MULTI CHANNEL SOLUTIONS LIMITED
AND CONTROLLED ENTITIES
(ABN 60 006 569 124)

APPENDIX 4E

PRELIMINARY FINAL REPORT
YEAR ENDED 30 JUNE 2014

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Key Information	Year Ended 30 June 2014 $	Year Ended 30 June 2013 $	% Change
Revenue from ordinary activities	3,702,630	3,664,796	1.03%
(Loss) after tax from ordinary activities attributable to members	(3,783,134)	(1,859,140)	(103.49%)
(Loss) attributable to members	(3,783,134)	(1,859,140)	(103.49%)

COMMENTARY ON THE RESULTS FOR THE PERIOD

The commentary on the results for the period is contained in the attached "Review of Operations".

NET TANGIBLE ASSETS PER SHARE

	Year Ended 30 June 2014 Cents per Share	Year Ended 30 June 2013 Cents per Share
Net tangible assets per share	(0.03931)	(0.05193)

29 August 2014

1. Overview of Results

Trading Operations

Revenues from ordinary activities for the year ended 30th June 2014 was $3,702,630 compared to $3,664,796 for the year ended 30th June 2013. This has been one of the toughest years on record for Australian Retailers with some supermarkets closing their Distribution Centres one day a week. Despite these conditions Bronson grew sales by over 4% while the US operation lost ground. Additionally one of our customers Discount Superstores Group (DSG) went into serious decline and then liquidation with the loss of significant sales.

The after tax loss from ordinary activities for the year ended 30th June 2014 was $3,783,134, an increase of $1,923,994 on the previous year. This can be attributed to a write down of DSG debt $30,252 and non-cash items including goodwill impairment $2,317,956, provision for slow moving stock $143,950 and Provision for profit drawings in advance for Home & Business $671,516.

Borrowings issued during the year

A total of $58,041 was raised from convertible notes and loans.

Australian operations

The Australian subsidiary, Bronson Marketing Pty. Ltd., was able to hold a steady course during a very turbulent year. We branched out into a premium Hair Care range which unfortunately did not meet with the expected support from the retailer. We continue to strengthen our core business in personal care with the major retailers. The core business has also maintained that improvement in the recent months.

We have also had time to evaluate the Alliance agreement with our Hong Kong Partner Triple R International Co. and are pleased to advise that this alliance holds much promise. We believe this will add strength to the Company and enable us to become more profitable.

American operations

We have to concede that we have tried everything possible to make the US operation, Home & Business Consumer Products LLC work but so far it has been unsuccessful. We had an exciting Vertical Garden product but that too did not meet the level of acceptance required to make it commercially viable. Sales of our Cat Litter products also failed to reach expectations. The ZeoDry Oil absorbent product appeared to be gaining traction but was not sufficient to offset other losses. Due to the significant decline in revenue, the Board is examining the option to scale down these operations and focus primarily on the Australian business.

Subsequent events

There are no events of a significant nature that have occurred since the end of the financial year that will materially affect the accounts of the Group.

2. Appendix 4E Financial Statements for the Year ended 30 June 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

	Note	Consolidated Group 30.06.2014 $	Consolidated Group 30.06.2013 $
Revenue	2	3,702,630	3,664,796
Expenses			
Cost of product sold		2,131,731	1,172,155
Advertising and media expenses		77,574	7,398
Travel expenses		22,911	35,088
Financial expenses		449,431	393,495
Depreciation and amortisation		87,677	16,832
Employee benefit expenses		782,959	880,338
Legal compliance and professional fees		120,426	126,930
Rental and operating lease expenses		171,319	168,688
Provision for slowing moving stock		143,950	-
Provision for profit drawings in advance		671,516	1,080,757
Provision for doubtful debt		30,252	134,518
Bad debt		8,307	-
Impairment of goodwill		2,317,956	1,100,000
Option Issue Expense		52,534	-
Warehouse and distribution costs		303,408	325,983
Other expenses		113,813	81,754
Total Expenses	3	7,485,764	5,523,936
(Loss) before income tax		(3,783,134)	(1,859,140)
Income tax benefit/(expense)		-	-
(Loss) for the year		(3,783,134)	(1,859,140)
Other comprehensive income			
Items that may be reclassified to profit or loss			
Adjustments from translation of foreign controlled entities		(9,840)	41,338
Other comprehensive income for the year, net of tax		(9,840)	41,338
Total comprehensive income for the year		(3,792,974)	(1,817,802)
Loss attributable to members of the parent entity		(3,783,134)	(1,859,140)
Non-controlling interests		-	-
		(3,783,134)	(1,859,140)
Total comprehensive income attributable to members of the parent entity		(3,792,974)	(1,817,802)
Non-controlling interests		-	-
		(3,792,974)	(1,817,802)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

		Consolidated Group	
	Note	30.06.2014	30.06.2013
		$	$
Earnings per share			
From continuing operations			
Basic earnings per share (cents)	17	(0.05630)	(0.01086)
Diluted earnings per share (cents)		(0.02837)	(0.00218)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

		Consolidated Group	
	Note	30.06.2014	30.06.2013
		$	$
CURRENT ASSETS			
Cash and cash equivalents	4	13,747	52,489
Trade and other receivables	5	607,155	740,713
Inventories	6	680,882	548,301
Other current assets	7	17,678	405,733
TOTAL CURRENT ASSETS		1,319,462	1,747,236
NON-CURRENT ASSETS			
Plant and equipment	9	37,227	70,502
Other non-current assets	7	-	300,901
Intangible assets	8	230,137	2,394,921
TOTAL NON-CURRENT ASSSETS		267,364	2,766,324
TOTAL ASSETS		1,586,826	4,513,560
CURRENT LIABILITIES			
Trade and other payables	11	1,151,023	609,397
Short-term provisions	12	154,706	154,911
Financial liabilities	10	766,361	782,254
TOTAL CURRENT LIABILITIES		2,072,090	1,546,562
NON-CURRENT LIABILITIES			
Financial liabilities	10	3,180,538	3,122,497
TOTAL NON-CURRENT LIABILITIES		3,180,538	3,122,497
TOTAL LIABILITIES		5,252,628	4,669,059
NET ASSETS		(3,665,802)	(155,499)
EQUITY			
Issued capital	13	8,431,687	8,281,687
Reserves		180,923	376,248
Retained earnings		(12,278,483)	(8,813,505)
Parent interest		(3,665,873)	(155,570)
Non controlling interests		71	71
TOTAL EQUITY		(3,665,802)	(155,499)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2014

	Share Capital Ordinary	Accumulated (Losses)/ Profit	Option Reserve	Foreign Currency Translation Reserve	Non Controlling Interests	Total
	$	$	$	$	$	$
Balance at 1.7.2012	8,181,687	(7,386,654)	1,000,329	(233,130)	71	1,562,303
(Loss) attributable to members of parent entity	-	(1,859,140)	-	-	-	(1,859,140)
Shares issued during the period	100,000	-	-	-	-	100,000
Transfer of expired options from option reserve to accumulated losses	-	432,289	(432,289)	-	-	-
Total other comprehensive income for the year	-	-	-	41,338	-	41,338
Balance at 30.06.2013	8,281,687	(8,813,505)	568,040	(191,792)	71	(155,499)
Balance at 1.7.2013	8,281,687	(8,813,505)	568,040	(191,792)	71	(155,499)
(Loss) attributable to members of parent entity	-	(3,783,134)	-	-	-	(3,783,134)
Shares issued during the period	150,000	-	80,137	-	-	230,137
Transfer of expired options from option reserve to accumulated losses	-	318,156	(318,156)	-	-	-
Options issued during the period	-	-	52,534	-	-	52,534
Total other comprehensive income for the year	-	-	-	(9,840)	-	(9,840)
Balance at 30.06.2014	8,431,687	(12,278,483)	382,555	(201,632)	71	(3,665,802)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2014

		Consolidated Group	
	Note	**30.06.2014**	**30.06.2013**
		$	**$**
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		3,826,863	3,774,584
Payments to suppliers		(3,572,868)	(3,658,989)
Interest received		191	1,036
Interest paid		(350,623)	(334,579)
Income tax paid		-	(35,696)
Other income		9,134	19,783
Net cash inflow/(outflow) from operating activities	14b	(87,303)	(233,861)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for plant and equipment		(2,732)	(6,914)
Payment for intangible assets		-	(28,862)
Receipts from sale of plant and equipment		24,941	-
Net cash (outflow)/inflow from investing activities		22,209	(35,776)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	100,000
Repayment of hire purchase liabilities		-	(15,163)
Payments to related parties		-	(77,955)
Proceeds from convertible notes		50,000	-
Repayment of convertible notes		(25,000)	-
Proceeds from borrowings		33,041	645,152
Repayment of borrowings		-	(200,000)
Net cash inflow/(outflow) from financing activities		58,041	452,034
Net Increase/(decrease) in cash held		(7,053)	182,397
Cash at beginning of period		(445,785)	(628,957)
Effect of exchange rates on cash holdings in foreign currencies		195	775
Cash at end of period	14a	(452,643)	(445,785)

The accompanying notes form part of these financial statements.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report includes the consolidated financial statements and notes of Multi Channel Solutions Limited and controlled entities ('Consolidated Group' or 'Group').

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The group is a for profit entity for financial reporting purpose under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Going Concern

The financial statements have been prepared on the going concern basis, which assumes the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The net loss after income tax for the consolidated entity for the financial year ended 30 June 2014 was $3,783,134.

The Directors nevertheless believe that it is appropriate to prepare the financial report on a going concern basis for the following reasons:-

- The Group has raised funds throughout the year through convertible notes and loans to fund the company's ongoing working capital requirements.
- The Group has the ability to raise further funding for its operations through the further issue of convertible notes, equity or loans.
- Based on the Group's budget for the year ended June 2015, the directors expect the Group to be profitable in the 2015 financial year.
- The diversification into new categories will broaden the Group distribution base and revenue stream.

a. **Principles of Consolidation**

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Multi Channel Solutions Limited at the end of the reporting period. A controlled entity is any entity over which Multi Channel Solutions Limited has the ability and right to govern the financial and operating policies so as to obtain benefits from the entity's activities.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 15 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated in full on consolidation.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are reported separately within the equity section of the consolidated statement of financial position and statement of comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

Reverse Acquisition

The consolidated financial statements have been prepared using reverse acquisition accounting. In reverse acquisition accounting, the cost of the business combination is deemed to have been incurred by the legal subsidiary Bronson Marketing Pty Ltd (the acquirer for accounting purposes) in the form of equity instruments issued to the owners of the legal parent, Multi Channel Solutions Limited (the acquiree for accounting purposes).

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

b. **Income Tax**

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Tax Consolidation

Multi Channel Solutions Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under tax consolidation legislation. Each entity in the group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the ‘stand-alone taxpayer’ approach to allocation. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity. The group notified the Australian Tax Office that it had formed an income tax consolidated group under the tax consolidation regime. The tax consolidated group has entered a tax funding arrangement whereby each company in the group contributes to

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

the income tax payable by the group in proportion to their contribution to the group's taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding arrangement are recognised as either a contribution by, or distribution to the head entity.

c. **Inventories**

Inventories are measured at the lower of cost and net realisable value.

d. **Plant and Equipment**

Each class of plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment is measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line or diminishing value basis as appropriate over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	**Depreciation Rate**
Plant and equipment	11–40%
Office equipment	10– 50%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

e. **Impairment of Assets**

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

f. **Intangibles**

Goodwill

Goodwill is carried at cost less accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

(i) the consideration transferred;

(ii) any non-controlling interest; and

(iii) the acquisition date fair value of any previously held equity interest,

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

over the acquisition date fair value of net identifiable assets acquired.

The value of goodwill recognised on acquisition of each subsidiary in which the Group holds less than a 100% interest will depend on the method adopted in measuring the aforementioned non-controlling interest. The Group can elect to measure the non-controlling interest in the acquiree either at fair value (*full goodwill method*) or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets (*proportionate interest method*). The Group determines which method to adopt for each acquisition.

Under the *full goodwill method*, the fair values of the non-controlling interests are determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interests is recognised in the consolidated financial statements.

Goodwill on acquisitions of subsidiaries is included in intangible assets.

Goodwill is tested for impairment annually and is allocated to the Group's cash generating units or groups of cash generating units, which represent the lowest level at which goodwill is monitored but where such level is not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

Changes in the ownership interests in a subsidiary are accounted for as equity transactions and do not affect the carrying values of goodwill.

Patents and web design

Patents and web design are recognised at cost. Patents and web design have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents and web design are amortised over their useful life.

Class of Intangible Asset	**Useful Life**
Patents	10 years
Web design	2 years

g. **Foreign Currency Transactions and Balances**

Functional and presentation currency

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of comprehensive income.

Group companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

— assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;

— income and expenses are translated at average exchange rates for the period; and

— retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the balance sheet. These differences are recognised in the statement of comprehensive income in the period in which the operation is disposed.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

h. **Employee Benefits**

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

i. **Provisions**

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

j. **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

k. **Revenue**

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

All revenue is stated net of the amount of goods and services tax (GST).

l. **Trade and Other Payables**

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period which remains unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

m. **Borrowing Costs**

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

n. **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

o. **Share-based payments**

Equity-settled share-based payments are measured at fair value at the date of grant, Fair value is measured by use of the Black Scholes Option Pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

p. **Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

q. **Critical Accounting Estimates and Judgments**

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Key Estimates — Impairment

The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

The discounted cash flow method has been used to arrive at the carrying value of Triple R Agreement in the accounts.

Key Judgements

We are of the opinion that it is prudent to fully impair goodwill and provide for the profit drawings in advance account at 30th June 2014 at this juncture of the Company's development.

	Consolidated	
	2014 $	2013 $

NOTE 2 – REVENUE

	2014 $	2013 $
Revenue from operating activities		
Product sales	3,693,305	3,643,977
Interest received or due and receivable from other persons	191	1,036
Other revenue	9,134	19,783
	3,702,630	3,664,796

NOTE 3 – OPERATING (LOSS)

	2014 $	2013 $
(Loss) before income tax expense includes the following expenses:		
Cost of product sold	2,131,731	1,715,848
Financial expenses	449,431	393,495
Depreciation and amortization	87,677	16,832
Employee benefit expenses	782,959	880,338
Rental and operating lease expenses	171,319	168,688
Impairment of goodwill	2,317,956	1,100,000
Provision for slow moving stock	143,950	-
Provision for profit drawings, in advance	671,516	1,080,757
Provision for doubtful debt	30,252	134,518
Bad debt	8,307	-
Legal compliance and professional fees	120,426	126,930
Warehouse and distribution costs	303,408	325,983

NOTE 4 – CASH AND CASH EQUIVALENTS

	2014 $	2013 $
Cash at bank and in hand	13,747	52,489

NOTE 5 – TRADE AND OTHER RECEIVABLES

	2014 $	2013 $
CURRENT		
Trade receivables	691,568	939,764
Provision for doubtful debt	(30,252)	(147,969)
Provision for settlement discount	(54,161)	(51,082)
	607,155	740,713

NOTE 6 – INVENTORIES

	2014 $	2013 $
Finished goods, at cost	811,950	516,706
Stock in transit, at cost	12,882	31,595
Less provision for slow moving stock	(143,950)	-
	680,882	548,301

NOTE 7 – OTHER ASSETS

	2014 $	2013 $
CURRENT		
Prepayments & deposits	17,678	66,565
Profit drawings in advance	-	339,168
	17,678	405,733
NON CURRENT		
Profit drawings in advance	2,512,755	2,216,984
Less provision for profit drawings in advance	(2,512,755)	(1,916,083)
	-	300,901

	Consolidated 2014 $	Consolidated 2013 $
NOTE 8 – INTANGIBLES		
Goodwill at cost	14,791,630	14,791,630
Less accumulated impairment losses	(14,791,630)	(12,473,674)
	-	2,317,956
Patent & web design, at cost	76,965	76,965
Less accumulated amortisation	(76,965)	-
	-	76,965
Triple R agreement	230,137	-
Net carrying value	230,137	-

NOTE 9 – PLANT AND EQUIPMENT

	2014 $	2013 $
Office furniture, equipment and motor vehicles	190,608	334,670
Less Accumulated depreciation	(153,381)	(264,168)
	37,227	70,502

NOTE 10 – FINANCIAL LIABILITIES

	2014 $	2013 $
CURRENT		
Bank overdraft	466,390	498,274
Trade finance	299,971	283,980
	766,361	782,254
NON CURRENT		
Loans from related parties	982,929	887,345
Convertible notes	1,915,000	1,890,000
Other loans	282,609	345,152
	3,180,538	3,122,497

NOTE 11 – TRADE AND OTHER PAYABLES

	2014 $	2013 $
CURRENT		
Trade Payables	897,775	337,489
Sundry payables and accrued expenses	253,248	271,908
	1,151,023	609,397

NOTE 12 – PROVISIONS

	2014 $	2013 $
CURRENT		
Employee entitlements	154,706	154,911

NOTE 13 – CONTRIBUTED EQUITY

	Consolidated 2014 $	Consolidated 2013 $
Share capital		
99,111,278 (2013: 49,111,278) Ordinary shares, fully paid	8,431,687	8,281,687

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

a) Reserves

i. Foreign Currency Translation Reserve

The foreign currency translation reserve records exchange differences arising on translation of foreign controlled subsidiaries.

ii. Option Reserve

The option reserve records items recognised as expenses on valuation of employee share options.

b) Options

As at 30 June 2014 the following options to acquire Shares were on issue with the following exercise prices and expiry time frames.

Number of Options	Options Issued to	Exercise Price & Expiry
30,000,000	Directors and Executives	$0.04 on or before 30 November 2014

NOTE 14 – CASH FLOW INFORMATION

	Consolidated 2014 $	Consolidated 2013 $
(a) Reconciliation of Cash		
Cash at the end of the financial year as showing in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
Cash and cash equivalents	13,747	52,489
Bank overdraft	(466,390)	(498,274)
	(452,643)	(445,785)

	Consolidated 2014 $	Consolidated 2013 $
(b) Reconciliation of (loss) from ordinary activities after income tax expense to net cash provided by operating activities		
(Loss) from ordinary activities after income tax	(3,783,134)	(1,859,140)
(Less)/add non-cash flows in (loss) from ordinary activities:		
Depreciation	87,677	16,832
Provision for profit drawings in advance	671,516	1,080,757
Provision for slow moving stock	143,950	-
Option issue expense	52,533	-
Impairment of goodwill	2,317,956	1,100,000
Changes in assets and liabilities:		
Decrease /(Increase) in Trade & Other Receivable	123,526	171,170
(Increase)/Decrease in Inventory	(276,531)	16,919
Decrease/(Increase) in Prepayments & Other Current Assets	388,055	(24,054)
(Increase)/Decrease in Other Non-current Assets	(370,260)	(703,319)
(Decrease)/Increase in Income Tax Payable	-	(34,986)
Increase/(Decrease) in Trade & Other Payables	557,614	(18,220)
(Decrease)/Increase in Employee entitlements	(205)	20,181
	(87,303)	(233,861)

NOTE 15 – INTERESTS IN CONTROLLED ENTITIES

a) Controlled Entities

Name	Country of Incorporation	Percentage of ordinary shares equity interest held by the controlled entities 2014	2013
Bronson Marketing Pty Ltd	Australia	100%	100%
Icon Marketing International Pty Ltd	Australia	100%	100%
Bay Street Brands LLC (subsidiary of Icon Marketing International Pty Ltd)	USA	100%	100%
Ab Solutions LLC (subsidiary of Icon Marketing International Pty Ltd)	USA	80.16%	80.16%
Home & Business Consumer Products LLC USA	USA	51%	51%

b) Controlled Entities Acquired

No controlled entities have been acquired or disposed of in the financial year.

NOTE 16 – OPERATING SEGMENTS

Segment Information

Identification of reportable segments

The group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of geographic segments. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- the products sold and/or services provided by the segment;
- the type or class of customer for the products or service;
- the distribution method; and
- external regulatory requirements.

Types of products and services by segment

(i) *USA*

Supplies consumer products to USA Club stores and retail groups.

(ii) *Australia*

Marketing and distribution of consumer based products to large retailers.

(iii) *Corporate*

Provide corporate and legal services to the Group.

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision makers with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Inter-segment transactions

All such transactions are eliminated on consolidation in the Group's financial statements.

NOTE 16 – OPERATING SEGMENTS (CONTINUED)

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Segment liabilities include trade and other payables and certain direct borrowings.

Comparative information

This is the first reporting period in which AASB 8: Operating Segments has been adopted. Comparative information has been re-stated to conform to the requirements of the Standard.

	USA	**Australia**	**Corporate**	**Total**
	$	**$**	**$**	**$**
Year Ended 30.06.2014				
Revenue				
External Sales	56,633	3,636,672	-	3,693,305
Interest Income	-	1	190	191
Other Revenue	-	9,134	-	9,134
Inter-Segment Sales	-	-	-	-
Total Segment Revenue	**56,633**	**3,645,807**	**190**	**3,702,630**
Inter-Segment Elimination	-	-	-	-
Total Group Revenue	**56,633**	**3,645,807**	**190**	**3,701,630**
Segment Net (Loss)/Profit (before tax)	**(904,107)**	**(113,273)**	**(2,765,754)**	**(3,783,134)**
Year Ended 30.06.2013				
Revenue				
External Sales	178,367	3,465,610	-	3,643,977
Interest Income	-	2	1,034	1,036
Other Revenue	-	19,783	-	19,783
Inter-Segment Sales	-	162,654	6,000	168,654
Total Segment Revenue	**178,367**	**3,648,049**	**7,034**	**3,833,450**
Inter-Segment Elimination	-	(162,654)	(6,000)	(168,654)
Total Group Revenue	**178,367**	**3,485,395**	**1,034**	**3,664,796**
Segment Net (Loss)/Profit (before tax)	**(545,715)**	**269,580**	**(1,583,005)**	**(1,859,140)**
(ii) Segment Assets				
As at 30.06.2014				
Segment Assets	857,371	8,645,982	232,242	9,735,595
Segment asset increases for the period				
Capital Expenditure	-	2,732	-	2,732
Inter-segment eliminations	(844,674)	(7,306,727)	(100)	(8,151,501)
Total Group Assets	**12,697**	**1,341,987**	**232,142**	**1,586,826**

NOTE 16 – OPERATING SEGMENTS (CONTINUED)

	USA	Australia	Corporate	Total
	$	$	$	$
As at 30.06.2013				
Segment Assets	1,745,630	8,244,982	2,352,652	12,443,264
Segment asset increases for the period				
Capital Expenditure	28,170	6,915	-	35,085
Inter-segment eliminations	(866,990)	(6,997,698)	(100)	(7,864,788)
Total Group Assets	**906,810**	**1,254,199**	**2,352,552**	**4,513,561**

(iii) Segment Liabilities

	USA	Australia	Corporate	Total
As at 30.06.2014				
Segment Liabilities	8,085,556	9,587,126	3,056,391	20,729,073
Inter-segment eliminations	(8,068,066)	(6,979,811)	(428,568)	(15,476,445)
Total Liabilities	**17,490**	**2,607,315**	**2,627,823**	**5,252,628**
Segment Liabilities				
As at 30.06.2013				
Segment Liabilities	7,669,376	9,077,036	2,693,716	19,440,128
Inter-segment eliminations	(7,570,833)	(6,981,167)	(219,069)	(14,771,069)
Total Liabilities	**98,543**	**2,095,869**	**2,474,647**	**4,669,059**

(iv) ***Major customers***

The Group has a number of customers to which it provides products. In the USA segment, the Group supplied one single external customer which accounts for 52.32% of external revenue (2013: 52.30%). The next most significant client accounts for 16.83% (2013: 16.60%).

In the Australia segment the Group supplies one external customer which accounts for 55.20% of external revenue (2013: 58.26%). The next most significant client accounts for 13.70% (2013: 15.82%).

NOTE 17 – EARNINGS PER SHARE

	2014 $	2013 $
(a) Net (Loss) Net (loss) used in the calculation of basic and dilutive EPS	(3,783,134)	(1,859,140)
(b) Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share.	67,193,470	41,805,342

NOTE 18 – EVENTS SUBSEQUENT TO BALANCE DATE

There are no events of a significant nature that have occurred since the end of the financial year that will materially affect the accounts of the Group.