



# MYSALE

GROUP PLC

ANNUAL REPORT & FINANCIAL STATEMENTS

**30 JUNE 2015**  
COMPANY NUMBER 115584



**MySale Group Plc**  
**Contents**  
**30 June 2015**

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**MySale Group Plc**  
**Corporate directory**  
**30 June 2015**

Directors	Iain McDonald - Independent Non-Executive Chairman David Mortimer AO - Independent Non-Executive Director Jamie Jackson - Executive Director and Vice Chairman Carl Jackson - Executive Director and Chief Executive Officer Andrew Dingle - Executive Director and Chief Financial Officer
Head office	5/111 Old Pittwater Rd, Brookvale, NSW 2100, Australia
Company secretary	Prism Cosec Limited, 10 Margaret Street, London, W1W 8RL
Registered office	Ogier House, The Esplanade, St. Helier, JE4 9WG, Jersey
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	<a href="http://www.mysalegroup.com">www.mysalegroup.com</a>
Nominated brokers	Zeus Capital Limited, 41 Conduit Street, London, W1S 2YQ
Company registrars	Computershare Investor Services (Jersey) Limited Queensway House, Hilgrove Street, St Helier, Jersey, JE1 1ES

This Strategic report for MySale Group Plc ('MySale' or the 'company') and its subsidiaries (collectively referred to as the 'group') is set out under the following main headings:

1. Financial and operating highlights
2. Chairman's statement
3. Review of operations by the Chief Executive Officer
4. Financial review by the Chief Financial Officer
5. Principal risks and uncertainties
6. Corporate social responsibilities
7. People

## **1. Financial and operating highlights**

### **Financial highlights**

- Revenue increased by 5% to A\$235.9 million (2014: A\$224.4 million).
- Underlying EBITDA<sup>1</sup> loss of A\$11.2 million for the financial year in line with guidance (2014: Underlying EBITDA profit of A\$5.9 million).
- Return to profitability in second half with underlying EBITDA of A\$0.2 million.
- Strong balance sheet with year-end cash balance of A\$39.9 million and underlying cash position<sup>2</sup> of A\$63.5 million as a result of changes in the working capital mix.
- Encouraging start to current financial year.

### **Operational highlights**

- 811,000 active members (2014: 796,000).
- Continued increase in sales via mobile channel which now represents 55% of orders (2014: 51%).
- Successful launch of new websites in United Kingdom and Hong Kong.

## **2. Chairman's statement**

I am pleased to be presenting to shareholders the first set of results since my appointment as Chairman on 27 July 2015.

MySale's first full year as a quoted company was a difficult one overall, but with a much improved performance through the second half of the financial year.

Since joining the business I have worked closely with the executive management team and conducted a detailed assessment of the business. The conclusion is that MySale group has the potential for a very exciting future. The group has a number of fundamental strengths, namely:

- an exceptional value proposition a well invested and stable proprietary technology platform
- a fully developed global supply infrastructure;
- a strong and experienced sourcing team;
- a customer database of 15.6 million of which over 800,000 were active in the last 12 months;
- a strong, cash rich balance sheet;
- a low risk consignment inventory model with low net working capital requirements; and
- a strong and supportive shareholder base.

The focus of the team for the next financial year is to leverage these strengths and, in terms of some simple targets, these include:

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<sup>1</sup> Underlying EBITDA: see note 5 to the financial statements

<sup>2</sup> Underlying cash position is defined as the aggregate of cash and receivables

In the core Australia and New Zealand ('ANZ') market we aim to: return the active member metric to growth; increase the average order value and frequency of existing members; and grow the profitability of each member basket.

In our South-East Asia ('S-E Asia') and United Kingdom ('UK') businesses we aim to drive customer registrations and improve the conversion from registration to purchase.

Across the group these targets will be achieved by: our continued investment in technology to allow better use of data analytics and non pay per click marketing channels to drive member engagement; deploying our balance sheet more effectively by increasing the proportion of own-buy inventory and thus gross margins and improving our offer in categories which fit naturally with our existing membership base to increase average member spend.

Driving the profitability of our core ANZ operations will allow us to build an exciting, growing business in S-E Asia.

At the same time, a key focus for myself as Chairman will be to ensure that our strategy and performance are effectively communicated to both existing and potential shareholders. We will also add strength to the Board from a non-executive perspective and this process is underway.

As for the new financial year, performance to date has been in line with expectations. With the peak period still ahead of us, there is much to do, but this is an encouraging start.



Iain McDonald  
Chairman  
London  
28 September 2015

### 3. Review of operations by the Chief Executive Officer

MySale had 811,000 active members during the financial year to 30 June 2015 (2014: 796,000). During this period, the group recorded revenue of A\$235.9 million (2014: A\$224.4 million, an increase of 5% on the previous year and the seventh consecutive year of revenue growth).

Gross Profit for the year was \$55.2 million (2014: A\$60.4 million), a decrease on the prior year and Gross Profit margin in the period was 23.4% compared to 26.9% in the prior year and the factors influencing Gross Profit margin are described later in this review. Separately, it is pleasing to note positive progress as the group's item margin increased slightly during the year under review to 40% (2014: 39%) and both ANZ and S-E Asia achieved increases in average gross order values which increased the group's average order value to A\$75 (2014: \$61).

A\$ million	Year to 30 June 2015				Year to 30 June 2014			
	Total	ANZ	S-E Asia	ROW	Total	ANZ	S-E Asia	ROW
Revenue	235.9	205.3	26.3	4.2	224.4	202.3	22.0	-
Revenue growth	5.1%	1.5%	19.6%	-	-	-	-	-
Gross Profit	55.2	50.9	3.5	0.9	60.4	57.3	3.1	-
Gross Profit %	23.4%	24.8%	13.2%	21.1%	26.9%	28.3%	14.0%	-

In 2014 calendar year the group embarked upon a number of significant initiatives including an Initial Public Offering ('IPO') and the opening of four new retail websites in three continents and it is clear that this international expansion stretched management resources too thinly during the first half of the financial year under review. Lessons were learned and the group refocused on its core existing businesses and established operating model in the second half of the financial year.

During the first half of the financial year the group's performance was adversely affected by a number of tactical issues with the product mix, excessive postage-led promotions and too much marketing budget spent on non-digital channels. These issues resulted in lower than expected sales growth and reduced gross margins meaning there was a material mismatch of income and the cost base which in turn meant a significant underlying EBITDA loss of A\$ 11.2 million was recorded.

Although disappointing the issues were of a tactical nature and therefore swift corrective action was taken and performance improved significantly in the second half of the financial year during which gross margins began to improve and the cost base reduced. This effective management action meant the group returned to profitability and recorded positive underlying EBITDA of A\$0.2 million for the second half of the financial year.

The group has a robust business model, is financially strong and expects to build on the positive momentum of this second half performance in the financial year to June 2016 ('FY2016').

#### **ANZ**

In the ANZ region the group's operations are relatively mature and well established flash sale business within a growing online retail sector. Our website is recognised as one of the top ANZ online retail websites.

Revenue grew by 1.5% in the region, held back by the combined effects of postage promotions, which resulted in a reduction in the average customer spend, a slight tightening in ANZ macroeconomic conditions and, in some product categories, a lack of branded products within the product selection. As described above remedial action was initiated and an improved performance was achieved in the second half of the financial year, although the full benefits of some actions will not begin to materially accrue until the current financial year FY2016.

Following the distractions of calendar 2014 the Group has ensured this, largest, segment has management's focus on execution and development. Moving into FY2016 we are building on the momentum of these improvements.

While ANZ is long established, it continues to provide attractive growth possibilities due to lower levels of internet penetration at circa 7% versus the UK and the USA at circa 11% together with this region's relative lack of off-price retailers.

Within the ANZ segment the group has its network of nine small-footprint, local retail stores which provide the group with a supplementary distribution channel for off-price, clearance inventory and that can, in the future, be used to test a wider off-price retail strategy.



### **South-East Asia**

Within the S-E Asia segment are the flash sales websites operations serving Hong Kong, Malaysia and Singapore where we have been operating for five years. Accordingly, the websites are mostly well established as is the online retail sector generally. We also have more recently established websites serving the Philippines and Thailand where online retail is still in its early stages. Overall this territory delivered a 20% increase in revenue. This segment also experienced some drag on revenue growth due to postage promotions and merchandising issues in the financial year under review and therefore again a continued improvement in performance during FY2016 is anticipated.

This territory has different characteristics to those of ANZ and the key long term focus for the group is to grow the membership base; transaction volumes and revenue to reach a scale which can then support further investment in the region which in itself will then drive lower unit costs and increased profitability.

This segment is anticipated to be an increasingly significant part of the business in the medium to long term. Demand for branded products, particularly UK and European brands, is expected to grow as the region's consumers' disposable incomes rise and as these consumers also become more familiar with, and trust, online retailing. In addition, the prevalence of smart-phones continues to grow and delivery solutions improve, thereby fuelling the demand and improving the service available to members.

### **Rest of the World**

ROW represents revenues generated principally in the UK which began trading in summer 2014. The foundation of this territory is the database of Cocosa acquired in 2014 which provided the initial membership base. During the financial year under review the group's emphasis has been on engaging and converting this membership to active members rather than acquiring additional new members.

Whilst currently a small part of the business, the UK operations are present in a large and well developed online marketplace where engaged and active consumers can be acquired successfully. Given there is no online flash sale operator of scale in the UK the group has targeted becoming a leading operator in the country.

### **Marketing**

Following an unproductive investment into non-digital marketing initiatives in the first half of the financial year the group refocused its marketing efforts for the acquisition of new members almost entirely to digital channels. In the first half of the financial year the group invested, circa 11% of sales on marketing spend, a significant increase on prior periods when 6 – 8% has been invested. The group returned a marketing investment of c. 6% of sales in the second half. The entire group's digital marketing is carefully planned and delivered to obtain the optimum balance between lower member acquisition costs and the acquisition of quality members with the attributes to become active, regularly spending, members.

### **Sourcing**

MySale has a unique ability to source inventory across the northern and southern hemispheres for the members' sales on our websites. During the financial year the group worked with over 3,000 brand partners to deliver high quality products to our members and support those brand partners in their inventory management.

In the last few years, the group has invested significantly in developing the buying and logistics infrastructure required to operate the business as one of the few truly international flash sale websites. During the financial year the group's products were sourced from brand partners in ANZ for 46% and ROW for 54% with the majority of the latter sourced in the UK and USA. This mixture of sources compares to 100% of products being sourced from ANZ only three years ago. The work of the sourcing teams meant the group's item margin increased in the financial year to 40% (2014: 39%).

During the financial year the group ran sales campaigns with over 3,000 brands. Brands within the most consistent performers include partners such as Calvin Klein, Guess and Desigual. Such partners repeatedly engage due to our counter cyclical offering, our ability to deliver turn-key solutions and the flexible inventory management we offer.

Where opportunities present themselves, we have been selectively increasing the mix of own-buy off-price products, primarily sourced from Europe and the UK, from below 10% of online sales volumes and in the medium term anticipate 20-30% of online sales activity to be on an own-buy basis. Own-buy inventory delivers increased gross margins, improved product selection for members and deeper relationships with brand partners. Whilst this increase in own-buy activity shall increase the investment into working capital assets the overall business model shall continue to have a relatively low net working capital requirement and the majority of sourcing activity shall be undertaken on a risk free, consignment basis.



### **Logistics**

The group has three principle distribution centres in Australia, USA and the UK which allows efficient servicing of our international membership base. These centres comprise over 300,000 square feet of warehouse space and an infrastructure capable of shipping over 2.5 million deliveries in the peak months.

The group has implemented a continual process improvement system for its logistics operations and as a result has seen global average dispatch days reduce by circa 7 days to 12 days and improved supplier delivery lead times. During the financial year the group dispatched approximately 9.3 million units to members. Within the core ANZ and S-E Asia segments the group's level of product returns remains consistent and, at around 5-7%, is low compared to the wider industry, whilst the UK is a little higher but also relatively low against the wider UK industry.

### **Technology**

The group has made significant investment over the past few years to continue the development of systems that provide responsiveness, reliability and international scalability. During the financial year the group committed capital expenditure to improving its data, mobile and user experience capabilities and will continue the investment in these areas. In 2015 this programme of continual development included, for example, changes to our checkouts which allowed buying multiple sales in a single basket which assisted the growth in average order value to A\$75 (2014: A\$61).

We have executed our mobile strategy as planned on IOS, Android and Windows across all our websites and have continued strong adoption in mobile shopping with approximately 55% of orders coming from mobile devices in the period under review. To date our shopping apps have been downloaded more than 4.5 million times.

### **Board changes**

After the year end we were delighted welcome Iain McDonald as our Non-Executive Chairman whilst at the same time expressing our gratitude to Non-Executive Director Adrian MacKenzie who left after, alongside David Mortimer, guiding the company through international expansion and a London IPO. Iain has brought new sector insights to the Board and will help us refine and grow our business in the future.

### **Outlook**

Following a year of some challenges in FY2015 we look forward with optimism to FY2016. The group undertook a number of actions at the time of our half year that refocussed all our resources on our core business. Since then we have implemented initiatives that have: improved the product selection on our websites; reduced our reliance on postage promotions; strengthened the senior team; invested our marketing budget in proven digital channels; and significantly reduced our cost base. This delivered a return to modest profitability in the second half of FY2015 and we continue to focus on these initiatives in FY2016.

We are maintaining the planned investment into our technology solutions in areas which will support business improvement: data analysis, mobile and user experience to drive revenue and operational efficiency to reduce costs.

MySale has a number of unique strengths with our international inventory sourcing capability, robust logistics and technology platform; substantial member base and experienced senior team and the group is focused on leveraging these strengths to develop the business for all stakeholders.

Our aim for FY2016 is to continue on our path of improving underlying EBITDA. The group established a profitable path in the second half of FY2015 and it is anticipated this momentum will continue into the first half of FY2016. Whilst sales growth is clearly central to this, we are also focused on driving our gross margin higher and carefully controlling our operating costs.

Whilst still early in the new financial year and with the peak period still ahead of us, there is much to do, but the early signs are encouraging.



Carl Jackson  
Chief Executive Officer  
London  
28 September 2015

#### **4. Financial review by the Chief Financial Officer**

##### **Revenue and Gross Profit**

For the year ended 30 June 2015 group revenue increased by 5% to A\$235.9 million (2014: A\$224.4 million). The Gross Profit decreased to A\$55.2 million (2014: A\$60.4 million) as a result of a lower Gross Profit percentage for reasons noted in the Operational Review.

##### **Operating expenses**

Underlying Operating Expenses increased to A\$66.4 million (2014: A\$54.4 million) for the year under review. Underlying Operating Expenses were A\$39.8 million in the first half of the year but reduced significantly in the second half of the year, to A\$26.6 million, following a cost reduction programme initiated at the turn of the calendar year which primarily focused on reducing marketing and headcount costs..

##### **Loss after tax**

The loss after tax reported in the financial statements is A\$17.8 million (2014: A\$58.5 million). This loss includes the costs of a number of exceptional and non-cash items which are shown in note 5 to the financial statements.

##### **Taxation**

Due to the reported loss tax is a benefit of A\$3.7 million which represents an effective rate of 17.1% for the financial year (2014: 5.8%). The group has total tax losses of A\$29.7 million with the majority located in Australia. The entire tax loss has been recognised with the provision of a deferred tax asset of A\$8.9 million.

##### **Cash and working capital**

The group's cash on hand at the balance sheet date was A\$39.9 million (2014: A\$77.3 million) and working capital assets of A\$41.5 million (2014: A\$16.6 million). During the second half of the year the group made a planned, additional investment into inventory and trade receivables as more own-buy inventory was secured. . Own-buy inventory represents a small though increasing element of the sales mix and improves the group's product selection, delivery times and gross profit margin. Over 80% of the group's sales activities are undertaken on a zero inventory, consignment basis and therefore, even as own-buy activity increases, the group has a relatively low net working capital requirement. The phasing of activity in the second half of this year meant the year end balances were at the higher end of the normal range and it is anticipated these working capital balances should unwind across the next financial year.

##### **Capital expenditure**

Capital expenditure of A\$4.1 million (2014: A\$3.6 million) in total was incurred supporting the group's growth strategy. The main components of this expenditure were the purchase of equipment for the group's logistics operations and further investment into the group's technology platform and capabilities.

##### **Banking facilities**

The group holds significant cash balances, held principally with HSBC with whom the group also has trade finance multi option debt facilities of A\$6.2 million. In addition the group has trade finance facilities of A\$7.2 million with ANZ Bank. All facilities are renewed on an annual basis.

##### **Key performance indicators**

The group manages its operations through the use of a number of key performance indicators (KPI's) such as revenue, revenue growth, gross margin percentage, average revenue per active member, and underlying EBITDA

##### **Website closures**

During the financial year the group opened and subsequently closed, for the time being, the sales websites in USA and South Korea together with a secondary Singapore site. As a result the group's second distribution centre in USA was also closed. The net results of these three website operations are disclosed separately, on a net basis, in note 5 to the financial statements and have been adjusted in the underlying results.

### **Underlying basis**

The group manages its operations looking at the underlying EBITDA which excludes the impact of a number of one off and non-cash items as this, in the Board's opinion, provides a more representative measure of the group's performance. A reconciliation between reported Loss before Tax to Underlying EBITDA is included at note 5 to the financial statements.



Andrew Dingle  
Chief Financial Officer  
London  
28 September 2015

## **5. 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 Australia and New Zealand ('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 sale' model operated by the group needs to continue to be successful. The group's strategies require existing members to make repeat purchases 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 appropriate prices, on appropriate 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 sale model, is dynamic and relatively new. The market segment for the flash sale model has grown significantly, and this growth may not be sustainable. If members cease to find the flash sale 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 and could negatively affect net sales and have an adverse effect on the group's operating results and financial condition.

### ***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 and financial condition.

### ***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 third-party data centre hosting facilities. 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 or mobile application 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 member interest and by maintaining strong relationships with its members.

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 some 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 third-party logistics providers to manage, process and ship product between group locations and 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 sourcing 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, receives negative publicity or unfavourable member reviews and complaints on social media platforms, these could damage the brand and reduce consumer use of the group's websites and mobile applications. 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 sales and value-added taxes, and duty treatment in any of the markets in which the group operates could have an impact on the sales of products in those markets. Such changes could reduce the attractiveness of the group's sales offering and have a material and adverse effect on the group's financial condition and financial results.

### ***Cash***

The management of the group's cash is of fundamental importance. The group maintains all cash balances with large, appropriately capitalised, international financial institutions and seeks any necessary credit facilities from these institutions. The group relies on access to its cash and credit facilities in order to trade successfully and restrictions to such access could have a material and adverse effect on the group's financial condition and financial results.

## **6. Corporate social responsibilities**

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

## **7. 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 receives 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.

### ***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 re-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.

As the company is listed on the Alternative Investment Market, a market regulated by London Stock Exchange Plc, it 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 therefore applies the principles of the QCA Code where they consider it appropriate for a company of MySale's size and nature.

### **The Board of Directors**

During the financial year ended 30 June 2015 and as at the date of approval of these financial statements, the Board consisted of five directors as shown below. 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:

Iain McDonald	Independent Non-Executive Chairman (appointed 27 July 2015)
David Mortimer AO	Independent Non-Executive Director
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	Former Independent Non-Executive Director (resigned on 27 July 2015)

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

Schedule of matters reserved specifically for the Board 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 company, and in line with the recommendations of the QCA Code, the Board has delegated certain of its responsibilities to the Audit Committee or Remuneration Committee, as appropriate.

### **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 group is properly measured and reported on, reviewing and challenging reports from management and the external auditor relating to the company'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	Member
Iain McDonald	Chair



The Audit Committee met eight times during the financial year.

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 are 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:

Iain McDonald	Chair
David Mortimer AO	Member

The Remuneration Committee did not meet during the financial year.

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 are 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 in place an organisational structure with formally defined lines of responsibility and delegation of authority. There are established procedures for planning, for 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. 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 review 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 2015**

As the company is listed on the Alternative Investment Market ('AIM'), it 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 number of times the Remuneration Committee met is also detailed in the Corporate governance.

**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 amounts 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, committee meetings of the directors, 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 that may include 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 are reviewed annually in line with the remuneration reviews for all other group employees.

**MySale Group Plc**  
**Directors' remuneration report**  
**30 June 2015**

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 for that period. 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 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 Iain McDonald entered into letters of appointment on 3 June 2014 and 27 July 2015, respectively. David Mortimer's letter was updated on 12 August 2015. 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.

The annual fees for non-executive directors, effective at the date of this report, are as follows:

Non-executive director	Base fee	Group entity with which the appointment is with
Iain McDonald	£75,000	MySale Group Plc
David Mortimer AO	£40,000	MySale Group Plc

The appointment of any non-executive director is terminable on 3 months' written notice.

Iain McDonald has been granted 3,000,000 options over the ordinary share capital of the company each with an exercise price of 53p. 1,000,000 options will vest when the company's share price reaches £1.50, a further 1,500,000 shall vest when the company's share price reaches £2.26 and a further 500,000 shall vest when the company's share price reaches £2.75.

***The following information is subject to audit.***

Directors' remuneration for the year ended 30 June 2015 was as follows and this information is subject to audit:

	Basic salary/ fees	Bonus	Taxable benefits	Pension contributions	Total 2015	Total 2014
<i>Non-executive directors:</i>						
David Mortimer AO	£100,000	-	-	-	£100,000	-
Adrian MacKenzie	£40,000	-	-	-	£40,000	-
<i>Executive directors:</i>						
Jamie Jackson	A\$210,787	-	A\$25,295	-	A\$236,082	A\$727,555
Carl Jackson	A\$275,000	-	A\$14,814	A\$26,125	A\$315,939	A\$415,949
Andrew Dingle	A\$263,750	-	A\$24,633	A\$25,056	A\$313,439	A\$294,659

**MySale Group Plc**  
**Directors' remuneration report**  
**30 June 2015**

The company had two employee share plans prior to its AIM admission on 16 June 2014: (i) the Executive Incentive Plan ('EIP') and (ii) the Loan Share Plan ('LSP').

*(i) The Executive Incentive Plan*

On 16 June 2015, Andrew Dingle became entitled to 201,115 ordinary shares which vested but have not been exercised in accordance with the EIP. Andrew Dingle had a previous entitlement to a cash bonus payable on AIM admission but had agreed to defer the payment and take it in the form of a conditional award under the EIP, which was subject to a continued employment with the group.

*(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 directors and employees selected to participate to buy or subscribe for ordinary shares of the company, using a loan from the company. The ordinary shares are bought on-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 AIM admission (16 June 2016) and the remaining 50% three years after (16 June 2017), 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.

The current equity award pursuant to the LSP is not deemed to be achieving its intended objective, and as such the Board and some of its participants, including Andrew Dingle, have mutually agreed to the cancellation of the share awards granted on 16 June 2014. The Board is currently reviewing its long term incentive plans and if grants are made, Andrew Dingle and previous participants may be eligible for future grants.

Shares granted under the LSP are as follows:

	Balance 1 July 2014	Granted	Exercised	Cancelled	Balance 30 June 2015	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 2015 was £0.52 (2014: £2.13) and the range during the financial year was between £0.47 and £2.35 (2014: £1.87 and £2.27).

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', 'group' or 'MySale') consisting of MySale Group Plc and the subsidiaries it controlled at the end of, or during, the year ended 30 June 2015.

### **Directors**

The directors who have served on the Board of MySale Group Plc during the whole of the financial year and up to the date of this report are set out below:

Iain McDonald (appointed 27 July 2015)  
David Mortimer AO  
Jamie Jackson  
Carl Jackson  
Andrew Dingle  
Adrian Mackenzie (resigned 27 July 2015)

### **Information on directors and their interests**

Biographies for the directors and their interests in the ordinary shares of the company, are shown below:

**Name:** Iain McDonald  
**Title:** Independent Non-Executive Chairman  
**Age:** 44  
**Experience and expertise:** Iain was appointed to the Board in July 2015. Based in London, Iain has a wealth of experience of high growth, online businesses and capital markets which the Board believes will be of great benefit to the group. Iain is a partner with the William Currie Group of Companies ('WCG'), a family business founded by financier Bill Currie to invest primarily in technology and e-commerce companies. Iain has worked with WCG for seven years now during which time WCG has built upon its already strong track record in the sector, having invested in the early stages of development of companies including ASOS, The Hut Group, Metapack, Eagle Eye Solutions and Anatwine. As well as working on the investment side of the business, Iain is a non-executive director at The Hut Group, Anatwine, Atterley Road and Houseology.com.

**Name:** David Mortimer AO  
**Title:** Independent Non-Executive Director  
**Age:** 70  
**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:** 49  
**Experience and expertise:** Jamie founded MySale in 2007 having identified the gap in the Asia-Pacific region for an online flash sales marketplace. He 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 for companies such as TK Maxx, Costco and Tesco. Building on this experience. He 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:** 51  
**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. Carl has led MySale'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.

Name: Andrew Dingle  
 Title: Executive Director and Chief Financial Officer  
 Age: 45  
 Experience and expertise: Andrew joined MySale in 2013 having previously served as ANZ CFO for Henry Schein, a US Fortune 500 company. He 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.

Directors' beneficial interests in the shares of the company:

Name	Ordinary shares	Percentage holding
Iain McDonald	148,482	0.1%
David Mortimer AO <sup>3</sup>	165,000	0.1%
Jamie Jackson	47,469,189	31.5%
Carl Jackson	3,745,000	2.5%
Andrew Dingle	-	-
Adrian Mackenzie <sup>4</sup>	665,882	0.4%

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 Cosec Limited  
 Title: Company Secretary  
 Experience and expertise: Prism Cosec 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 financial 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 2015.

#### 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 Strategic review and this 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 member 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 financial statements.

<sup>3</sup> Held by David Mortimer and Barbara Mortimer as trustees for the Wallaroy Provident Fund

<sup>2</sup> Held by Flocolo 1 Pty Limited as trustee for The Flocolo Family Trust



### Substantial shareholdings

At the reporting date, 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%
Insight Venture Partners VI <sup>5</sup>	7,871,137	5.2%
Schroders plc	7,851,161	5.2%
Sports Direct International	7,251,065	4.8%
FMR LLC	4,908,969	3.2%
Janus Capital Management LLC	4,565,674	3.0%

### Charitable and political donations

The group made charitable donations of A\$25,250 (2014: A\$112,827) 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 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.



Iain McDonald  
Chairman  
London  
28 September 2015

<sup>5</sup> 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 2015**

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 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 the 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 group and the parent company and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They have a general responsibility for taking such steps as are reasonable open to them to safeguard the assets of the group and the parent company 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 group and parent company auditors are unaware, and each director has taken all steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group and parent company'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 financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the group'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 European Union, give a true and fair view of the assets, liabilities, financial position and profit or 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.

**Cautionary statement regarding forward looking statements**

This document contains certain forward-looking statements. These forward-looking statements include matters that are not historical facts or are statements regarding the company's intentions, beliefs or current expectations concerning, among other things, the group's results of operations, financial condition, liquidity, prospects, growth, strategies, and the industries in which the group operates. Forward-looking statements are based on the information available to the directors at the time of preparation of this document, and will not be updated during the year. The directors can give no assurance that these expectations will prove to be correct. Due to inherent uncertainties, including both economic and business risk factors underlying such forward-looking information, actual results may differ materially from those expressed or implied by these forward-looking statements.

## **Report on the financial statements**

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### **Our opinion**

In our opinion:

- MySale Group Plc's group financial statements and parent company financial statements (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 2015 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.
- 

### **What we have audited**

The financial statements comprise the:

- Balance sheet as at 30 June 2015;
- Parent company balance sheet as at 30 June 2015;
- 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 comprises 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.

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

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

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### **Other matters on which we are required to report by exception**

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#### **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

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### Our responsibilities and those of the directors

As explained more fully in the Directors' responsibilities statement set out on page 20, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("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.

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### What an audit of financial statements involves

We conducted our audit in accordance with 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual report and the financial statements 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.



Craig Skelton (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
28 September 2015

**MySale Group Plc**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2015**

	Note	2015 A\$'000	2014 A\$'000
<b>Revenue</b>			
Sale of goods		216,516	199,624
Postage revenue		19,337	24,738
	4	<u>235,853</u>	<u>224,362</u>
Cost of sale of goods		<u>(180,621)</u>	<u>(163,942)</u>
Gross profit		<u>55,232</u>	<u>60,420</u>
Other operating gains/(loss), net	5	204	535
Finance income		195	337
Finance costs	7	<u>(58)</u>	<u>(128)</u>
Finance income, net		<u>137</u>	<u>209</u>
<b>Expenses</b>			
Selling and distribution expenses		(47,952)	(36,497)
Administration expenses		(28,969)	(26,034)
Listing costs		-	(9,818)
Preference shares fair value loss		-	(51,263)
Contingent consideration fair value gain		-	304
Share of loss of joint venture	34	<u>(116)</u>	<u>-</u>
<b>Loss before income tax benefit</b>		<u>(21,464)</u>	<u>(62,144)</u>
Income tax benefit	9	<u>3,675</u>	<u>3,602</u>
<b>Loss after income tax expense for the year attributable to the owners of MySale Group Plc</b>		<u>(17,789)</u>	<u>(58,542)</u>
<b>Other comprehensive income</b>			
<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	23	740	(719)
Foreign currency translation	23	<u>6,219</u>	<u>612</u>
Other comprehensive income for the year, net of tax		<u>6,959</u>	<u>(107)</u>
<b>Total comprehensive income for the year attributable to the owners of MySale Group Plc</b>		<u><u>(10,830)</u></u>	<u><u>(58,649)</u></u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	35	(11.81)	(58.28)
Diluted earnings per share	35	(11.81)	(58.28)

*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 2015**

	Note	2015 A\$'000	2014 A\$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	10	39,853	77,344
Trade and other receivables	11	23,630	3,817
Inventories	12	17,880	12,803
Derivative financial instruments	26	22	-
Income tax receivable		1,643	1,962
Other	13	4,736	16,044
Total current assets		<u>87,764</u>	<u>111,970</u>
<b>Non-current assets</b>			
Investments in joint venture	34	134	-
Property, plant and equipment	14	3,023	3,219
Intangibles	15	23,517	22,439
Deferred tax	16	10,320	5,396
Total non-current assets		<u>36,994</u>	<u>31,054</u>
<b>Total assets</b>		<u>124,758</u>	<u>143,024</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	17	29,240	30,118
Borrowings	18	1,189	1,613
Derivative financial instruments	26	-	705
Income tax payable		1,234	295
Provisions	19	2,115	4,883
Deferred revenue		11,147	15,616
Total current liabilities		<u>44,925</u>	<u>53,230</u>
<b>Non-current liabilities</b>			
Borrowings	20	64	262
Provisions	21	328	2,966
Total non-current liabilities		<u>392</u>	<u>3,228</u>
<b>Total liabilities</b>		<u>45,317</u>	<u>56,458</u>
<b>Net assets</b>		<u>79,441</u>	<u>86,566</u>
<b>Equity</b>			
Share premium account		306,363	306,363
Other reserves	23	(122,931)	(133,595)
Accumulated losses		<u>(103,991)</u>	<u>(86,202)</u>
<b>Total equity</b>		<u>79,441</u>	<u>86,566</u>

The financial statements of MySale Group Plc (company number 115584) were approved by the Board of Directors and authorised for issue on 28 September 2015. They were signed on its behalf by:



Carl Jackson  
 Director



Andrew Dingle  
 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 2015**

	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 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 22)	-	67,204	-	-	67,204
Business combination – contingent consideration with shares to be issued	(12,460)	239,159	(132,756)	-	93,943
Balance at 30 June 2014	-	306,363	(133,595)	(86,202)	86,566
	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 2014	-	306,363	(133,595)	(86,202)	86,566
Loss after income tax benefit for the year	-	-	-	(17,789)	(17,789)
Other comprehensive income for the year, net of tax	-	-	6,959	-	6,959
Total comprehensive income for the year	-	-	6,959	(17,789)	(10,830)
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments (note 23)	-	-	3,705	-	3,705
Balance at 30 June 2015	-	306,363	(122,931)	(103,991)	79,441

*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 2015**

	Note	2015 A\$'000	2014 A\$'000
<b>Cash flows from operating activities</b>			
Loss before income tax expense for the year		(21,464)	(62,144)
Adjustments for:			
Depreciation and amortisation		3,434	1,865
Net loss on disposal of property, plant and equipment		71	182
Share of loss - joint ventures		116	-
Fair value on share-based payments reserve		3,705	-
Fair value loss on redeemable preference shares		-	51,263
Fair value loss/(gain) on contingent consideration		-	(304)
Loss on revaluation of long-term incentive plan		-	4,888
Gain on business combination - bargain purchase		-	(932)
Interest income		(195)	(337)
Interest expense		58	128
		<u>(14,275)</u>	<u>(5,391)</u>
Change in operating assets and liabilities:			
Increase in trade and other receivables		(19,508)	(517)
Increase in inventories		(5,077)	(4,335)
Decrease/(increase) in other operating assets		11,760	(8,575)
Increase/(decrease) in trade and other payables		(1,728)	14,046
Increase/(decrease) in other provisions		(5,407)	841
Increase in deferred revenue		(4,469)	4,118
		<u>(38,704)</u>	<u>187</u>
Interest received		195	337
Interest paid		(58)	(128)
Income taxes paid		(49)	(2,046)
		<u>(49)</u>	<u>(2,046)</u>
Net cash used in operating activities		<u>(38,616)</u>	<u>(1,650)</u>
<b>Cash flows from investing activities</b>			
Payment for purchase of business, net of cash acquired	32	-	487
Payments for new joint venture capital invested		(104)	-
Payments for property, plant and equipment	14	(1,033)	(1,789)
Payments for intangibles	15	(3,026)	(1,813)
Proceeds from disposal of property, plant and equipment		51	-
		<u>51</u>	<u>-</u>
Net cash used in investing activities		<u>(4,112)</u>	<u>(3,115)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	22	-	72,267
Proceeds from borrowings		2,467	317
Repayment of borrowings		(2,759)	(532)
Repayments of leases		(330)	-
Share issue transaction costs	22	-	(5,063)
		<u>-</u>	<u>(5,063)</u>
Net cash from/(used in) financing activities		<u>(622)</u>	<u>66,989</u>

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

**MySale Group Plc**  
**Statement of cash flows**  
**For the year ended 30 June 2015**

	<b>Note</b>	<b>2015</b> <b>A\$'000</b>	<b>2014</b> <b>A\$'000</b>
Net increase/(decrease) in cash and cash equivalents		(43,350)	62,224
Cash and cash equivalents at the beginning of the financial year		77,344	15,072
Effects of exchange rate changes on cash		5,859	48
		<hr/>	<hr/>
Cash and cash equivalents at the end of the financial year	10	<u>39,853</u>	<u>77,344</u>

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

### **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 of the group, 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.

MySale Group Plc is a public limited company incorporated and registered in Jersey 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 the company 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, that occurred on 16 June 2014. 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 was on the basis that the transaction is a form of capital reconstruction and group reorganisation. Therefore, these financial statements had been prepared using the principles of a reverse acquisition by APAC and the consolidated financial statements had been prepared as a continuation of the financial statements of the existing APAC Group.

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 and contingent consideration.

#### *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.

#### **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. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the group.

#### **Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of MySale Group Plc as at 30 June 2015 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 rates at the dates of the transactions, 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 group; 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 and wholesale 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. 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.

#### *Postage revenue*

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

## **Note 2. Significant accounting policies (continued)**

### *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 the 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 be applied 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 in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the 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 at 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 classified as current when: it is either 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.

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

## **Note 2. Significant accounting policies (continued)**

### **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.

Stock in transit is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery 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.

#### *Cash flow hedges*

Cash flow hedges are used to cover the group's exposure to variability in cash flows that is attributable to particular risks 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, the 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, the 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. Income/(losses) earned from joint ventures 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 the 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 in profit or loss when incurred.

### **Impairment of non-financial assets**

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.

### **Deferred revenue**

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

### **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.

### **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 and other employee benefits 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*

Employee benefits 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 corporate 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 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 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 at the 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 interests. 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 at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of 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.

### **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 the 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.

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.

## **Note 2. Significant accounting policies (continued)**

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') (comparative period)*

When MySale (the legal parent and legal acquirer) acquired APAC and its subsidiaries (the legal subsidiary) in the previous year, the acquisition did not meet the definition of a business combination in accordance with IFRS 3 'Business Combinations'. Instead, the combination had 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 were reflected at their carrying amounts. No adjustments were 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 were the existing retained earnings and other equity balances of APAC;
- The amount recognised as issued equity instruments were 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 was recognised as a result of the combination. The only goodwill that was recognised was the existing goodwill of APAC. The difference between the consideration paid and the equity 'acquired' was 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.

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 2015. The group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant and material to the group, are set out below:

## **Note 2. Significant accounting policies (continued)**

### *IFRS 9 Financial Instruments*

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. The group will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed.

### *IFRS 15 Revenue from Contracts with Customers*

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. 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 from 1 July 2018 but the impact of its adoption is yet to be assessed.

## **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.

### *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 2015 (2014: A\$nil).



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

#### *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.

### **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. The group's operations are unaffected by seasonality.

#### *Intersegment transactions*

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

#### *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 balance sheet for group assets and liabilities.

#### *Major customers*

During the year ended 30 June 2015 there were no major customers (2014: none). A customer is considered major if its revenues are 10% or more of the group's revenue.



Note 4. Operating segments (continued)

Operating segment information

2015	Australia and New Zealand A\$'000	Asia A\$'000	Rest of the world A\$'000	Total A\$'000
<b>Revenue</b>				
Sales to external customers	205,340	26,333	4,180	235,853
<b>Total revenue</b>	<u>205,340</u>	<u>26,333</u>	<u>4,180</u>	<u>235,853</u>
<b>Gross Profit</b>				
	<u>50,879</u>	<u>3,472</u>	<u>881</u>	55,232
Other operating gains, net				204
Selling and distribution expenses				(47,952)
Administration expenses				(28,969)
Finance income				195
Finance costs				(58)
Share of loss of joint venture				(116)
<b>Loss before income tax benefit</b>				<u>(21,464)</u>
Income tax benefit				3,675
<b>Loss after income tax benefit</b>				<u>(17,789)</u>
2014	Australia and New Zealand A\$'000	Asia A\$'000	Total A\$'000	
<b>Revenue</b>				
Sales to external customers	202,343	22,019	224,362	
<b>Total revenue</b>	<u>202,343</u>	<u>22,019</u>	<u>224,362</u>	
<b>Gross Profit</b>				
	<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)	
Finance income			337	
Finance costs			(128)	
Preference shares fair value loss			(51,263)	
Listing costs			(9,818)	
Contingent consideration fair value gain			304	
<b>Loss before income tax benefit</b>			<u>(62,144)</u>	
Income tax benefit			3,602	
<b>Loss after income tax benefit</b>			<u>(58,542)</u>	

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

	2015 A\$'000	2014 A\$'000
Net foreign exchange loss	(205)	(479)
Gain on business combination - bargain purchase	-	932
Other income	409	82
	<u>204</u>	<u>535</u>
Other operating gains/(loss), net	<u>204</u>	<u>535</u>

Refer to note 32 for further details on the gain on business combination - bargain purchase.

**Note 6. EBITDA reconciliation (earnings before interest, taxation, depreciation and amortisation)**

	2015 A\$'000	2014 A\$'000
<b>EBITDA reconciliation</b>		
Loss before income tax	(21,464)	(62,144)
Add: Non-controlling interest	116	-
Less: Interest income	(195)	(337)
Add: Interest expense	58	128
Add: Depreciation and amortisation	3,434	1,865
	<u>(18,051)</u>	<u>(60,488)</u>
EBITDA	<u>(18,051)</u>	<u>(60,488)</u>

Underlying EBITDA represents EBITDA adjusted for significant, unusual and other one-off items.

	2015	2014
<b>Underlying EBITDA reconciliation</b>		
EBITDA	(18,051)	(60,488)
Loss on revaluation of preference shares	-	51,263
Reorganisation and discontinued operations	3,493	-
Advertising one off (TV and Print)	3,216	-
Listing costs	(356)	9,818
Loss on revaluation of long term incentive plan	519	4,888
Acquisition and corporate reorganisation costs	-	809
Gain on revaluation of contingent consideration	-	(304)
	<u>(11,179)</u>	<u>5,986</u>
Underlying EBITDA	<u>(11,179)</u>	<u>5,986</u>

Note 7. Expenses

	2015 A\$'000	2014 A\$'000
Loss before income tax includes the following specific expenses:		
<i>Sales, distribution and administration expenses:</i>		
Staff costs (note 8)	30,423	32,541
Marketing expenses	27,001	15,019
Occupancy costs	5,327	4,218
Merchant and other professional fees	5,534	5,251
Depreciation and amortisation	3,434	1,865
Other administration costs	5,202	3,637
Total sales, distribution and administration expenses	<u>76,921</u>	<u>62,531</u>
<i>Finance costs</i>		
Interest and finance charges paid/payable	<u>58</u>	<u>128</u>
<i>Occupancy costs include:</i>		
Minimum operating lease payments	<u>3,420</u>	<u>2,541</u>
Cost of inventories recognised as an expense in 'cost of sales' in profit or loss	<u>139,676</u>	<u>125,692</u>

Note 8. Staff costs

	2015 A\$'000	2014 A\$'000
Aggregate remuneration:		
Wages and salaries	24,399	22,822
Social security costs	1,803	1,488
Long term employee incentive plan	335	4,888
Other staff costs and benefits	3,886	3,343
Total staff costs	<u><u>30,423</u></u>	<u><u>32,541</u></u>
	<b>2015</b>	<b>2014</b>
The average monthly number of employees (including executive directors and those on a part-time basis) was:		
Sales and distribution	387	360
Administration	<u>172</u>	<u>122</u>
	<u><u>559</u></u>	<u><u>482</u></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 9. Income tax benefit**

	2015 A\$'000	2014 A\$'000
<i>Income tax benefit</i>		
Current tax	1,194	379
Deferred tax - origination and reversal of temporary differences	(5,013)	(3,978)
Adjustment recognised for prior periods	144	(153)
Other adjustment	-	150
	<u>          </u>	<u>          </u>
Aggregate income tax benefit	<u>(3,675)</u>	<u>(3,602)</u>
Deferred tax included in income tax benefit comprises:		
Increase in deferred tax assets (note 16)	<u>(5,013)</u>	<u>(3,978)</u>
<i>Numerical reconciliation of income tax benefit and tax at the statutory rate</i>		
Loss before income tax benefit	<u>(21,464)</u>	<u>(62,144)</u>
Tax at the statutory tax rate of 31.5% (2014: 19.6%)	(6,761)	(12,180)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	704	142
Tax incentive	-	(73)
Revaluation of contingent consideration	-	(53)
Preference share fair value	-	8,715
Tax revaluation upon group restructure	<u>2,280</u>	<u>-</u>
	<u>(3,777)</u>	<u>(3,449)</u>
Adjustment recognised for prior periods	144	(153)
Current year tax losses not recognised	48	-
Difference in overseas tax rates	<u>(90)</u>	<u>-</u>
	<u>(3,675)</u>	<u>(3,602)</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.

The tax rates of the main jurisdictions are Australia 30% (2014: 30%), Singapore 17% (2014: 17%), New Zealand 28% (2014: 28%), United Kingdom 20% (2014: 20%) and United States 42.8% (2014: 23.84%).

**Note 10. Current assets - cash and cash equivalents**

	2015 A\$'000	2014 A\$'000
Cash at bank	39,853	69,144
Bank deposits at call	-	8,000
Bank deposits - pledged	-	200
	<u>          </u>	<u>          </u>
	<u>39,853</u>	<u>77,344</u>

*Short term deposits - pledged*

These deposits are pledged in relation to merchant facilities for the group. Refer to note 20.

Note 11. Current assets - trade and other receivables

	2015 A\$'000	2014 A\$'000
Trade receivables	23,667	2,051
Less: Provision for impairment of receivables	(37)	-
	<u>23,630</u>	<u>2,051</u>
Other receivables	-	1,343
Sales tax receivable	-	423
	<u>23,630</u>	<u>3,817</u>

Trade receivables include uncleared cash receipts due from on-line customers which amounted to A\$1,529,000 (2014: A\$958,000).

*Impairment of receivables*

The group has recognised a loss of A\$37,000 (2014: A\$nil) in profit or loss in respect of impairment of receivables for the year ended 30 June 2015.

The ageing of the impaired receivables provided for above are as follows:

	2015 A\$'000	2014 A\$'000
3 to 6 months overdue	<u>37</u>	<u>-</u>

Movements in the provision for impairment of receivables are as follows:

	2015 A\$'000	2014 A\$'000
Additional provisions recognised	<u>37</u>	<u>-</u>

*Past due but not impaired*

Customers with balances past due but without provision for impairment of receivables amount to A\$203,000 as at 30 June 2015 (A\$nil as at 30 June 2014).

The ageing of the past due but not impaired receivables are as follows:

	2015 A\$'000	2014 A\$'000
3 to 6 months overdue	<u>203</u>	<u>-</u>

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

**Note 12. Current assets - inventories**

	2015 A\$'000	2014 A\$'000
Goods for resale	16,252	13,668
Obsolete and slow moving inventory provision	(343)	(865)
	<u>15,909</u>	<u>12,803</u>
Stock in transit	1,971	-
	<u>17,880</u>	<u>12,803</u>

Write-downs of inventories to net realisable value recognised as an expense during the year ended 30 June 2015 amounted to A\$904,000 (2014: A\$341,000). This expense has been included in 'cost of sales' in profit or loss.

**Note 13. Current assets - other**

	2015 A\$'000	2014 A\$'000
Prepayments	432	340
Prepaid inventory	3,948	15,090
Other deposits	316	547
Other current assets	40	67
	<u>4,736</u>	<u>16,044</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 category in the balance sheet which includes the total amount of cash received for the goods not delivered to customers at the reporting date.

**Note 14. Non-current assets - property, plant and equipment**

	2015 A\$'000	2014 A\$'000
Leasehold improvements - at cost	942	794
Less: Accumulated depreciation	(563)	(341)
	<u>379</u>	<u>453</u>
Plant and equipment - at cost	4,640	3,781
Less: Accumulated depreciation	(2,582)	(1,701)
	<u>2,058</u>	<u>2,080</u>
Fixtures and fittings - at cost	836	813
Less: Accumulated depreciation	(456)	(307)
	<u>380</u>	<u>506</u>
Motor vehicles - at cost	538	445
Less: Accumulated depreciation	(332)	(265)
	<u>206</u>	<u>180</u>
	<u>3,023</u>	<u>3,219</u>

**Note 14. 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 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	453	2,080	506	180	3,219
Additions	119	788	32	94	1,033
Disposals	-	(100)	(11)	-	(111)
Exchange differences	20	144	(13)	(1)	150
Depreciation expense	(213)	(854)	(134)	(67)	(1,268)
Balance at 30 June 2015	379	2,058	380	206	3,023

*Assets pledged as security*

Refer to note 20 for property, plant and equipment pledged as security.

*Property, plant and equipment secured under finance leases*

Refer to note 30 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 15. Non-current assets - intangibles**

	2015 A\$'000	2014 A\$'000
Goodwill - at cost	16,849	16,849
Customer relationships - at cost	2,294	2,019
Less: Accumulated amortisation	(765)	-
	1,529	2,019
Software - at cost	4,595	2,819
Less: Accumulated amortisation	(1,683)	(709)
	2,912	2,110
ERP system	3,084	1,948
Less: Accumulated amortisation	(857)	(487)
	2,227	1,461
	23,517	22,439



**Note 15. 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 2013	16,849	-	1,047	1,511	19,407
Additions	-	-	1,512	301	1,813
Additions through business combinations (note 32)	-	2,019	-	-	2,019
Amortisation expense	-	-	(449)	(351)	(800)
Balance at 30 June 2014	16,849	2,019	2,110	1,461	22,439
Additions	-	-	1,761	1,265	3,026
Disposals	-	-	-	(10)	(10)
Exchange differences	-	217	11	-	228
Amortisation expense	-	(707)	(970)	(489)	(2,166)
Balance at 30 June 2015	<u>16,849</u>	<u>1,529</u>	<u>2,912</u>	<u>2,227</u>	<u>23,517</u>

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

	2015 A\$'000	2014 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:

**Note 15. Non-current assets - intangibles (continued)**

Key assumptions used for value-in-use calculations:

	2015 %	2014 %
Budgeted gross margin	28.0%	28.0%
Five year compound growth rate	7.0%	12.0%
Long term growth rate	2.0%	2.0%
Pre-tax discount rate	9.0%	9.0%

These assumptions were used for the analysis of the country based CGU. Management determined budgeted gross margin based on expectations of market developments. The 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\$126,000,000.

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

**Note 16. Non-current assets - deferred tax**

	2015 A\$'000	2014 A\$'000
<i>Deferred tax asset comprises temporary differences attributable to:</i>		
Amounts recognised in profit or loss:		
Tax losses	8,863	2,306
Accrued expenses	310	1,107
Provisions	807	631
Sundry	1,592	2,117
Property, plant and equipment	(946)	(361)
Intangibles	(306)	(404)
Deferred tax asset	<u>10,320</u>	<u>5,396</u>
<i>Movements:</i>		
Opening balance	5,396	1,822
Credited to profit or loss (note 9)	5,013	3,978
Additions through business combinations (note 32)	-	(404)
Exchange gain/(loss)	(89)	-
Closing balance	<u>10,320</u>	<u>5,396</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 17. Current liabilities - trade and other payables**

	2015 A\$'000	2014 A\$'000
Trade payables	23,838	19,626
Other payables and accruals	4,730	10,277
Contingent consideration	-	215
Sales tax payable	672	-
	<u>29,240</u>	<u>30,118</u>

Refer to note 25 for further information on financial instruments.

**Note 18. Current liabilities - borrowings**

	2015 A\$'000	2014 A\$'000
Bank loans	1,098	1,390
Finance lease liability	91	223
	<u>1,189</u>	<u>1,613</u>

Refer to note 20 for further information on assets pledged as security and financing arrangements.

Refer to note 25 for further information on financial instruments.

**Note 19. Current liabilities - provisions**

	2015 A\$'000	2014 A\$'000
Employee benefits provision	823	3,593
Lease make good provision	185	178
Gift voucher provision	710	517
Sales returns provision	397	595
	<u>2,115</u>	<u>4,883</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 costs for goods expected to be returned by customers.

**Note 19. Current liabilities - provisions (continued)**

*Movements in provisions*

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

<b>2015</b>	Lease make good provision A\$'000	Gift vouchers provision A\$'000	Sales returns provision A\$'000
Carrying amount at the start of the year	178	517	595
Additional provisions recognised	-	710	397
Amounts used	-	(517)	(595)
Foreign exchange differences	7	-	-
	<hr/>	<hr/>	<hr/>
Carrying amount at the end of the year	<u>185</u>	<u>710</u>	<u>397</u>

**Note 20. Non-current liabilities - borrowings**

	2015 A\$'000	2014 A\$'000
Finance lease liability	<u>64</u>	<u>262</u>

Refer to note 25 for further information on financial instruments.

*Total secured liabilities*

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

	2015 A\$'000	2014 A\$'000
Bank loans	1,098	1,390
Finance lease liability	<u>155</u>	<u>485</u>
	<u>1,253</u>	<u>1,875</u>

The group has a A\$7,174,000 (2014: A\$5,274,000) 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 in compliance with the covenant as of the reporting date and its strategy is to maintain interest cover ratios well above the 3:1 requirement; and
- Distributions to shareholders must not be made without the written consent of ANZ. The group is in compliance with the covenant as of the reporting date and at the date these financial statements were authorised for issue.

The group has a GBP £3,000,000 (2014: £Nil) borrowing facility with Hong Kong and Shanghai Banking Corporation Plc ('HSBC') which is secured by a Corporate Guarantee.

**Note 20. Non-current liabilities - borrowings (continued)**

*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 2.1% (2014: 2.9%). 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:

	2015 A\$'000	2014 A\$'000
Cash and cash equivalents	-	200
Plant and equipment	-	485
	<u>-</u>	<u>685</u>

*Financing arrangements*

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

	2015 A\$'000	2014 A\$'000
<b>Total facilities</b>		
Bank loans and overdrafts	5,914	1,909
Bank guarantees	63	930
Letters of credit	2,053	-
Interchangeable facilities	5,930	5,194
	<u>13,960</u>	<u>8,033</u>
<b>Used at the reporting date</b>		
Bank loans and overdrafts	1,098	1,390
Bank guarantees	31	874
Letters of credit	-	-
Interchangeable facilities	3,705	2,283
	<u>4,834</u>	<u>4,547</u>
<b>Unused at the reporting date</b>		
Bank loans and overdrafts	4,816	519
Bank guarantees	32	56
Letters of credit	2,053	-
Interchangeable facilities	2,225	2,911
	<u>9,126</u>	<u>3,486</u>

**Note 21. Non-current liabilities - provisions**

	2015 A\$'000	2014 A\$'000
Employee benefits provision	<u>328</u>	<u>2,966</u>

*Long term incentive plan*

Refer to note 36 for details on the long term incentive plan.

Note 22. Equity - share capital

	2015 Shares	2014 Shares	2015 A\$'000	2014 A\$'000
Ordinary shares £nil each - issued and fully paid	150,647,610	150,647,610	-	-

*Authorised share capital*

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

*Capital reconstruction - group reorganisation (comparative period)*

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 had been determined on the basis that the transaction was a form of capital reconstruction and group reorganisation. The capital reconstruction had been accounted for using the principles of a reverse acquisition by APAC of MySale.

As a result, the 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 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.

*Movements in ordinary share capital - issued and fully paid*

Details	Date	Shares	A\$'000
Balance	1 July 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	150,647,610	-
Balance	30 June 2015	150,647,610	-

*Movements in share premium account:*

Details	Date	A\$'000
Balance	1 July 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	(5,063)
Balance	30 June 2014	306,363
Balance	30 June 2015	306,363

*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.

**Note 22. Equity - share capital (continued)**

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 20.

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 23. Equity - other reserves**

	2015 A\$'000	2014 A\$'000
Foreign currency reserve	6,099	(120)
Hedging reserve - cash flow hedges	21	(719)
Share-based payments reserve	3,705	-
Capital reorganisation reserve	<u>(132,756)</u>	<u>(132,756)</u>
	<u>(122,931)</u>	<u>(133,595)</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.

*Share-based payments reserve*

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

*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.



**Note 23. Equity - other reserves (continued)**

*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	Share-based payments A\$'000	Capital reorganisation A\$'000	Total A\$'000
Balance at 1 July 2013	(732)	-	-	-	(732)
Foreign currency translation	612	-	-	-	612
Cash flow hedge	-	(719)	-	-	(719)
Capital reorganisation	-	-	-	(132,756)	(132,756)
Balance at 30 June 2014	(120)	(719)	-	(132,756)	(133,595)
Foreign currency translation	6,219	-	-	-	6,219
Cash flow hedge	-	740	-	-	740
Share-based payments	-	-	3,705	-	3,705
Balance at 30 June 2015	<u>6,099</u>	<u>21</u>	<u>3,705</u>	<u>(132,756)</u>	<u>(122,931)</u>

**Note 24. Equity - dividends**

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

**Note 25. 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.

**Note 25. Financial instruments (continued)**

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

	Assets		Liabilities	
	2015 A\$'000	2014 A\$'000	2015 A\$'000	2014 A\$'000
US dollars	2,556	494	3,691	4,062
Euros	6,111	776	2,499	2,791
Pound sterling	34,903	65,518	3,791	4,857
New Zealand dollars	3,849	369	605	814
Singapore dollars	2,343	765	103	300
Malaysian ringgit	1,280	96	23	108
Thai baht	417	575	2	-
Others	-	-	7	-
	<u>51,459</u>	<u>68,593</u>	<u>10,721</u>	<u>12,932</u>

The group had net assets denominated in foreign currencies of A\$40,738,000 as at 30 June 2015 (2014: A\$55,661,000). Based on this exposure, had the Australian dollar weakened by 10% / strengthened by 10% (2014: weakened by 10% / strengthened by 10%) against these foreign currencies with all other variables held constant, the group's loss before tax for the year would have been A\$4,073,000 lower / higher (2014: A\$5,566,000 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 2015 was A\$205,000 (2014: A\$479,000).

*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 is not exposed to any significant cash flow interest rate risks arising mainly from interest bearing deposits.

**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.

*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.

**Note 25. Financial instruments (continued)**

Unused borrowing facilities at the reporting date:

	2015 A\$'000	2014 A\$'000
Bank loans and overdrafts	4,816	519
Bank guarantees	32	56
Letters of credit	2,053	-
Interchangeable facilities	2,225	2,911
	<u>9,126</u>	<u>3,486</u>

*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.

2015	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
<b>Non-derivatives</b>					
<i>Non-interest bearing</i>					
Trade and other payables	-%	29,173	-	-	29,173
Sales tax payable	-%	672	-	-	672
<i>Interest-bearing - variable</i>					
Bank loans	2.11%	1,189	-	-	1,189
Lease liability	8.00%	94	72	-	166
Total non-derivatives		<u>31,128</u>	<u>72</u>	-	<u>31,200</u>

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
<b>Non-derivatives</b>					
<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		<u>31,769</u>	<u>264</u>	-	<u>32,033</u>

**Derivatives**

Forward foreign exchange contracts inflow	-%	5	-	-	5
Forward foreign exchange contracts outflow	-%	(710)	-	-	(710)
Total derivatives		<u>(705)</u>	-	-	<u>(705)</u>

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

**Note 26. 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)

<b>2015</b>	Level 1 A\$'000	Level 2 A\$'000	Level 3 A\$'000	Total A\$'000
<i>Assets</i>				
Derivative financial instruments	-	22	-	22
Total assets	-	22	-	22
<b>2014</b>	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

There were no transfers between levels during the financial year.

Unless otherwise stated, 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. Also, there is no material difference between the fair value of cash and cash equivalents and the carrying amounts.

*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.

*Level 3 assets and liabilities*

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

	Contingent consideration A\$'000	Total A\$'000
Balance at 1 July 2013	304	304
Additions	215	215
Settled	(304)	(304)
Balance at 30 June 2014	215	215
Settled	(215)	(215)
Balance at 30 June 2015	-	-

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

**Note 27. 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:

	2015 A\$	2014 A\$
Short-term employee benefits	1,574	2,019
Post-employment benefits	121	107
	<u>1,695</u>	<u>2,126</u>

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

During the financial year ended 30 June 2015 22,636 (2014: 1,078,584) performance rights were granted to members of key management personnel under share-based payments plans operated by the group as disclosed in note 36.

**Note 28. 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:

	2015 A\$'000	2014 A\$'000
Fees payable to the company's auditor and its associates for the audit of the consolidated financial statements	245	147
Fees payable to the company's auditor and its associates for other services:		
- the audit of the company's subsidiaries	273	392
- audit related assurance services	159	310
- non-audit services (of which A\$1,038,000 relates to IPO related services in 2014)	54	1,038
- tax advisory services (of which A\$331,000 relates to IPO related services in 2014)	234	423
	<u>965</u>	<u>2,310</u>

**Note 29. 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 (2014: 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 (2014: USD\$2,100,000).

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\$100,000 (2014: NZ\$60,000) and lease obligations to NZ\$34,000.

**Note 30. Commitments**

	2015 A\$'000	2014 A\$'000
<i>Lease commitments - operating</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	3,972	2,677
One to five years	3,094	3,283
	<u>7,066</u>	<u>5,960</u>
<i>Lease commitments - finance</i>		
Committed at the reporting date and recognised as liabilities, payable:		
Within one year	94	243
One to five years	72	264
	<u>166</u>	<u>507</u>
Total commitment	166	507
Less: Future finance charges	<u>(11)</u>	<u>(22)</u>
Net commitment recognised as liabilities	<u>155</u>	<u>485</u>
Representing:		
Finance lease liability - current (note 18)	91	223
Finance lease liability - non-current (note 20)	64	262
	<u>155</u>	<u>485</u>
<i>Sub-lease receivable - operating</i>		
Committed at the reporting date but not recognised as assets, receivables:		
Within one year	742	-
One to five years	1,048	-
	<u>1,790</u>	<u>-</u>

The group leases office space, 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 (2014: A\$nil) and A\$nil (2014: A\$40,000) respectively.

The carrying amounts of plant and equipment and motor vehicles held under finance leases are A\$102,000 (2014: A\$344,000) and A\$74,000 (2014: A\$141,000) respectively at the reporting date.

The company also subleases some of its office and warehouse space to related and non-related parties. The subleases have varying terms and expiry dates.

**Note 31. Related party transactions**

*Parent entity*

MySale Group Plc is the parent company of the group.

*Subsidiaries*

Interests in subsidiaries are set out in note 33.

**Note 31. Related party transactions (continued)**

*Joint ventures*

Interests in joint ventures are set out in note 34.

*Key management personnel*

Disclosures relating to key management personnel are set out in note 27.

*Transactions with related parties*

The following transactions occurred with related parties:

	2015 A\$	2014 A\$
Sale of goods and services:		
Sale of goods to other related party (Arcadia and Sports Direct)	5,236,496	-
Sale of freight services to other related party	1,299,867	-
Payment for goods and services:		
Purchase of goods from other related party	2,032,419	-

*Receivable from and payable to related parties*

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	2015 A\$	2014 A\$
Current receivables:		
Trade receivables from joint venture	-	462,000
Trade receivables from other related party	6,674,062	-
Current payables:		
Trade payables to other related party	1,739,631	-

*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 32. Business combinations**

*Summary of business combinations (comparative period)*

The group acquired the following subsidiaries and businesses during the financial year ended 30 June 2014:

*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, from a related party. This acquisition added another website to the group, targeted at the UK market. 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 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
- Cocosa was acquired for a nominal amount of A\$1.



**Note 32. Business combinations (continued)**

*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. Non-controlling interest of 50% was recognised using the proportional consolidation value.

*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. Non-controlling interest of 49% was recognised using the proportional consolidation value.

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

	<b>Fair value A\$'000</b>	
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/>
	<b>2015 A\$'000</b>	<b>2014 A\$'000</b>
Cash used to acquire business, net of cash acquired:		
Acquisition-date fair value of the total consideration transferred	-	1
Less: cash and cash equivalents	<hr/>	<hr/> (488)
Net cash received	<hr/>	<hr/> (487)

*Invite to Buy*

On 12 September 2014, the group acquired 60% of the ordinary share capital of Handelsselskabet af 1. September 2008 Aps, a company located in Denmark. The Company operates a Danish members-only online Flash Sale site called Invitetobuy.dk. Handelsselskabet af 1. September 2008 Aps is deemed to be a jointly controlled operation of the group. Although the group has a larger share of the ownership and voting rights, there is equal control over the operational and strategic direction of the business. Total investment of A\$250,000 has been accounted for using the equity method.

**MySale Group Plc**  
**Notes to the financial statements**  
**30 June 2015**

**Note 33. 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	
			2015 %	2014 %	2015 %	2014 %
APAC Sale Group Pte. Ltd.	Singapore	Trading company	100.00%	100.00%	-%	-%
APAC Sale Italy s.r.l	Italy	Trading company	100.00%	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%	-%	-%
BuyInvite Pty Limited	Australia	Trading company	100.00%	100.00%	-%	-%
Cocosa Lifestyle Limited	United Kingdom	Trading company	100.00%	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%	51.00%	49.00%	49.00%
Singsale Pte. Ltd.	Singapore	Trading company	100.00%	100.00%	-%	-%
APAC France SARL	France	Dormant	100.00%	100.00%	-%	-%
Brand Search Pty Limited	Australia	Trading company	100.00%	100.00%	-%	-%
Chic Global Limited	United Kingdom	Trading company	50.00%	50.00%	50.00%	50.00%
BuyInvite 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%	-%	-%
My Trade Ltd	United Kingdom	Dormant	100.00%	-%	-%	-%
MySale Group Limited	Hong Kong	Dormant	100.00%	-%	-%	-%
Handelsselskabet	Denmark	Trading company	60.00%	-%	40.00%	-%

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

**Note 34. Interests in joint ventures**

Name	Principal place of business / Country of incorporation	Ownership interest	
		2015 %	2014 %
Thaisale.co.th Limited	Thailand	49.00%	49.00%
Invite to Buy	Denmark	60.00%	-%

**Note 34. Interests in joint ventures (continued)**

*Thaisale.co.th Limited*

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.

*Invite to Buy*

Invite to Buy is deemed to be a jointly controlled operation of the company 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.

*Summarised financial information*

	Invite to Buy 2015 A\$'000	Thaisale 2015 A\$'000	Thaisale 2014 A\$'000
<i>Summarised balance sheet</i>			
Current assets	61	121	175
Non-current assets	91	23	42
Total assets	<u>152</u>	<u>144</u>	<u>217</u>
Current liabilities	198	1,182	935
Non-current liabilities	51	-	-
Total liabilities	<u>249</u>	<u>1,182</u>	<u>935</u>
Net liabilities	<u>(97)</u>	<u>(1,038)</u>	<u>(718)</u>
<i>Summarised statement of profit or loss and other comprehensive income</i>			
Revenue	352	1,360	1,855
Expenses	(546)	(1,551)	(2,530)
Loss before income tax	(194)	(191)	(675)
Other comprehensive income	-	-	-
Total comprehensive income	<u>(194)</u>	<u>(191)</u>	<u>(675)</u>

The group has not recognised the entire share of its losses of its Thaisale co.th Limited joint venture interest amounting to A\$94,000 (2014: A\$331,000) 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\$492,000 (2014: A\$398,000) at the reporting date.

The group has recognised the entire share of its losses of its Invite to Buy.dk joint venture interest amounting to A\$116,000 (2014: A\$nil) using the equity method.

**Note 35. Earnings per share**

	2015 A\$'000	2014 A\$'000
Loss after income tax attributable to the owners of MySale Group Plc	<u>(17,789)</u>	<u>(58,542)</u>

**Note 35. Earnings per share (continued)**

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	150,647,610	100,448,603
Weighted average number of ordinary shares used in calculating diluted earnings per share	150,647,610	100,448,603
	Cents	Cents
Basic earnings per share	(11.81)	(58.28)
Diluted earnings per share	(11.81)	(58.28)

795,541 (2014: 1,247,262) employee long term incentives have been excluded from the 2015 (2014) diluted earnings calculation as they are anti-dilutive for the period.

**Note 36. Share-based payments**

During the year the Long Term Incentive Plan (the 'LTIP') previously approved by APAC shareholders in 2012 and which expired at the date of AIM admission on 16 June 2014, was settled in July 2015.

A number of employees were offered the opportunity to defer the payment of their cash bonus owing under the LTIP and to take it in the form of a conditional 'right' to free ordinary shares under the Executive Incentive Plan (EIP). The award converted the cash due to them into ordinary shares at the Placing Price of GBP2.26 with a maximum A\$75,000 enhancement if they defer 100% of the entitlement. Total ordinary shares applicable to the conditional award was 684,042 with a vest date of 16 June 2015 and no performance conditions but was subject to continued employment. As at 16 June 2015, all of the employees who agreed to deferral of their entitlement met the continued employment condition and the share right awards vested.

The company also established two new employee share plans prior to the AIM admission; (1) the Executive Incentive Plan ('EIP') and (2) the Loan Share Plan ('LSP'). In accordance with the terms of each plan, 50% of the award to eligible employees will vest two years and the balance three years after grant date. 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.

The current equity award pursuant to the EIP and LSP is not deemed to be achieving its intended objective, and as such The Board and all of its participants, excluding Carl Jackson, have mutually agreed to the cancellation of share awards granted on 28 May 2014. At 30 June 2015 there are 795,541 shares granted under the LSP. The Board is currently reviewing its long term incentive plans and if grants are made previous participants may be eligible for future grants.

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

2015							
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	-	-	(349,511)	111,499
22/09/2014	16/06/2019 **	£0.00	-	18,386	-	(18,386)	-
22/09/2014	16/06/2019 ***	£0.00	-	45,642	-	(45,642)	-
			1,247,262	64,028	-	(515,749)	795,541

**Note 36. Share-based payments (continued)**

- \* EIP - Share rights
- \*\* EIP - Options
- \*\*\* LSP

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

The weighted average remaining contractual life of the share plan outstanding at the end of the financial year was 4 years (2014: 2 years).

The share-based payment expense for the year was A\$335,000 (2014: A\$4,888,000).

**Note 37. Events after the reporting period**


No matter or circumstance has arisen since 30 June 2015 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 2015**

	Note	2015 A\$'000	2014 A\$'000
<b>Assets</b>			
Cash at bank and in hand	4	16,084	65,246
Debtors - amounts falling within one year	5	4,304	1,280
Investment in subsidiary	6	161,077	106,403
Property, plant and equipment	7	189	-
<b>Total assets</b>		<u>181,654</u>	<u>172,929</u>
<b>Liabilities</b>			
Creditors - amounts falling due within one year	8	755	7
Creditors - amounts falling due after more than one year	9	-	14
<b>Total liabilities</b>		<u>755</u>	<u>21</u>
<b>Net assets</b>		<u>180,899</u>	<u>172,908</u>
<b>Equity</b>			
Share premium account		306,363	306,363
Other reserves	11	(123,734)	(132,743)
Accumulated losses	12	(1,730)	(712)
<b>Total equity</b>		<u>180,899</u>	<u>172,908</u>

Refer to note 10 for share capital details.

The financial statements of MySale Group Plc (company number 115584) were approved by the Board of Directors and authorised for issue on 28 September 2015. They were signed on its behalf by:

	
_____ Carl Jackson Director	_____ Andrew Dingle Director

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

### **Note 1. General information**

The company was incorporated on 28 April 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. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **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.

#### **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.

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

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



## **Note 2. Significant accounting policies (continued)**

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.

### **Investments in subsidiaries**

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

### **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.

### **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.

### **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 reporting date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the reporting 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 reporting 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 reporting 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.

**MySale Group Plc**  
**Notes to the parent company financial statements**  
**30 June 2015**

**Note 3. Profit for the year/period**

The company has elected not to present its own profit and loss account for the financial year ended 30 June 2015. MySale Group Plc reported a loss for the financial year ended 30 June 2015 of A\$1,018,000 (2014: 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 28 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**

	<b>2015</b> <b>A\$'000</b>	<b>2014</b> <b>A\$'000</b>
Cash on bank	16,084	65,246

**Note 5. Debtors - amounts falling within one year**

	<b>2015</b> <b>A\$'000</b>	<b>2014</b> <b>A\$'000</b>
Other receivables	20	1,280
Amounts owed by other group undertakings	4,284	-
	<u>4,304</u>	<u>1,280</u>

**Note 6. Investment in subsidiary**

	<b>2015</b> <b>A\$'000</b>	<b>2014</b> <b>A\$'000</b>
Investment in APAC Sale Group Pte. Ltd. - at cost	106,403	106,403
Investment in Ozsale Pty. Ltd. - at cost	54,674	-
	<u>161,077</u>	<u>106,403</u>

A detailed list of subsidiaries is detailed within note 33 to the consolidated financial statements.

During the year Ozsale Pty Ltd issued 418,140,316 shares to Mysale Group plc in consideration for the capitalisation of a loan of \$50,969,000. A further A\$3,705,000 is due to Mysale Group plc shares which have vested in accordance with the Executive Investment Plan for employees of Ozsale Pty Ltd.

**Note 7. Property, plant and equipment**

	2015 A\$'000	2014 A\$'000
Leasehold improvements - at cost	86	-
Less: Accumulated depreciation	(14)	-
	<u>72</u>	<u>-</u>
Plant and equipment - at cost	20	-
Less: Accumulated depreciation	(2)	-
	<u>18</u>	<u>-</u>
Fixtures and fittings - at cost	120	-
Less: Accumulated depreciation	(21)	-
	<u>99</u>	<u>-</u>
	<u><u>189</u></u>	<u><u>-</u></u>

*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	Total A\$'000
Balance at 28 April 2014	-	-	-	-
Balance at 30 June 2014	-	-	-	-
Additions	86	20	120	226
Depreciation expense	(14)	(2)	(21)	(37)
Balance at 30 June 2015	<u>72</u>	<u>18</u>	<u>99</u>	<u>189</u>

**Note 8. Creditors - amounts falling due within one year**

	2015 A\$'000	2014 A\$'000
Trade payables	118	-
Accruals	637	7
	<u>755</u>	<u>7</u>

**Note 9. Creditors - amounts falling due after more than one year**

	2015 A\$'000	2014 A\$'000
Employee benefits - long term incentive plan	-	14

*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 36 to the consolidated financial statements.

Note 10. Equity - called up share capital

	2015 Shares	2014 Shares	2015 A\$'000	2014 A\$'000
Ordinary shares £nil each - issued and fully paid	<u>150,647,610</u>	<u>150,647,610</u>	<u>-</u>	<u>-</u>

*Authorised share capital*

200,000,000 (2014: 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 (comparative period)*

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 had been determined on the basis that the transaction was a form of capital reconstruction and group reorganisation. The capital reconstruction had 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.

*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>150,647,610</u>	<u>-</u>
Balance	30 June 2015	<u>150,647,610</u>	<u>-</u>

*Movements in share premium account:*

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>306,363</u>
Balance	30 June 2015	<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.

**Note 11. Equity - other reserves**

	2015 A\$'000	2014 A\$'000
Foreign currency reserve	5,317	13
Share-based payments reserve	3,705	-
Capital reorganisation reserve	(132,756)	(132,756)
	<u>(123,734)</u>	<u>(132,743)</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.

*Share-based payments reserve*

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

*Capital reorganisation reserve*

This reserve is used to recognise the excess of purchase price of APAC (refer note 10) over the shareholding acquired of A\$132,756,000.

*Movements in reserves*

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

	Foreign currency A\$'000	Share-based payments 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)
Balance at 30 June 2014	13	-	(132,756)	(132,743)
Foreign currency translation	5,304	-	-	5,304
Share-based payments	-	3,705	-	3,705
Balance at 30 June 2015	<u>5,317</u>	<u>3,705</u>	<u>(132,756)</u>	<u>(123,734)</u>

**Note 12. Equity - accumulated losses**

	2015 A\$'000	2014 A\$'000
Accumulated losses at the beginning of the financial year	(712)	-
Loss after income tax expense for the year	(1,018)	(712)
Accumulated losses at the end of the financial year	<u>(1,730)</u>	<u>(712)</u>

**MySale Group Plc**  
**Notes to the parent company financial statements**  
**30 June 2015**

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

	2015 A\$'000	2014 A\$'000
Balance at 1 July 2014	172,908	-
Loss for the year/period	(1,018)	(712)
Issue of capital	-	306,363
Movement in other reserves	9,009	(132,743)
	<u>180,899</u>	<u>172,908</u>
Balance at 30 June 2015	<u><u>180,899</u></u>	<u><u>172,908</u></u>

**Note 14. Contingent liabilities**

The company had no contingent liabilities as at 30 June 2015 and 30 June 2014.

**Note 15. Commitments**

	2015 A\$'000	2014 A\$'000
<i>Lease commitments - operating</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	656	-
One to five years	1,650	-
	<u>2,306</u>	<u>-</u>
<i>Sub-lease receivable - operating</i>		
Committed at the reporting date but not recognised as assets, receivable:		
Within one year	456	-
One to five years	804	-
	<u>1,260</u>	<u>-</u>

The company leases office space from non-related parties under a non-cancellable operating lease agreement. The lease expires within four year.

The company also subleases some of its office and warehouse space to related and non-related parties. The subleases have varying terms and expiry dates.

**Note 16. Related party transactions**

Details of related party transactions are provided in note 31 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.

**Note 17. Events after the reporting period**

No matter or circumstance has arisen since 30 June 2015 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

REGISTERED NUMBER: 115584

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the second Annual General Meeting (**AGM**) of MySale Group plc (**MySale** or the **Company**) will be held at Unit 5, 111 Old Pittwater Road, Brookvale, NSW 2100, Australia on Wednesday 25 November 2015 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 2015**

1. To receive the Company's Annual Report and Accounts for the financial year ended 30 June 2015 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 Iain McDonald 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 re-elect Andrew Dingle as a Director in accordance with Articles 7.2 and 7.9 - 7.12 of the Articles.
5. To re-elect Carl Jackson as a Director in accordance with Articles 7.2 and 7.9 - 7.12 of the Articles.
6. To re-elect James Jackson as a Director in accordance with Articles 7.2 and 7.9 - 7.12 of the Articles.
7. To re-elect David Mortimer 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
  - (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 16 October 2015, 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 2016 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  
19 October 2015

**Notes to the Notice of Annual General Meeting**

1	<p><b>Record Date</b></p> <p>Shareholders registered in the Register of Members of the Company as at 18:00 GMT on 23 November 2015 (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 23 November 2015 will be disregarded in determining the rights of any person to attend or vote at the AGM.</p>
2	<p><b>Attendance at the AGM</b></p> <p>The Company's second AGM will be held at the Company's Head Office at Unit 5, 111 Old Pittwater Road, Brookvale, NSW 2100, Australia at 19.30 AEDT/08.30 GMT on 25 November 2015. 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 (<a href="http://www.mysalegroup.com">www.mysalegroup.com</a>) 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 by proxy prior to the date of the AGM or in person, by proxy or by corporate representative at the venue of the AGM.</p>
3	<p><b>Proxies</b></p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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 Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY UK or (ii) members may submit their proxies electronically at <a href="http://www.investorcentre.co.uk/je">www.investorcentre.co.uk/je</a> using the designation set out in the Form of Proxy, in each case by no later than 19.30 AEDT/08.30 GMT on 23 November 2015, being 48 hours before the time appointed for the holding of the AGM.</p>
4	<p><b>Corporate Representatives</b></p> <p>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.</p>
5	<p><b>CREST Proxy Instructions</b></p> <p>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.</p> <p>In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a <b>CREST Proxy Instruction</b>) must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such</p>

	<p>instruction, as described in the CREST Manual (available at <a href="http://www.euroclear.com/CREST">www.euroclear.com/CREST</a>). 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 23 November 2015. 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 <a href="http://www.euroclear.com/CREST">www.euroclear.com/CREST</a>.</p> <p>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.</p> <p>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.</p>
6	<p><b>Total Voting Rights</b></p> <p>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 16 October 2015, 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 16 October 2015 are 150,647,610.</p>
7	<p><b>Voting at the AGM</b></p> <p>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 (<a href="http://www.mysalegroup.com">www.mysalegroup.com</a>).</p> <p>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.</p>
8	<p><b>Display Documents</b></p> <p>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.</p>
9	<p><b>Electronic address</b></p> <p>Please note that shareholders may <b>not</b> 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.</p>

## 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 16 December 2015, they have agreed that they will each retire at the forthcoming AGM and offer themselves for re-election by shareholders. Biographical details of each of the Directors can be found on pages 17 and 18 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 2016 or fifteen months following the passing of this resolution, whichever is the earlier.

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