various other financial ratios that are based on normalised results – for example, earnings per share) provide useful information to investors regarding the performance of the Group because the calculations exclude restructuring costs and other gains/losses (for example, gain/loss on sale of property and investments) that are not expected to occur on a regular basis either by virtue of quantum or nature.

In arriving at this view, the Directors have also taken cognisance of the regular requests by users of the consolidated financial statements, including analysts and shareholders, regarding the nature and quantum of abnormal items within the GAAP-compliant results and the way analysts distinguish between GAAP and non-GAAP measures of profit.

The disclosure of the non-GAAP financial information is also consistent with how the financial information for the Group is reported internally, and reviewed by the Chief Executive Officer as its chief operating decision maker, and provides what the Directors and management believe gives a more meaningful insight into the underlying financial performance of the Group and a better understanding of how the Group is tracking after taking into account items of an abnormal nature, including items that are unlikely to recur or otherwise unusual in nature.

Non-GAAP financial information does not have standardised meaning prescribed by GAAP and therefore may not be comparable to similar financial information prescribed by other entities.

In collating the Trend Statement, the Directors have taken into account all of the requirements within the guidance note. More specifically, these include:

- outlining why non-GAAP financial information is useful to investors and how it is used internally by management;
- identifying the source of non-GAAP financial information;
- ensuring that:
    - non-GAAP financial information is not presented with undue and greater prominence, emphasis or authority than the most directly comparable GAAP financial information;
    - presentation of non-GAAP financial information does not in any way confuse or obscure presentation of GAAP financial information;
    - a reconciliation from the non-GAAP financial information to the most directly comparable GAAP financial information, including that for the previous period, can be easily accessed (see below);
    - a consistent approach is adopted from period to period with respect to the presentation of non-GAAP financial information, including that for comparative periods;
    - where there is any change in approach from the previous period, the nature of the change is explained and the reasons and financial impact provided;
    - non-GAAP financial information is unbiased; and
- taking care when describing, or referring to, items as 'one-off' or 'non-recurring'.

Bremworth Limited and subsidiary companies

Disclosure of Non-GAAP Financial Information (continued)

Reconciliation of GAAP-compliant to non-GAAP-compliant measures of profit after tax

	Year ended 30 June 2023			Year ended 30 June 2022		
	GAAP $000	Adjustments $000	Normalised $000	GAAP $000	Adjustments $000	Normalised $000
Revenue	**$89,689**	**-**	**$89,689**	$95,485	-	$95,485
EBITDA	**13,678**	**(13,392)**	**286**	4,918	-	4,918
Depreciation - owned assets	**(845)**	**-**	**(845)**	(683)	-	(683)
Depreciation - right-of-use assets	**(994)**	**-**	**(994)**	(954)	-	(954)
Depreciation - recycled through inventory	**-**	**-**	**-**	194	-	194
EBIT	**11,839**	**(13,392)**	**(1,553)**	3,475	-	3,475
Finance costs	**(1,045)**	**-**	**(1,045)**	(1,029)	-	(1,029)
Finance income	**502**	**-**	**502**	159	-	159
Profit before tax	**11,296**	**(13,392)**	**(2,096)**	2,605	-	2,605
Tax expense	**(263)**	**-**	**(263)**	(365)	(505)	(870)
Profit after tax	**$11,033**	**(13,392)**	**(2,359)**	$2,240	(505)	1,735
Abnormal gains after tax		**13,392**	**13,392**		505	505
Profit after tax (GAAP)		**$0**	**$11,033**		$0	$2,240
Analysis of abnormal items	**Profit before tax $000**	**Tax effect $000**	**Profit after tax $000**	**Profit before tax $000**	**Tax effect $000**	**Profit after tax $000**
Cyclone Gabrielle related income	**35,500**	**-**	**35,500**	-	-	-
Cyclone Gabrielle related asset write offs and expenses	**(22,108)**	**-**	**(22,108)**	-	-	-
Reversal of normalised tax expense	**-**	**-**	**-**	-	505	505
	$13,392	**$0**	**$13,392**	$0	$505	$505

Calculation of basic and diluted earnings per share under GAAP and non-GAAP measures of profit after tax	**GAAP-compliant reported profit after tax**	**Reverse abnormal items (net of tax) where applicable**	**Non-GAAP-compliant normalised profit after tax**
Year ended 30 June 2023			
Profit attributable to shareholders ($000)	**$11,033**	**($13,392)**	**($2,359)**
Weighted average number of ordinary shares (basic)	**69,771,837**		**69,771,837**
Earnings per share (basic) (cents)	**15.81**		**(3.38)**
Weighted average number of ordinary shares (diluted)	**71,364,576**		**71,364,576**
Earnings per share (diluted) (cents)	**15.46**		**(3.31)**

Year ended 30 June 2022			
Profit attributable to shareholders ($000)	$2,240	($505)	$1,735
Weighted average number of ordinary shares (basic)	69,081,838		69,081,838
Earnings per share (basic) (cents)	3.24		2.51
Weighted average number of ordinary shares (diluted)	70,659,533		70,659,533
Earnings per share (diluted) (cents)	3.17		2.46