MYSALE GROUP PLC

ANNUAL REPORT 2019

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Directors	Charles Butler - Chairman David Mortimer AO - Independent Non-Executive Director Carl Jackson - Executive Director and Chief Executive Officer Dow Famulak- Independent Non-Executive Director (appointed 3 December 2019) Wally Muhieddine - Independent Non-Executive Director (appointed 3 December 2019) Jamie Jackson - Executive Director and Vice Chairman (resigned 6 September 2019) Iain McDonald – Chairman (resigned 29 November 2018) Andrew Dingle - Executive Director and Chief Financial Officer (resigned 9 October 2018)
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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 Executive Officer
5. Principal risks and uncertainties
6. Corporate social responsibilities
7. People
8. Corporate governance

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 subsequent to the issued of this document. 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.

1. Financial and operating highlights

Commenting on the results, Carl Jackson, Chief Executive Officer; said:

"It has been a difficult year for MySale during which we faced a series of significant challenges, resulting in a disappointing financial performance for the Group. We have now implemented the necessary changes to rebuild from a strengthened platform.

"Crucially, we have simplified our business model and made major changes that will allow us to accelerate our ANZ First Strategy[1], not least by exiting a number of territories where we previously operated. We have also taken steps to pivot the business towards an Inventory Light Marketplace Platform[2], which provides a compelling sales channel for our domestic and international brand partners, particularly through its counter-seasonal and clearance solutions.

"With a new organisational structure, an improved business model and operating on a debt free basis, the Group is now primed to deliver value going forwards."

Year to 30 June (A$ million)	FY19	FY18 restated[3]
Before Exceptional Items[4]		
Revenue	208.6	292.2
Gross Profit	38.2	83.7
Gross Margin	*18.3%*	*28.6%*
Underlying EBITDA[5]	(18.8)	9.7
Underlying basic earnings per share (cents)	(12.21)	6.30
(Loss)/profit before tax before exceptional items	(26.3)	2.9

Year to 30 June (A$ million)	FY19	FY18 restated
Statutory		
Revenue	208.6	292.2
Gross Profit	18.6	83.7
Gross Margin	*8.9%*	*28.6%*
EBITDA	(50.8)	3.1
Reported loss before tax	(58.2)	(3.7)
Basic (loss)/earnings per share (cents)	(44.92)	(0.95)

1 The key pillars of the Australia New Zealand "ANZ" First Strategy are:
- Source international brands to sell into ANZ.
- Source local ANZ brands to sell in ANZ.
- Marketing spend prioritised to ANZ region.
- Key personnel located in ANZ.

2 MySale proprietary marketplace platform that allows third party suppliers to sell their inventory to the MySale customer base. Whilst the majority of the inventory will always be from third party sellers MySale also uses the platform to sell stock that has been returned by customers and consignment stock that it may take ownership off as well as Identity Direct product.

3 Prior year numbers have been restated. Full details are contained in note 4 to the financial statements. All prior year numbers in the front half of this report are the restated numbers.

4 Due to the large restructuring the business went through in FY19 management believe the best way for a reader of the accounts to understand the position of the business is for the profit and loss statement to be shown before exceptional items and on a statutory basis. Full details on exceptional items are contained in note 10 to the financial statements.

5 Underlying: is the Group's EBITDA, profit after tax expense or earnings per share calculated having excluded certain expenditure of a one-off, non-trading or non-cash nature in order to allow clearer understanding of the underlying performance of the year. Full details are contained in note 7 to the financial statements. EBITDA: earnings before interest, taxation, depreciation and amortisation.

1. Financial and operating highlights (continued)

Decisive actions taken

- Developed and commenced the execution of the ANZ First Strategy
- Pivoted the business to an Inventory Light Marketplace Platform that is counter seasonal to the Northern hemisphere and attractive to many brands
- Relocation of all own-buy (1P) inventory to Australia allowing the exit of own-buy inventory to be accelerated
- After a detailed review of the remaining own-buy and outlet stock, A$18.9 million of write-downs and provisions have been included as an exceptional item in the accounts
- Disposal of UK websites and closure of warehouse and London office
- Closure of the US warehouse and office
- Restructured our international supply chain, simplifying processes providing suppliers with low cost solutions
- Reduction in headcount to 176 Full Time Equivalents ('FTEs') at 30 Sep 2019 (393 at 30 Jun 2018)
- The wholesale business receivables still remaining at the end of FY19 were reviewed and an A$6.8 million impairment has been included as an exceptional item in the accounts

Post financial year end

- Raised A$23.3 million which was used to repay and restructure existing bank facilities leaving the Group cash positive and debt free
- The Group now operates a negative working capital model through an inventory light strategy
- Closure of The Philippines and Thailand websites
- Increased the number of suppliers by 44% in Q1 FY20
- Two new highly experienced independent non-executive directors added to the Board

Technology highlights

- Delivered benefits from the accelerated market-place investment in FY17 and FY18 allowing reduced overall investment in FY19 to A$4.9 million and benefit further from ongoing reductions
- Accelerated the supplier on-boarding process and fully developing self-managed solutions
- Capturing more data about our customers and insights from our suppliers providing an improved search and recommendation experience
- New features to accelerate supplier on-boarding, including supplier self-service functionality
- Mobile sits at the heart of customer interactions, representing 65% of orders in FY19

2. Chairman's statement

There is no doubt FY19 was a difficult year for the MySale business, however I am confident that after raising GBP£12.8 million (A$23.3 million) of new equity, paying off all bank debt and simplifying the business model, the company has built a much stronger platform and is now on a firm footing from which it can return to profitable growth.

The problems the company experienced were widely reported, starting with the market disruption caused by the change in Australian GST legislation and exacerbated by having too much owned inventory, too much of which was in the wrong location.

The Board took decisive action which included closing down its US and UK operations, significantly reducing its cost base and refocusing the business on becoming an Inventory Light Marketplace Platform distributing third party domestic and international inventory to its core ANZ customer base.

The new simplified business model does not involve buying inventory to sell on its websites and the Company continues to sell down all existing own buy inventory whilst it pivots to a pure play third party platform. We believe there is a huge opportunity to harness our highly flexible, scalable proprietary technology and customer base to provide an unparalleled solution for both domestic and international brands to clear their inventory in the ANZ market.

Since the year end we have strengthened the Board with the addition of two new non-executive directors. Dow Famulak brings decades of international big brand relationships with his most recent role being a Plc executive at Global Brands Group. Wally Muhieddine is Managing Partner at Advertising Advantage, a leading Australian media buying and planning agency. I look forward to working with them both and also want to thank David Mortimer one of our non-executive directors who has served on the Board since the IPO and has decided not to stand for re-election at the AGM. We continue our search for the right CFO and will update the market when we have concluded that search.

We could not have reached this point without the significant support shown by our shareholders and lenders along with the hard work and determination of our staff for which I am very grateful. We now have a clear strategy, strong brand partners and a highly focussed team through which to deliver future shareholder value.

Charles Butler
Chairman
4 December 2019

3. Review of operations by the Chief Executive Officer

MySale experienced a difficult year resulting in a disappointing financial performance however it was also a year of significant change. We have simplified our business model and made major changes that allow us to accelerate the ANZ First Strategy and be based on an Inventory Light Marketplace Platform.

The performance was primarily due to the disruption caused by the changes in GST in Australia amplified by the business being overly focussed on expanding in the UK and increasing its investment in own-buy (1P) inventory. This is in contrast to the new ANZ First Strategy which is focused around an Inventory Light Marketplace Platform for international and domestic brands.

In light of the factors outlined above, the Group saw declines in revenue, gross profit and gross margin. Given the significant costs in the year associated with restructuring the business, the Group changed the presentation of its financial statement of profit or loss and other comprehensive income to show these adjustments.

Year to 30 June (A$ million)	FY19	FY18 restated
Revenue	208.6	292.2
Gross Profit (before exceptional items)	38.2	83.7
Underlying EBITDA	(18.8)	9.7
Depreciation and amortisation	6.9	6.6
Interest	0.5	0.3
Cash impacts of exceptional items	0.6	(2.7)
Non-cash exceptional items	(32.5)	(4.0)
(Loss)/profit before tax (before exceptional items)	(26.3)	2.9
Reported loss before tax	(58.2)	(3.7)

Following this significant period of change, we now have a focussed Group with strong fundamental drivers:

- 782,000 active customers
- 12 websites
- 3.5 million cumulative buyers
- 9 million product units sold in the year
- 24.5 million registered email subscribers
- 3.4 average orders per buyer
- $304 annual revenue per active customer
- 9,700 cumulative brand partners
- 3.5 million social footprint
- 7.0 million mobile app downloads, 65% revenue from mobile

The restructuring commenced during FY19 and was completed post year end with a new equity placing of A$23.3 million, resulting in the company being cash positive and debt free. As part of the restructuring process the following initiatives were undertaken:

- Disposal of our UK websites and closure of the warehouse and London offices
- Closure of the US warehouse and office
- Fully exited the wholesale business, A$6.8 million impairment recognized in exceptional items
- Relocation of all the inventory to Australia allowing us to exit the own-buy (1P) inventory
- Detailed review of the remaining own-buy and outlet stock resulting in A$18.9 million of write-downs,
- Closure of the Philippines and Thailand websites
- Significant reduction in headcount 176 FTE's at 30 Sep 2019 (393 at 30 Jun 2018) and reduction in cost base,
- Reduced Ourpay debtor book
- Refocussed and relocated the leadership team to Sydney

It has been a difficult transition however despite the disruption the fundamentals of MySale are robust; the addressable markets in ANZ continue to represent substantial opportunities and we have a proprietary scalable platform that is set up for success and capable of delivering huge structural advantages. The priority is to focus the team and execute the ANZ First Strategy.

Cash and working capital

The Group's net debt was A$17.5 million at the year-end (FY18: A$6.2 million). Subsequent to year end all loans have been repaid following the share placement of A$23.3 million resulting in a net cash balance of A$6.8 million at 30 October 2019.

As a result of the Group exiting the wholesale business, selling down its own-buy (1P) inventory and operating on a substantially lower cost base it will now operate with negative working capital.

Going forward the Group has the right cost base aligned to the new simplified business to ensure future profitability significantly reducing the Group's inventory risk.

Brands and Strategic Partnerships

We continue to be a leading off-price apparel and home online retail platform in ANZ offering unique solutions for our brand partners. We are absolutely focussed on the fashion and home categories, leveraging the counter seasonal opportunity. There is a significant market opportunity and we are ideally placed to provide Northern hemisphere brands access to the Southern hemisphere markets.

The retail landscape is continually evolving and brands are increasingly recognising the benefits of a more integrated inventory partnership that allows them to accelerate the sell through of their discounted inventory outside of their core business.

Whilst the number of products has decreased on the platform as a result of us exiting own-buy (1P) inventory and restructuring the international supply chain, the immediate emphasis is on developing long-term profitable brand partnerships and re-engaging with our international suppliers. We are already making significant progress on increasing the number of active brand partners using the platform which will drive substantial increases in the number of products available to customers.

The solutions we offer our international brand partners clearly differentiate us from our competitors. There are no other ANZ off-price online retailers providing the options we offer international brands to sell their off-price inventory into the region.

The Group's well-established international network, flexible and scalable technology platform and resources in key territories make it an ideal partner for international brands and retailers.

Going forward a large majority of the Group's revenue will come from 3P suppliers, on which the Group does not take any inventory risk.

ANZ First Strategy

Our focus is for MySale to be the leading off-price apparel and home online retail platform in ANZ offering unique solutions for our brand partners. These solutions clearly differentiate us from most major retailers, which we see as a significant advantage and extremely difficult for others to replicate. Our new set-up allows us to operate an Inventory Light Marketplace Platform offering a large selection and delivering great value to our customers every day, through a combination of brand, fashion, price and quality.

We believe MySale is well placed to capitalise on the off-price opportunity and continued shift to online shopping.

Our revenue targets are based on a contribution from our international brand partners, despite the disruption MySale is well placed to provide a solution for our international brands allowing them to leverage the counter seasonal opportunities accessing the ANZ region via our 782k active customers.

We will continue to provide international brands the opportunity to sell excess inventory into the ANZ market. MySale is a low cost, highly efficient marketplace offering a wide selection and delivering great value, through a combination of brand, fashion, price and quality to our customers every day.

During the year, the Group's platform processed over 9 million units underlining the efficient processes and systems that the Group has in place to support brands and serve customers.

We are in a unique position, and we are not aware of other retailers in ANZ which can offer the off-price solutions we provide our partners:

- **Just in Time** ('JIT'): A unique solution, where our partners list their inventory on our platform and we provide a full warehouse and distribution service shipping direct to the customer.
- **Fulfilled by MySale** ('FBM'): Our partners store their product in our warehouse on consignment, the MySale team provide a full service including; planning, merchandising and dispatch to customer.
- **Dropship** ('DS'): Our partner list their inventory on the platform and ships directly to the customer.

We provide solutions to match our supplier needs including a full API integration directly or via our channel integration partners. Whilst we have worked with over 1,650 partners in the last 12 months the strategic relationship with Retail Convergence Group, is a great example of a large US retailer fully integrating into our marketplace platform.

"Retail Convergence has been working with MySale since 2017. They provide us with a seamless solution, via their marketplace platform, to sell into Australia, New Zealand and SE Asia allowing us to maximize the counter seasonal opportunities by accessing their large off-price ANZ customer base."
Retail Convergence Inc.

We have closed our UK and US warehouses and made excellent progress in restructuring our international supply chain, simplifying processes providing our suppliers with flexible low cost direct shipment or cross docking solutions. Our international fixed costs have reduced and we will gain variable cost efficiencies as the business scales.

In Australia we are laying the foundations for reduced future capacity by relocating our distribution centre allowing us to be more efficient and reduce distribution costs significantly in-line with our Inventory Light Marketplace Platform model.

We launched MySale Marketing Services which includes the commercialisation of the customer database, leveraging our supplier partnerships and increasing the revenue from "Select" our proprietary delivery subscription product.

We are making excellent progress against our ANZ First Strategy as we reset the business and pivot it to an Inventory Light Marketplace Platform. There has been a significant reduction in the operational cost base, the benefits of which will impact the current financial year and beyond.

The team is absolutely focussed on the strategy, which has been fully embraced by everyone.

The UK and South East Asia

The sale of the UK assets (cocosa.co.uk) to Brand Alley for a cash consideration of A$2.7 million was completed on 3 May 2019 and was part of the rationalisation programme which will increase the Group's focus on the ANZ markets. The Group has also significantly reduced its UK and US cost base with the disposal of its offices and warehouses and the offshoring of its back office buying and support functions.

Despite selling the UK website, the UK and US remain very important regions for sourcing product to sell on our platform. Looking forward, we will retain and grow our UK and US business development and account management teams and operate with 3rd party logistics partners.

We have been in SE Asia since 2010 and have always operated retail websites leveraging ANZ's infastructure. We have now closed the Philipinnes and Thailand websites as they were unprofitable.

However, with increased investment from FY21 and beyond we are confident that we are positioning SE Asia to capture a significant long-term opportunity as we grow the active base and provide the local customer base access to US, UK and European Brands.

Although the SE Asia business currently has less scale than ANZ, the substantial addressable population, increasing disposable income, lack of off-price competition and high mobile penetration in the region provide significant further growth opportunity for the Group given its strong value, branded sales offer and exceptional mobile commerce capability.

Technology development

We are seeing the benefits of the accelerated technology investment in FY17 and FY18 and remain confident that it will improve MySale's revenue and profitability and result in growth in shareholder value over time.

We have reduced our overall investment in technology in FY19 to A$4.9 million (FY18: A$8.5 million) and will continue to reduce this investment in FY20 ensuring we focus it into high ROI initiatives. We have built a high performing highly scalable platform designed for third party suppliers that we will be able to monetise more quickly than we have done in the past. Despite the reduction in investment we continue to make exceptional progress with a record number of platform releases, averaging over 1000 per month.

We will continue to prioritise the technology investment into three main areas:

- acceleration of the supplier on boarding process and fully developing the self-managed solution;
- capturing more data about our customers and insights for our suppliers; and
- delivering the best and most relevant user experience.

In FY17 we launched our proprietary programme Ourpay, a 'buy-now, pay-later' platform which allows customers easy budgeting and seamless integration with their shopping journey. This instalment payment option helps customers manage their finances and has been shown to increase both spend and shopping frequency. Ourpay has proved popular with more than 194,000 customers using the product since its launch.

At its peak, Ourpay captured 23% of orders absorbing A$5.4 million of working capital. As part of the strategic review we unwound the working capital and migrated a proportion of the existing Ourpay customers onto other payment partners. We are currently offering Ourpay to our existing customers and are still committed to the development of Ourpay as the Group's proprietary buy-now, pay later platform. At the year end the receivables balance associated with Ourpay was A$2.0 million which we anticipate will further reduce in H1 FY20.

We have built a platform capable of significant scale and moving forward we anticipate that our technology platform will be key to unlocking further operational efficiencies and reducing costs

Outlook

After a difficult year, we are in a much strengthened position, with a substantially different business, having successfully pivoted to an Inventory Light Marketplace Platform. Additionally, the Group is now debt free and cash flow positive.

Our ability to offer international brands the opportunity to sell excess inventory by accessing our large ANZ customer database is unique and when you combine this with the counter seasonal opportunity the benefits to our suppliers are transformational.

During FY19 we worked with over 1,650 suppliers, who sold over 9 million units on the marketplace platform launching over 34,000 sales campaigns. The scale of our international supplier base gives us the confidence and belief that MySale is well placed to capitalise on the off-price opportunity and the continued shift to online shopping will allow us to build on our solid foundations, scale and capability.

FY20 is about recovery and stability with a relentless focus on execution and we are fully prepared for the change in the NZ GST regulation from the 1st December. We expect revenues to be at a substantially lower level year on year as a result of exiting the UK business and selling down the own-buy (1P) inventory. We anticipate, however, that this, along with the full deployment of our technology platform, will bring significant cost savings and our cash levels will grow as we exit own-buy (1P) inventory.

While it is early in the current year, I am pleased with the progress that we are making since the completion of the strategic review, and the refocusing of the business. Trading to date has been in line with management expectations and the Board expects that underlying EBITDA and revenue for the year will in line with management forecasts.

Our Board of Directors

As previously reported, Jamie Jackson stepped down as Executive Vice Chairman in September. Jamie founded the business and has been instrumental in taking the business to where it is today. I would like to thank him for his contribution, and accomplishments, over a significant period.

Charles Butler, currently Interim non-executive Chairman will become Chairman on a permanent basis on the signing of this report. Charles was a massive help in the recent share placing, debt restructuring and strategy repositioning, and I am delighted that Charles will be taking on the role of permanent Chairman and will continue to chair the audit committee.

David Mortimer has indicated he will not offer himself for re-election at this year's AGM. We thank him for his contribution over the past five years.

We are delighted to welcome Dow Famulak and Wally Muhieddine as newly appointed non-executive directors. Dow was appointed on the 3 December 2019 and is a member of the audit and risk committee and will chair the remuneration committee.

Wally was appointed on the 3 December 2019 and is a member of the remuneration Committee. We very much look forward to working with Dow and Wally as we as execute the ANZ First Strategy.

We are also committed to finding the right candidate to fill the CFO position and have been conducting an extensive search process to fill this role.

These are very important appointments and show our determination to attract the best senior talent to support our business. We are also making changes to our management ensuring we strengthen the team with external talent as well as ensuring we fully utilise our ANZ resources.

I would like to thank the MySale team for all their hard work, energy and passion in what has been a challenging environment. They have been fantastic, and the majority are now based in Australia and working more efficiently, quickly and collaboratively. We are keeping it very simple, doing what we know best at speed and with no distractions.

Finally, thank you to our customers, shareholders, suppliers and business partners for their ongoing support and engagement over the past 12 months and we look forward to working with you all in FY20.

Carl Jackson
Chief Executive Officer
4 December 2019

4. Financial review by the Chief Executive Officer

During FY19 as part of the restructuring the business undertook a detailed review of stock levels and business processes. As part of this review management identified system and process errors that have required the prior year balances to be restated. Full details are contained with note 4 to the financial statements. The restructuring of the business led to a large number of provisions and write-downs as well as a larger than normal number of one-off costs. This has led management to believe that the best way for a reader of the accounts to understand the position of the business is for the profit and loss statement to be split out into 3 columns for each financial year. The exceptional items are covered in more detail in note 10 to the financial statements.

Revenue and gross profit

For the year ended 30 June 2019 Group revenue decreased by 28.6% to A$208.6 million (FY18: A$292.2 million) and gross profit decreased before exceptional items, by 54.3%, to A$38.2 million (FY18: A$83.7 million). This performance came as a result of the GST changes in Australia and the disruption from the restructuring of the business.

Operating expenses

The operating expenses before exceptional items dropped to A$59.3 million (FY18: A$74.3 million) in the year. During the year the Group closed the UK and US operations that resulted in a reduction in total operating costs.

Profit/loss before tax

The loss before tax before exceptional items for the year is A$26.3 million (FY18: A$2.9 million profit). The reported loss before tax for the year is A$58.2 million (FY18: A$3.7 million loss). This reported loss is after the inclusion of a number of one-off and non-cash items which are shown in more detail below and in notes 7 and 10 to the financial statements in order to provide greater insight as to the underlying profitability of the Group.

Profit/loss after tax and earnings per share

The loss after tax before exceptional items for the year is A$28.7 million (FY18: A$7.1 million profit) and the reported loss after tax for the year is A$69.3 million (FY18: A$1.5 million loss). This reported loss is after the inclusion of a number of one-off and non-cash items which are shown in more detail below and in notes 7 and 10 to the financial statements in order to provide greater insight as to the underlying profitability of the Group.

Note 38 to the financial statements shows the detailed calculations of basic loss per share for the financial year which after tax before exceptional items was 18.60 cents per share loss (FY18: 4.61 cents profit) and was 12.21 cents loss (FY18: 6.30 cents profit) on EBITDA before exceptional items.

Taxation

The Group has recorded a tax expense of A$11.1 million for the year (FY18: A$2.2 million benefit) which includes an impairment to the deferred tax asset of A$10.6 million. Full details of the tax expense are provided in note 11 to the financial statements. The Group has A$83.9 million (FY18: A$32.4 million) of carried forward tax losses that may be available to use for future offset. A deferred tax asset is only recorded where it is probable that these losses will be recoverable. The business needs to undertake a full review of the impact of the capital restructuring to understand the extent to which this restructure could put the accessibility of these tax losses at risk. Until this review is completed management have taken the judgement of not recognising these losses as a deferred tax asset.

Balance sheet, cash and working capital

The Group's closing cash balance was A$0.8 million (FY18: A$6.8 million) and a net debt balance of A$17.5 million (FY18: A$6.2 million). As detailed in the subsequent events note, the Group finalised a share placement of 640.4 million shares for A$23.3 million in September 2019. The placement involved a repayment of borrowings of A$10.9 million and debt forgiveness of A$7.7 million. After these actions the business is debt free.

As noted in last year's financials the strategy was to reduce wholesale activity to deliver a steady reduction in gross trade receivables. Trade receivables reduced to A$11.3 million (FY18: A$29.8 million). The balance includes uncleared cash receipts from online customers of A$5.3 million (FY18: A$5.0 million). There has been a provision raised against the trade receivable balances of A$5.4 million (FY18: 0.3 million) which includes a provision against Ourpay receivables of A$1.4 million and a provision against wholesale debtors of A$4.0 million. Further details are provided in note 13 to the financial statements.

Capital expenditure was reduced on prior year investment levels as the technology platform is maturing and requiring less major development work than was undertaken in FY17 and 18. Total capital expenditure was A$4.9 million (FY18: A$8.5 million). Goodwill was impaired by A$2.8 million to A$21.2 million. No impairment was considered necessary to the other intangible assets.

Inventory value was recognised at the year end as A$16.0 million (FY18: A$33.7 million). The balance includes stock in transit of A$1.7 million (FY18: A$2.7 million) and is after A$18.9 million (FY18 A$0.3 million) of write-downs and provisions being applied to reflect the change in business strategy to move away from own-buy.

Banking facilities

Subsequent to the refinancing the Group will not be relying on trade and overdraft financing to support the business operations. The sell down of 'ownbuy' inventory and the switch to an inventory light business model will reduce the overall reliance on external financing to support inventories and other working capital requirements.

Underlying basis, exceptional Items

As noted above the Group manages its operations by looking at the underlying EBITDA which excludes the impact of a number of one-off and non-cash items of a non-trading nature as this, in the Board's opinion, provides a more representative measure of the Group's performance. In the FY19 year due to the restructuring this approach has resulted in the profit and loss statement to be split out into 3 columns for each financial year. Full details on exceptional items are contained within note 10 to the financial statements. A reconciliation between reported profit before tax and underlying EBITDA is included at note 7 with further details in note 10 to the financial statements and outlined below.

Year to 30 June (A$ million)	FY19	FY18 restated
Reported EBITDA	(50.8)	3.1
Impairments	9.6	-
Share-based payments	(1.0)	0.9
Discontinued and one-off costs	2.9	3.8
Inventory write downs	18.9	-
Unrealised foreign exchange loss	1.5	2.0
Underlying EBITDA	(18.8)	9.7
Depreciation and amortisation	(6.9)	(6.6)
Net interest expense	(0.5)	(0.3)
Underlying (loss)/profit before tax	(26.3)	2.9

Included within one-off items are items of a non-trading, non-recurring nature such as reorganisation costs, asset write downs, charges arising from system migrations and other costs. The principle items in the year under review are the impairments and inventory write-downs. The impairments include; an A$2.8 million goodwill impairment and A$6.8 million impairment of receivables from the wholesale business.

Key performance indicators

The Group manages its operations through the use of a number of key performance indicators ('KPI's') including revenue growth, gross margin %, Underlying EBITDA, active customer growth, monthly buyers, average order value ('AOV'), revenue per customers, orders per customer and number of suppliers.

Carl Jackson
Chief Executive Officer
4 December 2019

5. Principal risks and uncertainties

The management of the business and the execution of the Group's 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:

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 operating results and financial condition could be adversely affected.

Membership base
The Group needs to attract new 'active' members, in sufficient numbers. 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 operating results and financial condition.

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 operating results and financial condition.

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. The Group relies on access to its cash 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. The move to an inventory light strategy means the business now operates on a negative working capital model, reducing the cash risk on the Group's operating results and financial condition.

Competition and sales model
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.

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.

The Group does not take delivery of products from a large number of suppliers 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.

Changes in indirect tax rules
Changes in local indirect tax, such as sales taxes, good and services tax 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.

Technology

The Group's Information Technology ('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, operating results and financial condition.

Data security and data privacy

The Group's business is highly dependent on engaging with members via daily emails and app notifications. 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 messages to members and also that members actually open and read the messages. Webmail prioritisation, 'spam' and blocking filters and local laws on sending emails could affect the Group's business, prospects, operating results and financial condition.

The Group is subject to data and privacy regulations, particularly General Data Protection Regulation ('GDPR'). Failure to comply with legal or regulatory requirements relating to data security or data privacy in the course of the Group business activities, results in reputational damage, fines or other adverse consequences, including criminal penalties and consequential litigation, adverse impact on the Group's financial results or unfavourable effects on the Group's ability to do business.

Unauthorised access to customer database, either from external attack or internal control weaknesses, could lead to reputational damage, compliance issues, substantial regulatory fines and loss of customer confidence. The company has implemented a disaster recovery plan and cyber insurance to support the business in the event of an incident occurring.

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, operating results and financial condition.

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, operating results and financial condition may be materially and adversely affected.

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 provides 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.

8. Corporate governance

Introduction

High standards of corporate governance are a key priority for the Board of MySale Group Plc and, in line with the London Stock Exchange's requirement that AIM-listed companies adopt and comply with a recognised corporate governance code, the Board applies the principles of the 2018 Quoted Companies Alliance Corporate Governance Code (the "QCA Code"), where they consider it appropriate, as the basis of the Group's governance framework. It is the responsibility of the Board to ensure that the Group is managed for the long-term benefit of all shareholders and stakeholders, with effective and efficient decision-making. Corporate governance is an important aspect of this, reducing risk and adding value to the business.

The Board also recognises the importance of their requirements under section 172 of the Companies Act 2006 and note the disclosure requirements for financial years beginning on or after 1 January 2019. The directors have considered the impact this may have on the existing business practices and any additional disclosures that may be required.

In reviewing FY19 and commenting the Board's attention to items considered under section 172 it is noted that:

- When conducting the strategic review, the Board ensured open and regular discussions were held with shareholders. The result was a successful placement that included the continued support of the major shareholders.
- The company engaged a human resources specialist to join the management team and assist the business with aligning company plans and the interests of the employees.
- In ensuring that the company maintains a reputation for high standards of business conduct the directors approved the appointment of a compliance officer within the business.

As detailed in the directors' report the number of non-executive directors is being increased and there are plans to add another executive director in FY20. A key driver in making these appointments is to ensure that the company has suitable experience and resources at hand to meet its corporate governance responsibilities.

The Board will continue to review for any areas of weakness against the requirements and work with management to implement any changes required to ensure the business is not only compliant but operating in a manner that provides long-term benefits to all the stakeholders of the business.

The Board acknowledge the importance of the QCA Code's aims that: *"Companies need to deliver growth in long-term shareholder value. This requires an efficient, effective and dynamic management framework and should be accompanied by good communication which helps to promote confidence and trust*" and the ten principles of corporate governance set out in that Code. The Group's current approach to complying, as appropriate, with those principles is set out below.

<u>Quoted company Alliance Corporate Governance Code Principles</u>

Deliver growth

1. Establish a strategy and business model which promote long-term value for shareholders

MySale Group Plc has an established strategy to deploy its international ecommerce platform to connect brand partners with consumers.

The Board has identified the tactics that it believes will support the strategic aims and improve the Group's performance:

- Leverage market leading position in ANZ
- Utilise technology to improve customer experience and business efficiency

- Build international brand partnerships to provide a wide product selection
- Selective M&A where and when appropriate to expand the business model

A fuller explanation of how the strategy and business model are executed is contained in the Annual Report and presentation which are available to download from the Group website www.mysalegroup.com.

2. Seek to understand and meet shareholder needs and expectations
The company recognises the importance of engaging with its shareholders and reports formally to them when its full-year and half-year results are published. At the same time, Executive directors present the results to institutional investors, analysts and the media. The Non-executive directors are available to discuss any matter stakeholders might wish to raise, and the Chairman and independent Non-executive directors attend meetings with investors and analysts as required.

The Chief Executive Officer provides the Board with a summary of the content of any engagement the Executive directors have had with investors to ensure that major shareholders' views are communicated to the Board as a whole. The Board is also provided with brokers' and analysts' reports when published. This process enables the Chairman and the other Non-Executive director to be kept informed of major shareholders' opinions on strategy and governance, and for them to understand any issues or concerns.

Shareholders are encouraged to attend the annual general meeting at which the Group's activities and results are considered, and questions answered by the directors. General information about the Group is also available on the company's website. This includes an overview of activities of the Group and details of all recent regulatory announcements.

The Group maintains a dedicated email address at shareholder.notifications@mysale.com which investors may use to contact the company which, together with the Group's address, are prominently displayed on the Group's website. Investors may also make contact requests through the company's Nominated Advisor and Broker, N+1 Singer.

3. Take into account wider stakeholder and social responsibilities and their implications for long-term success
In addition to its shareholders, the company believes its main stakeholder groups are its employees, customers, brand partners, suppliers and relevant statutory authorities in its areas of operation.

The Group recognises the increasing importance of corporate social responsibility and endeavours to take it into account when operating its business in the interests of its stakeholders, including its investors, employees, customers, suppliers, business partners and the communities where it conducts its activities.

The Group believes that having empowered and responsible employees who display sound judgment and awareness of the consequences of their decisions or actions, and who act in an ethical and responsible way, is key to the success of the business.

The operation of a profitable business is a priority which in turn means investing for growth and operating in a sustainable manner. The Group has therefore adopted core principles which provide a framework to operating with integrity and respect for all stakeholders.

The Group aims to conduct its business with integrity, respecting the different cultures and the dignity and rights of individuals in the countries where it operates. The Group recognises the obligation to promote universal respect for and observance of human rights and fundamental freedoms for all, without distinction as to race, religion, gender, language or disability and these are codified within the operational documents and procedures of the Group.

The Group has the aim that communities in which it operates should benefit directly from its presence through the wealth and jobs created, and the investment of its time and money in the community.

Health and safety
The directors are committed to ensuring the highest standards of health and safety, both for employees and for the communities within which the Group operates. The Group's Chief Executive Officer is the person with overall responsibility for health and safety matters.

The Group seeks to meet legal requirements aimed at providing a healthy and secure working environment to all employees and understands that successful health and safety management involves integrating sound principles and practice into its day-to-day management arrangements and requires the collaborative effort of all employees. All employees are positively encouraged to be involved in consultation and communication on health and safety matters that affect their work.

Environment

The directors are committed to minimising the impact of the Group's operations on the environment. The Group recognises that its business activities have an influence on the local, regional and global environment and accepts that it has a duty to carry these out in an environmentally responsible manner. It is the Group's policy to endeavour to meet relevant legal requirements and codes of practice on environmental issues so as to ensure that any adverse effects on the environment are minimised.

Consumer

The Group has deployed policies and procedures to ensure its compliance with consumer laws and regulations within each jurisdiction of operation. These policies and procedures and reviewed by external experts on a regular basis.

4. Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board has overall responsibility for the Group's internal control systems and for monitoring their effectiveness. The Board, with the assistance of the Audit Committee, maintains a system of internal controls to safeguard shareholders' investment and the Group's assets, and has established principles and a continuous process for identifying, evaluating and managing the risks the Group faces.

Further details of the principal risks faced by the Group and how they are mitigated are contained on pages 14 and 15 of this report.

The Board considers risk to the business on an ongoing basis and the Group formally reviews and documents the principal risks at least annually. Both the Board and senior management are responsible for reviewing and evaluating risk and the Executive directors meet on a regular basis to review ongoing trading performance, discuss budgets and forecasts and any new risks associated with ongoing trading, the outcome of which is reported 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 the Group's 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.

Maintain a dynamic management framework

5. Maintain the Board as a well-functioning, balanced team led by the chair

The Chairman is responsible for leadership of the Board, ensuring its effectiveness on all aspects of its role, setting its agenda and ensuring that the directors receive accurate, timely and clear information. The Chairman also ensures effective communication with shareholders and facilitates the effective contribution of the other Non-executive director. The Group is satisfied that the current Board is sufficiently resourced to discharge its governance obligations on behalf of all stakeholders and will consider the requirement for additional Non- executive directors as the company fulfils its growth objectives.

To enable the Board to discharge its duties, all directors receive appropriate and timely information. Briefing papers are distributed to all directors in advance of Board and Committee meetings. All directors have access to the advice and services of the Chief Financial Officer (or the Chief Executive Officer in the absence of a CFO), who is responsible for ensuring that the Board procedures are followed, and that applicable rules and regulations are complied with. In addition, procedures are in place to enable the directors to obtain independent professional advice, at the Group's expense, if necessary.

The Board is responsible to the shareholders and sets the Group's strategy for achieving long-term success. It is ultimately responsible for the management, governance, controls, risk management, direction and performance of the Group. Further details of the composition of the Board and Committee are set out on page 20 of this report.

6. Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities

At the time of this report the Board comprises of one executive and four non-executive directors with the plan to add a CFO as a second executive director in Jan 2020. It is also noted that David Mortimer has indicated he will not offer himself for re-election at this year's AGM. The two recent appointments and the plan to add a second executive director is to ensure that the Board continues to have the appropriate balance of skills and experience in the retail and online sectors as well as covering the necessary financial and public market knowledge. The skills and experience of the Board are set out in their biographies on pages 26 and 27 of this report. The experience and knowledge of each of the directors gives them the ability to constructively challenge the strategy and to scrutinise performance. The Board also has access to external advisors where necessary.

Throughout their period in office the directors are continually updated on the Group's business, the industry and competitive environment in which it operates, corporate social responsibility matters and other changes affecting the Group by written briefings and meetings with senior executives. Advisors provide updates on changes to the legal and governance requirements of the Group, and directors, on an ongoing and timely basis.

7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

The performance of the Board, its Committees and that of the individual directors is monitored by the Chairman on an ongoing basis. In addition, the executive directors are subject to an annual review process.

8. Promote a corporate culture that is based on ethical values and behaviours

The Group adopts a policy of equal opportunities in the recruitment and engagement of staff as well as during the course of their employment. It endeavours to promote the best use of its human resources on the basis of individual skills and experience matched against those required for the work to be performed.

The Group recognises the importance of investing in its employees and, as such, the Group provides opportunities for training and personal development and encourages the involvement of employees in the planning and direction of their work. These values are applied regardless of age, race, religion, gender, sexual orientation or disability.

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.

The Group recognises that commercial success depends on the full commitment of all its employees and commits to respecting their human rights, to provide them with favourable working conditions that are free from unnecessary risk and to maintain fair and competitive terms and conditions of service at all times.

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.

9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

The Chairman, is responsible for leadership of the Board, ensuring its effectiveness on all aspects of its role, setting its agenda and ensuring that the directors receive accurate, timely and clear information. The Chairman also ensures effective communication with shareholders and facilitates the effective contribution of the other Non-executive directors. The Chief Executive Officer, Carl Jackson, is responsible for the operational management of the Group and the implementation of Board strategy and policy. By dividing responsibilities in this way, no one individual has unfettered powers of decision-making.

There is a schedule of matters reserved for decision by the Board which enables the Board to provide leadership and ensure effectiveness. Such matters include business strategy and management, financial reporting (including the approval of the annual budget), Group policies, corporate governance matters, major capital expenditure projects, materials acquisitions and divestments and the establishment and monitoring of internal controls.

The appropriateness of the Board's composition and corporate governance structures are reviewed through the ongoing Board evaluation process and on an ad hoc basis by the Chairman together with the other directors, and these will evolve in parallel with the Group's objectives, strategy and business model as the Group develops.

Board Committees

The Board has established Audit and Remuneration Committees.

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:

Charles Butler	Chair
David Mortimer AO	Member
Dow Famulak	Member

The executive directors, other members of the senior management team or the company advisors or the independent Auditors 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.

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 on pages 22 to 25 of this report.

The members of the Remuneration Committee are:

David Mortimer AO	Chair
Charles Butler	Member
Wally Muhieddine	Member

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.

Build Trust

10. Communicate how the company is governed and is performing

The Group formally reports its performance to all stakeholders with the publication of full year and half-year results. These publications are supplemented by three regular trading updates each year together with any ad hoc announcement required in order to ensure appropriate market sensitive information is available to all interested parties.

The company holds and Annual General Meeting each year at which a trading update is provided and shareholders and encouraged to participate. The results of the resolutions voted upon at the Annual General Meeting are formally published.

The Board maintains a healthy dialogue with all its stakeholders. Throughout the course of the financial year the Board communicates with shareholders directly and uses external advisors to canvass shareholders on any views, concerns and expectations they may wish to express indirectly.
By Order of the Board.

Charles Butler
Chairman
4 December 2019

High standards of corporate governance are a key priority for the Board of MySale Group Plc and, in line with the London Stock Exchange's requirement that AIM-listed companies adopt and comply with a recognised corporate governance code, the Board applies the principles of the 2018 Quoted Companies Alliance Corporate Governance Code (the "QCA Code"), where they consider it appropriate, as the basis of the Group's governance framework. It is the responsibility of the Board to ensure that the Group is managed for the long-term benefit of all shareholders and stakeholders, with effective and efficient decision-making. Corporate governance is an important aspect of this, reducing risk and adding value to the business.

The Board of Directors

As at the date of signing of these financial statements, the Board consisted of five directors as shown below. Charles Butler, the Non-Executive Chairman was appointed as a Director on 23 October 2017 and moved into the Non-Executive Chairman role on 29 November 2018 when Iain McDonald stepped down. All 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:

Charles Butler	Chairman
David Mortimer AO	Independent Non-Executive Director
Carl Jackson	Executive Director and Chief Executive Officer
Dow Famulak	Independent Non-Executive Director (appointed 3 December 2019)
Wally Muhieddine	Independent Non-Executive Director (appointed 3 December 2019)

During the financial year ended 30 June 2019 the following individuals served for part of the year or the whole year and have stepped down subsequent to the year end and before the signing of this report.

Andrew Dingle	Executive Director and Chief Financial Officer stepped down from his position on the Board on 9 October 2018 and ceased employment with the Group at the end of October 2018
Iain McDonald	Chairman resigned from the Board on 29 November 2018
Jamie Jackson	Executive Director and Vice Chairman resigned from the Board on 6 September 2019

Andrew Dingle resigned after just over 5 years with MySale to pursue a new career opportunity. The company has conducted an extensive search process to find a suitable candidate to fill the CFO position. This process is close to conclusion and the company will make the appropriate announcements when a candidate has been engaged.

It is also noted that David Mortimer has indicated he will not offer himself for re-election at this year's AGM.

Biographies for each of the directors who served during the 2019 year or who are currently on the Board are set out in the Directors' report under 'Information on 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:

Charles Butler	Chair
David Mortimer AO	Member
Dow Famulak	Member

The Audit Committee met two times during the financial year.

The executive directors, other members of the senior management team or the company advisors or the independent Auditors 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:

David Mortimer AO	Chair
Charles Butler	Member
Wally Muhieddine	Member

Due to the challenges the business was facing in FY19 there were no increases in salaries, no new senior people were recruited and there were no grants of employee share options and hence 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, capital expenditure, 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 the Group's 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.

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 detailed in the Corporate Governance section of this report.

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's shareholders 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. Executive directors' salaries are reviewed annually in line with the remuneration reviews for all other Group employees. The basic annual salaries and key benefits as at 30 June 2019 are as follows:

Executive director	Base salary	Pension Contributions	Taxable Benefits	Group entity with which the contract is with
Carl Jackson	A$371,250	A$38,119	A$30,000	Ozsale Pty Limited

Executive directors' 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 have 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 they are 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, Iain McDonald, Charles Butler Dow Famulak and Wally Muhieddine entered into letters of appointment on 3 June 2014, 27 July 2015, 23 October 2017, 3 December 2019 and 3 December 2019 respectively. David Mortimer's letter was updated 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
Charles Butler	£75,000	MySale Group Plc
David Mortimer AO	£46,667	MySale Group Plc
Dow Famulak	£45,000	MySale Group Plc
Wally Muhieddine	£45,000	MySale Group Plc

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

The following information is subject to audit in line with note 32 of financial statements.

Directors' remuneration for the year ended 30 June 2019 was as follows:

	Basic salary/ fees	Bonus	Taxable benefits	Pension contributions	Total 2019	Total 2018
Non-executive directors:						
Iain McDonald	£43,750	-	-	-	£43,750	£75,000
David Mortimer AO	£46,667	-	-	-	£46,667	£40,000
Charles Butler	£62,500	-	-	£891	£63,391	£31,038
Executive directors:						
Jamie Jackson	A$474,600	-	A$21,093	A$1,577	A$497,270	A$380,801
Carl Jackson	A$371,250	-	A$30,000	A$38,119	A$439,369	A$376,732
Andrew Dingle	A$106,250	-	A$21,721	A$10,094	A$138,065	A$388,977

Employee Share Plan

Details of the operation of the company's employee share plan can be found in note 39 to the financial statements. No new share grants were made during FY19 and all historical grants made to Directors were cancelled under the conditions of the share plan.

Shares granted under the Loan Share Plan ('LSP') are as follows:

	Balance 1 July 2018	Granted	Exercised	Cancelled	Balance 30 June 2018	Exercise price (£)	Date of exercise	Market price on exercise (£)
Iain McDonald	3,000,000	-	-	3,000,000	-	-	-	-
David Mortimer AO	-	-	-	-	-	-	-	-
Jamie Jackson	-	-	-	-	-	-	-	-
Carl Jackson	111,499	-	-	111,499	-	£2.26	-	-
Andrew Dingle	357,138	-	-	357,138	-	£0.51	-	-
Andrew Dingle	509,722	-	-	509,722	-	£0.65	-	-

Share price information

The market price of MySale Group Plc ordinary shares at 30 June 2019 was £0.026 (2018: £0.70) and the range during the financial year was between £0.022 and £0.596 (2018: £0.71 and £1.20).

The directors present their report, together with the audited financial statements and independent auditors' report, on the consolidated group (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 2019.

Directors

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

Charles Butler	
David Mortimer AO	
Carl Jackson	
Dow Famulak	joined the Board on 3 December 2019
Wally Muhieddine	joined the Board on 3 December 2019
Jamie Jackson	left the Board on 6 September 2019
Iain McDonald	left the Board on 29 November 2018
Andrew Dingle	left the Board on 9 October 2018

Information on directors and their interests

Biographies for the directors in office at the 30 June 2019 and their interests in the ordinary shares of the company, are shown below:

Name:	Charles Butler
Title:	Independent Non-Executive Director
Age:	47
Experience and expertise:	Charles was appointed to the Board in October 2017 and took over the role of Chairman in November 2018. He has over two decades experience in senior and board level positions in growth and digital technology businesses. Amongst Charles' broad executive experience, notable roles include Chief Executive Officer of Market Tech Holdings, a property and digital technology group which he led from successful IPO through to its subsequent takeover, and Group CEO at NetPlay TV, the interactive gaming company. Charles is a member of the Institute of Chartered Accountants in England and Wales.

Name:	David Mortimer AO
Title:	Independent Non-Executive Director
Age:	74
Experience and expertise:	David was appointed to the Board in May 2014. He has over 42 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:	Carl Jackson
Title:	Executive Director and Chief Executive Officer
Age:	56
Experience and expertise:	Carl joined MySale in 2009 and has over 28 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:	Dow Famulak
Title:	Independent Non-Executive Director
Age:	58
Experience and expertise:	Dow has significant global experience in building, transforming and commercialising businesses, having worked with a range of high-profile consumer fashion brands over a 30-year career. He is currently based in London in his role as Advisor to the CEO for Global Brands Group, one of the world's leading branded fashion accessories, footwear, and apparel companies. He was previously President of Global Brands Group from 2014 to September 2019, and before then held roles with Li & Fung and Colby International Ltd.

Name:	Wally Muhieddine
Title:	Independent Non-Executive Director
Age:	50
Experience and expertise:	Wally is an expert in media and marketing and has been at the forefront of the evolution of TV advertising in Australia. For the last 16 years he has been at the helm of one of Australia's most successful advertising agencies working closely with leading brands to grow their awareness and sales. Advertising Advantage has offices and services clients in Australia, Europe and the United States. He is a valued adviser to local and international CEO's in sectors including fashion, finance, FMCG, online and retail.

Name:	Jamie Jackson
Title:	Executive Director and Vice Chairman
Age:	54
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 21 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.

Name:	Iain McDonald
Title:	Independent Non-Executive Chairman
Age:	49
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. 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. During Iain's time at WCG they have built upon an 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 and Houseology.com.

Name:	Andrew Dingle
Title:	Executive Director and Chief Financial Officer
Age:	49
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. 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 at the 30 June 2019 are:

Name	Ordinary shares	Percentage holding
Charles Butler	17,000	0.0%
Carl Jackson[6]	3,745,000	2.4%
David Mortimer AO[7]	165,000	0.1%
Jamie Jackson	47,469,189	30.8%
Iain McDonald	19,911	0.0%
Andrew Dingle	201,115	0.1%

[6] Held by Jackson Capital Pty Ltd as trustee for the Jackson Family Trust.
[7] Held by David Mortimer and Barbara Mortimer as trustees for the Wallaroy Provident Fund

Given the significant re-financing of the Group post the financial year end the revised position of the Directors' beneficial interests in the shares of the company has also been provided as at 30 September 2019:

Name	Ordinary shares	Percentage holding
Charles Butler	17,000	0.0%
Carl Jackson[8]	103,745,000	13.1%
David Mortimer AO[9]	165,000	0.0%
Jamie Jackson	57,469,189	7.2%
Iain McDonald	19,911	0.0%
Andrew Dingle	201,115	0.0%

No share options or share awards were granted to any directors in FY19.

Information on company secretary

Name:	Prism Cosec Limited
Title:	Company Secretary
Experience and expertise:	Prism Cosec Limited is a 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 2019 (June 2018: A$nil).

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.

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 report 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 (note 29). The share placement that completed in September 2019 and is detailed under the subsequent events heading below is of particular importance when forming a view on the ability of the going concern status of the company.

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 its current resources. 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 at least the next twelve months from the date of approval of these financial statements. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Subsequent events

In September 2019 the Group finalised a share placement for A$23.3 million through the issue of 640.3 million new shares. As part of the share placement, the Group agreed with its financier HSBC to extinguish all borrowing facilities. MySale repaid A$10.1 million to HSBC who agreed to a debt forgiveness of a further A$7.7 million to leave the business in a debt free position.

On the 13 November 2019 the business entered into a leasing agreement for a new warehouse in Australia. The agreement involves the surrender of the existing warehouse and also includes an upfront cash incentive payment to cover the relocation costs. The lease is for 6 years and includes a break clause after 3 years which is roughly in line with the current warehouse lease period end.

More detail is provided in the subsequent events note in the financial statements.

[8] Held by Jackson Capital Pty Ltd as trustee for the Jackson Family Trust.
[9] Held by David Mortimer and Barbara Mortimer as trustees for the Wallaroy Provident Fund

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	22.0%
Schroders Plc	24,472,883	16.2%
Lombard Odier Asset Management Europe Ltd	7,133,536	4.7%
UBS Securities	6,718,590	4.4%

Given the significant re-financing of the Group that occurred post the financial year end a revised position of interests of 3% or more of the share capital of the company, has been provided at 30 September 2019, other than those of the directors above:

Name	Number of shares held	Percentage holding
Shelton Capital Limited	143,237,124	18.0%
Schroders Plc	130,788,136	16.5%
Lombard Odier Asset Management Europe Ltd	107,133,536	13.5%
InterTrader Limited	62,500,000	7.9%

Charitable and political donations

The Group made no charitable donations (2018: A$1,324) during the financial year. The Group made no political donations.

Indemnity and insurance of officers

The company maintains directors' and officers' liability insurance which gives appropriate cover for any legal action brought against its directors. The company has also provided an indemnity for its directors, which is a qualifying third-party indemnity provision. This was in place throughout the year and up to the date and approval of the financial statements.

Independent Auditor

PricewaterhouseCoopers LLP have expressed their willingness to continue as auditors.

By Order of the Board.

Charles Butler
Chairman
London
4 December 2019

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.

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 year.

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; and
- 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 reasonably 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 they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group and parent company's auditors are aware of that information.

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.

By Order of the Board

Charles Butler
Chairman
London
4 December 2019

Report on the audit of the financial statements

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 2019 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 (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Balance sheet and Parent balance sheet as at 30 June 2019; the Statement of profit or loss and other comprehensive income; the Statement of cash flows; the Statement of changes in equity and the Parent statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Context

The principal activities of MySale Group Plc are as an international online retailer with established websites in Australia and New Zealand.

Overview

- Overall Group materiality: $2.1 million (2018: $2.9 million), based on 1% of total revenue.
- Overall parent company materiality: $0.4 million (2018: $1.6 million), based on 1% of total assets.

- We conducted a full scope audit of the main Australian trading entity, Ozsale Pty Ltd. Procedures were performed over specific balances and financial line items at the remaining reporting units based on their nature and size.
- The reporting unit where we performed an audit of complete financial information accounted for 91% of Group revenue.

- Goodwill and intangible asset impairment assessment (Group).
- Investment in subsidiaries impairment assessment (Parent).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	*How our audit addressed the key audit matter*
Goodwill and intangible asset impairment assessment Refer to page 12 (Financial Review by the Chief Executive Officer), page 52 (Critical accounting judgements, estimates and assumptions) and page 66 (Note 17 Non-current assets intangibles). Determining if an impairment charge is required for goodwill and intangible assets involves significant judgements about the ongoing structure of the business, future results and cash flows of the business, including forecast growth in future revenues and EBITDA margins, as well as determining an appropriate discount factor and long-term growth rate. Market conditions remain challenging and performance has varied compared to expectations resulting in a change in strategy for the Group. In light of these factors and the judgements involved and due to goodwill impairment charges being recognised in the current year of AUD$2.8m, we consider this to be a key audit matter. Management aggregates businesses into Cost Generating Units (CGUs) which represent the level at which the cash flows of the businesses (and goodwill) are monitored and therefore this is the level at which management performs its impairment assessment. Management used a Value in Use (VIU) model, which included the factors and judgements referred to above, to compute the present value of forecast future cash flows for each CGU which was then compared to the carrying value of the net assets of each CGU (including goodwill and intangible assets) to determine if there was an impairment. (Group)	We checked and confirmed there are two CGUs and that the allocation of CGUs was consistent with internal management monitoring and included: Online Flash and Online Retail. We reviewed the judgements applied to future forecasts to ensure that these included appropriate consideration of strategic changes and uncertain market conditions. We also considered the appropriateness of sensitivity disclosures provided in the financial statements, to explain the change in impairment amounts from reasonably possible changes to the model's key assumptions. We evaluated the cash flow forecasts for each CGU and understood the process by which these were calculated. As part of our assessment we considered: • the Directors' key assumptions including the impact on revenue due to the strategic changes in the business and the reduction of overheads by comparing them to the board approved strategic review, economic and industry forecasts; • the discount rate applied, cost of capital for the Group and comparable organisations; • the Long Term Growth Rate (LTGR) applied, by comparing management's rate to forecast long term GDP growth in the Australia and industry growth reports; and • comparison of trading post year end to the forecast included in the VIU model. Our work identified that the LTGR applied in management's models was outside our expected range. However, sensitivities showed that amending the assumption to bring them into our expected ranges would reduce the impairment in the CGU. With regard to the above procedures, the Online Flash CGUs showed headroom above the carrying value of the relevant CGU net assets and that no further goodwill impairment was required. Online Retail was impaired by AUD$2.8m. We also considered the appropriateness of sensitivity disclosures provided in the financial statements (as set out in Note 17), to explain the change in impairment amounts from reasonably possible changes to the model's key assumptions. We agree with management's assessment of goodwill impairment and the disclosures that have been presented.
Investment in subsidiaries impairment assessment Refer to page 91 (Critical accounting judgements, estimates and assumptions) and page 92 (Note 5 Fixed assets – investment in subsidiaries). IAS 36 Impairment of assets requires management to	We considered management's assessment of indicators of impairment and whether the actual impairment recognised in 2019 is appropriate.

Key audit matter	How our audit addressed the key audit matter
consider whether there are any indicators of impairment at the year end. The Company has investments in subsidiaries with a total carrying amount of AUD$35.3m after recognising a AUD$127.5m impairment in the year. An impairment has been recognised as the Value In Use (VIU) model used to compute the present value of forecast future cash flows for each business did not support the carrying value of investments. Management used a Value in Use (VIU) model to compute the present value of forecast future cash flows for each of the Group's businesses which was then compared to the carrying value of the underlying investments. We consider this a key audit matter given the size of the balances and the significant judgements and estimates involved to determine whether the carrying value of the investments is appropriate. (Parent)	Factors considered in our assessment were: the results of the VIU model used for the impairment test over goodwill, referred to above, and a review of the assumptions included within the model; the market capitalisation of the Group compared to the investment carrying value. As a result of these considerations, including the factors above, we challenged management on their assessment of impairment and their initial assessment was updated to reflect an impairment charge of AUD$127.5m. We reviewed the judgements applied to future forecasts to ensure that these included appropriate consideration of changes in the Group strategy and uncertain market conditions. We also considered the appropriateness of disclosures provided in the financial statements, to explain impairment amounts. This involved evaluating the Board approved cash flow forecasts for the Group and understanding the process by which these were prepared. As part of our assessment we considered: • the Directors' key assumptions including the impact on revenue due to the strategic changes in the business and the reduction of overheads by comparing them to them to the board approved strategic review, economic and industry forecasts; • the discount rate applied, cost of capital for the Group and comparable organisations; • the Long Term Growth Rate (LTGR) applied, by comparing management's rate to forecast long term GDP growth in Australia and industry growth reports; and • comparison of trading post year end to the forecast included in the VIU model. Our work identified that the LTGR applied in management's models was outside our expected ranges. However, sensitivities showed that amending the assumption to bring it into our expected ranges would reduce the impairment. We agree with management's assessment resulting in impairment of AUD$127.5m and that the disclosures in the financial statements as set out in Note 5 surrounding the impairment are appropriate.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the parent company, the accounting processes and controls, and the industry in which they operate.

MySale Group Plc trades internationally through a number of websites. The Group financial statements are ultimately a consolidation of 23 reporting units representing the Group's operating businesses. The reporting units vary in size and we identified one reporting unit which required an audit of its complete financial information due to its individual size.

The full scope component Ozsale Pty Ltd accounted for 91% of the Group's revenue. Audits of specific financial statement line items were performed on certain balances in a further seven reporting units, to provide additional coverage over certain financial statement line items. Our scoping considerations for the Group audit were based both on financial information and risk. Ozsale Pty Ltd represents the majority of the revenue and trading results for the Group and, as such, is the only reporting unit which we considered required an audit of its complete financial information. We also visited the Group's main operations and our component team in Sydney, Australia as part of our audit procedures.

Our audit work at these reporting units, together with the additional procedures performed at Group level on the consolidation gave us the evidence we needed for our opinion on the Group and parent company financial statements as a whole.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	*Parent company financial statements*
Overall materiality	$2.1 million (2018: $2.9 million).	$0.4 million (2018: $1.6 million).
How we determined it	1% of total revenue.	1% of total assets.
Rationale for benchmark applied	Based on the benchmarks used in the annual report, revenue is one of the primary measures used by the shareholders in assessing the performance of the Group, and is a generally accepted auditing benchmark.	As the parent entity, MySale Group Plc, is essentially a holding company for the Group, the materiality benchmark has been determined to be based on total assets which is a generally accepted auditing benchmark.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The materiality allocated to the full scope component Ozsale Pty Ltd was $1.9m.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above $104,250 (Group audit) (2018: $126,000) and $18,127 (Parent company audit) (2018: $77,930) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's and parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and parent company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the Group's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibility statement set out on page 30, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the parent 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.

Other required reporting

Companies (Jersey) Law 1991 exception reporting

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
- proper accounting records have not been kept by the parent company: or
- proper 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.

Craig Skelton
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Recognized Auditor
London
4 December 2019

MySale Group Plc
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2019

	Note	Before exceptional items 2019 A$'000	Exceptional items 2019 A$'000	Total 2019 A$'000	Before exceptional items Restated 2018 A$'000	Exceptional items 2018 A$'000	Total 2018 A$'000
Revenue from contracts with customers	5	208,596	-	208,596	292,204	-	292,204
Cost of sale of goods		(170,398)	(19,611)	(190,009)	(208,532)	-	(208,532)
Gross profit	5	38,198	(19,611)	18,587	83,672	-	83,672
Other operating gain/(loss), net	6	743	848	1,591	586	(1,950)	(1,364)
Interest revenue calculated using the effective interest method		-	-	-	10	-	10
Expenses							
Selling and distribution expenses		(37,798)	(166)	(37,964)	(50,798)	-	(50,798)
Administration expenses		(28,427)	(3,387)	(31,814)	(30,057)	(4,656)	(34,713)
Recovery/(impairment) of receivables	13	1,499	(6,760)	(5,261)	(249)	-	(249)
Impairment of assets	17	-	(2,832)	(2,832)	-	-	-
Finance costs	8	(547)	-	(547)	(271)	-	(271)
Loss before income tax (expense)/benefit		(26,332)	(31,908)	(58,240)	2,893	(6,606)	(3,713)
Income tax (expense)/benefit	11	(2,367)	(8,723)	(11,090)	4,228	(1,982)	2,246
Loss after income tax (expense)/benefit for the year attributable to the owners of MySale Group Plc		(28,699)	(40,631)	(69,330)	7,121	(8,588)	(1,467)
Other comprehensive income							
Items that may be reclassified subsequently to profit or loss							
Net change in the fair value of cash flow hedges taken to equity, net of tax	26	(38)	-	(38)	826	-	826
Exchange differences on translation of foreign operations	26	932	-	932	1,271	-	1,271
Other comprehensive income for the year, net of tax		894	-	894	2,097	-	2,097
Total comprehensive (loss)/income for the year attributable to the owners of MySale Group Plc		(27,805)	(40,631)	(68,436)	9,218	(8,588)	630
		Cents	Cents	Cents	Cents	Cents	Cents
Basic earnings per share	38	(18.60)	(26.32)	(44.92)	4.61	(5.56)	(0.95)
Diluted earnings per share	38	(18.60)	(26.32)	(44.92)	4.61	(5.56)	(0.95)

Refer to note 4 for detailed information on Restatement of comparatives.

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

	Note	2019 A$'000	Consolidated Restated 2018 A$'000	Restated 1 July 2017 A$'000
Assets				
Current assets				
Cash and cash equivalents	12	814	6,770	19,027
Trade and other receivables	13	9,985	30,138	16,951
Inventories	14	15,963	33,650	34,154
Derivative financial instruments		-	38	-
Income tax receivable		-	115	-
Other current assets	15	4,766	4,367	4,949
Total current assets		31,528	75,078	75,081
Non-current assets				
Property, plant and equipment	16	1,186	2,571	2,711
Intangibles	17	34,480	38,542	35,572
Deferred tax	18	3,369	14,112	11,909
Total non-current assets		39,035	55,225	50,192
Total assets		70,563	130,303	125,273
Liabilities				
Current liabilities				
Trade and other payables	19	32,968	31,982	29,246
Contract liabilities	20	10,408	8,621	10,222
Borrowings	21	18,357	12,998	10,014
Derivative financial instruments		-	-	788
Income tax payable		96	-	193
Provisions	22	4,415	2,816	2,283
Total current liabilities		66,244	56,417	52,746
Non-current liabilities				
Borrowings	23	-	54	143
Provisions	24	231	272	332
Total non-current liabilities		231	326	475
Total liabilities		66,475	56,743	53,221
Net assets		4,088	73,560	72,052
Equity				
Share capital	25	-	-	-
Share premium account		306,363	306,363	306,363
Other reserves	26	(123,125)	(122,983)	(125,958)
Accumulated losses		(179,130)	(109,800)	(108,333)
Equity attributable to the owners of MySale Group Plc		4,108	73,580	72,072
Non-controlling interests	27	(20)	(20)	(20)
Total equity		4,088	73,560	72,052

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

Refer to note 4 for detailed information on Restatement of comparatives.

The financial statements of MySale Group Plc (company number 115584 (Jersey)) were approved by the Board of Directors and authorised for issue on 4 December 2019. They were signed on its behalf by:

Carl Jackson	Charles Butler
Director	Director

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

Consolidated	Share premium account A$'000	Other reserves A$'000	Accumulated losses A$'000	Non-controlling interest A$'000	Total equity A$'000
Balance at 1 July 2017	306,363	(125,958)	(105,150)	(20)	75,235
Adjustment for correction of error (note 4)	-	-	(3,183)	-	(3,183)
Balance at 1 July 2017 - restated	306,363	(125,958)	(108,333)	(20)	72,052
Restated loss after income tax benefit for the year	-	-	(1,467)	-	(1,467)
Other comprehensive income for the year, net of tax	-	2,097	-	-	2,097
Total comprehensive (loss)/income for the year	-	2,097	(1,467)	-	630
Transactions with owners in their capacity as owners:					
Share-based payments (note 26)	-	878	-	-	878
Balance at 30 June 2018	306,363	(122,983)	(109,800)	(20)	73,560

Refer to note 4 for detailed information on Restatement of comparatives.

Consolidated	Share premium account A$'000	Other reserves A$'000	Accumulated losses A$'000	Non-controlling interest A$'000	Total equity A$'000
Balance at 1 July 2018	306,363	(122,983)	(109,800)	(20)	73,560
Loss after income tax expense for the year	-	-	(69,330)	-	(69,330)
Other comprehensive income for the year, net of tax	-	894	-	-	894
Total comprehensive (loss)/income for the year	-	894	(69,330)	-	(68,436)
Transactions with owners in their capacity as owners:					
Share-based payments (note 26)	-	(1,036)	-	-	(1,036)
Balance at 30 June 2019	306,363	(123,125)	(179,130)	(20)	4,088

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

	Note	Consolidated 2019 A$'000	Restated 2018 A$'000
Cash flows from operating activities			
Loss before income tax (expense)/benefit for the year		(58,240)	(3,713)
Adjustments for:			
Depreciation and amortisation		6,937	6,576
Impairment of goodwill		2,832	-
Net loss/(gain) on disposal of property, plant and equipment		487	(17)
Net gain on disposal of intangibles		(2,655)	-
Interest income		-	(10)
Interest expense		547	271
		(50,092)	3,107
Change in operating assets and liabilities:			
Decrease/(increase) in trade and other receivables		20,153	(13,012)
Decrease in inventories		17,687	94
Decrease/(increase) in other operating assets		(399)	670
Increase in trade and other payables		986	2,524
Increase/(decrease) in contract liabilities		1,787	(1,733)
Increase in other provisions		1,558	1,520
		(8,320)	(6,830)
Interest received		-	10
Interest paid		(547)	(271)
Income taxes paid		(136)	(182)
Net cash used in operating activities		(9,003)	(7,273)
Cash flows from investing activities			
Payments for property, plant and equipment		(94)	(837)
Payments for intangibles		(4,865)	(8,263)
Proceeds from disposal of property, plant and equipment		177	-
Proceeds from disposal of intangibles		2,655	-
Proceeds from release of security deposits		-	17
Net cash used in investing activities		(2,127)	(9,083)
Cash flows from financing activities			
Repayment of borrowings	31	-	(4,775)
Repayments of leases	31	(124)	(38)
Net cash used in financing activities		(124)	(4,813)
Net decrease in cash and cash equivalents		(11,254)	(21,169)
Cash and cash equivalents at the beginning of the financial year		(938)	19,027
Effects of exchange rate changes on cash and cash equivalents		(131)	1,204
Cash and cash equivalents at the end of the financial year	12	(12,323)	(938)

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 dollars.

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 company, limited by shares, listed on the AIM (Alternate Investment Market), a sub-market of the London Stock Exchange. The company is incorporated and registered under the Companies (Jersey) Law 1991. The company is domiciled in Australia.

The registered office of the company is Ogier House, The Esplanade, 44 Esplanade Street. Helier, JE4 9WG, Jersey and principal place of business is at 3/120 Old Pittwater Road, Brookvale, NSW 2100, Australia.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 4 December 2019.

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.

The financial statements are prepared in accordance with International Financial 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 at fair value.

Going concern
As at 30 June 2019, the Group's current liabilities exceeds current assets by $34,716,000 (2018: positive working capital of $18,661,000) and the Group has incurred a loss before tax of $58,240,000 (2018: loss of $3,713,000) and generated operating cash outflows of $9,003,000 (2018: operating cash outflows of $7,273,000). Subsequent to the end of the financial year, the Group has continued to perform in line with their budget which forecasts the business will generate positive cash flows sufficient to ensure the business will continue as a going concern. The cash flows forecast assumes there will be adequate cash generated to meet the Group's obligations as and when they fall due. The directors are confident of delivering the forecast cash flows and continuing a going concern. Accordingly, the financial statements have been prepared on a going concern basis. Further details are contained in the directors' report on pages 26 to 29.

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

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the Group:

Note 2. Significant accounting policies (continued)

IFRS 9 Financial Instruments
The Group has adopted IFRS 9 from 1 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). 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 use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

IFRS 15 Revenue from Contracts with Customers
The Group has adopted IFRS 15 from 1 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's balance sheet as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment.

Impact of adoption
IFRS 9 and IFRS 15 were adopted using the transitional rules under the modified retrospective approach and as such comparatives have not been restated. The impact of adoption on opening accumulated losses as at 1 July 2018 was A$nil.

There has been no material impact on adoption of IFRS 9 and IFRS 15, other than the changes to disclosure as required by these standards, and consequential amendments to other standards, which includes:
- reclassifying deferred revenue as contract liabilities;
- presenting interest income on the face of profit or loss; and
- presenting impairment of receivable on the face of profit or loss.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of MySale Group Plc as at 30 June 2019 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.

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 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.

Note 2. Significant accounting policies (continued)

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.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, balance sheet and statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

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 reporting date 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

The Group recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Sale of goods

The Group's revenue mainly comprises the sale of goods online, in-store, and by wholesale to businesses. Revenue is recognised when control of the goods has transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled.

The Group operates mostly an online retail business selling men's, ladies and children's apparel, accessories, beauty and homeware items. Revenue from sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery. Sales represent product shipped less actual and estimated future returns, and slotting fees, rebates and other trade discounts accounted for as reductions of revenue. Online sales are usually by credit card or online payment.

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

Note 2. Significant accounting policies (continued)

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

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 tax 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.

MySale Group Plc (the 'head entity') and its wholly-owned Australian subsidiaries plus Apac Sale Group Pte. Ltd. have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group. The Group is not required to pay Jersey tax as none of its entities are Jersey tax residents.

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 the Group's 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 the Group's 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 12 months after the reporting period. All other liabilities are classified as non-current.

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

Note 2. Significant accounting policies (continued)

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. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the balance sheet.

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 allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days of recognition.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Right of return assets
Right of return assets represents the right to recover inventory sold to customers and is based on an estimate of customers who may exercise their right to return the goods and claim a refund. Such rights are measured at the value at which the inventory was previously carried prior to sale, less expected recovery costs and any impairment.

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

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 obsolete or slow-moving 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 in other comprehensive income through the cash flow hedges reserve 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.

Note 2. Significant accounting policies (continued)

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
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. 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.

Note 2. Significant accounting policies (continued)

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.

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
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

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

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

Contract liabilities
Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

Contract liabilities are recognised where the Group receives consideration from a customer and expects to refund some, or all, of that consideration to the customer. A contract liability is measured at the amount of consideration received or receivable for which the Group does not expect to be entitled and is updated at the end of each reporting period for changes in circumstances. Historical data is used across product lines to estimate such returns at the time of sale based on an expected value methodology.

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.

Note 2. Significant accounting policies (continued)

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries and other employee benefits expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
Employee benefits not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. 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 high quality 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 share-based compensation benefits are provided to employees. There are no cash-settled share-based compensation benefits.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

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.

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.

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.

Note 2. Significant accounting policies (continued)

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.

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. Diluted earnings per share is not calculated if anti-dilutive.

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.

Comparatives

Certain comparative in the statement of profit or loss and other comprehensive income and balance sheet have been reclassified, where necessary, to be consistent with current year presentation.

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 2019. 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 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces IAS 17 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the balance sheet, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under IFRS 16 will be higher when compared to lease expenses under IAS 17. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under IFRS 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component.

The Group will adopt this standard from 1 July 2019 and the impact of its adoption will be that operating leases, such as those detailed in note 35 as commitments under IAS 17, will be brought onto the balance sheet as an asset and liability at the net present value of the lease commitments, based on the transitional provisions of the standard. The actual amount will depend on the operating leases held on the date of adoption and any transitional elections made. To date, work has focused on the identification of the provisions of the standard which will most impact the Group and the next phase is a detailed review of the contracts and the financial reporting impact of IFRS 16. Whilst the standard will not be included in the financial statements until 2020, the impact of the standard will have a material impact. The results of the impact assessment indicates that right-of-use assets of circa $5,500,000-$5,600,000 and lease liabilities of circa $5,500,000-$5,600,000 will be recognised in the opening balance sheet at July 2019. The value of the IFRS 16 impact to the Statement of profit or loss and other comprehensive income is expected to be immaterial.

IASB new Conceptual Framework for Financial Reporting
The new framework is applicable for annual reporting periods beginning on or after 1 January 2020 and the application of the new definition and recognition criteria may result in future amendments to several accounting standards. Furthermore, entities who rely on the conceptual framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under IFRS may need to revisit such policies. The Group will apply the revised conceptual framework from 1 July 2020 and is yet to assess its impact.

Other standards and interpretations
The directors have also reviewed all other new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2019. As a result of this review the directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group and, therefore, no change is necessary to Group accounting policies. These accounting policies are consistent with International Financial Reporting Standards.

Presentation of non-statutory measures
In addition to statutory measures, the Directors use various non-GAAP key financial measures to evaluate the Group's performance and consider that presentation of these measures provides shareholders with an additional understanding of the core trading performance of the Group. The measures used are explained and reconciled to their equivalent statutory headings below.

Operating profit after exceptional items and earnings per share after exceptional items
The Directors believe that adjusted results and adjusted earnings per share, provide additional useful information on the core operational performance of the Group to shareholders, and review the results of the Group on an adjusted basis internally. The term 'exceptional items' is not a defined term under IFRS and may not therefore be comparable with similarly titled profit measurements reported by other companies. It is not intended to be a substitute for, or superior to, IFRS measurements of profit.

Note 2. Significant accounting policies (continued)

Adjustments are made in respect of:

- Exceptional items – the Group considers items of income and expense as exceptional and excludes them from the adjusted results where the nature of the item, or its magnitude, is material and likely to be non-recurring in nature so as to assist the user of the financial statements to better understand the results of the core operations of the Group. Details of exceptional items are shown in note 10.
- Share-based payments – share-based payment expenses or credits are excluded from the adjusted results of the Group as the Directors believe that the volatility of these charges can distort the user's view of the core trading performance of the Group. Details of share-based payments are shown in note 39.
- Impairment of goodwill – the Directors believe that non-cash impairment charges in relation to goodwill are generally volatile and material, and therefore exclude any such charges from the adjusted results of the Group. Details of the goodwill impairment analysis are shown in note 17.
- Acquisition related costs – expenses in relation to business combinations or potential business combinations recognised in profit or loss is not considered reflective of the core trading of the Group since it results from investment activities and is volatile in nature. As such, the profit or loss items relating to business combinations are removed from adjusted results. See note 7.
- Profit or loss on disposal of assets of subsidiaries – profit or loss on disposals of assets are excluded from adjusted results of the Group as they are unrelated to core trading and can distort a user's understanding of the performance of the Group due to their infrequent and volatile nature. See note 7.
- Other separately reported items – certain other items are excluded from adjusted results where they are considered large or unusual enough to distort the comparability of core trading results year on year. Details of these separately disclosed items are shown in note 8.

The tax related to adjusting items is the tax effect of the items above that are allowable deductions for tax purposes (primarily exceptional items), calculated using the standard rate of corporation tax. See note 11 for a reconciliation between reported and adjusted tax charges.

Further details of exceptional items are included in note 10. A reconciliation between earnings per share after exceptional items and statutory earnings per share measures is shown in note 38.

	Note	2019 A$'000	2018 A$'000
(Loss)/profit before tax and exceptional items reconciles to loss before tax after exceptional items as follows:			
(Loss)/profit before tax before exceptional items		(26,332)	2,893
Exceptional items			
Cost of sale of goods		(19,611)	-
Other operating gain/(loss), net		848	(1,950)
Selling and distribution expenses	8	(166)	-
Administration expenses	8	(3,387)	(4,656)
Impairment of receivables		(6,760)	-
Impairment of assets	17	(2,832)	-
Loss before tax and after exceptional items	5	(58,240)	(3,713)
Cash impact of exceptional items		619	(2,742)
Tax impact of exceptional items		(8,723)	(1,982)

Operating cash flow after exceptional items

Operating cash flow after exceptional items is not a measure defined by IFRS. It is defined as cash flow from operations excluding the impact of exceptional items, which are defined above. The Directors use this measure to assess the performance of the Group as it excludes volatile items not related to the core trading of the Group.

Note 2. Significant accounting policies (continued)

	2019 A$'000	2018 A$'000
Statutory cash flow from operations reconciles to operating cash after exceptional items as below:		
Reported cash flow from operating activities	(9,003)	(7,273)
Cash impact of exceptional items (as above)	(619)	2,742
Working capital impact of exceptional items	(29,924)	(4,656)
Operating cash flow after exceptional items	(39,546)	(9,187)

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.

Judgements:

Revenue from contracts with customers involving sale of goods
When recognising revenue in relation to the sale of goods to customers, the key performance obligation of the Group is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

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.

Estimates:

Allowance for expected credit losses
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

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.

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 or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

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

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. An impairment charge was required during the financial year ended 30 June 2019 for $2,832,000 (2018: A$nil). Refer to note 17 for further details.

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 tax losses.

Note 4. Restatement of comparatives

Correction of error
During the course of the 2019 financial year management undertook a detailed review of their third party purchase order and ERP inventory systems. As part of this review process management identified system errors in the processing of third party purchase orders. As a consequence, it was identified that third party purchase orders had been incorrectly accounted for as inventory.

The error has been corrected by restating each of the affected financial statement line items for the prior periods as follows:

Note 4. Restatement of comparatives (continued)

Statement of profit or loss and other comprehensive income

	Consolidated		
	2018 A$'000 Reported	A$'000 Adjustment	2018 A$'000 Restated
Revenue from contracts with customers	292,204	-	292,204
Cost of sale of goods	(206,511)	(2,021)	(208,532)
Other operating gain/(loss), net	(1,364)	-	(1,364)
Interest revenue calculated using the effective interest method	10	-	10
Expenses			
Selling and distribution expenses	(50,798)	-	(50,798)
Administration expenses	(34,713)	-	(34,713)
Impairment of receivables	(249)	-	(249)
Finance costs	(271)	-	(271)
Loss before income tax benefit	(1,692)	(2,021)	(3,713)
Income tax benefit	1,640	606	2,246
Loss after income tax (expense)/benefit for the year attributable to the owners of MySale Group Plc	(52)	(1,415)	(1,467)
Other comprehensive income			
Net change in the fair value of cash flow hedges taken to equity, net of tax	826	-	826
Exchange differences on translation of foreign operations	1,271	-	1,271
Other comprehensive income for the year, net of tax	2,097	-	2,097
Total comprehensive income for the year attributable to the owners of MySale Group Plc	2,045	(1,415)	630
	Cents Reported	Cents Adjustment	Cents Restated
Basic earnings per share	(0.03)	(0.92)	(0.95)
Diluted earnings per share	(0.03)	(0.92)	(0.95)

Note 4. Restatement of comparatives (continued)

Balance sheet at the beginning of the earliest comparative period

	Consolidated		
	1 July 2017 A$'000 Reported	A$'000 Adjustment	1 July 2017 A$'000 Restated
Assets			
Current assets			
Cash and cash equivalents	19,027	-	19,027
Trade and other receivables	16,951	-	16,951
Inventories	38,042	(3,888)	34,154
Other current assets	4,949	-	4,949
Total current assets	78,969	(3,888)	75,081
Non-current assets			
Property, plant and equipment	2,711	-	2,711
Intangibles	35,572	-	35,572
Deferred tax	10,544	1,365	11,909
Total non-current assets	48,827	1,365	50,192
Total assets	127,796	(2,523)	125,273
Liabilities			
Current liabilities			
Trade and other payables	28,586	660	29,246
Contract liabilities	10,222	-	10,222
Borrowings	10,014	-	10,014
Derivative financial instruments	788	-	788
Income tax payable	193	-	193
Provisions	2,283	-	2,283
Total current liabilities	52,086	660	52,746
Non-current liabilities			
Borrowings	143	-	143
Provisions	332	-	332
Total non-current liabilities	475	-	475
Total liabilities	52,561	660	53,221
Net assets	75,235	(3,183)	72,052
Equity			
Share capital	-	-	-
Share premium account	306,363	-	306,363
Other reserves	(125,958)	-	(125,958)
Accumulated losses	(105,150)	(3,183)	(108,333)
Equity attributable to the owners of MySale Group Plc	75,255	(3,183)	72,072
Non-controlling interests	(20)	-	(20)
Total equity	75,235	(3,183)	72,052

Note 4. Restatement of comparatives (continued)

Balance sheet at the end of the earliest comparative period

	Consolidated 2018 A$'000 Reported	A$'000 Adjustment	2018 A$'000 Restated
Assets			
Current assets			
Cash and cash equivalents	6,770	-	6,770
Trade and other receivables	30,138	-	30,138
Inventories	38,260	(4,610)	33,650
Derivative financial instruments	38	-	38
Income tax receivable	115	-	115
Other current assets	4,367	-	4,367
Total current assets	79,688	(4,610)	75,078
Non-current assets			
Property, plant and equipment	2,571	-	2,571
Intangibles	38,542	-	38,542
Deferred tax	12,141	1,971	14,112
Total non-current assets	53,254	1,971	55,225
Total assets	132,942	(2,639)	130,303
Liabilities			
Current liabilities			
Trade and other payables	30,023	1,959	31,982
Contract liabilities	8,621	-	8,621
Borrowings	12,998	-	12,998
Provisions	2,816	-	2,816
Total current liabilities	54,458	1,959	56,417
Non-current liabilities			
Borrowings	54	-	54
Provisions	272	-	272
Total non-current liabilities	326	-	326
Total liabilities	54,784	1,959	56,743
Net assets	78,158	(4,598)	73,560
Equity			
Share capital	-	-	-
Share premium account	306,363	-	306,363
Other reserves	(122,983)	-	(122,983)
Accumulated losses	(105,202)	(4,598)	(109,800)
Equity attributable to the owners of MySale Group Plc	78,178	(4,598)	73,580
Non-controlling interests	(20)	-	(20)
Total equity	78,158	(4,598)	73,560

Note 5. 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 revenue and gross profit by reportable segments, being geographical regions. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in these financial statements.

The Group 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 country's 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 2019 there were no major customers (2018: none). A customer is considered major if its revenues are 10% or more of the Group's revenue.

Operating segment information

Consolidated - 2019	Australia and New Zealand A$'000	South-East Asia A$'000	Rest of the world A$'000	Total A$'000
Revenue				
Sales to external customers transferred at a point in time	166,082	28,386	14,128	208,596
Total revenue	166,082	28,386	14,128	208,596
Gross profit after exceptional items	10,955	4,865	2,767	18,587
Other operating gain, net after exceptional items				1,591
Selling and distribution expenses after exceptional items				(37,964)
Administration expenses after exceptional items				(31,814)
Finance costs				(547)
Impairment of receivables after exceptional items				(5,261)
Impairment of assets after exceptional items				(2,832)
Loss before income tax expense after exceptional items				(58,240)
Income tax expense after exceptional items				(11,090)
Loss after income tax expense after exceptional items				(69,330)

Note 5. Operating segments (continued)

Consolidated – Restated 2018	Australia and New Zealand A$'000	South-East Asia A$'000	Rest of the world A$'000	Total A$'000
Revenue				
Sales to external customers transferred at a point in time	242,365	33,360	16,479	292,204
Total revenue	242,365	33,360	16,479	292,204
Gross profit	70,899	8,896	3,877	83,672
Other operating loss, net after exceptional items				(1,364)
Selling and distribution expenses				(50,798)
Administration expenses after exceptional items				(34,713)
Interest revenue				10
Finance costs				(271)
Impairment of receivables				(249)
Loss before income tax benefit after exceptional items				(3,713)
Income tax benefit after exceptional items				2,246
Loss after income tax benefit after exceptional items				(1,467)

Note 6. Other operating gain/(loss), net

	Consolidated 2019 A$'000	Consolidated 2018 A$'000
Net foreign exchange loss	(692)	(1,408)
Net (loss)/gain on disposal of property, plant and equipment	(487)	17
Net gain on disposal of asset *	2,655	-
Other income	115	27
Other operating gain/(loss), net	1,591	(1,364)

* In May 2019, the Group sold its Cocosa websites through an asset sale for a net gain on sale of A$2,655,000.

Note 7. EBITDA reconciliation (earnings before interest, taxation, depreciation and amortisation)

	Consolidated 2019 A$'000	Consolidated 2018 A$'000
EBITDA reconciliation		
Loss before income tax	(58,240)	(3,713)
Less: Interest income	-	(10)
Add: Interest expense	547	271
Add: Depreciation and amortisation	6,937	6,576
EBITDA	(50,756)	3,124

Underlying EBITDA represents EBITDA adjusted for certain items, as outlined below.

Note 7. EBITDA reconciliation (earnings before interest, taxation, depreciation and amortisation) (continued)

	Consolidated 2019 A$'000	Consolidated 2018 A$'000
Underlying EBITDA reconciliation		
EBITDA	(50,756)	3,124
Impairment of goodwill	2,832	-
Impairment of receivables	6,760	-
Net gain on disposal of Cocosa websites and trademarks	(2,655)	-
Share-based payments (note 39)	(1,036)	878
Reorganisation and discontinued operations *	2,502	190
One-off costs of non-trading, non-recurring nature including acquisition expenses	3,096	3,588
Inventory write down	18,941	-
Unrealised foreign exchange loss	1,468	1,950
Underlying EBITDA	(18,848)	9,730

* Costs in relation to the closure of overseas operations.

Note 8. Expenses

	Before exceptional items 2019 A$'000	Exceptional items 2019 A$'000	Total 2019 A$'000	Before exceptional items 2018 Restated A$'000	Exceptional items 2018 A$'000	Total 2018 A$'000
Loss before income tax includes the following specific expenses:						
Sales, distribution and administration expenses:						
Staff costs (note 9)	25,281	(384)	24,897	36,532	1,027	37,559
Marketing expenses	18,725	-	18,725	22,258	-	22,258
Occupancy costs	6,442	-	6,442	6,148	-	6,148
Merchant and other professional fees	7,678	307	7,985	5,824	2,029	7,853
Depreciation and amortisation	6,937	-	6,937	6,576	-	6,576
Other administration costs	1,162	3,630	4,792	3,517	1,600	5,117
Total sales, distribution and administration expenses	66,225	3,553	69,778	80,855	4,656	85,511

Note 8. Expenses (continued)

Finance costs						
Interest and finance charges paid/payable	547	-	547	271	-	271
Occupancy costs include:						
Minimum operating lease payments	4,907	-	4,907	5,068	-	5,068
Cost of inventories recognised as an expense in 'cost of sales' in profit or loss	130,551	18,941	149,492	159,939	-	159,939

Note 9. Staff costs

	Before exceptional items 2019 A$'000	Exceptional items 2019 A$'000	Total 2019 A$'000	Before exceptional items 2018 A$'000	Exceptional items 2018 A$'000	Total 2018 A$'000
Aggregate remuneration:						
Wages and salaries	20,821	652	21,473	30,096	149	30,245
Social security costs	1,876	-	1,876	2,648	-	2,648
Long-term employee incentive plan (note 39)	-	(1,036)	(1,036)	-	878	878
Other staff costs and benefits	2,584	-	2,584	3,788	-	3,788
Total staff costs	25,281	(384)	24,897	36,532	1,027	37,559

	Consolidated 2019	Consolidated 2018
The average monthly number of employees (including executive directors and those on a part-time basis) was:		
Sales and distribution	131	200
Administration	176	271
	307	471

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 10. Exceptional items

As discussed in note 2, certain items are presented as exceptional. These are detailed below:

Note 10. Exceptional items (continued)

	Note	2019 A$'000	2018 A$'000
Cost of sale of goods		19,611	-
Other operating (gain)/loss, net		(848)	1,950
Sales, distribution and administration expenses:			
Staff costs	9	(384)	1,027
Merchant and other professional fees	8	307	2,029
Other administration costs	8	3,630	1,600
Impairment of receivables		6,760	-
Impairment of assets	17	2,832	-

Exceptional costs:

Staff related exceptional costs
During the 2019 financial year, staff related exceptional costs related to the following: (a) integrating acquired businesses onto the Group's online platform (b) restructuring overseas offices and warehouses in the US, UK and NZ (c) amounts in relation to the Group's long-term employee incentive plan to its key management personnel and Directors.

Cost of sale of goods
Cost of sale of goods adjustment relates to the write down of the Group's ownbuy and outlet stock at year end.

Merchant and other professional fees
This relates to the professional fees paid for potential acquisitions and business restructure initiatives.

Other adjusting items
Other adjusting items relate to non-recurring restructuring costs and provisions recognised by the business.

Impairment of receivables
An impairment of $6,760,000 has been recognised against the Group's wholesale business receivables.

Goodwill impairment
An impairment of $2,832,000 has been recognised against goodwill relating to the Online Retail CGU. There were no impairments in the prior year. See note 17 for further details.

Profit on disposal of assets of a subsidiary
During the 2019 financial year, the Group sold its Cocosa websites and related trademarks for a $2,655,000 profit on disposal.

Note 11. Income tax expense/(benefit)

	Consolidated 2019 A$'000	Restated 2018 A$'000
Income tax expense/(benefit)		
Current tax	247	842
Deferred tax - origination and reversal of temporary differences	10,594	(2,843)
Adjustment recognised for prior years	249	(245)
Aggregate income tax expense/(benefit)	11,090	(2,246)
Deferred tax included in income tax expense/(benefit) comprises:		
Decrease/(increase) in deferred tax assets (note 18)	10,594	(2,843)
Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate		
Loss before income tax (expense)/benefit	(58,240)	(3,713)
Tax at the statutory tax rate of 30%	(17,472)	(1,114)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Effect of overseas tax rates	(860)	(293)
Non-deductible expenses	865	32
Tax-exempt income	(34)	(40)
	(17,501)	(1,415)
Prior year tax losses not recognised now recognised	(1,612)	(524)
Change in recognised deductible temporary differences	29,954	(8)
Adjustment recognised for prior periods	249	(299)
Income tax expense/(benefit)	11,090	(2,246)

The tax rates of the main jurisdictions are Australia 30% (2018: 30%), Singapore 17% (2018: 17%), New Zealand 28% (2018: 28%), United Kingdom 19% (2018: 19%) and United States 21% (2018: 21%). The Group is not required to pay Jersey tax as none of its entities are Jersey tax residents.

Note 12. Current assets - cash and cash equivalents

	Consolidated 2019 A$'000	Consolidated 2018 A$'000
Cash at bank	703	6,573
Bank deposits at call	111	197
	814	6,770

Reconciliation to cash and cash equivalents at the end of the financial year
The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

	2019 A$'000	2018 A$'000
Balances as above	814	6,770
Bank overdraft (note 21)	(13,137)	(7,708)
Balance as per statement of cash flows	(12,323)	(938)

Note 13. Current assets - trade and other receivables

	Consolidated 2019 A$'000	Consolidated 2018 A$'000
Trade receivables	11,307	29,780
Less: Allowance for expected credit losses	(5,389)	(311)
	5,918	29,469
Other receivables	1,107	669
Sales tax receivable	2,960	-
	9,985	30,138

Trade receivables include uncleared cash receipts due from online customers which amounted to A$5,303,000 (2018: A$4,996,000).

Allowance for expected credit losses
The Group has recognised a loss of A$5,261,000 (2018: A$249,000) in profit or loss in respect of impairment of receivables for the year ended 30 June 2019.

The ageing of the trade receivables and the merchant receivables (uncleared cash receipts due from online customers) and allowance for expected credit losses provided for above are as follows:

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
Consolidated	2019 %	2018 %	2019 A$'000	2018 A$'000	2019 A$'000	2018 A$'000
Wholesale and other trade receivable:						
Not overdue	11.00%	-	1,913	17,398	210	-
1-30 days overdue	-	-	-	2,326	-	-
31-60 days overdue	-	-	-	185	-	-
Over 61 days	93.00%	-	4,115	4,875	3,827	-
			6,028	24,784	4,037	-
Merchant receivables:						
1-30 days overdue	4.90%	0.30%	3,561	3,774	174	11
31-60 days overdue	11.50%	1.60%	477	671	55	11
Over 61 days	90.50%	52.50%	1,241	551	1,123	289
			5,279	4,996	1,352	311
			11,307	29,780	5,389	311

Movements in the allowance for expected credit losses are as follows:

	Consolidated 2019 A$'000	Consolidated 2018 A$'000
Opening balance	311	86
Additional provisions recognised	5,078	225
Closing balance	5,389	311

Note 14. Current assets - inventories

	Consolidated 2019 A$'000	Restated 2018 A$'000
Goods for resale	21,556	31,456
Obsolete and slow-moving inventory provision	(7,249)	(529)
	14,307	30,927
Stock in transit	1,656	2,723
	15,963	33,650

Write-downs of inventories to net realisable value recognised as an expense during the year ended 30 June 2019 amounted to A$18,941,000 (2018: A$275,000). This expense has been included in 'cost of sales' in profit or loss.

Note 15. Current assets - Other current assets

	Consolidated 2019 A$'000	2018 A$'000
Prepayments	738	1,339
Prepaid inventory	3,406	2,237
Other deposits	266	316
Right of return assets	292	410
Other current assets	64	65
	4,766	4,367

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 the contract liabilities 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 16. Non-current assets - property, plant and equipment

	Consolidated 2019 A$'000	Consolidated 2018 A$'000
Leasehold improvements - at cost	1,367	1,697
Less: Accumulated depreciation	(1,058)	(1,085)
	309	612
Plant and equipment - at cost	4,996	5,633
Less: Accumulated depreciation	(4,381)	(4,323)
	615	1,310
Fixtures and fittings - at cost	1,169	1,331
Less: Accumulated depreciation	(926)	(894)
	243	437
Motor vehicles - at cost	239	515
Less: Accumulated depreciation	(220)	(303)
	19	212
	1,186	2,571

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

Consolidated	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 2017	507	1,339	601	264	2,711
Additions	278	545	39	-	862
Disposals	-	(36)	-	(2)	(38)
Exchange differences	(3)	29	(14)	3	15
Depreciation expense	(170)	(567)	(189)	(53)	(979)
Balance at 30 June 2018	612	1,310	437	212	2,571
Additions	36	57	1	-	94
Disposals	(174)	(273)	(31)	(177)	(655)
Exchange differences	1	(10)	9	4	4
Depreciation expense	(166)	(469)	(173)	(20)	(828)
Balance at 30 June 2019	309	615	243	19	1,186

Assets pledged as security
Refer to note 23 for property, plant and equipment pledged as security.

Property, plant and equipment secured under finance leases
Refer to note 35 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 17. Non-current assets - intangibles

	Consolidated 2019 A$'000	Consolidated 2018 A$'000
Goodwill - at cost	21,221	24,043
Customer relationships - at cost	1,846	3,841
Less: Accumulated amortisation	(1,702)	(3,236)
	144	605
Software - at cost	23,460	21,280
Less: Accumulated amortisation	(11,264)	(9,232)
	12,196	12,048
ERP system	3,300	5,276
Less: Accumulated amortisation	(2,381)	(3,430)
	919	1,846
	34,480	38,542

Reconciliations

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

Consolidated	Goodwill A$'000	Customer relationships A$'000	Software A$'000	ERP system A$'000	Total A$'000
Balance at 1 July 2017	24,019	926	8,622	2,005	35,572
Additions	-	251	7,451	841	8,543
Exchange differences	24	-	-	-	24
Amortisation expense	-	(572)	(4,025)	(1,000)	(5,597)
Balance at 30 June 2018	24,043	605	12,048	1,846	38,542
Additions	-	-	4,852	13	4,865
Exchange differences	10	-	2	2	14
Impairment of assets	(2,832)	-	-	-	(2,832)
Amortisation expense	-	(461)	(4,706)	(942)	(6,109)
Balance at 30 June 2019	21,221	144	12,196	919	34,480

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

Goodwill is allocated to the Group’s cash-generating units ('CGUs') identified according to business model as follows:

	Consolidated 2019 A$'000	Consolidated 2018 A$'000
Online flash	19,683	19,683
Online retail	1,538	4,360
	21,221	24,043

The Group's retail websites are "OO.com", Deals Direct, and Top Buy. All other websites owned by the Group are online flash websites.

Note 17. Non-current assets - intangibles (continued)

The recoverable amounts of the CGUs were 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.

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 risks relating to the CGUs.

Online flash

Key assumptions used for value-in-use calculations:

	Consolidated 2019 %	Consolidated 2018 %
Budgeted gross margin	22.0%	29.9%
Five year compound growth rate	(8.0%)	10.0%
Long-term growth rate	2.0%	2.0%
Pre-tax discount rate	9.0%	9.0%

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 are no impairment indicators arising from this analysis. The recoverable amount exceeded the carrying amount by A$4,893,000.

Online retail

Key assumptions used in value-in-use calculation

	2019 %	2018 %
Budgeted gross margin	23.0%	22.7%
Five year compound growth rate	(8.0%)	(2.0%)
Long-term growth rate	2.0%	2.0%
Pre-tax discount rate	9.0%	9.0%

Based on the assessment, an impairment charge of $2,832,000 is required. The recoverable amount was below the carrying amount by A$2,832,000.

Sensitivity

As disclosed in note 3, the directors have made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease. Sensitivity analysis has been performed on the value-in-use calculations, holding all other variables constant, to:

(i) apply a 1% increase in discount rate from 9% to 10%. No impairment would occur in the Online Flash CGU. The Online Retail CGU impairment would increase from $2,800,000 to $3,100,000.

(ii) reduce the terminal value growth rate from 2% to 1.5%. No impairment would occur in the Online Flash CGU. The Online Retail CGU impairment would increase from $2,800,000 to $2,900,000.

Note 18. Non-current assets - deferred tax

	Consolidated 2019 A$'000	Restated 2018 A$'000
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Tax losses	(2,924)	9,692
Accrued expenses	735	1,281
Provisions	5,029	996
Sundry	424	292
Property, plant and equipment	148	61
Intangibles	(43)	(181)
Inventories	-	1,971
Deferred tax asset	3,369	14,112
Movements:		
Opening balance	14,112	11,909
Credited/(charged) to profit or loss (note 11)	(10,594)	2,843
Exchange loss	(149)	(640)
Closing balance	3,369	14,112

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 19. Current liabilities - trade and other payables

	Consolidated 2019 A$'000	Restated 2018 A$'000
Trade payables	28,359	21,838
Other payables and accruals	4,609	7,663
Sales tax payable	-	2,481
	32,968	31,982

Refer to note 29 for further information on financial instruments.

Note 20. Current liabilities - contract liabilities

	Consolidated	
	2019	2018
	A$'000	A$'000
Contract liabilities	10,408	8,621

Unsatisfied performance obligations
The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was A$10,408,000 as at 30 June 2019 (A$8,621,000 as at 30 June 2018) and is expected to be recognised as revenue in future periods as follows:

	Consolidated	
	2019	2018
	A$'000	A$'000
Within 6 months	10,408	8,621

Note 21. Current liabilities - borrowings

	Consolidated	
	2019	2018
	A$'000	A$'000
Bank overdraft	13,137	7,708
Bank loans	5,200	5,200
Finance lease liability	20	90
	18,357	12,998

Refer to note 23 for further information on assets pledged as security and financing arrangements.

Refer to note 29 for further information on financial instruments.

Note 22. Current liabilities - provisions

	Consolidated	
	2019	2018
	A$'000	A$'000
Employee benefits provision	1,093	1,463
Lease make good provision	564	135
Gift voucher provision	444	535
Sales returns provision	2,314	683
	4,415	2,816

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 22. 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:

Consolidated - 2019	Lease make good provision A$'000	Gift vouchers provision A$'000	Sales returns provision A$'000
Carrying amount at the start of the year	135	535	683
Additional provisions recognised	442	444	2,314
Amounts used	(13)	(535)	(683)
Carrying amount at the end of the year	564	444	2,314

Note 23. Non-current liabilities - borrowings

	Consolidated 2019 A$'000	Consolidated 2018 A$'000
Finance lease liability	-	54

Refer to note 29 for further information on financial instruments.

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

	Consolidated 2019 A$'000	Consolidated 2018 A$'000
Bank overdraft	13,137	7,708
Bank loans	5,200	5,200
Finance lease liability	20	144
	18,357	13,052

Assets pledged as security
At year end, the Group had a A$21,685,000 (2018: A$28,105,000) borrowing facility with Hong Kong and Shanghai Banking Corporation Plc ('HSBC') which is secured by a Corporate Guarantee and Indemnity. There are no financial covenants in relation to this total borrowing facility. The average interest rate incurred on these bank borrowings was 2.96% (2018: 2.75%).

Subsequent to reporting date, the Group has extinguished all borrowing facilities and Corporate Guarantees and Indemnities with Hong Kong and Shanghai Banking Corporation Plc ('HSBC'). Refer to note 40 for further information.

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:

	Consolidated 2019 A$'000	Consolidated 2018 A$'000
Cash and cash equivalents	-	5,200

Note 23. Non-current liabilities - borrowings (continued)

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

	Consolidated	
	2019 A$'000	2018 A$'000
Total facilities		
Bank overdraft	13,413	10,262
Bank loans and overdrafts	5,886	5,200
Bank guarantees	1,541	1,537
Bank loans under interchangeable facilities	845	11,106
	21,685	28,105
Used at the reporting date		
Bank overdraft	13,137	7,708
Bank loans and overdrafts	5,200	5,200
Bank guarantees	1,506	1,537
Bank loans under interchangeable facilities	116	-
	19,959	14,445
Unused at the reporting date		
Bank overdraft	276	2,554
Bank loans and overdrafts	686	-
Bank guarantees	35	-
Bank loans under interchangeable facilities	729	11,106
	1,726	13,660

Note 24. Non-current liabilities - provisions

	Consolidated	
	2019 A$'000	2018 A$'000
Employee benefits provision	231	272

Long-term incentive plan
Refer to note 39 for details on the long-term incentive plan.

Note 25. Equity - share capital

	Consolidated			
	2019 Shares	2018 Shares	2019 A$'000	2018 A$'000
Ordinary shares £nil each (2018: £nil) - issued and fully paid	154,331,652	154,331,652	-	-

Authorised share capital
200,000,000 (2018: 200,000,000) ordinary shares of £nil each.

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 25. 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.

Capital is regarded as total equity, as recognised in the balance sheet, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

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.

The capital risk management policy remains unchanged from the 30 June 2018 Annual Report.

Note 26. Equity - other reserves

	Consolidated	
	2019 A$'000	2018 A$'000
Foreign currency reserve	4,390	3,458
Hedging reserve - cash flow hedges	-	38
Share-based payments reserve	5,241	6,277
Capital reorganisation reserve	(132,756)	(132,756)
	(123,125)	(122,983)

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
The reserve is used to recognise the difference between the purchase price of APAC Sale Group Pte. Ltd. and the net assets acquired following a Group reorganisation in 2014.

Note 26. Equity - other reserves (continued)

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

Consolidated	Foreign currency A$'000	Hedging A$'000	Share-based payments A$'000	Capital reorganisation A$'000	Total A$'000
Balance at 1 July 2017	2,187	(788)	5,399	(132,756)	(125,958)
Foreign currency translation	1,271	-	-	-	1,271
Cash flow hedge	-	826	-	-	826
Share-based payments	-	-	878	-	878
Balance at 30 June 2018	3,458	38	6,277	(132,756)	(122,983)
Foreign currency translation	932	-	-	-	932
Cash flow hedge	-	(38)	-	-	(38)
Share-based payments	-	-	(1,036)	-	(1,036)
Balance at 30 June 2019	4,390	-	5,241	(132,756)	(123,125)

Note 27. Equity - non-controlling interests

	Consolidated 2019 A$'000	Consolidated 2018 A$'000
Accumulated losses	(20)	(20)

The non-controlling interest has a 40% equity holding in Invite to Buy and 49% in Simply Send H Pty Limited.

Note 28. Equity - dividends

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

Note 29. 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.

Note 29. Financial instruments (continued)

Market risk

Foreign currency risk
The Company is incorporated in Jersey and the Group operates from Australia with operations in New Zealand, USA, Asia (including Malaysia, Thailand and Singapore) and UK. 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.

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

	Assets		Liabilities	
Consolidated	2019 A$'000	2018 A$'000	2019 A$'000	2018 A$'000
US dollars	929	1,671	1,443	522
Euros	5,339	17,127	-	820
Pound sterling	345	9,338	10,443	8,301
New Zealand dollars	167	619	33	778
Singapore dollars	168	308	-	26
Malaysian ringgit	39	24	43	3
Swiss Franc	227	-	-	-
Chinese Yuan	-	287	-	-
Others	26	59	69	58
	7,240	29,433	12,031	10,508

The Group had net liabilities denominated in foreign currencies of A$4,842,000 as at 30 June 2019 (2018: net assets of A$18,925,000). Based on this exposure, had the Australian dollar weakened by 10% / strengthened by 10% (2018: 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$484,200 lower / higher (2018: A$1,893,000 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 2019 was A$692,000 (2018: A$1,408,000).

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.

The principal business of the Group is online cash sales. The Group adopts the policy of dealing with customers of appropriate credit history in relation to its online sales.

Note 29. Financial instruments (continued)

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

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.

Unused borrowing facilities at the reporting date:

	Consolidated	
	2019 A$'000	2018 A$'000
Bank overdraft	276	2,554
Bank loans and overdrafts	686	-
Bank guarantees	35	-
Bank loans under interchangeable facilities	729	11,106
	1,726	13,660

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.

Consolidated - 2019	Weighted average interest rate %	1 year or less A$'000	Between 1 and 5 years A$'000	Over 5 years A$'000	Remaining contractual maturities A$'000
Non-derivatives					
Non-interest bearing					
Trade and other payables	-	32,967	-	-	32,967
Interest-bearing - fixed rate					
Bank overdraft	2.75%	13,137	-	-	13,137
Bank loans	2.92%	5,200	-	-	5,200
Lease liability	6.48%	20	-	-	20
Total non-derivatives		51,324	-	-	51,324

Note 29. Financial instruments (continued)

Consolidated - 2018	Weighted average interest rate %	1 year or less A$'000	Between 1 and 5 years A$'000	Over 5 years A$'000	Remaining contractual maturities A$'000
Non-derivatives					
Non-interest bearing					
Trade and other payables	-	31,982	-	-	31,982
Interest-bearing - variable					
Bank overdraft	2.75%	7,708	-	-	7,708
Bank loans	3.08%	5,200	-	-	5,200
Lease liability	7.20%	92	56	-	148
Total non-derivatives		44,982	56	-	45,038

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

Note 30. 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)

Consolidated - 2018	Level 1 A$'000	Level 2 A$'000	Level 3 A$'000	Total A$'000
Assets				
Derivative financial instruments	-	38	-	38
Total assets	-	38	-	38

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
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.

Note 31. Changes in liabilities arising from financing activities

Consolidated	Bank loans A$'000	Bank loans under interchange-able facilities A$'000	Finance lease liability A$'000	Total A$'000
Balance at 1 July 2017	5,200	4,775	182	10,157
Net cash used in financing activities	-	(4,775)	(38)	(4,813)
Balance at 30 June 2018	5,200	-	144	5,344
Net cash used in financing activities	-	-	(124)	(124)
Balance at 30 June 2019	5,200	-	20	5,220

Note 32. 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:

	Consolidated 2019 A$'000	Consolidated 2018 A$'000
Short-term employee benefits	2,056	1,911
Post-employment benefits	110	135
	2,166	2,046

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

During the financial year ended 30 June 2019 A$nil (2018: A$nil) performance rights were granted to members of key management personnel under share-based payments plans operated by the Group as disclosed in note 39.

Note 33. 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, PricewaterhouseCoopers, at costs as detailed below:

	Consolidated 2019 A$'000	Consolidated 2018 A$'000
Fees payable to the company's auditor and its associates for the audit of the consolidated financial statements	258	228
Fees payable to the company's auditor and its associates for other services:		
- the audit of the company's subsidiaries	102	193
- taxation services	142	111
- other non-audit services	44	598
	546	1,130

Note 34. Contingent liabilities

The Group issued bank guarantees through its banker, Hong Kong and Shanghai Banking Corporation, in respect of lease obligations amounting to A$1,503,000 (2018: A$1,537,000).

The Group has issued a bank guarantee through its banker ANZ Bank New Zealand Limited, in respect of customs and duties obligations amounting to NZ$150,000 (2018: NZ$150,000).

Note 35. Commitments

	Consolidated	
	2019 A$'000	2018 A$'000
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	2,217	3,987
One to five years	3,618	7,681
More than five years	-	314
	5,835	11,982
Lease commitments - finance		
Committed at the reporting date and recognised as liabilities, payable:		
Within one year	20	92
One to five years	-	56
Total commitment	20	148
Less: Future finance charges	-	(4)
Net commitment recognised as liabilities	20	144
Representing:		
Finance lease liability - current (note 21)	20	90
Finance lease liability - non-current (note 23)	-	54
	20	144

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 motor vehicle 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.

The carrying amounts of motor vehicle held under finance leases are A$50,000 (2018: A$144,000) at the reporting date.

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

Note 36. Related party transactions

Parent entity
MySale Group Plc is the parent company of the Group.

Subsidiaries
Interests in subsidiaries are set out in note 37.

Note 36. Related party transactions (continued)

The Group has utilised exemptions available to it to not report transactions with its 100% or majority owned subsidiaries that are listed in note 37.

Key management personnel
Disclosures relating to key management personnel are set out in note 32.

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated	
	2019 A$'000	2018 A$'000
Sale of goods and services:		
Sale of goods to other related party *	381	509
Payment for goods and services:		
Purchase of goods from other related party *	6,483	7,679

* Relates to related party transactions with Arcadia Group Ltd and Sports Direct.Com Retail Ltd. Arcadia Group Ltd is a subsidiary of Shelton Capital. Mike Ashely is a shareholder in Sports Direct.Com Retail Ltd. Shelton Capital and Mike Ashley were shareholders in MySale Group Plc during the course of the financial year.

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

	Consolidated	
	2019 A$'000	2018 A$'000
Current receivables:		
Trade receivables from other related party	-	294
Current payables:		
Trade payables to other related party	488	840

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 37. 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:

			Parent		Non-controlling interest	
Name	Principal place of business / Country of incorporation	Principal activities	Ownership interest 2019 %	Ownership interest 2018 %	Ownership interest 2019 %	Ownership interest 2018 %
APAC Sale Group Pte. Ltd.	3 Fusionopolis Link #02-08 Nexus@one-north, Singapore	Trading company	100%	100%	-	-
APAC Sale Italy s.r.l	Impruneta (Florence), via Di Colle Ramole 11, 50023, Bottai, Italy	Deregistered	100%	100%	-	-
APAC Sales Group, Inc.	1107 S Boyle Street, Los Angeles, CA 90023, U.S.A	Trading company	100%	100%	-	-
APAC UK Procurement Co Limited	The Old Mill, 9 Soar Lane, Leicester, England, LE3 5DE.	Trading company	100%	100%	-	-
APACSale Limited	The Old Mill, 9 Soar Lane, Leicester, England, LE3 5DE.	Trading company	100%	100%	-	-
BuyInvite Pty Limited	3/120 Old Pittwater Road, Brookvale, 2100, Australia	Trading company	100%	100%	-	-
Company 07640503 Limited (formerly called Cocosa Lifestyle Limited)	The Old Mill, 9 Soar Lane, Leicester, England, LE3 5DE.	Dormant	100%	100%	-	-
NZ Sale Limited	25 Barrys Point Road, Takapuna Auckland 0632, NZ	Trading company	100%	100%	-	-
Ozsale Pty Limited	3/120 Old Pittwater Road, Brookvale, 2100, Australia	Trading company	100%	100%	-	-
Ozsale Sdn. Bhd.	29-3, Block F2, Jalan PJU1/42A, Dataran Prima, 47301 Petaling Jaya, Selangor, Malaysia	Trading company	100%	100%	-	-
Private Sale Asia Pacific Pte Ltd	3 Anson Road, #27-01 Springleaf Tower, Singapore	Dormant	100%	100%	-	-

Note 37. Interests in subsidiaries (continued)

Name	Principal place of business / Country of incorporation	Principal activities	Parent Ownership interest 2019 %	Parent Ownership interest 2018 %	Non-controlling interest Ownership interest 2019 %	Non-controlling interest Ownership interest 2018 %
Simply Sent It Pty Limited *	3/120 Old Pittwater Road, Brookvale, 2100, Australia	Dormant	51%	51%	49%	49%
Singsale Pte. Ltd.	3 Fusionopolis Link #02-08 Nexus@one-north, Singapore	Trading company	100%	100%	-	-
Brand Search Pty Limited	3/120 Old Pittwater Road, Brookvale, 2100, Australia	Dormant	100%	100%	-	-
Chic Global Limited	The Old Mill, 9 Soar Lane, Leicester, England, LE3 5DE.	Dormant	100%	100%	-	-
BuyInvite NZ Pty Limited	3/120 Old Pittwater Road, Brookvale, 2100, Australia	Dormant	100%	100%	-	-
Click Frenzy Australia Pty Ltd	3/120 Old Pittwater Road, Brookvale, 2100, Australia	Dormant	100%	100%	-	-
NZ Wine Limited	25 Barrys Point Road, Takapuna Auckland 0632, NZ	Dormant	100%	100%	-	-
My Trade Ltd	The Old Mill, 9 Soar Lane, Leicester, England, LE3 5DE.	Dormant	100%	100%	-	-
MySale Group Limited	Hong Kong 3/120 Old Pittwater Road, Brookvale, 2100, Australia	Dormant	100%	100%	-	-
Handelsselskabet (Invite to buy) *	1 September 2008 ApS, c/o Accura Advokatpartnerselskab Tuborg Boulevard 1 2900 Hellerup, Denmark	Deregistered	60%	60%	40%	40%
Branch of Click Frenzy Australia Pty Ltd	Russia 3/120 Old Pittwater Road, Brookvale, 2100, Australia	Trading company	100%	100%	-	-
APAC France SARL	France 3/120 Old Pittwater Road, Brookvale, 2100, Australia	Dormant	-	100%	-	-

* These subsidiaries have been consolidated as the Group has control over the partly owned.

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

Note 38. (Loss)/earnings per share

	2019 (Losses)/ Earnings attributable to owners of the parent A$'000	2019 Weighted average number of shares Millions	2019 (Loss)/ Earnings per share Cents	2018 (Losses)/ Earnings attributable to owners of the parent A$'000	2018 Weighted average number of shares Millions	Restated 2018 (Loss)/ Earnings per share Cents
Basic						
Loss after tax before exceptional items	(28,699)	154.3	(18.60)	7,121	154.3	4.61
Diluted						
Loss after tax before exceptional items	(28,699)	154.3	(18.60)	7,121	154.3	4.61
Exceptional items						
Basic	(28,699)	154.3	(18.60)	7,121	154.3	4.61
Cost of sale of goods	(19,611)	-	(12.71)	-	-	-
Other operating gain/(loss), net	848	-	0.55	(1,950)	-	(1.26)
Sales, distribution and administration expenses:						
Selling and distribution expenses	(166)	-	(0.11)	-	-	-
Administration expenses	(3,387)	-	(2.18)	(4,656)	-	(3.02)
Impairment of receivables	(6,760)	-	(4.38)	-	-	-
Impairment of assets	(2,832)	-	(1.84)	-	-	-
Income tax (expense)/benefit	(8,723)	-	(5.65)	(1,982)	-	(1.28)
Basic after exceptional items						
Loss after tax after exceptional items	(69,330)	154.3	(44.92)	(1,467)	154.3	(0.95)
Diluted after exceptional items						
Loss after tax after exceptional items	(69,330)	154.3	(44.92)	(1,467)	154.3	(0.95)
Underlying EBITDA per share	(18,848)	154.3	(12.21)	9,730	154.3	6.30

2,580,543 (2018: 8,047,850) employee long-term incentives have been excluded from the 2019 diluted earnings calculation as they are anti-dilutive for the year.

Note 39. Share-based payments

The company has two employee share plans; (1) the Executive Incentive Plan (‘EIP’) and (2) the Loan Share Plan (‘LSP’). In accordance with the terms of each plan 100% of the ordinary shares will vest three years from grant date subject to the achievement of the Underlying Earnings Before Interest, Tax, Depreciation and Amortisation (‘EBITDA’) included in the company’s internal forecasts set by the Board in the year of the grant.

Note 39. Share-based payments (continued)

In July 2015, 3,000,000 options over the ordinary share capital of the company were granted to the Chairman with an exercise price of £0.53. 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 options expire five years after the grant date. Other than the vesting conditions, all other terms are the same as the EIP. The fair value of the accounting expense in relation to these options are recognised over the vesting period.

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

2019

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	16/06/2019 **	£2.26	111,499	-	-	(111,499)	-
18/08/2015	18/08/2020 **	£0.51	1,697,815	-	-	(657,617)	1,040,198
18/08/2015	18/08/2020 *	£0.51	290,533	-	-	(128,326)	162,207
27/07/2015	27/07/2020 **	£0.53	3,000,000	-	-	(3,000,000)	-
19/08/2016	19/08/2021 **	£0.65	1,868,982	-	-	(849,537)	1,019,445
19/08/2016	19/08/2021 *	£0.65	358,693	-	-	-	358,693
19/08/2017	19/08/2022 **	£1.15	449,314	-	-	(449,314)	-
19/08/2017	19/08/2022 *	£1.15	271,014	-	-	(271,014)	-
			8,047,850	-	-	(5,467,307)	2,580,543

* EIP - Options
** LSP

2018

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	16/06/2019 **	£2.26	111,499	-	-	-	111,499
18/08/2015	18/08/2020 **	£0.51	2,027,806	-	-	(329,991)	1,697,815
18/08/2015	18/08/2020 *	£0.51	400,021	-	-	(109,488)	290,533
27/07/2015	27/07/2020 **	£0.53	3,000,000	-	-	-	3,000,000
19/08/2016	19/08/2021 **	£0.65	1,959,599	-	-	(90,617)	1,868,982
19/08/2016	19/08/2021 *	£0.65	1,116,984	-	-	(758,291)	358,693
19/08/2017	19/08/2022 **	£1.15	-	449,314	-	-	449,314
19/08/2017	19/08/2022 *	£1.15	-	271,014	-	-	271,014
			8,615,909	720,328	-	(1,288,387)	8,047,850

* EIP - Options
** LSP

The weighted average remaining contractual life of the share plan outstanding at the end of the financial year was 2 years (2018: 4 years).

The share-based payment expense for the year was a benefit of A$1,036,000 (2018: an expense of A$878,000). There is a benefit in the current year mainly due to vesting conditions for the FY 18 grant not being met so all the related options were forfeited. The benefit is also a result of the leavers in the restructure and the resignation of the previous Chairman resulting in their respective options being forfeited.

Note 40. Events after the reporting period

In September 2019, the Group finalised a share placement for A$23,329,000. Net proceeds after considering the share issue costs of A$708,000 was A$22,621,000. The total number of new shares issued under the placement was 640,376,083 bringing the total shares on issue to 794,707,735. As part of the share placement, the Group agreed with its financier Hong Kong and Shanghai Banking Corporation Plc ('HSBC') to extinguish all borrowing facilities, Corporate Guarantees and Indemnities with a repayment of A$10,914,000 in September 2019. As part of this repayment HSBC agreed to provide the Group with a debt forgiveness amount of A$7,753,000.

On 13 November 2019, the business entered into a leasing agreement for a new warehouse in Australia. The agreement involves the surrender of the existing warehouse lease including the waiving of any make good provision and no early termination charges being applied on the existing warehouse lease surrender. The agreement also includes an upfront cash incentive payment to cover the relocation costs. The new warehouse is less than 75% of the area of the current facility and aligns with the business's strategy of selling down 'ownbuy' inventory and operating an inventory light business. The lease is for 6 years and includes a break clause after 3 years which is roughly in line with the current warehouse lease period end.

No other matter or circumstance has arisen since 30 June 2019 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.

	Note	2019 A$'000	2018 A$'000
Fixed assets			
Tangible assets	4	-	135
Investment in subsidiaries	5	35,287	162,771
Deferred tax		600	590
Total fixed assets		35,887	163,496
Current assets			
Debtors - amounts falling due within one year	6	367	24,917
Total current assets		367	24,917
Current liabilities			
Creditors - amounts falling due within one year	7	426	1,023
Bank overdraft and lease liability	8	10,310	7,785
Total current liabilities		10,736	8,808
Net current assets/(liabilities)		(10,369)	16,109
Total assets less current liabilities		25,518	179,605
Net assets		25,518	179,605
Equity			
Called up share capital	9	-	-
Share premium account		306,363	306,363
Other reserves	10	(124,676)	(123,712)
Accumulated losses	11	(156,169)	(3,046)
Total equity		25,518	179,605

In accordance with Companies (GAAP)(Jersey) Order 2010 and Article 105(2)(a) of the Companies (Jersey) Law 1991 the Company has adopted United Kingdom Generally Accepted Accounting Standards, comprising FRS 101 "Reduced Disclosures Framework" and has elected to take the exemptions available to it not to present its own profit and loss account. The Company reported a loss for the financial year ended 30 June 2019 of A$153,123,000 (2018: A$1,186,000).

The financial statements of MySale Group Plc (company number 115584 (Jersey)) were approved by the Board of Directors and authorised for issue on 4 December 2019. They were signed on its behalf by:

Carl Jackson
Director

Charles Butler
Director

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

	Share premium account A$'000	Other reserves A$'000	Accumulated losses A$'000	Total equity A$'000
Balance at 1 July 2017	306,363	(125,490)	(1,860)	179,013
Loss after income tax benefit for the year	-	-	(1,186)	(1,186)
Other comprehensive income for the year, net of tax	-	900	-	900
Total comprehensive income for the year	-	900	(1,186)	(286)
Transactions with owners in their capacity as owners:				
Share-based payments	-	878	-	878
Balance at 30 June 2018	306,363	(123,712)	(3,046)	179,605

	Share premium account A$'000	Other reserves A$'000	Accumulated losses A$'000	Total equity A$'000
Balance at 1 July 2018	306,363	(123,712)	(3,046)	179,605
Loss after income tax benefit for the year	-	-	(153,123)	(153,123)
Other comprehensive income for the year, net of tax	-	72	-	72
Total comprehensive income for the year	-	72	(153,123)	(153,051)
Transactions with owners in their capacity as owners:				
Share-based payments for parent entity employees	-	(363)	-	(363)
Share-based payments for other Group employees	-	(673)	-	(673)
Balance at 30 June 2019	306,363	(124,676)	(156,169)	25,518

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

Note 1. General information

MySale Group Plc (the 'Company' or 'parent entity') is a public company, limited by shares, listed on the AIM (Alternate Investment Market), a sub-market of the London Stock Exchange. The Company is incorporated and registered in Jersey under the Companies (Jersey) Law 1991 (required for Companies House disclosure). The Company is domiciled in Australia.

The registered office of the Company is Ogier House, The Esplanade, 44 Esplanade Street, St. Helier, JE4 9WG, Jersey and principal place of business is at 3/120 Old Pittwater Road, Brookvale, NSW 2100, Australia.

The Company's 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 dollars.

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 4 December 2019.

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.

New or amended Accounting Standards and Interpretations adopted

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Financial Reporting Council ('FRC') that are mandatory for the current reporting year. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the Company:

IFRS 9 Financial Instruments
The Company has adopted IFRS 9 from 1 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). 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 use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

The Company has fully impaired the inter-company debtor as at 30 June 2019 therefore there is not further expectation of material impact from the adoption of this standard.

IFRS 15 Revenue from Contracts with Customers
The Company has adopted IFRS 15 from 1 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's balance sheet as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment.

Due to the nature of the Company's revenue sources there was no impact from the adoption of this standard in the current reporting period.

Impact of adoption
IFRS 9 and IFRS 15 were adopted using the transitional rules under the modified retrospective approach and as such comparatives have not been restated. The impact of adoption on opening accumulated losses as at 1 July 2018 was A$nil.

Basis of preparation
These financial statements were prepared in accordance with FRS 101 'Reduced Disclosure Framework'.

As permitted by FRS 101, the Company has taken advantage of all of the disclosure exemptions available to it, including:

(a) The requirements of paragraph 45(b) and 46-52 of IFRS 2 Share-based Payment;
(b) The requirements of IFRS 7 'Financial Instruments: Disclosures';
(c) The requirements of paragraph 91 to 99 of IFRS 13 'Fair Value Measurement';
(d) The requirements of paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  i. paragraph 79(a)(iv) of IAS 1;
  ii. paragraph 73(e) of IAS 16 'Property, Plant and Equipment';
  iii. paragraph 118(e) of IAS 38 'Intangible Assets'.
(e) The following paragraphs of IAS 1:
  i. 10(d) statement of cash flows;
  ii. 16 statement of compliance with all IFRS;
  iii. 38A requirement for minimum of two primary statements, including cash flow statements;
  iv. 38B-D additional comparative information;
  v. 111 cash flow statement information; and
  vi. 134-136 capital management disclosures.
(f) IAS 7 'Statement of Cash Flows'; and
(g) IAS 24 'Related Party Disclosures'.

In accordance with Companies (GAAP)(Jersey) Order 2010 and Article 105(2)(a) of the Companies (Jersey) Law 1991 the Company has adopted United Kingdom Generally Accepted Accounting Standards, comprising FRS 101 "Reduced Disclosures Framework" and has elected to take the exemptions available to it not to present its own profit and loss account. The Company reported a loss for the financial year ended 30 June 2019 of A$153,123,000 (2018: A$1,186,000). The significant increase in the loss during the year is due to the investment write down by $127,484,000. Refer to note 5 for further details.

Historical cost convention
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.

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 Company'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.

Foreign currency translation

Foreign currency transactions
Foreign currency transactions are translated into Pounds Sterling 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.

Income tax
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. The Company is not required to pay Jersey tax as it is not a Jersey tax resident.

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 at bank and in hand
Cash at bank and in hand 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.

Debtors
Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Loans and receivables, including amounts owed by other group undertakings, are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

The residual amounts due by other group undertakings are unsecured, non-interest bearing, have no fixed date of repayment and are repayable on demand.

Investments and other financial assets
Financial assets at amortised cost
A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

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

Tangible assets
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
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.

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.

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.

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.

Rounding of amounts
Amounts in this report have been rounded off to the nearest thousand Australian 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 2019. 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:

IFRS 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces IAS 17 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the balance sheet, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under IFRS 16 will be higher when compared to lease expenses under IAS 17. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under IFRS 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component.

The Company does not have any lease commitments as at 30 June 2019 as described in note 13. There is no expectation to renew or acquire any new leases. As such, the adoption of this new standard is not expected to have any impact in the next reporting period.

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.

Judgements:

Impairment of non-financial assets including investments in subsidiaries
The Group assesses impairment of non-financial assets including investments in subsidiaries 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.

Estimates:

Allowance for expected credit losses
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Income tax
The Company 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 Company recognises liabilities for anticipated tax audit issues based on the Company'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 Company considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Note 4. Fixed assets - tangible assets

	2019 A$'000	2018 A$'000
Leasehold improvements - at cost	-	74
Less: Accumulated depreciation	-	(57)
	-	17
Plant and equipment - at cost	-	18
Less: Accumulated depreciation	-	(13)
	-	5
Fixtures and fittings - at cost	-	105
Less: Accumulated depreciation	-	(81)
	-	24
Motor vehicles - at cost	-	121
Less: Accumulated depreciation	-	(32)
	-	89
	-	135

Note 5. Fixed assets - investment in subsidiaries

	2019 A$'000	2018 A$'000
Investment in APAC Sale Group Pte. Ltd. - at cost	23,539	106,403
Investment in Ozsale Pty. Ltd. - at cost	11,748	56,368
	35,287	162,771

A detailed list of subsidiaries is detailed within note 37 to the consolidated financial statements.

During the year, the investment in both subsidiaries was written down based on the Value in Use calculation resulting in an impairment of $127,484,000 which was recognised in profit or loss for the year ended at 30 June 2019.

Note 6. Current assets - debtors - amounts falling due within one year

	2019 A$'000	2018 A$'000
Other receivables	300	213
Amounts owed by other group undertakings	-	24,704
Sales tax receivable	67	-
	367	24,917

Allowance for expected credit losses
The Company has recognised a loss of $26,361,000 in profit or loss in respect of impairment of receivables to write off the total amount of related parties debtors for the year ended 30 June 2019 (2018: $nil).

Note 7. Current liabilities - Creditors - amounts falling due within one year

	2019 A$'000	2018 A$'000
Trade payables	16	140
Accruals	410	400
Sales tax payable	-	483
	426	1,023

Note 8. Current liabilities - bank overdraft and lease liability

	2019 A$'000	2018 A$'000
Bank overdraft	10,310	7,708
Finance lease liability	-	77
	10,310	7,785

Note 9. Equity - called up share capital

	2019 Shares	2018 Shares	2019 A$'000	2018 A$'000
Ordinary shares £nil each - issued and fully paid	154,331,652	154,331,652	-	-

Authorised share capital
200,000,000 (2018: 200,000,000) ordinary shares of £nil each.

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

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

Note 10. Equity - other reserves

	2019 A$'000	2018 A$'000
Foreign currency reserve	2,839	2,767
Share-based payments reserve	5,241	6,277
Capital reorganisation reserve	(132,756)	(132,756)
	(124,676)	(123,712)

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 Sale Group Pte Ltd (refer share premium account) 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 1 July 2017	1,867	5,399	(132,756)	(125,490)
Foreign currency translation	900	-	-	900
Share-based payments	-	878	-	878
Balance at 30 June 2018	2,767	6,277	(132,756)	(123,712)
Foreign currency translation	72	-	-	72
Share-based payments for parent entity employees	-	(363)	-	(363)
Share-based payments for other Group employees	-	(673)	-	(673)
Balance at 30 June 2019	2,839	5,241	(132,756)	(124,676)

Note 11. Equity - accumulated losses

	2019 A$'000	2018 A$'000
Accumulated losses at the beginning of the financial year	(3,046)	(1,860)
Loss after income tax benefit for the year	(153,123)	(1,186)
Accumulated losses at the end of the financial year	(156,169)	(3,046)

Note 12. Contingent liabilities

The Company had no contingent liabilities as at 30 June 2019 and 30 June 2018.

Note 13. Commitments

	2019 A$'000	2018 A$'000
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	-	480
One to five years	-	31
	-	511

The Company leased office space from non-related parties under a non-cancellable operating lease agreement. The leases have already expired.

Note 14. Remuneration of auditors

Services provided by the Company's auditors and network firms

During the year the Company obtained the following services from the Company's auditors, PricewaterhouseCoopers, at costs as detailed below:

	2019 A$'000	2018 A$'000
Fees payable to the Company's auditor and its associated for the audit of the financial statements	258	228

Note 15. Events after the reporting period

In September 2019, the Company finalised a share placement for A$23,329,000. Net proceeds after considering the share issue costs of A$708,000 was A$22,621,000. The total number of new shares issued under the placement was 640,376,083 bringing the total shares on issue to 794,707,735. As part of the share placement, the Company agreed with its financier Hong Kong and Shanghai Banking Corporation Plc (‘HSBC’) to extinguish all borrowing facilities, Corporate Guarantees and Indemnities with a repayment of A$10,914,000 in September 2019. As part of this repayment HSBC agreed to provide the Company with a debt forgiveness amount of A$7,753,000.

No other matter or circumstance has arisen since 30 June 2019 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 sixth Annual General Meeting (AGM) of MySale Group plc (MySale or the Company) will be held at 120 Old Pittwater Road, Brookvale, NSW 2100, Australia on Monday 30 December 2019 commencing at 19.30 Australian Eastern Daylight Time (AEDT) (08.30 GMT) to consider and, if thought fit, to pass resolutions 1 to 4 (inclusive) as ordinary resolutions and resolutions 5 to 7 (inclusive) as special resolutions.

Resolutions

Ordinary Resolutions

1. Financial statements for the year ended 30 June 2019

To receive the Company's Annual Report and Accounts for the financial year ended 30 June 2019 together with the Reports of the Directors and Auditor thereon.

2. Appointment of the auditor

To appoint BDO LLP as auditor of the Company, to hold office from the conclusion of this meeting until the conclusion of the next annual general meeting of the Company, and to authorise the Directors to fix the remuneration of the auditor.

3. Re-election of Directors – Carl Jackson

To re-elect Carl Jackson as a Director in accordance with Articles 7.2 and 7.9 - 7.12 of the Company's Articles of Association (the **Articles**).

4. Re-election of Directors – Charles Butler

To re-elect Charles Butler as a Director in accordance with Articles 7.2 and 7.9 - 7.12 of the Articles.

Special Resolutions

5. **Dis-application of pre-emption rights - general**

THAT, in substitution for all existing authorities to the extent unused, the Directors 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 5(a) and (b) above, the allotment of Shares for cash up to an aggregate amount of 40 million Shares, being approximately 5% of the Company's issued Shares as at close of business on 5 December 2019, being the latest practicable date before publication of this notice,

provided further that such power shall expire at the conclusion of the Company's next Annual General Meeting 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 may allot Shares in pursuance of such offer or agreement).

For the purposes of the authority in paragraph 5(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.

6. Dis-application of pre-emption rights – financing

THAT, in addition to any authority granted under Resolution 5 above, the Directors 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 for cash as if Article 2.8 of the Articles did not apply to any such allotment, provided that this power shall be:

a) limited to the allotment of Shares for cash up to an aggregate amount of 80 million Shares, being approximately 10% of the Company's issued Shares as at close of business on 5 December 2019, being the latest practicable date before publication of this notice; and

b) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-emption Rights most recently published by the Pre-Emption Group prior to the date of this notice,

provided further that such power shall expire at the conclusion of the Company's next Annual General Meeting 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 may allot Shares in pursuance of such offer or agreement).

7. Authority to buy back shares

THAT the Company be and is hereby generally and unconditionally authorised for the purposes of Article 57 of the Companies (Jersey) Law 1991 (as amended) (the Law) to make one or more purchases on the AIM market operated by the London Stock Exchange plc of its own Shares on such terms and in such manner as the Directors may from time to time determine, provided that:

a) the maximum aggregate number of Shares hereby authorised to be purchased is 80 million, (representing approximately 10% of the total number of Shares in issue as at close of business on 5 December 2019, being the latest practicable date before publication of this notice);

b) the minimum price which may be paid for a Share is £0.01 each;

c) the maximum price which may be paid for a Share is an amount equal to the higher of:

    i. 5% above the average of the middle market quotations for such shares taken from the AIM Appendix of The London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the purchase is made; and

    ii. the higher of the price of the last independent trade of a Share and the highest current independent bid for a Share as derived from the London Stock Exchange Trading System;

d) such authority shall expire at the conclusion of the Company's next Annual General Meeting 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;

e) the Company may make a contract to purchase its own Shares under the authority conferred by this resolution prior to the expiry of such authority, which will or may be executed wholly or partly after the expiry of such authority, and the Company may make a purchase of its own Shares in pursuance of any such contract as if the authority had not expired; and

f) subject to the provisions of the Articles, the Company be and is hereby generally and unconditionally authorised for the purposes of Article 58A of the Law, to hold any Shares repurchased under the authority conferred by this Resolution 7 as treasury shares.

By order of the Board

Prism CoSec Limited Company Secretary, MySale Group plc
6 December 2019

Notes to the Notice of Annual General Meeting

1	**Record Date** Shareholders registered in the Register of Members of the Company as at 19.30 Australian Eastern Daylight Time (AEDT) (08.30 GMT) on 24 December 2019 (or, in the event of any adjournment, a time which is 48 working hours 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 this time (as applicable) will be disregarded in determining the rights of any person to attend or vote at the AGM.
2	**Attendance at the AGM** The Company's sixth AGM will be held at 19.30 Australian Eastern Daylight Time (08.30 GMT) on 30 December 2019. However, shareholders should note that votes may only be cast in person, by proxy or by corporate representative at the venue of the AGM.
3	**Proxies** A member is entitled to appoint another person as his proxy (who need not be a member of the Company) to exercise all or any of their rights to attend and vote on their behalf at the AGM. A member may appoint more than one proxy in relation to the AGM. When two or more valid but differing appointments of proxy are delivered or received for the same share, the one which is last validly delivered or received (regardless of its date or the date of its execution) shall be treated as replacing and revoking the other or others as regards that share. If the Company is unable to determine which appointment was last validly delivered or received, none of them shall be treated as valid in respect of that share. Members who wish to appoint more than one proxy in respect of their holding may obtain additional Forms of Proxy by contacting the Company's Transfer Agent, Neville Registrars Limited on 0121 585 1131. Lines are open Monday to Friday 9.00am to 5.00pm. Alternatively, members may photocopy the Form of Proxy provided with this document indicating on each copy the name of the proxy appointed and the number of ordinary shares in the Company in respect of which that proxy is appointed. All Forms of Proxy should be returned together in the same envelope. A Form of Proxy is enclosed with this Notice. Completion of the Form of Proxy will not prevent a member from subsequently attending and voting at the AGM in person if they so wish. The Form of Proxy, and any power of attorney or other authority under which it is executed (or a duly certified copy of any such power or authority), must be either (i) received by post or (during normal business hours only) by hand at the offices of the Company's Transfer Agent, Neville Registrars Limited Neville House, Steelpark Road, Halesowen B62 8HD or (ii) members may submit their proxies online at www.sharegateway.co.uk using their personal proxy registration code (Activity Code) as shown on the Form of Proxy, in each case by no later than 19.30 AEDT/08.30 GMT on 24 December 2018, being 48 working hours before the time appointed for the holding of the AGM. Where the AGM is adjoined for less than 28 days but more than 48 hours, the Form of Proxy shall be delivered not less than 24 hours before the time appointed for the holding of the adjourned meeting. Where the AGM is adjourned for not more than 48 hours, the Form of Proxy shall be delivered at the adjourned meeting to the chairman or the secretary or to a director of the Company.
4	**Corporate Representatives** A corporate shareholder may authorise a person to act as its representative at the AGM. Each representative may exercise (on behalf of the corporate shareholder) the same powers as the corporate shareholder could exercise if they were an individual shareholder in the Company.
5	**CREST Proxy Instructions** CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the AGM and any adjournment thereof by following the procedures described in the CREST Manual. CREST Personal Members or other CREST Sponsored Members, and those CREST members who have appointed a voting service provider, should refer to their CREST sponsor or voting service provider who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message **(a CREST Proxy Instruction)** must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instruction, as described in the CREST Manual

	(available at www.euroclear.com/CREST). The message, regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID number 7RA11) by no later than 19.30 AEDT/08.30 GMT on 24 December 2019 (or in the case of an adjourned meeting, received not less than 48 hours before the time for holding the adjourned meeting). No message received through the CREST network after this time will be accepted. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. The CREST Manual is available at www.euroclear.com/CREST. CREST members and, where applicable, their CREST sponsors or voting service provider should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST Personal Member or Sponsored Member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company will treat as invalid a CREST Proxy Instruction in the circumstances set out in Article 34 of the Companies (Uncertificated Securities) (Jersey) Order 1999, as amended.
6	**Total Voting Rights** Holders of the Company's ordinary shares are entitled to attend and vote at general meetings of the Company. Each ordinary share entitles the holder to one vote on a poll. As at 5 December 2019, being the latest practicable date prior to the publication of this Notice, the Company had 794,707,735 shares in issue. The Company does not hold any shares in treasury. However 3,000,000 shares are held within the Company's Employee Benefit Trust, "MySale Group Trustee Limited" and all voting rights in those shares have been waived. Therefore, the total voting rights in the Company as at 5 December 2019 are 791,707,735.
7	**Voting at the AGM** In order for the voting preferences of all shareholders to be taken into account, and not only those who can physically attend, the Company will conduct a poll vote on all resolutions put to the AGM. As soon as practicable following the meeting, the results of voting at the meeting and the numbers of proxy votes cast for and against each resolution, together with the number of votes actively withheld will be announced to the market via a Primary Information Provider and also placed on the Company's website (www.mysalegroup.com). In the case of joint holders of shares, the vote of the senior member who is entitled to receive notice of general meetings in accordance with the Articles whether in person or by proxy shall be accepted to the exclusion of any votes of the other joint holders, and seniority shall be determined by the order in which the names of the holders stand in the register of members of the Company.
8	**Display Documents** Copies of the service contracts for all Executive Directors and the letters of appointment for the Non-executive Directors are available for inspection at the registered office of the Company during normal business hours on any weekday (excluding Saturdays, Sundays and public holidays) from the date of this Notice until the conclusion of the AGM and also at the place of the AGM from 19.00 AEDT on the day of the AGM until the conclusion thereof.
9	**Electronic address** Please note that shareholders may not use any electronic address provided in this Notice or any related documents (including the Form of Proxy) to communicate with the Company for any purpose other than those expressly stated.

Explanatory Notes to the Resolutions

Ordinary Resolutions

Resolutions 1 to 4 (inclusive) 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 each 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 detailed review, the Board is proposing to appoint BDO LLP as external auditor. BDO LLP have expressed their willingness to act as external auditor. 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 & 4 Re-election of Directors

The Company's Articles of Association require one-third of the Directors to retire by rotation at the AGM. Directors retiring by rotation may, if they wish, stand for re-election. Accordingly, this year, Carl Jackson and Charles Butler will retire by rotation at the AGM and will offer themselves for re-election as Directors. Biographical details of each of the Directors can be found in the Annual Report and Accounts.

Special Resolutions

Resolutions 5 to 7 (inclusive) are being proposed as special resolutions. In order for a special resolution to be passed, at least two-thirds of the votes cast must be in favour of the resolution.

5 Disapplication of Pre-Emption Rights – general

In relation to Resolution 5, 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 5 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 5 is to allow the Directors, in addition to the authority granted to the Directors pursuant to paragraphs (a) and (b), generally to allot Shares for cash up to an aggregate amount equal to 5% of the issued Shares, again without following the Pre-emption Procedure.

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

6 Disapplication of Pre-Emption Rights – financing

Resolution 6 seeks a separate and additional authority to dis-apply pre-emption rights in respect of 10% of issued ordinary share capital for certain purposes pursuant to certain elements of the guidance from the Pre-Emption Group (**PEG**).

On 5 May 2016, the PEG published a recommended template resolution for dis-applying pre-emption rights. The template recommends companies request separate authority to dis-apply pre-emption rights in respect of amounts in addition to a base 5% to be used when the Board considers the use to be for an acquisition or specified capital investment in accordance with the 2015 Statement of Principles as a separate resolution to the disapplication to issue share on an unrestricted basis.

The Directors confirm, partly in accordance with the 2015 Statement of Principles, that they will only allot Shares representing more than 5% of the issued ordinary share capital of the Company for cash pursuant to the authority referred to in Resolution 6, where the allotment is in connection with an acquisition or specified capital investment, which is announced contemporaneously with the allotment. The Directors consider that the authorities sought are appropriate as they provide the Company with the necessary flexibility to take advantage of business opportunities as they arise.

7 Authority to buy back Shares

Resolution 7 seeks authority for the Company to make market purchases of its own Shares, such authority being limited to the purchase of 10% of the Shares in issue as at 5 December 2019, being the last practicable date prior to publication of this Notice.

The maximum price payable for the purchase by the Company of its own Shares will be limited to an amount equal to the higher of (i) 5% above the average of the middle market quotations of the Shares, as derived from the AIM Appendix of The London Stock Exchange Daily Official List for the five business days prior to the purchase; and (ii) the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for a Share as derived from the London Stock Exchange Trading System. The minimum price payable by the Company for the purchase of its own Shares will be £0.01 per Share.

The Directors have no present intention of exercising the authority to purchase the Company's Shares but will keep the matter under review, taking into account other investment opportunities. The authority would only be exercised if and when, in the light of market conditions prevailing at the time, they believe that the effect of such purchases will be in the best interests of shareholders generally.

The Law allows the Company to hold in treasury any Shares purchased by it. Such Shares will remain in issue and will be capable of being re-sold by the Company or used in connection with certain of its share schemes.

At the date of this Notice the Company does not hold any treasury shares, but Resolution 7 seeks authority for any Shares which are repurchased to be held in treasury.

The authority set out in this resolution will expire at the end of the next annual general meeting or fifteen months after the resolution is passed, whichever is sooner.

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GROUP PLC