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2014
ANNUAL
REPORT

MySale Group Plc
Corporate directory
30 June 2014

| | |
|-----------------------------|--|
| Directors | David Mortimer AO - Independent Non-Executive Chairman Jamie Jackson - Executive Director and Vice Chairman Carl Jackson - Executive Director and Chief Executive Officer Andrew Dingle - Executive Director and Chief Financial Officer Adrian MacKenzie - Independent Non-Executive Director |
| Head office | 5/111 Old Pittwater Rd, Brookvale, NSW 2100, Australia |
| Company secretary | Prism Cossec Limited, 10 Margaret Street, London, W1W 8RL |
| Registered office | Ogier House, The Esplanade, St. Helier, JE4 9WG, Jersey |
| Principal place of business | United Kingdom: 959 Fulham Rd, London SW6 6HY Australia: 5/111 Old Pittwater Rd, Brookvale, NSW 2100 United States: 1107 S.Boyle Avenue, Los Angeles, CA 90023 |
| Auditor | PricewaterhouseCoopers,1 Embankment Place, London WC2N 6RH |
| Solicitors | United Kingdom: Linklaters LLP, One Silk Street, London, EC2Y 8HQ Australia: Clayton Utz, Level 15, 1 Bligh Street, Sydney, NSW 2000 Jersey: Ogier, Ogier House, The Esplanade, St Helier, Jersey, JE4 9WG |
| Website | www.mysalegroup.com |
| Nominated brokers | Macquarie Capital (Europe) Ltd, Level 7, 28 Ropemaker Street, London, EC2Y 9HD Zeus Capital Limited, 23 Berkeley Square, Mayfair, London, W1J 6HE |
| Company registrars | Computershare Investor Services (Jersey) Limited Queensway House, Hilgrove Street, St Helier, Jersey JE1 1ES |
| Company number | 115584 |

MySale Group Plc
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30 June 2014

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MySale Group Plc
Strategic report
30 June 2014

Business review

During the financial year ended 30 June 2014, an internal reorganisation took place in preparation of the admission of the group on the Alternate Investment Market ('AIM'), a market regulated by London Stock Exchange Plc. This resulted in a newly incorporated company, MySale Group Plc (previously known as MySale Group Limited ('MySale' or the 'company')), together with its subsidiaries, the 'group'. becoming the legal parent of the group.

The commentary below is therefore based on the group's performance for the entire financial year.

Total revenue for the year ended 30 June 2014 was A\$224.4 million. This was in line with internal forecasts and represents an increase of 23.3% on the prior year.

Highlights for the year:

- The membership base has increased from 8.3 million to 12.5 million during the year with active members (customers purchasing in the last 12 months) increasing from 696,281 to 826,654;
- Active customer spend for the year has increased from A\$261 in FY13 to A\$280 in FY14;
- New Buying offices were opened in New York, Florence and London and a new warehouse was opened in Orlando, Florida;
- Acquisition of Cocosa Lifestyle Limited completed May 2014;
- 22% pre-IPO investment by Shelton Capital Limited, which is ultimately owned by Lady Cristina Green (owner of the Arcadia group); and
- 4.8% post-IPO investment by the Sports Direct Group.

Financial Review

Gross margin in our core ANZ market remains strong at 28.3%. Overall gross margin is also strong at 26.9% particularly as the company is aggressively expanding the business into Asia. Gross margins remain robust for a business of this nature reflecting its marketplace model and very low inventory risk. Revenue in Asia has increased from A\$11.7 million to A\$22 million in 2014.

The business has continued to focus aggressively on international expansion outside the ANZ region leveraging the sourcing and operational investment already made in the US and UK. With all the planned websites successfully launched, the focus is on acquiring new members in those markets, identifying which markets are performing ahead of the our forecast and scaling rapidly.

During 2014, the company significantly increased its international expansion plans, in particular, investing in buying and management teams, opening new facilities and developing relationships with key suppliers, ahead of entering into new markets. Operating costs are within our forecast range, we continue to be vigilant on managing expense growth in the business.

A one-off non-recurring cost related to the AIM admission of A\$9.8 million was booked to the profit or loss this financial year. The results were also affected by a non-cash fair value adjustment loss for the preference shares of A\$51.2 million.

Investment in capital expenditure for the year was A\$3.5 million, an increase of A\$1 million in FY13. The company has continued to expand its IT development teams internationally with the key focuses being on mobile platform, data, digital marketing and the ERP system. Additional investment in the company's warehouse and office facilities has also occurred as part of the company's global expansion program.

As at 30 June 2014, MySale had cash balances (including cash equivalents) of A\$77.3 million.

Strategy

MySale is pursuing six growth strategies:

1. *Continue to grow active membership base*
The business has significantly increased its investment in acquiring new members through the use of Google and Facebook marketing during the year. Additional focus in the region on above the line strategies in the first half of FY15 will support the continued growth in the membership base.
2. *Expansion into new geographies*
Since the listing, the company has opened new MySale online sites in the UK, US, Korea and Hong Kong. In addition, it has relaunched the Cocosa brand, which was acquired in May 2014, in the UK market. Plans are at an advanced stage to launch this brand in the ANZ region.

3. *Implement initiatives to increase member activation, repeat purchase, average basket and retention*
The company is currently working on initiatives to broaden its activation channels and has implemented a new program focused on member reactivation. We expect to see the benefit of these initiatives in the first half of FY15.
4. *Broaden and deepen supplier base and online flash sales events*
During the financial year, the group introduced a new travel category on the ANZ websites and also increased the range of products sourced from the UK, US and other European markets. The company also launched flash sale campaigns with the Arcadia group, including Burton Menswear, British Home Stores and TOPSHOP and Sports Direct International. It has completed the integration of Sports Direct and is now powering Sports Direct e-commerce business into the ANZ region.
5. *Continue to invest in its mobile platform*
The group continues to upgrade the functionality of its mobile platforms to improve the user experience. Recent improvements include push notifications, Android applications and the launch of the new Windows App.
6. *Pursue acquisitions and joint venture partner opportunities*
Having recently completed the acquisition of Cocosa Lifestyle Ltd and acquiring a controlling stake in a Nordic flash sale business, the group continues to review a number of opportunities.

Current trading and outlook

We remain committed to our strategy of working with our international brand partners providing them with a marketplace solution to access the MySale membership base and dispose of excess inventory. The group's global membership footprint allows brands to take advantage of Northern and Southern hemisphere contra-seasons opportunities. Strategically the Central hemisphere South East Asia region remains at the core of the long term growth strategy. The business has continued to focus aggressively on international expansion outside the ANZ region leveraging the sourcing and operational investment already made in the US and UK.

Our long term growth prospects are further underpinned by the 22% Pre-IPO investment by Shelton Capital Limited and the 4.8% post-IPO investment by the Sports Direct Group. We are now in the process of leveraging the commercial opportunities with flash sales campaigns launched with Arcadia brands including TOPSHOP. The company is providing e-commerce support and other services to Sports Direct, to support the growth of the Sports Direct brands in ANZ.

The group has executed its strategy in terms of opening new websites and now operates 14 websites in 10 countries, including the launch in the UK and US markets. The UK performance will be further underpinned by the roll-out of the recently acquired Cocosa brand.

The group has also acquired a 60% share in the Danish flash sale website Invitetobuy which gives it a platform to expand the MySale brand into the Nordic markets Denmark, Norway, Sweden and Finland.

Principal risks and uncertainties

The management of the business and the execution of the group's growth strategies are subject to a number of risks which could adversely affect the group's future development. The following is not an exhaustive list or explanation of all risks and uncertainties associated with the group, but those considered by management to be the principal risks:

Membership base

The group needs to attract new 'active' members, in sufficient numbers, especially in markets where the group already has a degree of market penetration, such as ANZ. In order to expand its membership base, the group is appealing to members who have historically used other methods to purchase products, such as in-store, retailers' own websites or the websites of the group's competitors. The 'flash sales' model operated by the group needs to continue to be successful. The group's strategies require existing members to make repeat purchases of products from the group. The group's current 'lapsed client strategy' uses personalised emails, vouchers and prompting emails to attempt to re-engage members to purchase product regularly. If these strategies fail, the group's membership base may be reduced which could have an adverse effect on the group's results of operations, financial condition and financial results.

Cost efficiencies

The group targets a 'cost per acquisition' ('CPA') that is acceptable based on the expected member value and the group's likelihood of recovering the acquisition costs. Increasing the group's membership base is necessary to avoid the group incurring significantly higher marketing expenses and as a result, higher CPA, which could have an adverse effect on the group's results of operations, financial condition and financial results.

Strategies and expansion plans

The group's strategies and expansion plans, particularly into new geographies, may result in unforeseen costs or require significant management attention or resources. The group may not perform to expectations and, in the case of new geographies, prove to be unsuccessful. In new markets, the group is required to develop banking and merchant solutions, delivery solutions and expand its infrastructure of people and information systems and train and manage its expanding employee base. In new jurisdictions, the group may compete with companies already operating in the relevant market, and these companies may understand the local market better than the group. Unsuccessful attempts at expansion into new jurisdictions could damage the group's reputation, incur significant unanticipated costs and as a result, adversely affect the group's business, prospects, results of operations and financial results.

Product inventory

The group requires a continuous source of inventory, from existing suppliers or new suppliers, at favourable prices, on favourable terms, in a timely manner and/or in sufficient volume. A key driver for the group's success is its ability to source product from a wide variety of brands, styles, categories and product types at discounted prices. The group does not have contractual assurances of continued supply, pricing or access to new products from existing suppliers. However, the group maintains strong relationships with suppliers and provide them with an effective mechanism to distribute their products. To maintain its reputation, the group depends on suppliers to provide high quality, genuine, product merchandise that meets with members' expectations. If the group is unable to continue to source such products, member engagement and purchases would likely reduce while costs increase and as a result, the group's results of operations, financial condition and financial results could be adversely affected.

Growth in e-commerce and flash sales

The business of selling products over the internet, particularly on the flash sales model, is dynamic and relatively new. The market segment for the flash sales model has grown significantly, and this growth may not be sustainable. If members cease to find the flash sales model shopping experience fun, entertaining and good value, or otherwise lose interest in shopping in this manner, the group's member base and buying patterns may decline.

Global economy

The group's performance is subject to global economic conditions. Deterioration in these conditions may reduce consumer spending, particularly on discretionary items, which includes the group's merchandise. Adverse economic changes in any of the regions in which the group sells its products could reduce consumer confidence and could negatively affect net sales and have an adverse effect on the group's operating results.

Technology and emails

The group's IT systems are integral to its operations. The technology supports the group's websites and mobile applications, logistics management, product information management, administration management systems, security systems and a third-party data centre hosting facility. If the IT systems do not function properly there could be system disruptions, corruptions in databases or other electronic information, delays in sales events, delays in transaction processing, website slowdown or unavailability, loss of data or the inability to accept and fulfil member orders which, if sustained or regular, could adversely affect the group's business, results of operations, financial condition and financial results.

The group's business is highly dependent on engaging with members via daily emails and other messaging services. These inform members of the day's sales events, prompting them to visit the relevant website and purchase products. The group relies on the successful delivery of emails or other messages to members and also that members actually open and read the emails. Webmail prioritisation, 'spam' and blocking filters and local laws on sending emails could affect the group's business, prospects, results of operations and financial results.

Competition

Competitive pressures, changes in product and fashion and hence consumer demand are continuing risks which could result in the loss of sales. The group manages this risk by the continuous sourcing of new products, adding new sales categories and marketing to stimulate customer interest and by maintaining strong relationships with customers.

The group does not take delivery of products from supplier until after it has been ordered by members and therefore delivery times may be longer than other competitors. If the group seeks to decrease delivery times in order to tackle the competition and meet member demand, additional shipping costs are likely to be incurred. These costs may not be able to be passed on in full or at all to members. Alternatively, the group may be required to change its operations to carry additional inventory and face additional inventory risk.

Logistics and distribution networks

The group uses a third-party logistics provider to manage and process product sourced from China and to ship product directly to members. There is a risk that the group may experience network interruptions (including third parties' delivery services) which may prevent the timely or proper delivery of products. These could damage the group's reputation, deter repeat customers, deter suppliers from dealing with the group and adversely affect its business, results of operations and financial results.

Loss of people

The group's senior executive team is instrumental in implementing the group's business strategies and executing business plans which support the business operations and growth. The buying teams have strong supplier relationships which are central to the group's ability to source discounted, quality products. Service agreements are in place and the risk of the loss of key personnel is mitigated by regular reviews of remuneration packages (including long term incentive schemes) and succession planning within the team.

Trademarks and brand reputation

Maintaining and enhancing the brand is critical to the group's strategies going forward. If the group fails to meet member (and supplier) expectations, negative publicity, unfavourable member reviews and complaints on social media platforms could damage the brand and reduce consumer use of the group's websites. If the group fails to maintain the brand or if excessive expenses are incurred in this effort, the group's business, results of operations, financial condition and financial results may be materially and adversely affected. As with all brands, the group is exposed to risk from unauthorised use of the group's trademarks and other intellectual property. Any infringement could lead to a loss in profits and have a negative impact on image and continued success. Trademarks are registered and where any infringements are identified, appropriate legal action is taken.

Changes in indirect tax rules

Changes in local indirect tax, such as the Goods and Services Tax ('GST') in Australia, and duty treatment of any of the markets in which the group operates could have an impact on the sales of imported brands in those markets. Reducing the indirect tax threshold on imported goods could reduce the attractiveness of the group's offers and have a material and adverse effect on the group's financial condition and financial results.

Cash

The management of cash is of fundamental importance. The increase in cash in the year reflects the additional funds raised in the listing net of Joint Broker and Joint Bookrunner costs (£35.2 million) less funds used in the business. At the reporting date the group had a cash balance of A\$77.3 million (2013: A\$15.1 million). As mentioned above, the group was admitted to the AIM and this provided the group with sufficient working capital to carry out its expansion plans. The group is on a firm financial footing and confident of its ability to continue as a going concern.

Corporate social responsibilities

The group's approach is to make a positive difference to the people, environment and communities in which it works. Examples of our approach include engaging not for profit employment agencies, to motivate and upskill the local unemployed community to sustain employment with MySale and investing in warehousing training programs such as a Certificate 3 in Warehousing and Logistics for our Australian staff. To reduce waste and the impact on our environment we do not put copies of customer invoices in our parcels, but rather provide them online.

People

Equal opportunity

The group is committed to an active equal opportunities policy. It is the group's policy to promote an environment free from discrimination, harassment and victimisation, where everyone will receive equal treatment regardless of gender, colour, ethnic or national origin, disability, age, marital status, sexual orientation or religion. Employment practices are applied which are fair, equitable and consistent with the skills and abilities of the employees and the needs of the group.

MySale Group Plc
Strategic report
30 June 2014

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the group continues and that appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Employee consultation

The group places considerable value on the involvement of its employees and has a practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the group, which is achieved through formal and informal meetings. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

We would like to thank the entire MySale team for their continued hard work during the financial year and welcome our new shareholders.

By Order of the Board.



David Mortimer AO
Chairman
London
14 September 2014

MySale Group Plc
Corporate governance
30 June 2014

As the company is admitted to AIM, a market regulated by London Stock Exchange Plc, group is not required to comply with any particular corporate governance code. However, the directors recognise the value and importance of high standards of corporate governance and acknowledge the importance of the principles set out in Quoted Companies Alliance ('QCA') Corporate Governance Code for Small and Mid-sized Quoted Companies 2013 (the 'QCA Code'). The Board will therefore apply the principles of the QCA Code where they consider it appropriate for a company of MySale's size and nature.

The Board of Directors

The company was incorporated on 28 April 2014 and was admitted to AIM on 16 June 2014. On admission, and as at the date of approval of these financial statements, the Board consisted of five directors: three executive and two non-executives. Both non-executive directors are considered independent under the criteria identified in the QCA Code and together they bring considerable knowledge, skills and experience to the Board and its deliberations. The members of the Board are:

| | |
|-------------------|--|
| David Mortimer AO | Independent Non-Executive Chairman |
| Jamie Jackson | Executive Director and Vice Chairman |
| Carl Jackson | Executive Director and Chief Executive Officer |
| Andrew Dingle | Executive Director and Chief Financial Officer |
| Adrian Mackenzie | Independent Non-Executive Director |

Biographies for each of the directors are set out in the Directors' report under 'Directors and their interests'.

On admission, the Board adopted a schedule of matters reserved to its attention which include:

- overall business strategy of the group;
- review of key operational and commercial matters;
- review of key financial matters, including changes to the group's capital structure, borrowing facilities, acquisitions, disposals and material capital expenditure;
- membership of the Board and its standing Committees, including delegation of authority to the Audit and Remuneration Committees;
- approval of full year and half-year financial statements and any interim management statements or other financial disclosures;
- regulatory and shareholder communications; and
- appointment and performance review of key advisors

The Board meets formally on a regular basis to consider strategy, performance and the framework of internal controls. Prior to each meeting, all directors receive appropriate and timely information including briefing papers which enable them to discharge their duties. Directors have access to the advice and services of the company secretary and external legal and financial advisers who together provide guidance and confirmation that Board procedures are followed and applicable rules and regulations are complied with. With the prior approval of the chairman, directors are able to obtain independent professional advice in the furtherance of their duties, at the company's expense.

Details of the service contracts of the executive directors and the letters of appointment of the non-executive directors are set out in the Directors' remuneration report.

In order to facilitate the business of the group, the Board has established an Audit Committee and a Remuneration Committee and has delegated certain of its responsibilities as appropriate and in line with the recommendations of the QCA Code.

Audit Committee

The Audit Committee has the primary responsibility for monitoring the adequacy and effectiveness of the group's systems of internal financial control and risk management, ensuring that the financial performance of the company is properly measured and reported on, reviewing and challenging reports from management and the external auditor relating to the group's accounting and internal controls and appraising the need for an internal audit function, in all cases having due regard to the interests of shareholders. The full terms of reference of the Audit Committee are available on the company's website.

The members of the Audit Committee are:

| | |
|-------------------|--------|
| David Mortimer AO | Chair |
| Adrian Mackenzie | Member |

MySale Group Plc
Corporate governance
30 June 2014

The Audit Committee did not meet during the period from admission, being 16 June 2014, to the end of the financial year. The Audit Committee will meet at least three times a year and otherwise as required by the company's financial reporting and audit cycle. The Chief Financial Officer has a standing invitation to attend all meetings of the Audit Committee. The remaining executive directors, other members of the senior management team or the company's advisers may be invited to attend all or part of any Audit Committee meeting where appropriate and minutes of meetings will be circulated to all Board members unless it would be inappropriate to do so.

Remuneration Committee

The Remuneration Committee is responsible for reviewing the performance of the executive directors and for determining the terms and conditions of their employment, level of remuneration including short-term and long-term incentives, having due regard to the interest of shareholders in all matters. The full terms of reference of the Remuneration Committee are available on the company's website.

Details on the structure of the company's remuneration policy and the emoluments paid to the Board members during the financial year are set out in the Directors' remuneration report.

The members of the Remuneration Committee are:

| | |
|-------------------|--------|
| Adrian Mackenzie | Chair |
| David Mortimer AO | Member |

The Remuneration Committee did not meet during the period from admission, being 16 June 2014, to the end of the financial year. The Remuneration Committee will meet at least twice a year and otherwise as required. The executive directors, head of human relations or the company's advisers may be invited to attend all or part of any Remuneration Committee meeting where required and minutes of meetings will be circulated to all Board members unless it would be inappropriate to do so.

Internal financial controls

The Board place considerable importance on maintaining full control and direction over appropriate strategic, financial, organisational and compliance issues, and have put in place an organisational structure with formally defined lines of responsibility and delegation of authority. There are established procedures for planning and capital expenditure, for information and reporting systems and for monitoring the group's business and its performance. Adherence to specified procedures is required at all times and the Board actively promotes a culture of quality and integrity. Since admission, compliance is monitored by the Audit Committee which, in turn, reports its findings to the Board.

The Board, via delegated authority to the Audit Committee, is also responsible for the group's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The agreed processes include comprehensive budgeting systems with an annual budget approved by the Board, monthly consideration of actual operational results compared with budgets, forecasts and regular reviews by the Board of year end forecasts. The Board reports to shareholders half-yearly.

The group's control systems address key business and financial risks. Matters arising are reviewed on a regular basis.

MySale Group Plc
Directors' remuneration report
30 June 2014

As a company admitted to AIM, MySale is not required to prepare a Directors' remuneration report. The following narrative disclosures are prepared on a voluntary basis for the group and are not subject to audit, unless otherwise specified.

Principles used to determine the nature and amount of remuneration

The objective of the group's remuneration framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns the remuneration for executive directors and key senior management with the achievement of strategic objectives and the creation of value for shareholders. The Board of Directors ('the Board') ensures that the remuneration for executive directors and key senior management satisfies the following key criteria for good reward governance practices:

- is competitive and is acceptable to shareholders;
- aligns executive compensation with company performance and shareholder return; and
- is transparent.

The Remuneration Committee, as detailed in the Corporate governance, is responsible for reviewing the performance of the executive directors and senior employees of the group and for determining the terms and conditions of their employment, level of remuneration including short-term and long-term incentives, having due regard to the interest of shareholders in all matters.

The Remuneration Committee did not meet during the period from AIM admission, being 16 June 2014, to the end of the financial year. The Remuneration Committee will meet at least twice a year and otherwise as required.

Remuneration of directors

The fees payable to the directors shall not exceed an aggregate amount of £1,500,000 per annum or such greater amount as shall be determined by the company by ordinary resolution. This is distinct from any salary, remuneration or other amount which may be payable to the directors.

The directors are entitled, under the Articles, to be paid all reasonable expenses as they may properly incur in attending meetings of the directors or of any committee of the directors or shareholders meetings or otherwise in connection with the discharge of their duties.

Executive directors' remuneration

The group's remuneration policy for executive directors considers a number of factors and is designed to:

- have regard to the director's experience and the nature and complexity of their work in order to pay a competitive salary, in line with comparable companies, that attracts and retains directors of the highest quality;
- reflect the director's personal performance;
- link individual remuneration packages to the group's long term performance and continued success of the group through the award of annual bonuses and share-based incentive schemes;
- provide post-retirement benefits through contributions to individual's pension schemes; and
- provide employment-related benefits including the provision of a company car or cash alternative, life assurance, insurance relating to the director's duties, housing allowance, medical insurance and permanent health insurance.

Directors' service agreements, salaries, bonuses and other incentive schemes

Each executive director has a service contract with the group, dated 10 June 2014. The basic annual salaries and key benefits are as follows:

| Executive director | Base salary | Statutory superannuation | Motor Vehicle Allowance | Group entity with which the contract is with |
|--------------------|-------------|--------------------------|-------------------------|--|
| Jamie Jackson | £150,000 | - | £18,000 | MySale Group Plc |
| Carl Jackson | A\$275,000 | A\$26,125 | A\$30,000 | Ozsale Pty Limited |
| Andrew Dingle | A\$275,000 | A\$26,125 | - | Ozsale Pty Limited |

Executive directors' salaries will be reviewed annually in line with the remuneration reviews for all other group employees.

MySale Group Plc
Directors' remuneration report
30 June 2014

Executive director's employment contracts are continuous. They may be terminated by either party by 6 months' written notice. The company may at its sole and absolute discretion terminate the employment of an executive director by making a payment in lieu of any unexpired notice period equal to their basic salary. Executive directors have agreed to confidentiality undertakings, without limitation as to time, and has agreed to non-compete, non-solicitation of staff and non-interference in supply restrictive covenants that apply for a period of 12 months following termination of employment with the group.

Executive directors are eligible to participate in a discretionary annual bonus scheme on the terms decided by the Remuneration Committee and may also participate in any benefits arrangements the group has in place for categories of employees of which he or she is a member, subject to and in accordance with the terms and/or rules of those arrangements from time to time.

Non-executive directors' remuneration

The remuneration of non-executive directors is a matter for the Chairman of the Board and the executive directors and no director is involved in any decisions as to their own remuneration.

David Mortimer AO and Adrian Mackenzie were appointed as non-executive directors on 28 May 2014, and entered into letters of appointment on 3 June 2014 and 11 June 2014, respectively. Each receives a fee for their services which takes into account the role undertaken. They do not receive any pension or other benefits from the group, nor do they participate in any of the share option or bonus schemes.

With effect from AIM admission, the annual fees for non-executive directors are as follows:

| Non-executive director | Base Fee | Group entity with which the contract is with |
|------------------------|----------|--|
| David Mortimer AO | £100,000 | MySale Group Plc |
| Adrian MacKenzie | £40,000 | MySale Group Plc |

The appointment of any non-executive director is terminable on three months' written notice.

The following information is subject to audit.

Directors' remuneration for the year ended 30 June 2014 was as follows:

| | Basic salary/ Fees | Bonus | Taxable Benefits | Pension contributions | Total 2014 | Total 2013 |
|---------------------------------|-----------------------|------------|---------------------|--------------------------|---------------|---------------|
| <i>Non-executive directors:</i> | | | | | | |
| David Mortimer AO * | - | - | - | - | - | - |
| Adrian MacKenzie * | - | - | - | - | - | - |
| <i>Executive directors:</i> | | | | | | |
| Jamie Jackson ** | A\$482,841 | A\$200,000 | A\$44,714 | - | A\$727,555 | A\$412,284 |
| Carl Jackson ** | A\$378,458 | - | A\$12,491 | A\$25,000 | A\$415,949 | A\$407,677 |
| Andrew Dingle ** | A\$269,711 | - | - | A\$24,948 | A\$294,659 | - |

* Remuneration from date of appointment as director

** Remuneration for the entire year the group was in operation

MySale Group Plc
Directors' remuneration report
30 June 2014

The company established two employee share plans prior to the AIM listing: (i) the Executive Incentive Plan ('EIP') and (ii) the Loan Share Plan ('LSP').

(i) The Executive Incentive Plan

Andrew Dingle had a previous entitlement to a cash bonus of A\$750,000 which became payable on AIM admission. He agreed to defer the payment and take it in the form of a conditional award under the EIP. The award converts the cash due to him into ordinary shares at the Placing Price of £2.26 with an A\$75,000 enhancement. Total ordinary shares are 201,115. The award will vest 12 months after AIM admission (16 June 2015) and is not subject to any performance conditions but is subject to continued employment.

(ii) Loan Share Plan

The emoluments disclosed above do not include any amounts for the value of share awards granted to the directors who have been selected to participate in the LSP. The LSP enables employees selected to participate to buy or subscribe for ordinary shares using a loan from the company. The ordinary shares are bought on the market or are subscribed at market value. The loan is then repayable and the ordinary shares may be sold to repay the loan on vesting. The loan is interest-free and recourse is limited to the value of the ordinary shares bought with it. 50% of the ordinary shares will vest two years after and the balance three years after AIM admission however vesting is subject to the Remuneration Committee being satisfied that the underlying performance of the group justifies vesting. In determining this the Remuneration Committee will have regard to revenue and Earnings Before Interest, Tax, Depreciation and Amortisation ('EBITDA') included in the company's internal forecasts as at the date of allocation.

Shares granted under the approved Loan Share scheme are as follows:

| | Balance 1 July 2013 | Granted | Exercised | Balance 30 June 2014 | Exercise price (£) | Date of exercise | Market price on exercise (£) |
|-------------------|------------------------|---------|-----------|----------------------------|--------------------------|---------------------|---------------------------------------|
| David Mortimer AO | - | - | - | - | - | - | - |
| Adrian MacKenzie | - | - | - | - | - | - | - |
| Jamie Jackson | - | - | - | - | - | - | - |
| Carl Jackson | - | 111,499 | - | 111,499 | £2.26 | | |
| Andrew Dingle | - | 70,182 | - | 70,182 | £2.26 | | |

Share price information

The market price of MySale Group Plc ordinary shares at 30 June 2014 was £2.13 and the range during the period from AIM admission, 16 June 2014 to 30 June 2014 was between £1.87 and £2.27.

MySale Group Plc
Directors' report
30 June 2014

The directors present their report, together with the financial statements and independent auditor's report, on the consolidated entity (referred to hereafter as the 'consolidated entity' or 'group') consisting of MySale Group Plc and its subsidiaries at the end of, or during, the year ended 30 June 2014.

Directors

The directors who have served on the Board of MySale Group Plc during the period from incorporation (28 April 2014) and up to the date of this report are set out below:

David Mortimer AO (appointed on 28 May 2014)
Jamie Jackson (appointed on 28 May 2014)
Carl Jackson (appointed on 28 May 2014)
Andrew Dingle (appointed on 28 May 2014)
Adrian Mackenzie (appointed on 28 May 2014)
Stephen Osmont (appointed on 28 April 2014, resigned on 28 May 2014)
Frances Slattery (appointed on 28 April 2014, resigned on 28 May 2014)

Information on directors and their interests

Biographies for the directors in position as at 30 June 2014 and the date of this report, and their interests in the ordinary shares of the company, are shown below.

Name: David Mortimer AO
Title: Independent Non-Executive Chairman
Age: 69
Experience and expertise: David was appointed to the Board in May 2014. He has over 40 years of corporate finance and commercial experience predominantly whilst working in Australia and the US. Amongst David's broad experience, notable appointments include current chairman of Crescent Capital Partners, and former appointments include CEO of TNT Limited worldwide group, chairman of Australia Post, chairman of Leighton Holdings, chairman of Sydney Airports and deputy chairman of Ansett Australia Holdings. David was also appointed an Officer of the Order of Australia in 2005.

Name: Jamie Jackson
Title: Executive Director and Vice Chairman
Age: 48
Experience and expertise: Jamie founded MySale in 2007 having identified the gap in the Asia-Pacific region for an online flash sales marketplace. Jamie has been involved in the fashion wholesale business for more than 20 years, including senior roles with French Connection and President Stone. Jamie also built up extensive experience in managing and operating his own retail stores in the UK and Australia including liquidating leading brands' excess stock to retailers including TK Maxx, Costco and Tesco. Building on this experience, Jamie founded MySale and is currently focused on the group's international buying, product development and strategic partnerships.

Name: Carl Jackson
Title: Executive Director and Chief Executive Officer
Age: 50
Experience and expertise: Carl joined MySale in 2009 and has over 25 years of international operational, sales and commercial management experience gained from a number of retail and consumer venture capital investments including senior management retail experience and 15 years in retail and consumer brand private equity. As part of MySale, Carl has led the group's expansion into New Zealand and South-East Asia to over 10 million members and has ongoing responsibility for the group's day-to-day operations and new market expansion.

MySale Group Plc
Directors' report
30 June 2014

Name: Andrew Dingle
Title: Executive Director and Chief Financial Officer
Age: 44
Experience and expertise: Andrew joined MySale in 2013 having previously served as ANZ CFO for Henry Schein, a US Fortune 500 company. Andrew started his career with Grant Thornton initially in tax and business services before moving into insolvency and business reconstruction where he focused on the retail and manufacturing sectors. A move to the UK in 1997 enabled Andrew to work in a number of financial accounting roles across various industries including financial services, entertainment and retail. Andrew possesses strong financial, strategy and commercial management skills, including distribution and inventory management experience in multi-warehousing environments, and is focused on group finance, logistics and warehousing and strategy. Andrew is a qualified CPA and also holds an MBA from the Australian Graduate School of Management.

Name: Adrian Mackenzie
Title: Independent Non-Executive Director
Age: 43
Experience and expertise: Adrian was appointed to the Board in May 2014. He possesses significant directorship experience across a broad range of industries (including IT and retail industries), largely gained from his 17 years' experience in private equity as managing partner of CVC Capital Partners. Adrian's directorships have included Nine Entertainment, Carsales.com.au, Jetset Travelworld and Mantra Group, and he is currently involved in investing in and developing a number of mature and growth venture capital investments as managing director of 5V Capital.

Directors' beneficial interests in the shares of the company:

| Name | Ordinary shares | Percentage holding |
|--------------------------------|-----------------|--------------------|
| David Mortimer AO ¹ | 165,000 | 0.11% |
| Jamie Jackson | 47,469,189 | 31.51% |
| Carl Jackson | - | - |
| Andrew Dingle | - | - |
| Adrian Mackenzie ² | 665,882 | 0.44% |

Details of share options or share awards granted to the executive directors are disclosed in the Directors' remuneration report.

Information on company secretary

Name: Prism Cossec Limited
Title: Company Secretary
Experience and expertise: Prism Cossec Limited is UK incorporated professional corporate company secretary, providing corporate governance and company secretarial services to quoted and unquoted companies.

Results and dividends

The results for the year are set out in the statement of profit or loss and other comprehensive income. No dividend has been paid during the financial year and the directors do not recommend a final dividend in respect of the year ended 30 June 2014.

In the process of finalising the financial statements for the financial year ended 30 June 2014, MySale identified an error in the calculation of unearned revenue reported in the financial statements for the year ended 30 June 2013. The error overstated the revenue and profit before tax by A\$1,746,000. There was no impact on the profit or loss and balance sheet for the current financial year. The comparatives in these financial statements have been adjusted from the numbers reported in the AIM admission document. The error had no impact on the statement of cash flows.

¹ Held by David Mortimer and Barbara Mortimer as trustees for the Wallaroy Provident Fund

² Held by Flocolo 1 Pty Limited as trustee for The Flocolo Family Trust

MySale Group Plc
Directors' report
30 June 2014

Going concern

The group's business activities, together with the factors likely to affect its future development, performance and financial position are given in the Business review and Directors' report. In addition, the notes to the financial statements include details on the group's borrowing facilities and its objectives, policies and processes for managing its capital; its financial risk management objectives; and its exposures to credit risk and liquidity risk.

The group has considerable financial resources together with a customer base split across different geographic areas. The group's forecasts and projections, taking into account reasonably possible changes in trading performance, show that the group should be able to operate within the level of its current facility. As a consequence, the directors believe that the group is well placed to manage its business risks successfully.

The directors have, at the time of approving the financial statements, a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the Annual Report and financial statements.

Substantial shareholdings

At year end the company had been notified of the following interests of 3% or more of the share capital of the company, other than those of the directors above:

| Name | Number of shares held | Percentage holding |
|--|-----------------------|--------------------|
| Shelton Capital Limited | 33,237,124 | 22.06% |
| FMR LLC | 9,180,000 | 6.09% |
| Insight Venture Partners VI ³ | 7,871,137 | 5.22% |
| Sports Direct International | 7,251,065 | 4.81% |

Charitable and political donations

The group made charitable donations of A\$112,827 (2013: A\$15,570) during the financial year. The group made no political donations.

Auditor

In the case of each of the persons who are directors of the company at the date when this report was approved:

- so far as each of the directors is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each of the directors has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

PricewaterhouseCoopers were appointed auditors during the financial year and have expressed their willingness to continue as auditor and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

By Order of the Board.



David Mortimer AO
Chairman

14 September 2014

³ Held by: (i) Insight Venture Partners VI, L.P. (5,735,901 ordinary shares); (ii) Insight Venture Partners (Cayman) VI, L.P. (1,801,915 ordinary shares); and (iii) Insight Venture Partners VI (Co-Investors), L.P. (333,321 ordinary shares)

MySale Group Plc
Directors' responsibility statement
30 June 2014

The directors are responsible for preparing the financial statements of the group in accordance with applicable law and International Financial Reporting Standards ('IFRSs') as adopted by the European Union and financial statements of the parent company in accordance with applicable law and United Kingdom Accounting Standards.

The Companies (Jersey) Law 1991 requires the directors to prepare financial statements for each financial year that they give a true and fair view of the state of affairs of the group and the parent company and of the profit or loss of the group for that period.

In preparing those financial statements, the directors are required to:

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

The directors confirm they have complied with all the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the parent company and the group and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They have general responsibility for taking such steps as are reasonable open to them to safeguard the assets of the parent company and the group and to prevent and detect fraud and other irregularities.

So far as the directors are aware, there is no relevant audit information of which the parent company and group auditors are unaware, and each director has taken all steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the parent company and the group's auditors are aware of that information.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess a company's performance, business model and strategy.

Each of the directors, whose names and functions are listed in the Directors' report confirm that, to the best of their knowledge:

- the group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and loss of the group;
- the Directors' report includes a fair review of the development and performance of the business and the position of the group; and
- the Strategic report contains a description of the principal risks and uncertainties that the group faces.

Report on the financial statements

Our opinion

In our opinion:

- the financial statements, give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2014 and of the group's loss and cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been properly prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

This opinion is to be read in the context of what we say below.

What we have audited

The group and parent company financial statements and (the "financial statements"), which are prepared by MySale Group plc, comprise the:

- Balance sheet as at 30 June 2014;
- Parent company balance sheet as at 30 June 2014;
- Statement of profit or loss and other comprehensive income for the year then ended;
- Statement of cash flows for the year then ended;
- Statement of changes in equity for the year then ended; and
- Notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the group financial statements comprise applicable law and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements and the company financial statement to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matter prescribed by the Companies (Jersey) Law 1991

In our opinion the information given in the Strategic report, Corporate governance, Directors' remuneration report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies (Jersey) Law 1991 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' responsibility statement set out on page 16, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Article 113A of the Companies (Jersey) Law 1991 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Christopher Burns (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

14 September 2014

MySale Group Plc
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2014

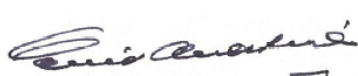
| | Note | 2014 A\$'000 | 2013 A\$'000 |
|---|------|------------------------|---------------------|
| Revenue | | | |
| Sale of goods | 4 | 199,624 | 161,590 |
| Postage revenue | 4 | 24,738 | 20,286 |
| | | <u>224,362</u> | <u>181,876</u> |
| Cost of sale of goods | | <u>(163,942)</u> | <u>(126,982)</u> |
| Gross profit | | <u>60,420</u> | <u>54,894</u> |
| Other operating gains/(loss), net | 5 | 535 | 840 |
| Expenses | | | |
| Selling and distribution expenses | | (36,497) | (30,632) |
| Administration expenses | | (26,034) | (19,253) |
| Listing costs | | (9,818) | - |
| Preference shares fair value loss | | (51,263) | (350) |
| Contingent consideration fair value gain | | 304 | 573 |
| Share of loss of joint venture accounted for using the equity method | 41 | - | (273) |
| Finance income, net | 6 | <u>209</u> | <u>1</u> |
| Profit/(loss) before income tax (expense)/benefit | | (62,144) | 5,800 |
| Income tax (expense)/benefit | 8 | <u>3,602</u> | <u>(1,350)</u> |
| Profit/(loss) after income tax expense for the year attributable to the owners of MySale Group Plc | 30 | (58,542) | 4,450 |
| Other comprehensive income | | | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | |
| Net change in the fair value of cash flow hedges taken to equity, net of tax | 29 | (719) | - |
| Foreign currency translation | 29 | <u>612</u> | <u>(726)</u> |
| Other comprehensive income for the year, net of tax | | <u>(107)</u> | <u>(726)</u> |
| Total comprehensive income for the year attributable to the owners of MySale Group Plc | | <u>(58,649)</u> | <u>3,724</u> |
| | | Cents | Cents |
| Basic earnings per share | 42 | (58.28) | 4.63 |
| Diluted earnings per share | 42 | (58.28) | 3.06 |

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

MySale Group Plc
Balance sheet
As at 30 June 2014

| | Note | 2014 A\$'000 | 2013 A\$'000 |
|----------------------------------|------|-----------------|-----------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 9 | 77,344 | 15,072 |
| Trade and other receivables | 10 | 3,817 | 3,297 |
| Inventories | 11 | 12,803 | 8,392 |
| Derivative financial instruments | 12 | - | 40 |
| Income tax refund due | 13 | 1,962 | - |
| Other | 14 | 16,044 | 7,430 |
| Total current assets | | <u>111,970</u> | <u>34,231</u> |
| Non-current assets | | | |
| Property, plant and equipment | 15 | 3,219 | 2,679 |
| Intangibles | 16 | 22,439 | 19,407 |
| Deferred tax | 17 | 5,396 | 1,822 |
| Total non-current assets | | <u>31,054</u> | <u>23,908</u> |
| Total assets | | <u>143,024</u> | <u>58,139</u> |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 18 | 30,118 | 16,007 |
| Borrowings | 19 | 1,613 | 1,370 |
| Derivative financial instruments | 20 | 705 | - |
| Income tax payable | 21 | 295 | 3 |
| Provisions | 22 | 4,883 | 1,407 |
| Deferred revenue | 23 | 15,616 | 11,498 |
| Total current liabilities | | <u>53,230</u> | <u>30,285</u> |
| Non-current liabilities | | | |
| Borrowings | 24 | 262 | 393 |
| Provisions | 25 | 2,966 | 713 |
| Redeemable preference shares | 26 | - | 42,680 |
| Total non-current liabilities | | <u>3,228</u> | <u>43,786</u> |
| Total liabilities | | <u>56,458</u> | <u>74,071</u> |
| Net assets/(liabilities) | | <u>86,566</u> | <u>(15,932)</u> |
| Equity | | | |
| Share capital | 27 | - | 12,460 |
| Share premium account | 28 | 306,363 | - |
| Other reserves | 29 | (133,595) | (732) |
| Accumulated losses | 30 | (86,202) | (27,660) |
| Total equity/(deficiency) | | <u>86,566</u> | <u>(15,932)</u> |

The financial statements of MySale Group Plc (company number 115584) were approved by the Board of Directors and authorised for issue on 14 September 2014. They were signed on its behalf by:



David Mortimer AO
 Director



Jamie Jackson
 Director

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

MySale Group Plc
Statement of changes in equity
For the year ended 30 June 2014

| | Share capital A\$'000 | Share premium account A\$'000 | Other reserves A\$'000 | Accumulated losses A\$'000 | Total deficiency A\$'000 |
|---|-----------------------------|--|------------------------------|----------------------------------|--------------------------------|
| Balance at 1 July 2012 | 12,381 | - | (6) | (32,110) | (19,735) |
| Profit after income tax (expense)/benefit for the year | - | - | - | 4,450 | 4,450 |
| Other comprehensive income for the year, net of tax | - | - | (726) | - | (726) |
| Total comprehensive income for the year | - | - | (726) | 4,450 | 3,724 |
| <i>Transactions with owners in their capacity as owners:</i> | | | | | |
| Business combination – contingent consideration with shares to be issued | 79 | - | - | - | 79 |
| Balance at 30 June 2013 | <u>12,460</u> | <u>-</u> | <u>(732)</u> | <u>(27,660)</u> | <u>(15,932)</u> |
| | Share capital A\$'000 | Share premium account A\$'000 | Other reserves A\$'000 | Accumulated losses A\$'000 | Total equity A\$'000 |
| Balance at 1 July 2013 | 12,460 | - | (732) | (27,660) | (15,932) |
| Loss after income tax (expense)/benefit for the year | - | - | - | (58,542) | (58,542) |
| Other comprehensive income for the year, net of tax | - | - | (107) | - | (107) |
| Total comprehensive income for the year | - | - | (107) | (58,542) | (58,649) |
| <i>Transactions with owners in their capacity as owners:</i> | | | | | |
| Contributions of equity, net of transaction costs (note 27) | - | 67,204 | - | - | 67,204 |
| Capital reorganisation (notes 27 and 28) | (12,460) | 239,159 | (132,756) | - | 93,943 |
| Balance at 30 June 2014 | <u>-</u> | <u>306,363</u> | <u>(133,595)</u> | <u>(86,202)</u> | <u>86,566</u> |

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

MySale Group Plc
Statement of cash flows
For the year ended 30 June 2014

| | 2014 A\$'000 | 2013 A\$'000 |
|---|-----------------|-----------------|
| Cash flows from operating activities | | |
| Profit/(loss) before income tax expense for the year | (62,144) | 5,800 |
| Adjustments for: | | |
| Depreciation and amortisation | 1,865 | 1,137 |
| Net loss on disposal of property, plant and equipment | 182 | 24 |
| Share of loss in joint ventures | - | 273 |
| Fair value loss on redeemable preference shares | 51,263 | 350 |
| Fair value loss/(gain) on contingent consideration | (304) | (572) |
| Loss on revaluation of long-term incentive plan | 4,888 | 5 |
| Gain on business combination - bargain purchase | (932) | - |
| Interest income | (337) | (182) |
| Interest expense | 128 | 181 |
| | <u>(5,391)</u> | <u>7,016</u> |
| Change in operating assets and liabilities: | | |
| Increase in trade and other receivables | (517) | (2,295) |
| Decrease/(increase) in inventories | (4,335) | 4,467 |
| Increase in other operating assets | (8,575) | (2,511) |
| Increase in trade and other payables | 14,046 | 3,122 |
| Increase/(decrease) in other provisions | 841 | (304) |
| Increase in deferred revenue | 4,118 | 2,252 |
| | <u>187</u> | <u>11,747</u> |
| Interest received | 337 | 182 |
| Interest and other finance costs paid | (128) | (181) |
| Income taxes paid | (2,046) | (1,027) |
| | <u>(1,650)</u> | <u>10,721</u> |
| Net cash from/(used in) operating activities | <u>(1,650)</u> | <u>10,721</u> |
| Cash flows from investing activities | | |
| Payment for purchase of business, net of cash acquired | 39 487 | - |
| Payments for property, plant and equipment | 15 (1,789) | (1,177) |
| Payments for intangibles | 16 (1,813) | (1,330) |
| | <u>(3,115)</u> | <u>(2,507)</u> |
| Net cash used in investing activities | <u>(3,115)</u> | <u>(2,507)</u> |
| Cash flows from financing activities | | |
| Proceeds from issue of shares | 27 72,267 | - |
| Proceeds from borrowings | 317 | 1,073 |
| Repayment of borrowings | (532) | (220) |
| Payments for security deposits | - | (688) |
| Proceeds from return of security deposits | - | 38 |
| Share issue transaction costs | 27 (5,063) | - |
| | <u>66,989</u> | <u>203</u> |
| Net cash from financing activities | <u>66,989</u> | <u>203</u> |
| Net increase in cash and cash equivalents | 62,224 | 8,417 |
| Cash and cash equivalents at the beginning of the financial year | 15,072 | 6,614 |
| Effects of exchange rate changes on cash | 48 | 41 |
| | <u>48</u> | <u>41</u> |
| Cash and cash equivalents at the end of the financial year | <u>9 77,344</u> | <u>15,072</u> |

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

MySale Group Plc
Notes to the financial statements
30 June 2014

Note 1. General information

MySale Group Plc is a group consisting of MySale Group Plc (the 'company' or 'parent entity') and its subsidiaries (the 'group'). The financial statements, in line with the location of the majority of the group's operations and customers, are presented in Australian dollars and generally rounded to the nearest thousand.

The principal business of the group is the operating of online shopping outlets for consumer goods like ladies, men and children's fashion clothing, accessories, beauty and homeware items.

On 27 May 2014 the company acquired 100% of the ordinary shares of APAC Sale Group Pte. Ltd. from the existing shareholders and became the immediate and ultimate parent, as well as a controlling party of APAC Sale Group Pte. Ltd and its subsidiaries.

MySale Group Plc is a public limited company incorporated and registered in Jersey on 28 April 2014 under the Companies Law. The Company is domiciled in Australia.

The registered office of the company is Ogier House, The Esplanade, St Helier, Jersey JE4 9WG and principal place of business is at Unit 5, 111 Old Pittwater Road, Brookvale, NSW 2100, Australia.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

In May 2014, MySale Group Plc (the 'company'), previously known as MySale Group Limited) acquired 100% of the ordinary shares of APAC Sale Group Pte. Ltd. ('APAC') from the existing shareholders and became an immediate and ultimate parent, as well as a controlling party of APAC Sale Group Pte. Ltd and its subsidiaries ('APAC Group') in preparation for admission of the company to the Alternative Investment Market ('AIM') operated by the London Stock Exchange. The company determined that this internal restructuring represented a common control transaction rather than a business combination. The appropriate accounting treatment for recognising the new group structure is on the basis that the transaction is a form of capital reconstruction and group reorganisation. Therefore, these financial statements have been prepared using the principles of a reverse acquisition by APAC and the consolidated financial statements have been prepared as a continuation of the financial statements of the existing APAC Group. Refer to 'business combination' accounting policy below for further information

For presentation purposes, the comparative figures presented in these consolidated financial statements represent those of APAC Group for the financial year ended 30 June 2013 as disclosed in the AIM Admission document except for a A\$1,746,000 non-cash adjustment relating to the calculation of deferred revenue where cash was received prior to 30 June 2013 and the delivery of these goods occurred after this date. The impact for the year ended 30 June 2013 is a reduction in group revenue and profit before tax of A\$1,746,000, a decrease in the tax charge of A\$524,000, an increase in deferred revenue of A\$1,746,000 and a decrease in basic and diluted EPS of 1.27 cents and 0.88 cents respectively. The figures for the current financial year are APAC for the entire year and MySale from the date MySale legally acquired APAC.

These financial statements are prepared in accordance with International Finance Reporting Standards ('IFRS' or 'IFRSs') as adopted for use in the European Union (the 'EU' and IFRS Interpretations Committee interpretations (together 'EUIFRS')).

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for derivative financial instruments, contingent consideration and redeemable preference shares at fair value.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Note 2. Significant accounting policies (continued)

New, revised or amending Accounting Standards and Interpretations adopted

The group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the International Accounting Standards Board that are mandatory for the current reporting period.

Any significant impact on the accounting policies of the group from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the group.

The following Accounting Standards are most relevant to the group:

IFRS 10 Consolidated Financial Statements

The group has applied IFRS 10 from 1 July 2013, which has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns (e.g. dividends, remuneration, returns that are not available to other interest holders including losses) from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights (e.g. voting rights, potential voting rights, rights to appoint key management, decision making rights, kick out rights) that give it the current ability to direct the

activities that significantly affect the investee's returns (e.g. operating policies, capital decisions, appointment of key management). The group not only has to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes.

IFRS 13 Fair Value Measurement

The group has applied IFRS 13 and its consequential amendments from 1 July 2013. The standard does not prescribe when to use fair value. Instead it provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and it provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach would be used to measure assets whereas liabilities would be based on transfer value.

IAS 19 Employee Benefits (September 2011)

The group has applied IAS 19 and its consequential amendments from 1 July 2013. The standard has changed the definition of short-term employee benefits, from 'due to' to 'expected to' be settled within 12 months. Annual leave that is not expected to be wholly settled within 12 months is now discounted allowing for expected salary levels in the future period when the leave is expected to be taken.

Amendments to International Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities

The group has applied the amendments from 1 July 2013, which enhanced the disclosure requirements of IFRS 7 'Financial Instruments: Disclosures' (and consequential amendments to IAS 32 'Financial Instruments: Presentation') to provide information about netting arrangements, including rights of set-off related to an entity's financial instruments and the effects of such rights on its balance sheet.

Amendments to International Accounting Standards - Transition Guidance and Other Amendments

The group has applied the amendments from 1 July 2013, which amends IFRS 10 and related standards for the transition guidance relevant to the initial application of those standards. The amendments clarify the circumstances in which adjustments to an entity's previous accounting for its involvement with other entities are required and the timing of such adjustments.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of MySale Group Plc as at 30 June 2014 and the results of all subsidiaries for the year then ended.

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

Note 2. Significant accounting policies (continued)

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

The acquisition of common control subsidiaries is accounted for using the pooling of interest method of accounting. The acquisition of other subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rate at the date of the transaction, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition

Revenue is measured at the fair value of the consideration received, and represents amounts receivable for goods supplied, stated net of trade discounts, returns and value of gift vouchers used. Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the group's activities, as described below. The group bases its estimate of return on historical results and provisions are made for goods expected to be returned.

Sale of goods

The group operates an online retail business selling men's, ladies and children's apparel, accessories, beauty and homeware items. Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer when the goods have been delivered to the customer and it is reasonably assured the customer has accepted the goods. Net sales represent product shipped less actual and estimated future returns, and slotting fees, rebates and other trade discounts accounted for as reductions of revenue. Online sales are usually by credit card or online payment.

It is the group's policy to sell its products to the customer with a right of return within 14 days. Accumulated experience is used to estimate and provide for such returns at the time of sale.

Note 2. Significant accounting policies (continued)

Postage revenue

Postage revenue is recognised when the associated goods have been successfully delivered to the customer.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability transaction that is not a business combination and that, at the time of the transaction, affects neither the account's taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, a timing of the reversal can be controlled and it is probable that the temporary difference will not reverse foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification

Assets and liabilities are presented in the balance sheet based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

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

Note 2. Significant accounting policies (continued)

Other receivables are recognised at amortised cost, less any provision for impairment.

Inventories

Goods for resale are stated at the lower of cost and net realisable value on a 'weighted average cost' basis. Cost comprises purchase, delivery and direct labour costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

A provision is made to write down any slow-moving or obsolete inventory to net realisable value, based on management assessment of the expected future sales of that inventory, the condition of the inventory and the seasonality of the inventory.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives are classified as current or non-current depending on the expected period of realisation.

Cash flow hedges

Cash flow hedges are used to cover the group's exposure to variability in cash flows that is attributable to particular risk associated with a recognised asset or liability or a firm commitment which could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, whilst the ineffective portion is recognised in profit or loss. Amounts taken to equity are transferred out of equity and included in the measurement of the hedged transaction when the forecast transaction occurs.

Cash flow hedges are tested for effectiveness on a regular basis both retrospectively and prospectively to ensure that each hedge is highly effective and continues to be designated as a cash flow hedge. If the forecast transaction is no longer expected to occur, amounts recognised in equity are transferred to profit or loss.

If the hedging instrument is sold, terminated, expires, exercised without replacement or rollover, or if the hedge becomes ineffective and is no longer a designated hedge, amounts previously recognised in equity remain in equity until the forecast transaction occurs.

Joint ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. Investments in joint ventures are accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. In the consolidated financial information income/(losses) earned from joint venture entities increase/(reduce) the carrying amount of the investment. When the group's share of losses in a joint venture equals to or exceeds its interest in the joint venture, including any other unsecured non-current receivables, the group does not recognise further losses, unless it has obligations to make or has made payments on behalf of the joint venture.

Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

Note 2. Significant accounting policies (continued)

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

| | |
|------------------------|------------|
| Leasehold improvements | 5-7 years |
| Plant and equipment | 3-7 years |
| Fixtures and fittings | 5-10 years |
| Motor vehicles | 4-5 years |

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

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the group will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Intangible assets

Externally acquired intangible assets are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Customer relationships

Customer relationships acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite useful life of three years.

Note 2. Significant accounting policies (continued)

ERP system and software

Acquired enterprise resource planning ('ERP') systems and software costs are initially capitalised at cost which includes the purchase price, net of any discounts and rebates, and other directly attributable cost of preparing the asset for its intended use. Direct expenditure including employee costs, which enhances or extends the performance of these systems beyond its specifications and which can be reliably measured, is added to the original costs incurred. These costs are amortised on a straight-line basis over the period of their expected benefit, being their finite useful lives of between three and five years.

Costs associated with maintenance are recognised as an expense when incurred.

Impairment of non-financial assets

Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of the financial year and which are unpaid. Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost. Due to their short-term nature they are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Redeemable preference shares

Preference shares, which are mandatorily redeemable on a specific date, at the option of the holder are classified as liabilities. The dividends on these preference shares are recognised as finance costs, in profit or loss, when declared. Redeemable preference shares are measured at fair value through profit or loss.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred, including:

- interest on short-term and long-term borrowings
- interest on finance leases

Provisions

Provisions are recognised when the group has a present (legal or constructive) obligation as a result of a past event, it is probable the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Note 2. Significant accounting policies (continued)

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Long term employee incentive plan

The group operates an employee incentive plan to reward and retain key employees. The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

Note 2. Significant accounting policies (continued)

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Business combinations

Except for the continuation accounting described in the 'basis of preparation' and further in the 'group reorganisation' below, the acquisition method of accounting is used to account for all other business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

Note 2. Significant accounting policies (continued)

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Group reorganisation – MySale Group Plc ('MySale') and APAC Sale Group Pte. Ltd. ('APAC')

When MySale (the legal parent and legal acquirer) acquired APAC and its subsidiaries (the legal subsidiary), the acquisition did not meet the definition of a business combination in accordance with IFRS 3 'Business Combinations'. Instead, the combination has been treated as a group reorganisation, though an accounting policy choice using the common control method, as follows:

- The assets and liabilities of the combining entities are reflected at their carrying amounts. No adjustments have been made to reflect fair values, or recognise any new assets or liabilities, that would otherwise be required under IFRS 3;
- The retained earnings and other equity balances recognised are the existing retained earnings and other equity balances of APAC;
- The amount recognised as issued equity instruments are determined by adding the additional equity retained by the group to the issued equity recorded in APAC's financial statements immediately before the acquisition;
- No 'new' goodwill has been recognised as a result of the combination. The only goodwill that has been recognised is the existing goodwill of APAC. The difference between the consideration paid and the equity 'acquired' is reflected in equity as a 'capital contribution'; and
- The financial statements reflect the results of the combining entities as if they had always been in existence.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of MySale Group Plc, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Value Added Tax ('VAT'), Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated VAT/GST, unless the VAT/GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of VAT/GST receivable or payable. The net amount of VAT/GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the balance sheet.

Cash flows are presented on a gross basis. The VAT/GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Note 2. Significant accounting policies (continued)

Commitments and contingencies are disclosed net of the amount of VAT/GST recoverable from, or payable to, the tax authority.

Rounding of amounts

Amounts in this report have been rounded off to the nearest thousand dollars, or in certain cases, the nearest dollar.

New Accounting Standards and Interpretations not yet mandatory or early adopted

International Financial Reporting Standards ('IFRS') and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the group for the annual reporting period ended 30 June 2014. The group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the group, are set out below.

IFRS 9 Financial Instruments

This standard and its consequential amendments are likely to be applicable to annual reporting periods beginning on or after 1 January 2018 and completes phase I of the IASB's project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with IAS 39, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. The group will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed.

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)

The amendments are applicable to annual reporting periods beginning on or after 1 January 2014. The amendments add application guidance to address inconsistencies in the application of the offsetting criteria in IAS 32 'Financial Instruments: Presentation', by clarifying the meaning of "currently has a legally enforceable right of set-off"; and clarifies that some gross settlement systems may be considered to be equivalent to net settlement. The adoption of the amendments from 1 July 2014 will not have a material impact on the group.

Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)

The amendments are applicable to annual reporting periods beginning on or after 1 January 2014. The disclosure requirements of IAS 36 'Impairment of Assets' have been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, if measured using a present value technique, the discount rate is required to be disclosed. The adoption of the amendments from 1 July 2014 may increase the disclosures by the group.

Annual Improvements to IFRSs 2010-2012 Cycle

These amendments are applicable to annual reporting periods beginning on or after 1 July 2014 and affects several Accounting Standards as follows: Amends the definition of 'vesting conditions' and 'market condition' and adds definitions for 'performance condition' and 'service condition' in IFRS 2 'Share-based Payment'; Amends IFRS 3 'Business Combinations' to clarify that contingent consideration that is classified as an asset or liability shall be measured at fair value at each reporting date; Amends IFRS 8 'Operating Segments' to require entities to disclose the judgements made by management in applying the aggregation criteria; Clarifies that IFRS 8 only requires a reconciliation of the total reportable segments assets to the entity's assets, if the segment assets are reported regularly; Clarifies that the issuance of IFRS 13 'Fair Value Measurement' and the amending of IFRS 139 'Financial Instruments: Recognition and Measurement' and IFRS 9 'Financial Instruments' did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amount, if the effect of discounting is immaterial; Clarifies that in IFRS 116 'Property, Plant and Equipment' and IFRS 138 'Intangible Assets', when an asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount (i.e. proportional restatement of accumulated amortisation); and Amends IFRS 124 'Related Party Disclosures' to clarify that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a 'related party' of the reporting entity. The adoption of these amendments from 1 July 2015 will not have a material impact on the group.

Note 2. Significant accounting policies (continued)

Annual Improvements to IFRSs 2011-2013 Cycle

These amendments are applicable to annual reporting periods beginning on or after 1 July 2014 and affects four Accounting Standards as follows: Clarifies the 'meaning of effective IFRSs' in IFRS 1 'First-time Adoption of Accounting Standards'; Clarifies that IFRS 3 'Business Combination' excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself; Clarifies that the scope of the portfolio exemption in IFRS 13 'Fair Value Measurement' includes all contracts accounted for within the scope of IFRS 139 'Financial Instruments: Recognition and Measurement' or IFRS 9 'Financial Instruments', regardless of whether they meet the definitions of financial assets or financial liabilities as defined in IFRS 132 'Financial Instruments: Presentation'; and Clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in IFRS 3 'Business Combinations' and investment property as defined in IFRS 140 'Investment Property' requires the separate application of both standards independently of each other. The adoption of these amendments from 1 July 2015 will not have a material impact on the group.

Interpretation 21 Levies

This interpretation is applicable to annual reporting periods beginning on or after 1 January 2014. The Interpretation clarifies the circumstances under which a liability to pay a levy imposed by a government should be recognised, and whether that liability should be recognised in full at a specific date or progressively over a period of time. The adoption of the interpretation from 1 July 2014 will not have a material impact on the group.

IFRS 15 Revenue from Contracts with Customers

This standard is expected to be applicable to annual reporting periods beginning on or after 1 January 2017. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The group will adopt this standard and the amendments from 1 July 2017 but the impact of its adoption is yet to be assessed by the group.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Provision for obsolete and slow moving inventories

The provision for obsolete and slow moving inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Fair value and hierarchy of financial instruments

The group is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of financial instruments classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Estimation of useful lives of assets

The group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill

The group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows. No impairment charge was required in 2014 (2013: A\$Nil).

Impairment of non-financial assets

The group assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to the group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax

The group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The group recognises liabilities for anticipated tax audit issues based on the group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Business combinations

As discussed in note 2, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the group taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Note 4. Operating segments

Identification of reportable operating segments

The group's operating segments are determined based on the internal reports that are reviewed and used by the Board of Directors (being the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The CODM reviews contribution by reportable segments, being geographical regions, to revenue and gross profit. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in these financial statements.

The group's operates separate websites in each country that it sells goods in. Revenue from external customers is attributed to each country based on the activity on that countries website. Similar types of goods are sold in all segments.

Intersegment transactions

Intersegment transactions were made at market rates and are eliminated on consolidation.

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Note 4. Operating segments (continued)

Segment assets and liabilities

Assets and liabilities are managed on a group basis. The CODM does not regularly review any asset or liability information by segment and, accordingly there is no separate segment information. Refer to the consolidated balance sheet for group assets and liabilities.

Major customers

During the year ended 30 June 2014 there were no major customers (2013: none). A customer is considered major if its revenues are 10% or more of the group's revenue.

Operating segment information

| 2014 | Australia and New Zealand A\$'000 | Asia A\$'000 | Total A\$'000 |
|--|---|-----------------|------------------|
| Revenue | | | |
| Sales to external customers | 202,343 | 22,019 | 224,362 |
| Total revenue | <u>202,343</u> | <u>22,019</u> | <u>224,362</u> |
| Gross Profit | | | |
| | <u>57,336</u> | <u>3,084</u> | 60,420 |
| Other operating gains, net | | | 535 |
| Selling and distribution expenses | | | (36,497) |
| Administration expenses | | | (26,034) |
| Preference shares fair value adjustment | | | (51,263) |
| Contingent consideration fair value adjustment | | | 304 |
| Finance income, net | | | 209 |
| Listing costs | | | (9,818) |
| Loss before income tax benefit | | | <u>(62,144)</u> |
| Income tax benefit | | | 3,602 |
| Loss after income tax benefit | | | <u>(58,542)</u> |
| | | | |
| 2013 | Australia and New Zealand A\$'000 | Asia A\$'000 | Total A\$'000 |
| Revenue | | | |
| Sales to external customers | 170,194 | 11,682 | 181,876 |
| Total revenue | <u>170,194</u> | <u>11,682</u> | <u>181,876</u> |
| Gross Profit | | | |
| | <u>51,761</u> | <u>3,133</u> | 54,894 |
| Other operating gains, net | | | 840 |
| Selling and distribution expenses | | | (30,632) |
| Administration expenses | | | (19,253) |
| Preference shares fair value adjustment | | | (350) |
| Contingent consideration fair value adjustment | | | 573 |
| Finance income, net | | | 1 |
| Share of loss of joint venture accounted for using the equity method | | | (273) |
| Profit before income tax expense | | | <u>5,800</u> |
| Income tax expense | | | (1,350) |
| Profit after income tax expense | | | <u>4,450</u> |

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Note 5. Other operating gains/(loss), net

| | 2014 A\$'000 | 2013 A\$'000 |
|---|-------------------------------|-------------------------------|
| Net foreign exchange gain/(loss) | (479) | 796 |
| Gain on business combination - bargain purchase | 932 | - |
| Other income | 82 | 44 |
| | <hr/> | <hr/> |
| Other operating gains/(loss), net | <u>535</u> | <u>840</u> |

Refer to note 39 for further details on the gain on business combination - bargain purchase.

Note 6. Expenses

| | 2014 A\$'000 | 2013 A\$'000 |
|---|-------------------------------|-------------------------------|
| Profit/(loss) before income tax includes the following specific expenses: | | |
| <i>Sales, distribution and administration expenses:</i> | | |
| Staff costs (note 7) | 32,541 | 25,694 |
| Marketing expenses | 15,019 | 12,213 |
| Occupancy costs | 4,218 | 3,493 |
| Merchant and other professional fees | 5,251 | 3,754 |
| Depreciation and amortisation | 1,865 | 1,137 |
| Other administration costs | 3,637 | 3,594 |
| | <hr/> | <hr/> |
| Total sales, distribution and administration expenses | 62,531 | 49,885 |
| <i>Significant, unusual and other one-off items</i> | | |
| Loss on revaluation of preference shares | 51,263 | 350 |
| Gain on revaluation of contingent consideration | (304) | (573) |
| Loss on revaluation of long term incentive plan | 4,888 | 5 |
| Acquisition and corporate reorganisation costs | 809 | 399 |
| Listing costs | 9,818 | - |
| | <hr/> | <hr/> |
| Total significant, unusual and other one-off items | 66,474 | 181 |
| <i>Occupancy costs include:</i> | | |
| Minimum operating lease payments | 2,541 | 2,625 |
| | <hr/> | <hr/> |
| Cost of inventories recognised as an expense in cost of sales | 125,692 | 102,000 |
| <i>Finance income, net:</i> | | |
| Interest and finance charges paid/payable | 128 | 181 |
| Interest income | (337) | (182) |
| | <hr/> | <hr/> |
| Total finance income, net | (209) | (1) |

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Note 7. Staff costs

| | 2014 A\$'000 | 2013 A\$'000 |
|-----------------------------------|-------------------------------|-------------------------------|
| Aggregate remuneration: | | |
| Wages and salaries | 22,822 | 21,116 |
| Social security costs | 1,488 | 1,162 |
| Long term employee incentive plan | 4,888 | 5 |
| Other staff costs and benefits | 3,343 | 3,411 |
| | <u>32,541</u> | <u>25,694</u> |

Total staff costs

2014 **2013**

The average monthly number of employees (including executive directors and those on a part-time basis) was:

| | | |
|------------------------|------------|------------|
| Sales and distribution | 360 | 346 |
| Administration | 122 | 104 |
| | <u>482</u> | <u>450</u> |

Details of directors' remuneration and interests are provided in the audited section of the Directors' remuneration report and should be regarded as part of these financial statements.

Note 8. Income tax expense/(benefit)

| | 2014 A\$'000 | 2013 A\$'000 |
|--|-------------------------------|-------------------------------|
| <i>Income tax expense/(benefit)</i> | | |
| Current tax | 379 | 1,556 |
| Deferred tax - origination and reversal of temporary differences | (3,978) | 19 |
| Adjustment recognised for prior periods | (153) | (225) |
| Other adjustment | 150 | - |
| | <u>(3,602)</u> | <u>1,350</u> |

Aggregate income tax expense/(benefit)

Deferred tax included in income tax expense/(benefit) comprises:

| | | |
|--|---------|----|
| Decrease/(increase) in deferred tax assets (note 17) | (3,978) | 19 |
|--|---------|----|

Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate

| | | |
|---|----------|-------|
| Profit/(loss) before income tax (expense)/benefit | (62,144) | 5,800 |
|---|----------|-------|

| | | |
|---|----------|-------|
| Tax at the statutory tax rate of 19.6% (2013: 26.84%) | (12,180) | 1,557 |
|---|----------|-------|

Tax effect amounts which are not deductible/(taxable) in calculating taxable income:

| | | |
|---|-------|------|
| Non-deductible expenses | 142 | 123 |
| Tax incentive | (73) | (8) |
| Revaluation of contingent consideration | (53) | (97) |
| Preference share fair value | 8,715 | - |

| | | |
|---|--------------|--------------|
| Adjustment recognised for prior periods | (3,449) | 1,575 |
| | <u>(153)</u> | <u>(225)</u> |

| | | |
|------------------------------|----------------|--------------|
| Income tax expense/(benefit) | <u>(3,602)</u> | <u>1,350</u> |
|------------------------------|----------------|--------------|

Tax at the statutory tax rate represents the effective rate of income tax across the jurisdictions in which each of the group entities are domiciled.

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Note 9. Current assets - cash and cash equivalents

| | 2014 A\$'000 | 2013 A\$'000 |
|-------------------------|-------------------------------|-------------------------------|
| Cash at bank | 69,144 | 8,872 |
| Bank deposits at call | 8,000 | 6,000 |
| Bank deposits - pledged | 200 | 200 |
| | <u>77,344</u> | <u>15,072</u> |

Short term deposits - pledged

These deposits are pledged in relation to merchant facilities for the group. Refer to note 24.

There is no material difference between the fair value of cash and cash equivalents and the book value stated above.

Note 10. Current assets - trade and other receivables

| | 2014 A\$'000 | 2013 A\$'000 |
|----------------------|-------------------------------|-------------------------------|
| Trade receivables | 2,051 | 3,227 |
| Other receivables | 1,343 | 17 |
| Sales tax receivable | 423 | 53 |
| | <u>3,817</u> | <u>3,297</u> |

Trade receivables include uncleared cash receipts due from customers and from direct wholesale sales which do not form part of on-line customers which amounted to A\$958,000 (2013: A\$8,000).

Impairment of receivables

There was no impairment of receivables during the year ended 30 June 2014 (2013: None)

Past due but not impaired

There were no receivables past due but not impaired.

The group did not consider a credit risk on the aggregate balances after reviewing credit terms of customers based on recent collection practices.

Note 11. Current assets - inventories

| | 2014 A\$'000 | 2013 A\$'000 |
|--|-------------------------------|-------------------------------|
| Goods for resale | 13,668 | 8,916 |
| Obsolete and slow moving inventory provision | (865) | (524) |
| | <u>12,803</u> | <u>8,392</u> |

Write-downs of inventories to net realisable value recognised as an expense during the year ended 30 June 2014 amounted to A\$341,000 (2013: A\$401,000). This expense has been included in cost of sales.

Note 12. Current assets - derivative financial instruments

| | 2014 A\$'000 | 2013 A\$'000 |
|---|-------------------------------|-------------------------------|
| Forward foreign exchange contracts - cash flow hedges | - | 40 |

Refer to note 33 for further information on fair value measurement.

Note 13. Current assets - income tax refund due

| | 2014 A\$'000 | 2013 A\$'000 |
|-------------------------------|-------------------------------|-------------------------------|
| Current income tax receivable | 1,962 | - |

Note 14. Current assets - other

| | 2014 A\$'000 | 2013 A\$'000 |
|----------------------|-------------------------------|-------------------------------|
| Prepayments | 340 | 90 |
| Prepaid inventory | 15,090 | 7,059 |
| Other deposits | 547 | 246 |
| Other current assets | 67 | 35 |
| | <u>16,044</u> | <u>7,430</u> |

Prepaid inventory relates to the costs of goods for resale that have been paid for by the group but not delivered to its distribution centres for further dispatch to the customers who placed the orders as at the reporting date. The corresponding cash received in advance from customers are accounted for within deferred revenue which includes the total amount of cash received for the goods not delivered to customers at the reporting date. Refer to note 23.

Note 15. Non-current assets - property, plant and equipment

| | 2014 A\$'000 | 2013 A\$'000 |
|----------------------------------|-------------------------------|-------------------------------|
| Leasehold improvements - at cost | 794 | 667 |
| Less: Accumulated depreciation | (341) | (176) |
| | <u>453</u> | <u>491</u> |
| Plant and equipment - at cost | 3,781 | 2,581 |
| Less: Accumulated depreciation | (1,701) | (1,067) |
| | <u>2,080</u> | <u>1,514</u> |
| Fixtures and fittings - at cost | 813 | 679 |
| Less: Accumulated depreciation | (307) | (216) |
| | <u>506</u> | <u>463</u> |
| Motor vehicles - at cost | 445 | 370 |
| Less: Accumulated depreciation | (265) | (159) |
| | <u>180</u> | <u>211</u> |
| | <u>3,219</u> | <u>2,679</u> |

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Note 15. Non-current assets - property, plant and equipment (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

| | Leasehold improvements A\$'000 | Plant and equipment A\$'000 | Fixtures and fittings A\$'000 | Motor vehicles A\$'000 | Total A\$'000 |
|-------------------------|--------------------------------------|-----------------------------------|-------------------------------------|------------------------------|------------------|
| Balance at 1 July 2012 | 425 | 1,543 | 395 | 215 | 2,578 |
| Additions | 256 | 654 | 186 | 81 | 1,177 |
| Disposals | (44) | (56) | - | - | (100) |
| Exchange differences | 2 | (3) | 1 | - | - |
| Depreciation expense | (148) | (624) | (119) | (85) | (976) |
| Balance at 30 June 2013 | 491 | 1,514 | 463 | 211 | 2,679 |
| Additions | 163 | 1,335 | 254 | 37 | 1,789 |
| Disposals | (30) | (54) | (94) | (4) | (182) |
| Exchange differences | (1) | (2) | (1) | 2 | (2) |
| Depreciation expense | (170) | (713) | (116) | (66) | (1,065) |
| Balance at 30 June 2014 | <u>453</u> | <u>2,080</u> | <u>506</u> | <u>180</u> | <u>3,219</u> |

Property, plant and equipment secured under finance leases

Refer to note 37 for further information on property, plant and equipment secured under finance leases.

Depreciation expense is included in the 'administration expenses' in profit or loss.

Note 16. Non-current assets - intangibles

| | 2014 A\$'000 | 2013 A\$'000 |
|----------------------------------|-----------------|-----------------|
| Goodwill - at cost | <u>16,849</u> | <u>16,849</u> |
| Customer relationships - at cost | <u>2,019</u> | <u>-</u> |
| Software - at cost | 2,819 | 1,289 |
| Less: Accumulated amortisation | <u>(709)</u> | <u>(242)</u> |
| | <u>2,110</u> | <u>1,047</u> |
| ERP system | 1,948 | 1,566 |
| Less: Accumulated amortisation | <u>(487)</u> | <u>(55)</u> |
| | <u>1,461</u> | <u>1,511</u> |
| | <u>22,439</u> | <u>19,407</u> |

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Note 16. Non-current assets - intangibles (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

| | Goodwill A\$'000 | Customer relationships A\$'000 | Software A\$'000 | ERP system A\$'000 | Total A\$'000 |
|---|---------------------|--------------------------------------|---------------------|--------------------------|------------------|
| Balance at 1 July 2012 | 16,849 | - | 444 | 945 | 18,238 |
| Additions | - | - | 726 | 604 | 1,330 |
| Amortisation expense | - | - | (123) | (38) | (161) |
| Balance at 30 June 2013 | 16,849 | - | 1,047 | 1,511 | 19,407 |
| Additions | - | - | 1,512 | 301 | 1,813 |
| Additions through business combinations (note 39) | - | 2,019 | - | - | 2,019 |
| Amortisation expense | - | - | (449) | (351) | (800) |
| Balance at 30 June 2014 | <u>16,849</u> | <u>2,019</u> | <u>2,110</u> | <u>1,461</u> | <u>22,439</u> |

Goodwill is allocated to the group's cash-generating units ('CGUs') identified according to countries of operation as follows:

| | 2014 A\$'000 | 2013 A\$'000 |
|-----------|-----------------|-----------------|
| Australia | <u>16,849</u> | <u>16,849</u> |

The recoverable amount of the CGU was determined based on value-in-use. Cash flow projections used in the value-in-use calculations were based on financial budgets approved by management covering a five year period. Cash flows beyond the five year period were extrapolated using the estimated growth rates stated below:

Key assumptions used for value-in-use calculations

| | | |
|---------------------------------|-----|-------------|
| Budgeted gross margin: | 28% | (2013: 30%) |
| Five year compound growth rate: | 12% | (2013: 5%) |
| Long term growth rate: | 2% | (2013: 5%) |
| Pre-tax discount rate: | 9% | (2013: 9%) |

These assumptions were used for the analysis of the country based CGU. Management determined budgeted gross margin based on expectations of market developments. The weighted average growth rates used were conservative based on industry forecasts. The discount rates used were pre-tax and reflected specific risk relating to the Australian business.

Based on the assessment, no impairment charge is required. Management have performed a number of sensitivity tests on the above rates and note that there is no impairment indicators arising from this analysis. The recoverable amount exceeded the carrying amount by A\$170,000,000.

Amortisation expense is included in the 'administration expenses' in profit or loss.

Note 17. Non-current assets - deferred tax

| | 2014 A\$'000 | 2013 A\$'000 |
|--|-------------------------|-------------------------|
| <i>Deferred tax asset comprises temporary differences attributable to:</i> | | |
| Amounts recognised in profit or loss: | | |
| Tax losses | 2,306 | 826 |
| Accrued expenses | 1,107 | 584 |
| Provisions | 631 | 416 |
| Sundry | 2,117 | (4) |
| Property, plant and equipment | (361) | - |
| Intangibles | (404) | - |
| | <u>5,396</u> | <u>1,822</u> |
| Deferred tax asset | <u>5,396</u> | <u>1,822</u> |
| <i>Movements:</i> | | |
| Opening balance | 1,822 | 1,841 |
| Credited/(charged) to profit or loss (note 8) | 3,978 | (19) |
| Additions through business combinations (note 39) | (404) | - |
| | <u>5,396</u> | <u>1,822</u> |
| Closing balance | <u>5,396</u> | <u>1,822</u> |

Deferred income tax assets are recognised for tax losses, non-deductible accruals and provisions and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable.

Note 18. Current liabilities - trade and other payables

| | 2014 A\$'000 | 2013 A\$'000 |
|-----------------------------|-------------------------|-------------------------|
| Trade payables | 19,626 | 12,951 |
| Other payables and accruals | 10,277 | 2,752 |
| Contingent consideration | 215 | 304 |
| | <u>30,118</u> | <u>16,007</u> |

Refer to note 32 for further information on financial instruments.

Note 19. Current liabilities - borrowings

| | 2014 A\$'000 | 2013 A\$'000 |
|-------------------------|-------------------------|-------------------------|
| Bank loans | 1,390 | 1,073 |
| Finance lease liability | 223 | 297 |
| | <u>1,613</u> | <u>1,370</u> |

Refer to note 24 for further information on assets pledged as security and financing arrangements.

Refer to note 32 for further information on financial instruments.

Note 20. Current liabilities - derivative financial instruments

| | 2014 A\$'000 | 2013 A\$'000 |
|---|-------------------------------|-------------------------------|
| Forward foreign exchange contracts - cash flow hedges | 705 | - |

Refer to note 32 for further information on financial instruments.

Refer to note 33 for further information on fair value measurement.

Note 21. Current liabilities - income tax payable

| | 2014 A\$'000 | 2013 A\$'000 |
|--------------------------|-------------------------------|-------------------------------|
| Provision for income tax | 295 | 3 |

Note 22. Current liabilities - provisions

| | 2014 A\$'000 | 2013 A\$'000 |
|-----------------------------|-------------------------------|-------------------------------|
| Employee benefits provision | 3,593 | 588 |
| Lease make good provision | 178 | 186 |
| Gift voucher provision | 517 | 355 |
| Sales returns provision | 595 | 278 |
| | <u>4,883</u> | <u>1,407</u> |

Lease make good provision

The provision represents the present value of the estimated costs to make good the premises leased by the group at the end of the respective lease terms.

Gift voucher provision

The provision represents the estimated costs to honour gift vouchers that are in circulation and not expired.

Sales return provision

The provision represents the expected costs for goods returned by customers.

Movements in provisions

Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

| 2014 | Lease make good provision A\$'000 | Gift vouchers provision A\$'000 | Sales returns provision A\$'000 |
|--|--|---------------------------------------|---------------------------------------|
| Carrying amount at the start of the year | 186 | 355 | 278 |
| Additional provisions recognised | - | 2,035 | 317 |
| Unused amounts reversed | (8) | (1,873) | - |
| Carrying amount at the end of the year | <u>178</u> | <u>517</u> | <u>595</u> |

Note 23. Current liabilities - deferred revenue

| | 2014 A\$'000 | 2013 A\$'000 |
|------------------|-------------------------------|-------------------------------|
| Deferred revenue | <u>15,616</u> | <u>11,498</u> |

Deferred revenue relates to cash received in advance from customers where the goods have not been delivered as at reporting date.

Note 24. Non-current liabilities - borrowings

| | 2014 A\$'000 | 2013 A\$'000 |
|-------------------------|-------------------------------|-------------------------------|
| Finance lease liability | <u>262</u> | <u>393</u> |

Refer to note 32 for further information on financial instruments.

Total secured liabilities

The total secured liabilities (current and non-current) are as follows:

| | 2014 A\$'000 | 2013 A\$'000 |
|-------------------------|-------------------------------|-------------------------------|
| Bank loans | 1,390 | 1,073 |
| Finance lease liability | <u>485</u> | <u>690</u> |
| | <u>1,875</u> | <u>1,763</u> |

As of 30 June 2014 the group has A\$4,000,000 (2013: A\$4,000,000) merchant facility for credit cards transactions.

The group also has a A\$5,194,000 (2013: A\$3,800,000) borrowing facility with Australia and New Zealand Banking Group Limited ('ANZ') which is secured by a Corporate Guarantee and Indemnity. It is required to comply with three main covenants in relation to this facility:

- Borrowings Base Ratio, being the ratio of aggregate facilities to current assets (stock, debtors and cash), must not exceed 65%. The group is in compliance with the covenant as of the reporting date and its strategy is to maintain borrowing base ratios well below the 65% requirement;
- Interest cover ratio, being the ratio of earnings before interest and tax (before abnormal and non-recurring items) over the interest expense, must exceed 3:1 on a quarterly basis. The group is compliant with the covenant as of the reporting date with significant headroom; and
- Distributions to shareholders must not be made without the written consent of ANZ. The group is in compliance with this covenant as of the reporting date and at the time of preparation of the financial information.

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Note 24. Non-current liabilities - borrowings (continued)

The borrowing base ratio at the reporting date was as follows:

| | 2014 A\$'000 |
|---------------------------------|-------------------------------|
| Debt plus merchant fee facility | <u>8,609</u> |
| Eligible inventory | 12,749 |
| Eligible debtors * | 2,289 |
| Cash and cash equivalents | <u>77,344</u> |
| | <u><u>92,382</u></u> |
| Borrowing base ratio | 9% |

* Excludes debtors older than 30 days

The group is in compliance with all externally imposed capital requirements relating to its borrowings for the financial years ended 30 June 2014 and 30 June 2013.

Assets pledged as security

All bank borrowings of the group are secured by a Corporate Guarantee and Indemnity. Average interest rate incurred on these bank borrowings was 2.9% (2013: 6%). The borrowings are expected to be repaid within 90 days.

The lease liabilities are effectively secured as the rights to the leased assets, recognised in the balance sheet, revert to the lessor in the event of default.

The carrying amounts of assets pledged as security for current and non-current borrowings are:

| | 2014 A\$'000 | 2013 A\$'000 |
|---------------------------|-------------------------------|-------------------------------|
| Cash and cash equivalents | 200 | 200 |
| Plant and equipment | <u>485</u> | <u>825</u> |
| | <u><u>685</u></u> | <u><u>1,025</u></u> |

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

| | 2014 A\$'000 | 2013 A\$'000 |
|------------------------------|-------------------------------|-------------------------------|
| Total facilities | | |
| Bank loans | <u>1,390</u> | <u>1,073</u> |
| Used at the reporting date | | |
| Bank loans | <u>1,390</u> | <u>1,073</u> |
| Unused at the reporting date | | |
| Bank loans | <u>-</u> | <u>-</u> |

Note 25. Non-current liabilities - provisions

| | 2014 A\$'000 | 2013 A\$'000 |
|-----------------------------|-------------------------------|-------------------------------|
| Employee benefits provision | <u>2,966</u> | <u>713</u> |

Long term incentive plan

Refer to note 43 for details on the long term incentive plan.

Note 26. Non-current liabilities - redeemable preference shares

| | 2014 A\$'000 | 2013 A\$'000 |
|------------------------------|-------------------------------|-------------------------------|
| Redeemable preference shares | <u>-</u> | <u>42,680</u> |

Redeemable preference shares

In July 2010, the group issued 35,684,549 preference shares to Insight Ventures Partners, LLC for A\$14,600,000. These preference shares were to be repaid at the earlier of a liquidation event (such as an IPO or trade sale) or on the sixth anniversary of the issuance of the trade sale. The funds raised were used to increase membership numbers, invest in online platform and for working capital purposes. Prior to the AIM admission, all redeemable preference shares were converted into the same number of ordinary shares in May 2014.

Refer to note 33 for further information on fair value measurement.

Note 27. Equity - share capital

| | 2014 Shares | 2013 Shares | 2014 A\$'000 | 2013 A\$'000 |
|---|------------------------------|------------------------------|-------------------------------|-------------------------------|
| Ordinary shares £nil each - issued and fully paid | 150,647,610 | - | - | 11,205 |
| Ordinary shares - to be issued | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,255</u> |
| | <u>150,647,610</u> | <u>-</u> | <u>-</u> | <u>12,460</u> |

Authorised share capital

200,000,000 ordinary shares of £nil each. The share capital was converted from £1 per share to no par value at a general meeting on 23 May 2014, effective from 28 May 2014.

Capital reconstruction - group reorganisation

MySale Group Plc ('MySale') was incorporated on 28 April 2014 and was admitted to the Alternative Investment Market ('AIM') on 16 June 2014. Prior to AIM admission, the group undertook a reorganisation such that MySale was established as APAC Sale Group Pte. Ltd.'s ('APAC') parent/holding entity. MySale determined that the acquisition of APAC did not represent a business combination as defined by IFRS 3 'Business Combinations'. The appropriate accounting treatment for recognising the new group structure has been determined on the basis that the transaction was a form of capital reconstruction and group reorganisation. The capital reconstruction has been accounted for using the principles of a reverse acquisition by APAC of MySale.

As a result, the consolidated financial statements of MySale Group Plc have been prepared as a continuation of the financial statements of the accounting acquirer, APAC. Refer to basis of preparation in note 2. The number of shares on issue shown reflects those of MySale Group Plc, after the reconstruction.

On 27 May 2014, the company issued 132,948,495 ordinary shares of £1 nominal value. On 28 May 2014 these shares were converted into ordinary shares of £nil nominal value, on a share-for-share exchange.

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Note 27. Equity - share capital (continued)

Movements in ordinary share capital - issued and fully paid

| Details | Date | Shares | A\$'000 |
|---|--------------|--------------------|----------------|
| Balance | 1 July 2012 | - | 11,205 |
| Balance | 30 June 2013 | - | 11,205 |
| Shares issued on capital reorganisation | 27 May 2014 | 132,948,495 | 227,954 |
| Conversion of ordinary shares | 28 May 2014 | - | (239,159) |
| Share issued at AIM admission | 16 June 2014 | 17,699,115 | - |
| Balance | 30 June 2014 | <u>150,647,610</u> | <u>-</u> |

Movements in ordinary shares - to be issued

| Details | Date | Shares | A\$'000 |
|------------------------|--------------|---------------|----------------|
| Balance | 1 July 2012 | - | 1,176 |
| Adjustment | | - | 79 |
| Balance | 30 June 2013 | - | 1,255 |
| Capital reorganisation | 27 May 2014 | - | (1,255) |
| Balance | 30 June 2014 | <u>-</u> | <u>-</u> |

Movements in share premium account (note 28)

| Details | Date | A\$'000 |
|--|--------------|----------------|
| Balance | 1 July 2012 | - |
| Balance | 30 June 2013 | - |
| Conversion of ordinary shares | 28 May 2014 | 239,159 |
| Capital received on AIM admission | 16 June 2014 | 72,267 |
| Transaction costs arising on AIM admission | 16 June 2014 | <u>(5,063)</u> |
| Balance | 30 June 2014 | <u>306,363</u> |

Ordinary shares

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

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Capital risk management

The group's objectives when managing capital is to safeguard the group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. It is the group's strategy to maintain borrowing base ratio well below 65% requirement in order to comply with the borrowing facility covenants. Refer to note 24.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Note 28. Equity - share premium account

| | 2014 A\$'000 | 2013 A\$'000 |
|-----------------------|-----------------|-----------------|
| Share premium account | <u>306,363</u> | <u>-</u> |

The share premium account is used to recognise the difference between the issued share capital at nominal value and the capital received.

Note 29. Equity - other reserves

| | 2014 A\$'000 | 2013 A\$'000 |
|------------------------------------|------------------|-----------------|
| Foreign currency reserve | (120) | (732) |
| Hedging reserve - cash flow hedges | (719) | - |
| Capital reorganisation reserve | <u>(132,756)</u> | <u>-</u> |
| | <u>(133,595)</u> | <u>(732)</u> |

Foreign currency reserve

The reserve is used to recognise exchange differences arising from translation of the financial statements of foreign operations to Australian dollars.

Hedging reserve - cash flow hedges

The reserve is used to recognise the effective portion of the gain or loss of cash flow hedge instruments that is determined to be an effective hedge.

Capital reorganisation reserve

As explained in note 2, the consolidated MySale Group is a continuation of the existing APAC Group. MySale Group Plc has therefore recorded the net assets of APAC Group at their historic carrying value at the date of acquisition as a capital reorganisation reserve in equity. The excess of purchase price over the shareholding acquired of A\$132,756,000 has not been capitalised but deducted from equity.

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

| | Foreign currency A\$'000 | Hedging A\$'000 | Capital reorganisation A\$'000 | Total A\$'000 |
|------------------------------|--------------------------------|--------------------|--------------------------------------|------------------|
| Balance at 1 July 2012 | (6) | - | - | (6) |
| Foreign currency translation | <u>(726)</u> | <u>-</u> | <u>-</u> | <u>(726)</u> |
| Balance at 30 June 2013 | (732) | - | - | (732) |
| Foreign currency translation | 612 | - | - | 612 |
| Cash flow hedge | - | (719) | - | (719) |
| Capital reorganisation | <u>-</u> | <u>-</u> | <u>(132,756)</u> | <u>(132,756)</u> |
| Balance at 30 June 2014 | <u>(120)</u> | <u>(719)</u> | <u>(132,756)</u> | <u>(133,595)</u> |

Note 30. Equity - accumulated losses

| | 2014 A\$'000 | 2013 A\$'000 |
|---|-------------------------------|-------------------------------|
| Accumulated losses at the beginning of the financial year | (27,660) | (32,110) |
| Profit/(loss) after income tax expense for the year | <u>(58,542)</u> | <u>4,450</u> |
| Accumulated losses at the end of the financial year | <u><u>(86,202)</u></u> | <u><u>(27,660)</u></u> |

Note 31. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 32. Financial instruments

Financial risk management objectives

The group's activities expose it to market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the group's financial performance. The group uses financial instruments such as currency forwards to hedge certain financial risk exposures.

The Board of Directors (the 'Board') is responsible for setting the objectives and underlying principles of financial risk management for the group.

Financial risk management is carried out by the executive directors and the executive management team in accordance with the policies set by the Board. They identify, evaluate and hedge financial risks in close co-operation with the group's operating units. Regular reports are circulated and reviewed by executive directors.

Market risk

Foreign currency risk

The company is incorporated in Jersey and the group operates from Australia with operations in New Zealand, USA and Asia (including Malaysia, Thailand and Singapore). Entities in the group regularly transact in currencies other than their respective functional currencies ('foreign currencies'). The group purchases products in these countries and other European Union countries.

Currency risk arises within entities in the group when transactions are denominated in foreign currencies. To manage the currency risk, the executive management team manages the overall currency exposure mainly by entering into currency forwards with banks.

In addition, the group is exposed to currency translation risk on the net assets in foreign operations with functional currencies not in Australian dollar. Currency exposure to the net assets of the group's operations in the United Kingdom, Singapore, Malaysia and New Zealand were managed primarily through continuous disposal of net monetary assets in these currencies by entering currency forwards with the bank. US dollar, Pound sterling and Euros liabilities and funds required are hedged by short term forward contracts, where necessary.

Note 32. Financial instruments (continued)

The carrying amount of the group's foreign currency denominated financial assets and financial liabilities at the reporting date was as follows:

| | Assets | | Liabilities | |
|---------------------|-----------------|-----------------|-----------------|-----------------|
| | 2014 A\$'000 | 2013 A\$'000 | 2014 A\$'000 | 2013 A\$'000 |
| US dollars | 494 | 256 | 4,062 | 1,821 |
| Euros | 776 | 290 | 2,791 | 360 |
| Pound sterling | 65,518 | 213 | 4,857 | 338 |
| New Zealand dollars | 369 | 1,090 | 814 | 172 |
| Singapore dollars | 765 | 340 | 300 | 732 |
| Malaysian ringgit | 96 | 184 | 108 | 4 |
| Thai baht | 575 | 142 | - | - |
| | <u>68,593</u> | <u>2,515</u> | <u>12,932</u> | <u>3,427</u> |

The group had net assets denominated in foreign currencies of A\$55,660,000 as at 30 June 2014 (2013: net liabilities of A\$912,000). Based on this exposure, had the Australian dollar weakened by 10% / strengthened by 10% (2013: weakened by 10% / strengthened by 10%) against these foreign currencies with all other variables held constant, the group's profit before tax for the year would have been A\$5,566,000 lower / higher (2013: A\$91,000 lower / higher). The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 6 months each year and the spot rate at each reporting date. The actual foreign exchange loss for the year ended 30 June 2014 was A\$479,000 (2013: gain of A\$796,000).

Price risk

The group is not exposed to any significant price risk.

Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The group's exposure to cash flow interest rate risks arises mainly from interest bearing deposits. If the Australian dollar and New Zealand dollar interest rates had increased / decreased by 50 basis points (2013: 50 basis points) with all other variables including tax rate being held constant, the profit after tax would have been A\$39,000 higher / lower (2013: A\$63,000 higher / lower) as a result of higher / lower interest income on these deposits.

The group's borrowings at variable rates are denominated in Australian dollars, US dollars and Euros. If the interest rates had increased / decreased by 50 basis points (2013: 50 basis points) with all other variables including tax rate being held constant, the profit after tax would have been lower / higher by A\$2,000 (2013: A\$4,000). The group is subject to certain debt covenants related to the bank borrowings. The group was not in breach of any of these debt covenants in 2014.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the group. The major classes of financial assets of the group are bank deposits. For bank deposits, the group adopts the policy of dealing only with high credit quality financial institutions and major banks. As the principal business of the group is online cash sale, trade receivables from wholesale business are relatively immaterial and the group adopts the policy of dealing with customers of appropriate credit history.

The group's maximum exposures to credit risk at the end of the reporting period in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the balance sheet.

Note 32. Financial instruments (continued)

Concentration of credit risk

There are no significant concentrations of credit risk within the group. The credit risk on liquid funds is limited as the counterparties are banks with high credit ratings.

Credit risk is managed by limiting the amount of credit exposure to any single counter-party for cash deposits.

Liquidity risk

The group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities

Trade payables and other financial liabilities mainly arise from the financing of assets used in the group's ongoing operations such as plant and equipment and investments in working capital. These assets are considered in the group's overall liquidity risk.

The following tables detail the group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the balance sheet.

| 2014 | Weighted average interest rate % | 1 year or less A\$'000 | Between 1 and 5 years A\$'000 | Over 5 years A\$'000 | Remaining contractual maturities A\$'000 |
|---|---|---------------------------|-------------------------------------|-------------------------|---|
| Non-derivatives | | | | | |
| <i>Non-interest bearing</i> | | | | | |
| Trade and other payables | -% | 29,903 | - | - | 29,903 |
| Contingent consideration | -% | 215 | - | - | 215 |
| <i>Interest-bearing - variable</i> | | | | | |
| Bank loans | 2.90% | 1,408 | - | - | 1,408 |
| Lease liability | 8.00% | 243 | 264 | - | 507 |
| Total non-derivatives | | 31,769 | 264 | - | 32,033 |
| Derivatives | | | | | |
| Forward foreign exchange contracts inflow | -% | 5 | - | - | 5 |
| Forward foreign exchange contracts outflow | -% | (710) | - | - | (710) |
| Total derivatives | | (705) | - | - | (705) |

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Note 32. Financial instruments (continued)

| 2013 | Weighted average interest rate % | 1 year or less A\$'000 | Between 1 and 5 years A\$'000 | Over 5 years A\$'000 | Remaining contractual maturities A\$'000 |
|---|---|---------------------------|-------------------------------------|-------------------------|---|
| Non-derivatives | | | | | |
| <i>Non-interest bearing</i> | | | | | |
| Trade and other payables | -% | 15,703 | - | - | 15,703 |
| Redeemable preference shares | -% | - | 42,680 | - | 42,680 |
| Contingent consideration | -% | 304 | - | - | 304 |
| <i>Interest-bearing - variable</i> | | | | | |
| Bank loans | 6.00% | 1,137 | - | - | 1,137 |
| <i>Interest-bearing - fixed rate</i> | | | | | |
| Lease liability | 9.00% | 321 | 442 | - | 763 |
| Total non-derivatives | | 17,465 | 43,122 | - | 60,587 |
| Derivatives | | | | | |
| Forward foreign exchange contracts inflow | -% | 840 | - | - | 840 |
| Forward foreign exchange contracts outflow | -% | (800) | - | - | (800) |
| Total derivatives | | 40 | - | - | 40 |

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Unless otherwise stated in note 30, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments.

Note 33. Fair value measurement

Fair value hierarchy

The following tables detail the group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

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

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

| 2014 | Level 1 A\$'000 | Level 2 A\$'000 | Level 3 A\$'000 | Total A\$'000 |
|----------------------------------|--------------------|--------------------|--------------------|------------------|
| <i>Liabilities</i> | | | | |
| Contingent consideration | - | - | 215 | 215 |
| Derivative financial instruments | - | 705 | - | 705 |
| Total liabilities | - | 705 | 215 | 920 |

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Note 33. Fair value measurement (continued)

| 2013 | Level 1 A\$'000 | Level 2 A\$'000 | Level 3 A\$'000 | Total A\$'000 |
|----------------------------------|--------------------|--------------------|--------------------|------------------|
| <i>Assets</i> | | | | |
| Derivative financial instruments | - | 40 | - | 40 |
| Total assets | - | 40 | - | 40 |
| <i>Liabilities</i> | | | | |
| Redeemable preference shares | - | - | 42,680 | 42,680 |
| Contingent consideration | - | - | 304 | 304 |
| Total liabilities | - | - | 42,984 | 42,984 |

There were no transfers between levels during the financial year.

Valuation techniques for fair value measurements categorised within level 2 and level 3

The fair value of the derivative financial instruments, being forward exchange contracts, are determined using quoted forward exchange rates at the reporting date. These instruments are included in Level 2.

The fair value of financial instruments classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

In particular, on 30 June 2013 management performed a valuation of the group in order to account for the preference shares at fair value. Management valued these redeemable preference shares using a Monte Carlo simulation model. In doing so, management had to determine a number of critical accounting estimates in relation to the eventual redemption of these preference shares. These estimates were expected time period to redemption, risk free rate and volatility of APAC Sale Group Pte. Ltd.'s share price.

Level 3 assets and liabilities

Movements in level 3 assets and liabilities during the current and previous financial year are set out below:

| | Redeemable preference shares A\$'000 | Contingent consideration A\$'000 | Total A\$'000 |
|---|---|--|------------------|
| Balance at 1 July 2012 | 42,330 | 959 | 43,289 |
| Gains/(losses) recognised in profit or loss | 350 | (573) | (223) |
| Adjustment to contingent consideration | - | (82) | (82) |
| Balance at 30 June 2013 | 42,680 | 304 | 42,984 |
| Additions | - | 215 | 215 |
| Settled | (42,680) | (304) | (42,984) |
| Balance at 30 June 2014 | - | 215 | 215 |

Changing one or more inputs would not significantly change the fair value of level 3 financial instruments.

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Note 34. Key management personnel disclosures

Compensation

The aggregate compensation made to directors and other members of key management personnel of the group is set out below:

| | 2014 | 2013 |
|------------------------------|--------------|-------------|
| | A\$ | A\$ |
| Short-term employee benefits | 2,019 | 751 |
| Post-employment benefits | 107 | 47 |
| | <u>2,126</u> | <u>798</u> |

Key management includes directors (executives and non-executives) and key heads of departments.

During the financial year ended 30 June 2014 1,078,584 (2013: 550,000) performance rights were granted to members of key management personnel under share-based payments plans operated by the group as disclosed in note 43.

Note 35. Remuneration of auditors

Services provided by the company's auditors and network firms

During the year the company (including its overseas subsidiaries) obtained the following services from the company's auditors at costs as detailed below:

| | 2014 | 2013 |
|--|----------------|----------------|
| | A\$'000 | A\$'000 |
| Fees payable to the company's auditor and its associates for the audit of the consolidated financial statements | 147 | 30 |
| Fees payable to the company's auditor and its associates for other services: | | |
| - the audit of the company's subsidiaries | 392 | 170 |
| - audit related assurance services | 310 | 41 |
| - non-audit services (of which A\$1,038,000 relates to IPO related services in 2014) | 1,038 | - |
| - tax advisory services (of which A\$331,000 relates to IPO related services in 2014) | 423 | 19 |
| - services relating to corporate finance transactions entered into or proposed to be entered into on behalf of the company | - | 201 |
| | <u>2,310</u> | <u>461</u> |

Note 36. Contingent liabilities

The group issued a bank guarantee through its banker, ANZ Bank Limited ('ANZ'), in respect of lease obligations amounting to A\$874,000 (2013: A\$874,000). The group also issued a bank guarantee through ANZ in respect of a merchant fee agreement deposit amounting to USD\$2,100,000 (2013: USD\$440,000).

The group also issued a bank guarantee through its banker ANZ Bank New Zealand Limited, in respect of customs and duties obligations amounting to NZ\$60,000 (2013: NZ\$60,000) and Fastway amounting to A\$100,000 (2013: Nil).

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Note 37. Commitments

| | 2014 | 2013 |
|---|----------------|----------------|
| | A\$'000 | A\$'000 |
| <i>Lease commitments - operating</i> | | |
| Committed at the reporting date but not recognised as liabilities, payable: | | |
| Within one year | 2,677 | 1,975 |
| One to five years | 3,283 | 4,191 |
| | <u>5,960</u> | <u>6,166</u> |
| <i>Lease commitments - finance</i> | | |
| Committed at the reporting date and recognised as liabilities, payable: | | |
| Within one year | 243 | 321 |
| One to five years | 264 | 442 |
| | <u>507</u> | <u>763</u> |
| Total commitment | 507 | 763 |
| Less: Future finance charges | <u>(22)</u> | <u>(73)</u> |
| Net commitment recognised as liabilities | <u>485</u> | <u>690</u> |
| Representing: | | |
| Finance lease liability - current (note 19) | 223 | 297 |
| Finance lease liability - non-current (note 24) | 262 | 393 |
| | <u>485</u> | <u>690</u> |

The group leases land and buildings and warehouses from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The group leases certain plant and equipment, and motor vehicles from non-related parties under finance leases. The lease agreements do not have renewal clauses but provide the group with options to purchase the leased assets at nominal values at the end of the lease term.

Included in additions are plant and equipment and motor vehicles acquired under finance leases amounting to A\$Nil (2013: A\$Nil) and A\$40,000 (2013: A\$81,000) respectively.

The carrying amounts of plant and equipment and motor vehicles held under finance leases are A\$344,000 (2013: A\$723,000) and A\$141,000 (2013: A\$102,000) respectively at the reporting date.

Note 38. Related party transactions

Parent entity

MySale Group Plc is the parent company of the group.

Subsidiaries

Interests in subsidiaries are set out in note 40.

Joint ventures

Interests in joint ventures are set out in note 41.

Key management personnel

Disclosures relating to key management personnel are set out in note 34.

Transactions with related parties

In May 2014 the group acquired controlling interests in Cocosa Lifestyle Limited, Chic Global Limited and Simply Sent It Pty Limited from related parties. Refer to note 39 for further details.

Note 38. Related party transactions (continued)

Receivable from and payable to related parties

Receivable from joint venture amounted to A\$462,000 (2013: A\$318,000).

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 39. Business combinations

Cocosa Lifestyle Limited

On 23 May 2014 the group acquired 100% of the ordinary share capital of Cocosa Lifestyle Limited ('Cocosa'), a UK registered members-only flash sale website selling luxury products on-line. The acquisition of Cocosa resulted in a bargain purchase of A\$932,000 as presented within other operating gains/(loss) in profit or loss. The bargain purchase was due to:

- the acquisition of the company included a membership database of 761,000 members including their key details and email addresses;
- the group has a substantial amount of data to accurately calculate the cost of acquiring members through their global operations;
- the group has sufficient data to accurately evaluate the buying history of each of the members; and
- the company has been acquired for a nominal amount of A\$1.

The acquired business contributed revenues of A\$nil and loss after tax of A\$22,000 to the group for the period from 23 May 2014 to 30 June 2014. If the acquisition occurred on 1 July 2013, the full year contributions would have been revenues of A\$8,635,000 and loss after tax of A\$8,131,000. The values identified in relation to the acquisition are provisional as at 30 June 2014.

Chic Global Limited

On 20 May 2014 Ozsale Pty Ltd acquired 50% of the ordinary share capital of Chic Global Limited for GBP50, which was owned 50:50 between Jamie Jackson (director) and a third party. Chic Global Limited was dormant in the period ended 30 June 2014 and from July commenced selling fast fashion targeting 18 to 25 year olds on MySale flash sites.

Simply Send It Pty Limited

On 14 May 2014 the group acquired a 51% interest in Simply Send It Pty Limited for a consideration of A\$51 from a related party. The acquired business contributed revenues of A\$nil and loss after tax of A\$5,000 to the group for the period from 14 May 2014 to 30 June 2014. If the acquisition occurred on 1 July 2013, the full year contributions would have been revenues of A\$nil and loss after tax of A\$60,000. The values identified in relation to the acquisition are provisional as at 30 June 2014.

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Note 39. Business combinations (continued)

Details of the acquisitions, in aggregate, is as follows:

| | Fair value A\$'000 | |
|--|-------------------------------|-------------------------|
| Cash and cash equivalents | | 488 |
| Trade and other receivables | | 16 |
| Inventories | | 76 |
| Customer relationships | | 2,019 |
| Trade payables | | (632) |
| Other payables | | (88) |
| Deferred tax liability | | (404) |
| Other loans | | (542) |
| | | <hr/> |
| Net assets acquired | | 933 |
| Discount on acquisition | | (932) |
| | | <hr/> |
| Acquisition-date fair value of the total consideration transferred | | <u>1</u> |
| | | <hr/> <hr/> |
| | 2014 A\$'000 | 2013 A\$'000 |
| Cash used to acquire business, net of cash acquired: | | |
| Acquisition-date fair value of the total consideration transferred | 1 | - |
| Less: cash and cash equivalents | <u>(488)</u> | <u>-</u> |
| Net cash received | <u>(487)</u> | <u>-</u> |

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Note 40. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

| Name | Principal place of business / Country of incorporation | Principal activities | Parent Ownership interest | | Non-controlling interest Ownership interest | |
|-----------------------------------|--|----------------------|---------------------------|---------|---|--------|
| | | | 2014 % | 2013 % | 2014 % | 2013 % |
| APAC Sale Group Pte. Ltd. | Singapore | Trading company | 100.00% | 100.00% | -% | -% |
| APAC Sale Italy s.r.l | Italy | Trading company | 100.00% | -% | -% | -% |
| APAC Sales Group, Inc. | United States of America | Trading company | 100.00% | 100.00% | -% | -% |
| APAC UK Procurement Co Limited | United Kingdom | Trading company | 100.00% | 100.00% | -% | -% |
| APACSale Limited | United Kingdom | Trading company | 100.00% | 100.00% | -% | -% |
| BuylInvite Pty Limited | Australia | Trading company | 100.00% | 100.00% | -% | -% |
| Cocosa Lifestyle Limited | United Kingdom | Trading company | 100.00% | -% | -% | -% |
| NZ Sale Limited | New Zealand | Trading company | 100.00% | 100.00% | -% | -% |
| Ozsale Pty Limited | Australia | Trading company | 100.00% | 100.00% | -% | -% |
| Ozsale Sdn. Bhd. | Malaysia | Trading company | 100.00% | 100.00% | -% | -% |
| Private Sale Asia Pacific Pte Ltd | Singapore | Trading company | 100.00% | 100.00% | -% | -% |
| Simply Sent It Pty Limited | Australia | Trading company | 51.00% | -% | 49.00% | -% |
| Singsale Pte. Ltd. | Singapore | Trading company | 100.00% | 100.00% | -% | -% |
| APAC France SARL | France | Dormant | 100.00% | -% | -% | -% |
| Brand Search Pty Limited | Australia | Dormant | 100.00% | 100.00% | -% | -% |
| Chic Global Limited | United Kingdom | Dormant | 50.00% | -% | 50.00% | -% |
| Brand Search Pty Limited | Australia | Dormant | 100.00% | 100.00% | -% | -% |
| BuylInvite NZ Pty Limited | Australia | Dormant | 100.00% | 100.00% | -% | -% |
| Click Frenzy Australia Pty Ltd | Australia | Dormant | 100.00% | 100.00% | -% | -% |
| NZ Wine Limited | New Zealand | Dormant | 100.00% | 100.00% | -% | -% |
| Sales Events Pty Ltd | Australia | Dormant | 100.00% | 100.00% | -% | -% |

Summarised financial information for subsidiaries that have non-controlling interests, has not been provided as they are not material to the group.

MySale Group Plc
Notes to the financial statements
30 June 2014

Note 41. Interests in joint ventures

Thaisale.co.th Limited is deemed to be a jointly controlled operation of the group as the appointment of its directors and the allocation of voting rights for key business decisions require the unanimous approval of its venturers. This investment has been accounted for using the equity method after initially being recognised at cost.

| Name | Principal place of business / Country of incorporation | Ownership interest | |
|------------------------|---|--------------------|-----------|
| | | 2014 % | 2013 % |
| Thaisale.co.th Limited | Thailand | 49.00% | 49.00% |

Summarised financial information

| | 2014 A\$'000 | 2013 A\$'000 |
|--|-----------------|-----------------|
| <i>Summarised balance sheet</i> | | |
| Current assets | 175 | 242 |
| Non-current assets | 42 | 59 |
| Total assets | 217 | 301 |
| Current liabilities | 935 | 366 |
| Total liabilities | 935 | 366 |
| Net liabilities | (718) | (65) |
| <i>Summarised statement of profit or loss and other comprehensive income</i> | | |
| Revenue | 1,855 | 724 |
| Expenses | (2,530) | (1,064) |
| Loss before income tax | (675) | (340) |
| Other comprehensive income | - | - |
| Total comprehensive income | (675) | (340) |

The group has not recognised the entire share of its losses of its joint venture interest amounting to A\$331,000 (2013: A\$67,000) because the group's cumulative share of losses exceeds its interest in that entity and the group has no obligation in respect of those losses. The cumulative unrecognised losses with respect to this entity amount to A\$398,000 (2013: A\$67,000) at the reporting date.

Note 42. Earnings per share

| | 2014 A\$'000 | 2013 A\$'000 |
|--|-----------------|-----------------|
| Profit/(loss) after income tax attributable to the owners of MySale Group Plc | (58,542) | 4,450 |
| Contingent consideration fair value (gain)/loss | - | (573) |
| Loss on revaluation of long-term incentive plan | - | 5 |
| Loss on revaluation of preference shares | - | 350 |
| Profit/(loss) after income tax attributable to the owners of MySale Group Plc used in calculating diluted earnings per share | (58,542) | 4,232 |

Note 42. Earnings per share (continued)

| | Number | Number |
|---|--------------------|--------------------|
| Weighted average number of ordinary shares used in calculating basic earnings per share | 100,448,603 | 96,197,139 |
| Adjustments for calculation of diluted earnings per share: | | |
| Deferred and contingent considerations | - | 1,745,000 |
| Employee long term incentive plan | - | 4,755,000 |
| Redeemable preference shares | - | 35,684,549 |
| | <u>100,448,603</u> | <u>138,381,688</u> |
| | Cents | Cents |
| Basic earnings per share | (58.28) | 4.63 |
| Diluted earnings per share | (58.28) | 3.06 |

1,247,262 (2013: Nil) employee long term incentives have been excluded from the 2014 (2013) diluted earnings calculation as they are anti-dilutive for the period.

Note 43. Share-based payments

The existing Long Term Incentive Plan (the 'LTIP') was approved by APAC shareholders in 2012. The LTIP was designed to provide long-term incentives for key employees to deliver long-term shareholder returns. Under the LTIP, participants were granted performance rights which only vest if a Capital Event occurs and the participant is a full time employee at the time of the event occurring. The performance rights were a means to calculate a one-off cash bonus. Participation in the LTIP was at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

Performance rights granted under the LTIP carried no dividend or voting rights.

The LTIP expired on the date of AIM admission on 16 June 2014, where 4,763,913 performance rights were settled.

The company established two new employee share plans prior to the AIM admission: (i) the Executive Incentive Plan ('EIP') and (ii) the Loan Share Plan ('LSP').

(i) The Executive Incentive Plan

Selected employees are granted a right to receive ordinary shares in the company in the future subject to remaining in employment and subject to the satisfaction of any performance conditions. The right (referred to as an 'award') can take the form of:

- A conditional right to free ordinary shares on vesting. A number of employees had entitlements to cash bonuses which became payable on the AIM admission. Some senior executives agreed to defer the payment and take it in the form of a conditional award under the EIP. The award converts the cash due to them into ordinary shares at the Placing Price of £2.26 with a maximum A\$75,000 enhancement if they defer 100% of the entitlement. Total ordinary shares applicable to the conditional award is 684,042. The award will vest 12 months after AIM admission (16 June 2015) and is not subject to any performance conditions but is subject to continued employment; and
- An option to acquire ordinary shares, from the date of vesting, at an exercise price set at the time of grant and which must be at least the market value of a share at that time. 50% of the options will vest two years after and the balance three years after AIM admission. Vesting is subject to the Remuneration Committee being satisfied that the underlying performance of the group justifies vesting. In determining this, the Remuneration Committee will have regard to revenue and Earnings Before Interest, Tax, Depreciation and Amortisation ('EBITDA') included in the company's internal forecasts as at the date of allocation.

Note 43. Share-based payments (continued)

(ii) Loan Share Plan

The emoluments disclosed above do not include any amounts for the value of share awards granted to the directors who have been selected to participate in the LSP. The LSP enables employees selected to participate to buy or subscribe for ordinary shares using a loan from the company. The ordinary shares are bought on the market or are subscribed at market value. The loan is then repayable and the ordinary shares may be sold to repay the loan on vesting. The loan is interest-free and recourse is limited to the value of the ordinary shares bought with it. 50% of the ordinary shares will vest two years after and the balance three years after AIM admission. The LSP has only been offered to Australian employees as it takes advantage of favourable tax treatment in Australia. Vesting is subject to the Remuneration Committee being satisfied that the underlying performance of the group justifies vesting. In determining this, the Remuneration Committee will have regard to revenue and EBITDA included in the company's internal forecasts as at the date of allocation.

Set out below are summaries of share and options granted under the plans for directors and employees:

2014

| Grant date | Expiry date | Exercise price | Balance at the start of the year | Granted | Exercised | Expired/ forfeited/ other | Balance at the end of the year |
|------------|-------------|----------------|----------------------------------|-----------|-----------|---------------------------|--------------------------------|
| 28/05/2014 | 16/06/2015 | £2.26 | - | 684,042 | - | - | 684,042 |
| 28/05/2014 | 16/06/2019 | £2.26 | - | 102,210 | - | - | 102,210 |
| 28/05/2014 | 16/06/2019 | £2.26 | - | 461,010 | - | - | 461,010 |
| | | | - | 1,247,262 | - | - | 1,247,262 |

Award type

Conditional: 684,042

Option: 102,210

Loan share: 461,010

The weighted average remaining contractual life of the share plan outstanding at the end of the financial year was 2 years (2013: 6.5 years).

For the options granted during the current financial year, the Black-Scholes option pricing model inputs used to determine the fair value at the grant date, are as follows:

(i) options are granted for no consideration and vest based on certain future events occurring

(ii) fair value: £2.26

(iii) grant date: 28 May 2014

(iv) expiry date: 16 June 2019

(v) share price at grant date: £2.26

(vi) expected price volatility of the company's shares: 40%

(vii) expected dividend yield: first three years 0%; 1.5% thereafter

(viii) risk-free interest rate: tranche #1 (vests after 2 years): 3.18%; tranche #2 (vests after 3 years): 3.30%

The share-based payment expense for the year was A\$4,888,000 (2013: A\$5,000).

Note 44. Events after the reporting period

Subsequent to the reporting date the group entered into a lease agreement for office premises in London. The group also acquired a 60% share in the Danish flash sale website Invitetobuy.

No other matter or circumstance has arisen since 30 June 2014 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial years.

MySale Group Plc
Parent company balance sheet
As at 30 June 2014

| | Note | 2014 A\$'000 |
|--|------|-----------------|
| Assets | | |
| Cash at bank and in hand | 4 | 65,246 |
| Debtors- amounts falling within one year | 5 | 1,280 |
| Investment in subsidiary | 6 | <u>106,403</u> |
| Total assets | | <u>172,929</u> |
| Liabilities | | |
| Creditors – amounts falling due within one year | 7 | 7 |
| Creditors – Amounts falling due after more than one year | 8 | <u>14</u> |
| Total liabilities | | <u>21</u> |
| Net assets | | <u>172,908</u> |
| Equity | | |
| Called up share capital | 9 | - |
| Share premium account | 10 | 306,363 |
| Other reserves | 11 | (132,743) |
| Accumulated losses | 12 | <u>(712)</u> |
| Total equity | | <u>172,908</u> |

The financial statements of MySale Group Plc (company number 115584) were approved by the Board of Directors and authorised for issue on 14 September 2014. They were signed on its behalf by:



David Mortimer AO
 Director



Jamie Jackson
 Director

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

MySale Group Plc
Notes to the parent company financial statements
30 June 2014

Note 1. General information

The company was incorporated on 28 April 2014 as MySale Group Limited. The company changed its name to MySale Group Plc on 28 May 2014 and was admitted onto the Alternative Investment Market ('AIM') on 16 June 2014.

The financial statements functional currency is Pounds Sterling. The presentation currency is Australian dollars, the most representable currency of the company's operations and generally rounded to the nearest thousand.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below.

Basis of preparation

These separate financial statements of the company are designed to include disclosures sufficient to comply with those parts of the UK Companies Act 2006 applicable to companies reporting under UK accounting standards even though the company is incorporated and registered in Jersey. They have been prepared under the historical cost convention and under the going concern assumption. Further details of the Directors' considerations in relation to going concern are included in the Directors' report.

Foreign currency translation

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Functional currency translation

The assets and liabilities of operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of operations are translated into Australian dollars using the average exchange rates, which approximate the rate at the date of the transaction, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Investments in subsidiaries

Investments in subsidiaries are shown at cost less provision for impairment.

Employee benefits

Long term employee incentive plan

The company operates an employee incentive plan to reward and retain key employees. The company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Financial liabilities and equity

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

Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

MySale Group Plc
Notes to the parent company financial statements
30 June 2014

Note 2. Significant accounting policies (continued)

Taxation

Current tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis. The taxation liabilities are reduced wholly or in part by the surrender of tax losses by fellow group undertakings for which payment is made.

Cash flow statement

The company is included in the consolidated financial statements of Mysale Group plc, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996).

Rounding of amounts

Amounts in this report have been rounded off to the nearest thousand dollars, or in certain cases, the nearest dollar.

Note 3. Profit for the year

The company has elected not to present its own profit and loss account for the period. MySale Group Plc reported a loss for the financial period, from incorporation on 28 April 2014 to 30 June 2014 of A\$712,000

The auditor's remuneration for audit and other services is disclosed within note 35 to the consolidated financial statements. The only employees of the company are the directors whose emoluments are disclosed in the Directors' remuneration report.

Note 4. Cash at bank and in hand

| | 2014 A\$'000 |
|--------------|-------------------------------|
| Cash on bank | <u><u>65,246</u></u> |

Note 5. Debtors- amounts falling within one year

| | 2014 A\$'000 |
|-------------------|-------------------------------|
| Other receivables | <u><u>1,280</u></u> |

Other receivables include refundable IPO costs, which were repaid in July 2014.

MySale Group Plc
Notes to the parent company financial statements
30 June 2014

Note 6. Investment in subsidiary

| | 2014 A\$'000 |
|---|-------------------------|
| Investment in APAC Sale Group Pte. Ltd. - at cost | <u>106,403</u> |

A detailed list of subsidiaries is detailed within note 40 to the consolidated financial statements.

Note 7. Creditors – amounts falling due within one year

| | 2014 A\$'000 |
|----------|-------------------------|
| Accruals | <u>7</u> |

Note 8. Creditors – Amounts falling due after more than one year

| | 2014 A\$'000 |
|--|-------------------------|
| Employee benefits - long term incentive plan | <u>14</u> |

Long term incentive plan

Information on the company's long term incentive plan and employee share plans (the Executive Incentive Plan and the Loan Share Plan) are detailed within note 43 to the consolidated financial statements.

Note 9. Equity - called up share capital

| | 2014 Shares | A\$'000 |
|---|------------------------|----------------|
| Ordinary shares £nil each - issued and fully paid | <u>150,647,610</u> | <u>-</u> |

Authorised share capital

200,000,000 ordinary shares of £nil each. The share capital was converted from £1 per share to no par value at a general meeting on 23 May 2014, effective from 28 May 2014.

Capital reconstruction - group reorganisation

MySale Group Plc ('MySale') was incorporated on 28 April 2014 and was admitted to the Alternative Investment Market ('AIM') on 16 June 2014. Prior to AIM admission, the group undertook a reorganisation such that MySale was established as APAC Sale Group Pte. Ltd.'s ('APAC') parent/holding entity. MySale determined that the acquisition of APAC did not represent a business combination as defined by IFRS 3 'Business Combinations'. The appropriate accounting treatment for recognising the new group structure has been determined on the basis that the transaction was a form of capital reconstruction and group reorganisation. The capital reconstruction has been accounted for using the principles of a reverse acquisition by APAC of MySale.

On 27 May 2014, the company issued 132,948,495 ordinary shares of £1 nominal value. On 28 May 2014 these shares were converted into ordinary shares of £nil nominal value, on a share-for-share exchange.

MySale Group Plc
Notes to the parent company financial statements
30 June 2014

Note 9. Equity - called up share capital (continued)

Movements in ordinary share capital - issued and fully paid

| Details | Date | Shares | A\$'000 |
|---|---------------|---------------------------|-----------------|
| Balance | 28 April 2014 | - | - |
| Shares issued on capital reorganisation | 27 May 2014 | 132,948,495 | 239,159 |
| Conversion of ordinary shares | 28 May 2014 | - | (239,159) |
| Share issued at AIM admission | 16 June 2014 | <u>17,699,115</u> | <u>-</u> |
| Balance | 30 June 2014 | <u><u>150,647,610</u></u> | <u><u>-</u></u> |

Movements in share premium account (note 10)

| Details | Date | A\$'000 |
|--|---------------|-----------------------|
| Balance | 28 April 2014 | - |
| Conversion of ordinary shares | 28 May 2014 | 239,159 |
| Capital received on AIM admission | 16 June 2014 | 72,267 |
| Transaction costs arising on AIM admission | 16 June 2014 | <u>(5,063)</u> |
| Balance | 30 June 2014 | <u><u>306,363</u></u> |

Ordinary shares

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

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 10. Equity - share premium account

| | |
|-----------------------|-----------------------|
| | 2014 |
| | A\$'000 |
| Share premium account | <u><u>306,363</u></u> |

The share premium account is used to recognise the difference between the issued share capital at nominal value and the capital received

Note 11. Equity - other reserves

| | |
|--------------------------------|-------------------------|
| | 2014 |
| | A\$'000 |
| Foreign currency reserve | 13 |
| Capital reorganisation reserve | <u>(132,756)</u> |
| | <u><u>(132,743)</u></u> |

Foreign currency reserve

The reserve is used to recognise exchange differences arising from translation of the financial statements from the functional currency to the presentation currency.

Capital reorganisation reserve

This reserve is used to recognise the excess of purchase price of APAC (refer note 9) over the shareholding acquired of A\$132,756,000.

MySale Group Plc
Notes to the parent company financial statements
30 June 2014

Note 11. Equity - other reserves (continued)

Movements in reserves

Movements in each class of reserve during the current financial period are set out below:

| | Foreign currency A\$'000 | Capital reorganisation A\$'000 | Total A\$'000 |
|------------------------------|--------------------------------|--------------------------------------|------------------|
| Balance at 28 April 2014 | - | - | - |
| Foreign currency translation | 13 | - | 13 |
| Capital reorganisation | - | (132,756) | (132,756) |
| | | | <hr/> |
| Balance at 30 June 2014 | <u>13</u> | <u>(132,756)</u> | <u>(132,743)</u> |

Note 12. Equity - accumulated losses

| | 2014 A\$'000 |
|---|-------------------------|
| Retained profits at the beginning of the financial period | - |
| Loss after income tax expense for the period | <hr/> (712) |
| Accumulated losses at the end of the financial period | <hr/> <u>(712)</u> |

Note 13. Equity - Reconciliation of movements in shareholders' funds

| | 2014 A\$'000 |
|----------------------------|-------------------------|
| Loss for the period | (712) |
| Issue of capital | 306,363 |
| Movement in other reserves | <hr/> (132,743) |
| Balance at 30 June 2014 | <hr/> <u>172,908</u> |

Note 14. Contingent liabilities

The company had no contingent liabilities as at 30 June 2014.

Note 15. Related party transactions

Details of related party transactions are provided in note 39 to the consolidated financial statements. The company has taken advantage of the exemption in FRS 8 'Related Party Disclosures' not to disclose details of transactions with other wholly owned group companies.

MySale Group Plc
Notes to the parent company financial statements
30 June 2014

Note 16. Events after the reporting period

Subsequent to the reporting date the company entered into a lease agreement for office premises in London.

No other matter or circumstance has arisen since 30 June 2014 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

MySale Group Plc
Notice of General Annual Meeting
30 June 2014

MYSALE GROUP PLC

REGISTERED IN JERSEY WITH REGISTERED NUMBER: 115584
REGISTERED OFFICE: 44 ESPLANADE, ST HELIER, JERSEY JE4 9WG

Notice of Annual General Meeting

Notice is hereby given that the first Annual General Meeting (**AGM**) of MySale Group plc (**MySale** or the **Company**) will be held at the offices of Crescent Capital Partners, Level 29, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000, Australia on 16 December 2014 commencing at 19.30 Australian Eastern Daylight Time (**AEDT**)/08.30 GMT to consider and, if thought fit, to pass resolutions 1 to 7 as ordinary resolutions and resolution 8 as a special resolution.

RESOLUTIONS

ORDINARY RESOLUTIONS

Financial statements for the year ended 30 June 2014

1. To receive the Company's Annual Report and Accounts for the financial year ended 30 June 2014 together with the Reports of the Directors and Auditor thereon.

Appointment of the auditor

2. To appoint PricewaterhouseCoopers LLP as auditor of the Company, to hold office until the conclusion of the next general meeting at which accounts are laid before the Company, and to authorise the Directors to fix the remuneration of the auditor.

Election of Directors

3. To elect David Mortimer AO as a Director in accordance with Articles 7.2 and 7.9 - 7.12 of the Company's Articles of Association (the **Articles**).
4. To elect Andrew Dingle as a Director in accordance with Articles 7.2 and 7.9 - 7.12 of the Articles.
5. To elect Carl Jackson as a Director in accordance with Articles 7.2 and 7.9 - 7.12 of the Articles.
6. To elect James Jackson as a Director in accordance with Articles 7.2 and 7.9 - 7.12 of the Articles.
7. To elect Adrian MacKenzie as a Director in accordance with Articles 7.2 and 7.9 - 7.12 of the Articles.

SPECIAL RESOLUTION

Disapplication of pre-emption rights

8. THAT, in substitution for all existing authorities to the extent unused, the Directors of the Company be generally and unconditionally empowered, pursuant to and in accordance with Article 2.15 of the Articles, to exercise all powers of the Company to allot Shares (as that term is defined in the Articles) for cash as if Article 2.8 of the Articles did not apply to any such allotment, provided that this power shall be limited to:
 - (A) the allotment of Shares for cash in connection with or pursuant to a rights issue (as defined below) or any other issue in favour of holders of Shares in proportion (as nearly as may be practicable) to the respective holdings of Shares then held by them;
 - (B) the allotment of Shares in connection with any scrip dividend scheme or similar arrangement implemented in accordance with the Articles from time to time in force; and

MySale Group Plc
Notice of General Annual Meeting
30 June 2014

- (C) otherwise than pursuant to paragraphs 8(A) and (B) above, the allotment of Shares for cash up to an aggregate amount of 15,064,700 Shares, being approximately ten per cent. of the Company's issued Shares as at 10 November 2014, being the latest practicable date before publication of this notice;

provided further that such power shall expire at the conclusion of the Company's Annual General Meeting in 2015 or fifteen months following the passing of this resolution, whichever is the sooner, unless previously revoked, varied or renewed by the Company in general meeting (save that the Company may before such expiry make an offer or agreement which would or might require Shares to be allotted after such expiry and notwithstanding such expiry the Directors of the Company may allot Shares in pursuance of such offer or agreement).

For the purposes of the authority in paragraph (A) above, "rights issue" means an offer to: (i) holders (other than the Company) on the register on a record date fixed by the Directors of Shares in proportion (as nearly as may be practicable) to their existing holdings; and (ii) other persons so entitled by virtue of the rights attaching to any other equity securities held by them, but subject in both cases to such exclusions, restrictions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or legal, regulatory or practical problems in, or under the laws of, any territory.

By order of the Board

Prism Cosec Limited
Company Secretary
14 November 2014

Notes to the Notice of Annual General Meeting

1. Record Date

Shareholders registered in the Register of Members of the Company as at 18:00 GMT on 14 December 2014 (or, in the event of any adjournment, on the date which is two days before the time of the adjourned meeting) shall be entitled to attend or vote at the AGM in respect of the shares registered in their name at that time. Changes to entries on the Register of Members after 18:00 GMT on 14 December 2014 will be disregarded in determining the rights of any person to attend or vote at the AGM.

2. Attendance at the AGM

The Company's first AGM will be held at the offices of Crescent Capital Partners, Level 29, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000, Australia at 19.30 AEDT/08.30 GMT on 16 December 2014. To enable shareholders based outside Australia to listen to the proceedings at the AGM, the Company will provide a conference facility for the AGM. Details of the conference facility will be set out on the Company's website (www.mysalegroup.com) and notified to the market in due course. However, shareholders should note that they cannot vote at the AGM by means of the conference facility and that votes may only be cast in person, by corporate representative or by proxy at the venue of the AGM.

3. Proxies

A member is entitled to appoint another person as his proxy (who need not be a member of the Company) to exercise all or any of their rights to attend and vote on their behalf at the AGM.

A member may appoint more than one proxy in relation to the AGM. When two or more valid but differing appointments of proxy are delivered or received for the same share, the one which is last validly delivered or received (regardless of its date or the date of its execution) shall be treated as replacing and revoking the other or others as regards that share. If the Company is unable to determine which appointment was last validly delivered or received, none of them shall be treated as valid in respect of that share.

Members who wish to appoint more than one proxy in respect of their holding may obtain additional Forms of Proxy by contacting the Company's Registrars, Computershare Investor Services at 0870 707 4040. Lines are open Monday to Friday 9.00am to 5.30pm. Alternatively, members may photocopy the Form of Proxy provided with this document indicating on each copy the name of the proxy appointed and the number of ordinary shares in the Company in respect of which that proxy is appointed. All Forms of Proxy should be returned together in the same envelope.

A Form of Proxy is enclosed with this Notice. Completion of the Form of Proxy will not prevent a member from subsequently attending and voting at the AGM in person if they so wish. The Form of Proxy, and any power of attorney or other authority under which it is executed (or a duly certified copy of any such power or authority), must be either (i) received by post or (during normal business hours only) by hand at the offices of the Company's Registrars, Computershare, Queensway House, Hilgrove Street, St Helier, Jersey,

4. Corporate Representatives

A corporate shareholder may authorise a person to act as its representative at the AGM. Each representative may exercise (on behalf of the corporate shareholder) the same powers as the corporate shareholder could exercise if they were an individual shareholder in the Company.

5. CREST Proxy Instructions

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the AGM and any adjournment thereof by following the procedures described in the CREST Manual. CREST Personal Members or other CREST Sponsored Members, and those CREST members who have appointed a voting service provider, should refer to their CREST sponsor or voting service provider who will be able to take the appropriate action on their behalf.

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In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a **CREST Proxy Instruction**) must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instruction, as described in the CREST Manual (available at www.euroclear.com/CREST). The message, regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID number 3RA50) by no later than 19.30 AEDT/08.30 GMT on 14 December 2014. No message received through the CREST network after this time will be accepted. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. The CREST Manual is available at www.euroclear.com/CREST.

CREST members and, where applicable, their CREST sponsors or voting service provider should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST Personal Member or Sponsored Member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company will treat as invalid a CREST Proxy Instruction in the circumstances set out in Article 34 of the Companies (Uncertificated Securities) (Jersey) Order 1999, as amended.

6. Total Voting Rights

Holders of the Company's ordinary shares are entitled to attend and vote at general meetings of the Company. Each ordinary share entitles the holder to one vote on a poll. As at 10 November 2014, being the latest practicable date prior to the publication of this Notice, the Company had 150,647,610 shares in issue. The Company does not hold any shares in treasury. Therefore, the total voting rights in the Company as at 10 November 2014 are 150,647,610.

7. Voting at the AGM

In order for the voting preferences of all shareholders to be taken into account, and not only those who can physically attend, the Company will conduct a poll vote on all resolutions put to the AGM. As soon as practicable following the meeting, the results of voting at the meeting and the numbers of proxy votes cast for and against each resolution, together with the number of votes actively withheld will be announced to the market via a Primary Information Provider and also placed on the Company's website (www.mysalegroup.com).

In the case of joint holders of shares, the vote of the senior member who is entitled to receive notice of general meetings in accordance with the Articles whether in person or by proxy shall be accepted to the exclusion of any votes of the other joint holders, and seniority shall be determined by the order in which the names of the holders stand in the register of members of the Company.

8. Display Documents

Copies of the service contracts for all Executive Directors and the letters of appointment for the Non-executive Directors are available for inspection at the registered office of the Company during normal business hours on any weekday (excluding Saturdays, Sundays and public holidays) from the date of this Notice until the conclusion of the AGM and also at the place of the AGM from 19.00 AEDT on the day of the AGM until the conclusion thereof.

9. Electronic address

Please note that shareholders may **not** use any electronic address provided in this Notice or any related documents (including the Form of Proxy) to communicate with the Company for any purpose other than those expressly stated.

Explanatory Notes to the Resolutions

Ordinary Resolutions

Resolutions 1 to 7 are being proposed as ordinary resolutions and for each of these resolutions to be passed, more than 50% of the votes cast must be in favour of the resolution.

1 Report and Accounts

The Companies (Jersey) Law 1991 as amended requires the Directors of a public company to lay its Annual Report and Accounts, together with a copy of any auditor's report on them, before a general meeting of the shareholders. An ordinary resolution to receive the Annual Report and Accounts will be proposed.

2 Appointment of the Auditor and Auditor's Remuneration

Shareholders are required to appoint the external auditor at the AGM to hold office until the conclusion of the next annual general meeting. Following a review of the effectiveness, independence and objectivity of the external auditor, PricewaterhouseCoopers LLP, the Board is proposing their re-appointment as external auditor. PricewaterhouseCoopers LLP have expressed their willingness to continue in office for a further year.

The resolution also authorises the Directors, in accordance with standard practice, to negotiate and agree the remuneration of the auditors. In practice, the Audit Committee will consider the audit fees for recommendation to the Board.

3-7 Election of Directors

The Company's Articles of Association require the Directors to retire by rotation. Directors retiring by rotation may, if they wish, stand for re-election. Since all the Directors were appointed on 28 May 2014, they have agreed that they will each retire at the forthcoming AGM and offer themselves for election by shareholders. Biographical details of each of the Directors can be found on pages 13-14 of the Annual Report and Accounts.

Subject to the Articles, at each subsequent annual general meeting, one third of the continuing Directors will be subject to retirement by rotation.

Special Resolution

Resolution 8 is being proposed as a special resolution. In order for a special resolution to be passed, at least two-thirds of the votes cast must be in favour of the resolution.

8 Disapplication of Pre-emption Rights

If the Directors wish to allot new Shares for cash (other than bonus shares or in connection with an employee share scheme) they are required to first offer these Shares to existing shareholders in proportion to their holdings in accordance with Article 2.8 of the Articles (the 'Pre-emption Procedure').

The purpose of paragraphs (A) and (B) of resolution 8 is to authorise the Directors to allot new Shares for cash in connection with or pursuant to a rights issue or any other issue in favour of holders of Shares in proportion (as nearly as may be practicable) to the respective holdings of Shares then held by them, or in connection with a scrip dividend scheme or similar arrangement, in each case without following the Pre-emption Procedure.

The purpose of paragraph (C) of resolution 8 is to allow the Directors, in addition to the authority granted to the Directors pursuant to paragraphs (A) and (B), to allot Shares for cash up to an aggregate amount equal to ten per cent of the issued Shares, again without following the Pre-emption Procedure.

This authority would remain in force until the conclusion of the Company's annual general meeting in 2015 or fifteen months following the passing of this resolution, whichever is the earlier.

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