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**Amended Form 603: Notice of initial substantial holder in SurfStitch
Group Limited ACN 602 288 004**

From Jacqueline Pollard 18 December 2014
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Pages 84 (Including cover sheet)

To ASX Market Announcements Office
ASX Limited
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Form 603
Corporations Act 2001
Section 671B

Notice of initial substantial holder

To Company Name/Scheme SurfStitch Group Limited

ACN/ARSN 602 268 004

1. Details of substantial holder (1)

Name Justin Paul Towells Stone

ACN/ARSN (if applicable) _____

The holder became a substantial holder on 18/12/2014

2. Details of voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

Class of securities (4)	Number of securities	Person's votes (5)	Voting power (6)
ORD	11,425,983	11,425,983	5.34%

3. Details of relevant interests

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities
Justin Paul Towells Stone	Relevant interest under section 608(1)(a) or 608(1)(b) or 608(1)(c) of the Corporations Act 2001 (Cth)	11,425,983 ordinary shares

4. Details of present registered holders

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Class and number of securities
Justin Paul Towells Stone	Justin Paul Towells Stone	Justin Paul Towells Stone	11,225,983 ordinary shares
Justin Paul Towells Stone	Pacific Custodians Pty Limited (ACN 009 662 866) as trustee for the trust established by the Trust Deed for SurfStitch Group Limited and SurfStitch Holdings Pty Limited equity incentive plans executed on 26 November 2014	Pacific Custodians Pty Limited (ACN 009 662 866) as trustee for the trust established by the Trust Deed for SurfStitch Group Limited and SurfStitch Holdings Pty Limited equity incentive plans executed on 26 November 2014	200,000 ordinary shares

5. Consideration

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

Holder of relevant interest	Date of acquisition	Consideration (9)	Class and number of securities
Justin Paul Towells Stone	15/12/2014	The sale of 31,781 ordinary shares in SurfStitch Shop Limited (a company incorporated in England with registered number 06648145).	11,225,983 ordinary shares
Justin Paul Towells Stone	15/12/2014	The sale of 200,000 ordinary shares in SurfStitch Holdings Pty Limited (ACN 801 114 603) pursuant to the Implementation Deed dated 27 November 2014.	200,000 ordinary shares

6. Associates

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:

Name and ACN/ABN (if applicable)	Nature of association

7. Addressees

The addresses of persons named in this form are as follows:

Name	Address
Justin Paul Towells Stone	58A Credition Hill, West Hampstead, London, NW8 1HR
Pacific Custodians Pty Limited (ACN 009 882 888)	Level 12, 680 George Street, Sydney, New South Wales, 2000

Signature

print name Justin Paul Towells Stone

capacity *MANAGING DIRECTOR*

sign here

date *17/12/2014*

DIRECTIONS

- (1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 7 of the form.
- (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
- (3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
- (4) The voting shares of a company constitute one class unless divided into separate classes.
- (5) The total number of votes attached to all the voting shares in the company or voting interests in the scheme (if any) that the person or an associate has a relevant interest in.
- (6) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (7) Include details of:
 - (a) any relevant agreement or other circumstances by which the relevant interest was acquired. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
 - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).

See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
- (8) If the substantial holder is unable to determine the identity of the person (eg. if the relevant interest arises because of an option) write "unknown."
- (9) Details of the consideration must include any and all benefits, moneys and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.



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7 November 2014

Mr. Justin Stone
and
SurfStitch Holdings Pty Limited

**SALE AND PURCHASE AGREEMENT
FOR SHARES IN
SURFDOME SHOP LIMITED**

Herbert Smith Freehills LLP

TABLE OF CONTENTS

Clause	Headings	Page
1.	INTERPRETATION	1
2.	SALE AND PURCHASE.....	1
3.	CONSIDERATION.....	1
4.	CONDITIONS.....	2
5.	CONDUCT OF BUSINESS BEFORE COMPLETION	2
6.	COMPLETION.....	3
7.	SELLER WARRANTIES.....	4
8.	SELLER LIMITATIONS ON LIABILITY	4
9.	PURCHASER WARRANTIES.....	7
10.	TERMINATION.....	7
11.	MISCELLANEOUS	8
12.	NOTICES.....	10
13.	GOVERNING LAW.....	11
14.	DISPUTE RESOLUTION	11
	SCHEDULE 1 DETAILS OF THE COMPANY	13
	SCHEDULE 2 DETAILS OF THE SELLER, SHARES AND CONSIDERATION	14
	SCHEDULE 3 THE ADDITIONAL SPAS.....	15
	SCHEDULE 4 CONDUCT OF BUSINESS BEFORE COMPLETION	18
	SCHEDULE 5 COMPLETION OBLIGATIONS.....	18
	SCHEDULE 6 SELLER WARRANTIES	21
	SCHEDULE 7 PURCHASER WARRANTIES.....	40
	SCHEDULE 8 REAL PROPERTY	42
	SCHEDULE 9 OUTSTANDING DOMAIN NAMES.....	43
	SCHEDULE 10 DEFINITIONS AND INTERPRETATION	44

AGREED FORM DOCUMENTS

Deed of Termination of Put / Call Option Agreement
Deed of Termination of Shareholders' Agreement
Disclosure Letter
Service Agreement
Tax Deed
Voluntary Escrow Deed

THIS AGREEMENT is made on 7 November 2014

BETWEEN:

- (1) Mr. Justin Stone, whose details are set out in Schedule 2 (the "Seller"); and
- (2) SurfStitch Holdings Pty Limited, a company incorporated in Australia with Australian Company Number 601 114 603 and whose registered office is at 225 Burielgh Connection Road, Burielgh Heads, Queensland, Australia 4220 (the "Purchaser").

RECITALS:

The Seller has agreed to sell and transfer to the Purchaser his shares in the Company upon the terms and subject to the conditions set out in this Agreement.

IT IS AGREED as follows:

1. INTERPRETATION

- 1.1 The definitions and other interpretative provisions set out in Schedule 10 shall apply throughout this Agreement, unless the contrary intention appears.
- 1.2 In this Agreement, except where the context otherwise requires, any reference to this Agreement includes a reference to the Schedules, each of which forms part of this Agreement for all purposes.

2. SALE AND PURCHASE

Sale and purchase

- 2.1 The Seller is the legal and beneficial owner of and shall sell and the Purchaser shall purchase the Shares on the basis that they are sold at Completion with Full Title Guarantee and free from any Encumbrance and together with all rights attached to them at the date of this Agreement or subsequently becoming attached to them.

Waiver of rights

- 2.2 The Seller waives and agrees to procure the waiver of any restrictions on, or provisions relating to, transfer and any rights to acquire or dispose of Company Shares, including pre-emption rights, rights of first offer, tag along rights, drag along rights, put options and call options, relating to or exercisable by him and which may exist (now or prior to Completion) in relation to Company Shares or the sale of the Shares to the Purchaser, under the articles of association of the Company, any shareholders' agreement or otherwise (including, but not limited to, the Shareholders' Agreement and the Put / Call Option Agreement).
- 2.3 Without prejudice to Clause 2.2, the Seller waives the right of first offer and tag along rights set out in schedule 4 to the Shareholders' Agreement in relation to the sale of Company Shares to the Purchaser.

3. CONSIDERATION

Consideration

- 3.1 The consideration for the sale of the Shares shall be:
 - 3.1.1 the payment at Completion to the Seller of the sum set out in column (4) of Schedule 2; and
 - 3.1.2 the allotment at Completion to the Seller, credited as fully paid, by the issuer of the number of Consideration Shares set out in column (5) of Schedule 2.

4. CONDITIONS

Conditions

- 4.1 Completion is conditional on the following Conditions being satisfied on or before 16 December 2014 (or such later date as the Parties may agree) (the "Longstop Date"):

- 4.1.1 the allotment and issue of shares in the issuer pursuant to the terms of the Offer;
- 4.1.2 ASX confirming that it will admit the issuer to the official list of ASX subject to customary conditions; and
- 4.1.3 the Conditions to completion set out in each of the Additional SPAs, (other than the satisfaction of the conditions in this clause 4.1) having been satisfied.

Waiver

- 4.2 The Purchaser may, by written notice to the Seller, waive any or all of the Conditions in whole or in part at any time on or before the Longstop Date.
- 4.3 The Purchaser and the Seller shall use reasonable endeavours to satisfy or procure the satisfaction of Condition 4.1.4 as soon as possible and in any event on or before the Longstop Date, except to the extent that such Condition has been waived by the Purchaser prior to the Longstop Date.

Failure to satisfy Conditions

- 4.4 If one or more of the Conditions:

- 4.4.1 remains unsatisfied on the Longstop Date and has not been waived on or before that date; or
- 4.4.2 becomes impossible to satisfy on or before the Longstop Date and, if it is a Condition which can be waived by a Party, has not been waived within five Business Days of such Condition becoming impossible to satisfy;

the Purchaser may give notice to the Seller that it wishes to terminate this Agreement and in the event that such termination is as a result of Conditions 4.1.1 and/or 4.1.2 remaining unsatisfied, the provisions of clause 11.18 shall apply.

5. CONDUCT OF BUSINESS BEFORE COMPLETION

Normal course

- 5.1 Pending Completion the Seller shall procure, so far as he is able, that the Company continues to carry on business in the normal course in compliance with all laws and regulations applicable to it and in substantially the same manner as its businesses have been carried on before the date of this Agreement, so as to maintain each such business as a going concern and with a view to profit.

Protection of business and assets

- 5.2 Pending Completion the Seller shall procure, so far as he is able, that the Company takes all reasonable steps to preserve and protect its business and assets and the Seller shall notify the Purchaser in writing promptly of any material adverse change in such business or assets which is reasonably likely to be of concern to a prospective purchaser of the same.

Access

- 5.3 Subject to Applicable Law and during normal business hours following production of reasonable written notice to the Seller, pending Completion the Seller shall procure, so far as he is able, that the Purchaser and any person authorised by it:

5.3.1 is given full access to all the books and records, documents, information, data and financial affairs, including the statutory books, minute books, contracts, customer lists, supplier lists and leases of the Company; and

5.3.2 may visit and inspect any premises of the Company and discuss the affairs, finances and accounts of the Company with its officers and employees.

Schedule 4

5.4 Schedule 4 shall apply and, pending Completion, the Seller shall notify the Purchaser immediately of any matter, circumstance, act or omission which is or may be a breach of Schedule 4.

6. COMPLETION

Completion Date

6.1 Completion shall take place at the offices of the Purchaser's Solicitors on the day of satisfaction, or (if capable of waiver) waiver, of all the Conditions or at such other place or time as the Seller and Purchaser shall agree.

Seller's obligations

6.2 At Completion, the Seller shall observe and perform all of the provisions of Part 1 of Schedule 5.

Purchaser's obligations

6.3 At Completion, the Purchaser shall observe and perform all of the provisions of Part 2 of Schedule 5.

All Shares

6.4 The Purchaser shall not be obliged to complete the purchase of any of the Shares unless simultaneously:

6.4.1 the Seller completes the sale of all the Shares;

6.4.2 the respective sellers under the Additional SPAs complete the sale of all Company Shares to be purchased by the Purchaser pursuant to those agreements,

but completion of the purchase of some of the Shares will not affect the rights of the Purchaser with respect to the purchase of the others.

Seller's default at Completion

6.5 If, in any respect, the Seller has not complied with the requirements of Clause 6.2 and the provisions of Part 1 of Schedule 5 at the time and on the date set for Completion, the Purchaser may:

6.5.1 defer Completion with respect to some or all of the Shares to a date selected by the Purchaser being not more than 28 days after that date (in which case this Clause 6 shall apply to Completion as so deferred); or

6.5.2 proceed to Completion as far as practicable (including, at the Purchaser's option, completion of the purchase of some only of the Shares) and in any case without prejudice to its rights under this Agreement; or

6.5.3 give notice to the Seller that it wishes to terminate this Agreement.

7. SELLER WARRANTIES

Seller Warranties

- 7.1 Subject to the limitations in Clause 8, the Seller warrants to the Purchaser in the terms of the Seller Warranties.
- 7.2 Subject to the limitations in Clause 8, the Seller warrants to the Purchaser that the Seller Warranties are true and accurate at the date of this Agreement.

- 7.3 Each of the Seller Warranties shall be construed as a separate and independent warranty and except where this Agreement expressly provides otherwise, each Seller Warranty is not limited by the other provisions of this Agreement, including the other Seller Warranties.
- Seller's knowledge**

- 7.4 Where any of the Seller Warranties is qualified by the expression "to the best of the knowledge, information and belief of the Seller" or "so far as the Seller is aware" or any similar expression, that Seller Warranty shall be deemed to have made reasonable enquiry into the subject matter of the relevant Seller Warranty or Seller Warranties.

- 7.5 The Seller shall immediately disclose to the Purchaser any matter or thing which arises or of which he becomes aware after entering into this Agreement which is inconsistent with or a breach of any of the Seller Warranties or which might render any of the Seller Warranties misleading or would be material to a purchaser for value of the Shares or would be a breach of Schedule 4. However, the Seller shall not be obliged to make any enquiries in relation to the possible occurrence of any such matter or specifically monitor the business of the Company for the purposes of assessing the possible occurrence of any such matter.

No claims against the Company

- 7.6 The Seller shall not (if a claim is made against him in connection with the sale of the Shares to the Purchaser) make any claim against the Company or against any director, employee, agent or officer of the Company on whom the Seller may have relied before agreeing to any term of this Agreement or the Tax Deed or authorising any statement in the Disclosure Letter. The Seller acknowledges that he has no rights to make any such claim. This shall not prevent the Seller from claiming against any person selling shares in the Company to the Purchaser pursuant to the Additional SPAs under any right of contribution or indemnity to which he may be entitled.

Claims against the Seller

- 7.7 The Purchaser hereby agrees that if, on or after Completion, a claim is made against the Seller by any party to any of the Additional SPAs (other than the Purchaser) in connection with the sale of the Shares to the Purchaser or the transactions contemplated by the Additional SPAs, the Purchaser will and will procure that the Company will provide the Seller with access to all relevant information which is reasonably requested by the Seller and which is in the possession of the Company or the Purchaser to assist the Seller with the investigation, handling or defence of such claim. For the avoidance of doubt, this Clause 7.7 does not constitute an agreement between the Parties as to the payment or indemnification of any Costs.

8. SELLER LIMITATIONS ON LIABILITY

Disclosure

- 8.1 The Seller shall not be liable in respect of a General Claim or a Tax Claim to the extent that the facts and circumstances giving rise to such claim are Disclosed.
- 8.2 The Seller's liability in respect of a Claim shall, as applicable, be limited by the provisions of this Clause 8.

Time limits

- 8.3 The Seller shall not be liable for any General Claim or Tax Claim unless the Purchaser gives to the Seller written notice containing a summary of the nature, basis and anticipated quantum of the same as far as is known to the Purchaser, on or before the date being:
- 8.3.1 18 months from the date of this Agreement in respect of a General Claim; or
- 8.3.2 3 years from the date of Completion in respect of a Tax Claim.
- 8.4 A General Claim or a Tax Claim shall not be enforceable against the Seller and shall be deemed to have been irrevocably withdrawn with prejudice to future actions in relation to the same matter unless legal proceedings in respect of such claim are properly issued and validly served upon the Seller within 6 months of service of notice of the claim on the Seller pursuant to clause 8.3.

Monetary Limits

- 8.5 The aggregate amount of the liability of the Seller in respect of:
- 8.5.1 the aggregate of all Claims (other than Title and Capacity Claims) shall not exceed GBP£2,000,000; and
- 8.5.2 the aggregate of all Claims in relation to Title and Capacity Claims shall not exceed the consideration actually received and unconditionally vested in the Seller pursuant to clause 3.1.
- 8.6 The Seller shall have no liability in respect of any Claim (other than a Title and Capacity Claim) unless the aggregate amount of the liability of the Seller in respect of all Claims exceeds GBP£50,000 in which case the Seller shall be liable for the full amount of the Claims not just the excess.
- 8.7 The Seller shall have no liability in respect of any Claim (other than a Title and Capacity Claim) unless the Claim (or the aggregate of a series of connected Claims or Claims arising out of similar facts or circumstances) exceeds GBP £20,000 in which case the Seller shall be liable for the full amount of the Claim not just the excess.

Changes in law, regulation and practice

- 8.8 Subject to Clause 8.9, the Seller shall not be liable in respect of a Claim (other than a Tax Claim) to the extent that:
- 8.8.1 the Claim arises or is increased as a result of any change in generally accepted accounting practice after the date of this Agreement;
- 8.8.2 specific provision or reserve has been made within the Accounts or Management Accounts for the relevant matter;
- 8.8.3 the Claim arises or is increased as a result of any voluntary act, omission, transaction or arrangement of the Purchaser or any group undertaking of the Purchaser (or their respective directors, employees or agents) on or after the date of this Agreement;
- 8.8.4 the Claim arises or is increased as a result of any voluntary act, omission, transaction or arrangement carried out at the request or with the consent of the Purchaser or any of its group undertakings before Completion;
- 8.8.5 any change in the accounting policies or practice of the Purchaser, its group undertakings or the Company after Completion; or

8.8.6 the passing of any legislation, or making of any subordinate legislation after the date of this Agreement.

- 8.9 The limitations at Clause 8.8.3 shall not apply to the extent that they apply to any act, omission, transaction or arrangement (as applicable) which occurred or was carried out by the Seller (save to the extent that such act, omission, transaction or arrangement (as applicable) was carried out by the Seller with the written consent of, or at the written direction of, the Purchaser after the date of this Agreement).

Actions by third parties

- 8.10 If the Purchaser becomes aware of any claim, action or demand made against it or the Company by a third party (a "Third Party Claim") which may give rise to a Claim (other than a Tax Claim):

8.10.1 the Purchaser shall, as soon as practicable, notify the Seller giving reasonable details, so far as they are known to the Purchaser, of the relevant facts and circumstances relating to the Third Party Claim; and

8.10.2 the Purchaser shall keep the Seller reasonably informed of all material developments in relation to the Third Party Claim within its knowledge;

Sums recoverable from third parties

- 8.11 Subject to Clause 8.12, where the Purchaser is entitled to recover from any person any sum in respect of any matter or event which gives rise to a Claim (other than a Tax Claim to which Clause 8 of the Tax Deed instead applies), the Purchaser shall use its reasonable endeavours to recover that sum and shall keep the Seller informed of the conduct of such recovery. The Purchaser shall take all necessary steps to enforce such recovery or seek such reimbursement from the relevant third party and shall do so before making a Claim provided that this obligation shall not prejudice the Purchaser's position in accordance with clauses 8.3 and 8.4. Any sum recovered by the Purchaser before settlement or final determination of the Claim (less any costs and expenses incurred by the Purchaser in recovering the sum and any Tax attributable to or suffered in respect of the sum recovered) will reduce the amount of the Claim by an equivalent amount. If recovery is delayed until after the Claim has been satisfied by the Seller, the Purchaser shall (subject to the remaining provisions of this Clause) repay to the Seller the amount so recovered (less any costs and expenses incurred by the Purchaser and in recovering the sum and any Tax attributable to or suffered in respect of the sum recovered). If the amount so recovered exceeds the amount of the Claim satisfied by the Seller the Purchaser shall be entitled to retain the excess.

Insurance

- 8.12 The Seller shall not be liable in respect of a Claim (other than a Tax Claim to which Clause 8 of the Tax Deed instead applies) to the extent that the Claim relates to any loss which is recoverable by the Purchaser (or any assignee or successor in title thereof) or the Company from its insurers and the Purchaser shall use all reasonable endeavours to procure that such recovery is made under the relevant policies of insurance maintained by the Company or the Purchaser or any of its undertakings. The Seller's liability in respect of any such Claim shall then be reduced by the amount recovered under such policy of insurance (less any costs and expenses incurred by the Purchaser and in recovering the sum and any Tax attributable to or suffered in respect of the sum recovered), or extinguished if the amount so recovered exceeds the amount of the Claim.

Recovery by Purchaser

- 8.13 The Seller shall have no liability in respect of any Claim unless and until such Claim becomes a Substantiated Claim.

Mitigation

- 8.14 Nothing in this Clause 8 restricts or limits any general obligation at law of the Purchaser or the Company to mitigate any loss or damage which it may suffer or incur as a consequence of any breach of any Seller Warranty.

9. PURCHASER WARRANTIES

- 9.1 The Purchaser warrants to the Seller that on the date of this Agreement the Purchaser Warranties are true, accurate and not misleading.
- 9.2 The Purchaser shall not be liable for a claim under the Purchaser Warranties unless the Seller gives to the Purchaser written notice containing all material details required to assess and quantify the relevant claim under the Purchaser Warranties on or before the date being 18 months from the date of this Agreement.
- 9.3 The aggregate amount of the liability of the Purchaser in respect of the Purchaser Warranties shall not exceed GBP£2,000,000.

10. TERMINATION**Termination events**

- 10.1 Subject to Clause 10.2, this Agreement shall automatically terminate with immediate effect and each Party's rights and obligations shall cease to have force and effect:

10.1.1 If, before Completion:

- (A) the Seller is in material breach, whether repudiatory or not, of any term of this Agreement which is material to the sale of the Shares to the extent that such breach cannot reasonably be remedied by the Seller prior to Completion (following receipt of notice from the Purchaser setting out details of such breach and recommended remedial action) and the Purchaser gives notice to the Seller that it wishes to terminate; or
- (B) subject to the provisions of clause 8, legal proceedings in respect of a Claim are properly issued and validly served upon the Seller;
- (C) the Purchaser is in material breach, whether repudiatory or not, of any term of this Agreement which is material to the sale of the Shares or payment of the Consideration to the extent that such breach cannot reasonably be remedied by the Purchaser prior to Completion (following receipt of notice from the Seller setting out details of such breach and recommended remedial action) and the Seller gives notice to the Purchaser that it wishes to terminate;

- 10.1.2 If the Purchaser gives notice to the Seller pursuant to Clause 4.4.

- 10.1.3 If the Purchaser gives notice to the Seller pursuant to Clause 6.5.3 that it wishes to terminate this Agreement.

Effect of termination

- 10.2 The termination of this Agreement shall not affect:

- 10.2.1 any rights or obligations which have accrued or become due prior to the date of termination; and
- 10.2.2 the continued existence and validity of the rights and obligations of the Parties under any provision which is expressly or by implication intended to continue in force after termination (together with those Clauses necessary for their

interpretation) including this Clause and Clauses 1, 7, 8, 9, 11.1, 11.2, 11.3, 11.4, 11.5, 11.7, 11.8, 11.9, 11.11, 11.12, 11.13, 11.14, 11.15, 11.16, 11.17, 12, 13 and 14.

11. MISCELLANEOUS

Disclosure of Information

- 11.1 The Seller shall at the Purchaser's request supply to the Purchaser such information and reports concerning the Company as may be required by the Purchaser or the issuer to comply with any Applicable Law or regulation or the rules of ASX as to any prospectus, continuing obligations or circular to be published by the Purchaser or the issuer or any announcement required to be made in relation to this Agreement or any matters contemplated by it.
- 11.2 The Purchaser shall not be prevented from making any announcement or other disclosure concerning the sale and purchase of the Shares or any ancillary matter before or after Completion by the Parties (whether to the press, employees, customers or suppliers or otherwise) as required by any Applicable Law or regulation or the rules of ASX in connection with the Prospectus or as deemed desirable, provided always the Purchaser shall afford the Seller an opportunity to review such announcement or disclosure and shall take into account such comments as the Purchaser determines, in good faith, are reasonable.

No partnership

- 11.3 Nothing in this Agreement or in any document referred to in it shall constitute any of the Parties a partner of any other, nor shall the execution, completion and implementation of this Agreement confer on any Party any power to bind or impose any obligations to any third parties on any other Party or to pledge the credit of any other Party.

Assignment

- 11.4 Any Party may assign (whether absolutely or by way of security and whether in whole or in part), transfer, mortgage, charge or otherwise dispose in any manner whatsoever of the benefit of this Agreement and any Party may sub-contract or delegate in any manner whatsoever its performance under this Agreement.
- 11.5 In the event of an assignment pursuant to Clause 11.4, the original contracting Party remains liable to procure the performance of its obligations under the Agreement by the assignee.

Third party rights

- 11.6 No term of this Agreement is enforceable under the Contracts (Rights of Third Parties) Act 1999 by a person who is not a Party to this Agreement.

Entire Agreement

- 11.7 Each of the Parties to this Agreement confirms that this Agreement together with the agreed form documents, represents the entire understanding, and constitutes the whole agreement, in relation to its subject matter and supersedes any previous agreement between the Parties with respect thereto and, without prejudice to the generality of the foregoing, excludes any warranty, condition or other undertaking implied at law or by custom, usage or course of dealing.

- 11.8 Each Party confirms that:

- 11.8.1 in entering into this Agreement it has not relied on any representation, warranty, assurance, covenant, indemnity, undertaking or commitment which is not

expressly set out or referred to in this Agreement or the agreed form documents;
and

- 11.8.2 In any event, without prejudice to any liability for fraudulent misrepresentation or fraudulent misstatement, the only rights or remedies in relation to any representation, warranty, assurance, covenant, indemnity, undertaking or commitment given or action taken in connection with this Agreement or with any of the agreed form documents are those pursuant to this Agreement or such agreed form document, and no Party has any other right or remedy (whether by way of a claim for contribution or otherwise) in tort (including negligence) or for misrepresentation (whether negligent or otherwise, and whether made prior to, or in, this Agreement).

Unenforceable provisions

- 11.9 If any provision or part of this Agreement is void or unenforceable due to any Applicable Law, it shall be deemed to be deleted and the remaining provisions of this Agreement shall continue in full force and effect.

Effect of Completion

- 11.10 So far as it remains to be performed, this Agreement shall continue in full force and effect after Completion. The rights and remedies of the Parties shall not be affected by Completion.

Waiver

- 11.11 The rights and remedies of the Parties shall not be affected by any failure to exercise or delay in exercising any right or remedy or by the giving of any indulgence by any other Party or by anything whatsoever except a specific waiver or release in writing and any such waiver or release shall not prejudice or affect any other rights or remedies of the Parties. No single or partial exercise of any right or remedy shall prevent any further or other exercise thereof or the exercise of any other right or remedy.

Variation

- 11.12 No variation of this Agreement (or any of the documents referred to in it) shall be valid unless it is in writing (which, for this purpose, does not include email) and signed by or on behalf of each of the Parties. The expression "variation" includes any variation, supplement, deletion or replacement however effected.

Counterparts

- 11.13 This Agreement may be executed in any number of counterparts and by the Parties to it on separate counterparts, each of which when executed and delivered shall be an original, but all the counterparts together constitute one instrument.

Taxation of payments

- 11.14 Any payment made by or due from the Seller under, or pursuant to the terms of, this Agreement shall be free and clear of all Taxation whatsoever save only for any deductions or withholdings required by law.

Payments net of Tax

- 11.15 If any deductions or withholdings are required, or any payments made by or due from the Seller under this Agreement are liable for Taxation (whether in the hands of the Purchaser or the Company or otherwise), or would have been liable for Taxation but for the utilisation of any Tax relief in respect of such liability, the Seller shall be liable to pay to the Purchaser, the Company (as the case may be) such further sums as shall be required to ensure that the net amount received by the Purchaser or the Company (as the case may be) will equal the full amount which would have been received under the relevant

provisions of this Agreement in the absence of any such deductions, withholdings or Taxation liabilities.

No set off, deduction or counterclaim

- 11.16 Every payment payable by the Seller under this Agreement shall be made in full without any set off or counterclaim howsoever arising and shall be free and clear of, and without deduction of, or withholding for or on account of, any amount which is due and payable to the Seller under this Agreement.

Costs of the Parties

- 11.17 Subject to Clauses 11.18, 11.19 and 11.20 and save as otherwise agreed by the Parties in writing, the Parties shall pay their own Costs in connection with the preparation and negotiation of this Agreement and any matter contemplated by it.
- 11.18 The Purchaser hereby agrees that, on or after Completion, the Company will pay the properly invoiced fees and reasonable disbursements of Herrington & Carmichael LLP incurred by the Seller and the Management Shareholders for legal advice in relation to the transactions contemplated by this Agreement and each of the Additional SPAs to which a Management Shareholder is party up to an aggregate amount of £100,000 (inclusive of any irrevocable VAT on such amount).
- 11.19 If the Purchaser gives notice to the Seller pursuant to Clause 4.4, the Purchaser shall indemnify and keep indemnified the Seller against all expenses and Costs incurred by it in relation to the Transaction which the parties acknowledge shall include, but not be limited to, the preparation and negotiation of the Agreement and the agreed form documents except that the aggregate amount of the liability of the Purchaser in respect of this Clause 11.19 and the equivalent clause in any of the Additional SPAs shall not exceed GBP£150,000.

Further assurance

- 11.20 The Seller shall, after Completion, execute all such deeds and documents and do all such things as the Purchaser may reasonably require for perfecting the transactions intended to be effected under, or pursuant to, this Agreement and for giving the Purchaser the full benefit of the provisions of this Agreement, including vesting in the Purchaser the legal and beneficial title to the Shares but provided that the Seller shall not be required to pay or to reimburse the Purchaser for any stamp duty liability arising due to the transfer by the Seller of the Shares to the Purchaser.

12. NOTICES

- 12.1 A notice (including any approval, consent or other communication) in connection with this Agreement and the documents referred to in it:

12.1.1 must be in writing;

12.1.2 must be left at or delivered by courier to the address of the addressee or sent by pre-paid recorded delivery (airmail if posted to or from a place outside the United Kingdom) to the address of the addressee which is specified in this Clause in relation to the Party to whom the notice is addressed, and marked for the attention of the person so specified, or to such other address or marked for the attention of such other person, as the relevant Party may from time to time specify by notice given in accordance with this Clause.

The relevant details of each Party at the date of this Agreement are:

Seller

Address: 58A Crediton Hill, West Hampstead, London, NW6 1HR

Purchaser

Address: 225 Burleigh Connection Road, Burleigh Heads, Queensland, Australia 4220

Attention: The Company Secretary

12.1.3 must not be sent by electronic mail.

12.2 In the absence of evidence of earlier receipt, any notice shall take effect from the time that it is deemed to be received in accordance with Clause 12.3.

12.3 Subject to Clause 12.4, a notice is deemed to be received:

12.3.1 In the case of a notice left at the address of the addressee, upon delivery at that address; and

12.3.2 in the case of a posted letter, on the third day after posting or, if posted to or from a place outside the United Kingdom, the seventh day after posting.

12.4 A notice received or deemed to be received on a day which is not a business day in the place of receipt, or after 5pm on any business day in the place of receipt, shall be deemed to have been received on the next following business day in the place of receipt (and for the purposes of this Clause a business day in the place of receipt shall mean a day (other than a Saturday or Sunday) on which banks are open for general business in that place).

13. GOVERNING LAW

13.1 This Agreement and any dispute or claim arising out of or in connection with it or its subject matter, existence, negotiation, validity, termination or enforceability (including non-contractual disputes or claims) shall be governed by and construed in accordance with English law.

14. DISPUTE RESOLUTION

14.1 Each Party irrevocably agrees that the Courts of England shall have exclusive jurisdiction in relation to any dispute or claim arising out of or in connection with this Agreement or its subject matter, existence, negotiation, validity, termination or enforceability (including non-contractual disputes or claims).

14.2 Each Party irrevocably waives any right that it may have to object to an action being brought in those Courts, to claim that the action has been brought in an inconvenient forum, or to claim that those Courts do not have jurisdiction.

14.3 Regardless of whether the courts of any country other than England have jurisdiction to consider a dispute falling within Clause 14.1 of this Agreement, each Party irrevocably undertakes that it will neither issue nor cause to be issued originating or other process in respect to such a dispute in any jurisdiction other than England.

14.4 In the event that any Party commences an action in the courts of any country other than England (a "foreign action"), the Party which commenced the foreign action shall indemnify the other Party in respect of any and all costs and liabilities which it has incurred in connection with the foreign action, whether or not those costs and liabilities would be recoverable apart from the provisions of this Clause.

14.5 Each Party agrees that without preventing any other mode of service, any document in an action (including a claim form or any other document to be served under the Civil Procedure Rules) may be served on any Party by being delivered to or left for that Party at

its address for service of notices under Clause 12 and each Party undertakes to maintain such an address at all times in the United Kingdom and to notify the other Party in advance of any change from time to time of the details of such address in accordance with the manner prescribed for service of notices under Clause 12.

This Agreement has been duly executed by the Parties (or their duly authorised representatives) on the date specified at the beginning of this Agreement.

SCHEDULE 1**DETAILS OF THE COMPANY**

Registered number:	05848146
Company status:	Private company limited by shares
Country of incorporation:	England
Registered office:	9 th Floor, York House Empire Way, Wembley, Middlesex, United Kingdom, HA9 0PA
Issued share capital:	112,486 ordinary shares of nominal value £0.01 each
Directors:	Charles Stuart Exon II Brad Louis Holman Jonathan Lane Richard Jonathan Shields Justin Paul Towells Stone
Secretary:	Emma Stone

SCHEDULE 2**DETAILS OF THE SELLER, SHARES AND CONSIDERATION**

Seller's name and address	Number of ordinary shares in the Company held at date of Agreement	Number of ordinary shares in the Company to be sold	Cash consideration	Number of Consideration Shares to be allotted
(1)	(2)	(3)	(4)	(5)
Justin Paul Towells Stone 58A Crediton Hill, West Hampstead, London, NW8 1HR	31,781	31,781	A\$7,308,960.70	11,226,983

SCHEDULE 3
THE ADDITIONAL SPAS

Parties

1. Na Pali Europe S.à.r.l. and SurfStitch Holdings Pty Limited
2. Christopher Davies and SurfStitch Holdings Pty Limited
3. Joanne O'Brien and SurfStitch Holdings Pty Limited
4. Marc Diprose and SurfStitch Holdings Pty Limited
5. Emma Stone and SurfStitch Holdings Pty Limited
6. Jonathan Lane and SurfStitch Holdings Pty Limited
7. Francesca Herman and SurfStitch Holdings Pty Limited
8. Joseph Simms and SurfStitch Holdings Pty Limited

SCHEDULE 4

CONDUCT OF BUSINESS BEFORE COMPLETION

Without prejudice to Clauses 6.1, 6.2 and 6.3, pending Completion the Seller shall procure, so far as he is able, that, without the prior written consent of the Purchaser, the Company shall not:

1. create, allot or issue any shares or agree, arrange or undertake to do any of those things;
2. give or agree to give any option, right to acquire or call (whether by conversion, subscription or otherwise) in respect of any of its share or loan capital;
3. acquire or agree to acquire an interest in a corporate body or merge or consolidate with a corporate body or any other person, enter into any demerger transaction or participate in any other type of corporate reconstruction;
4. acquire or dispose of, or agree to acquire or dispose of, any material assets, businesses or undertakings or any material revenues or assume or incur, or agree to assume or incur, any material liability, obligation or expense (actual or contingent);
5. pass any resolution by its members in general meeting or make any alteration to its articles of association;
6. declare, make or pay any dividend or other distribution;
7. enter into any contract, liability or commitment which is incapable of being terminated within 3 months or could involve expenditure or liability which is of a material nature;
8. create, grant or allow to subsist any Encumbrance or other agreement or arrangement which has the same or similar effect to the granting of security in respect of all or any part of the undertaking, property or assets of the Company;
9. repay (other than in the ordinary course of business), acquire, redeem or create any borrowings or other indebtedness or obligation in the nature of borrowings (including obligations pursuant to any debenture, bond, note, loan stock or other security and obligations pursuant to finance leases);
10. make any advance, loan or deposit of money other than in the ordinary course of business or cancel, release or assign any indebtedness owed to it;
11. make, or agree to make, capital commitments or expenditure exceeding £25,000 per month provided that this paragraph shall not restrict the ability to incur capital expenditure in relation to the migration and upgrade of the Company's web platform, details of which the Purchaser acknowledges;
12. lease, license or part with or share possession or occupation of any property held or occupied or which may be acquired by the Company or enter into an agreement or arrangement to do so;
13. enter into, amend the terms of, or terminate any partnership, joint venture or other profit sharing agreement, provided that a counterparty's termination of such an agreement shall not be a breach of this paragraph;
14. make any material change to the management and organisation of the Company or the manner in which it carries on the business;
15. modify or terminate any rights under any of its contracts which are material to the businesses of the Company;
16. cease using the name Surfdomo or cease using the logo or trademarks used by the Company at the date of this Agreement;
17. fail to renew or fail to take any action to defend or preserve any Intellectual Property or Know how provided that the Company shall not be under an obligation to register or apply for registered protection of the same;

18. enter into any agreement or arrangement to license, part with or share any Intellectual Property;
19. initiate, settle or abandon any claim, litigation, arbitration or other proceedings or make any admission of liability by or on behalf of the Company except, in any case, in relation to debt collection in the ordinary course of the business of sums not exceeding £5,000 for any single claim or as otherwise instructed by the Purchaser in writing;
20. make any material change (from the point of view of the relevant employee or category of employees) in the terms and conditions of employment (contractual or non-contractual), working practices or collective agreements relating to such practices of any employee or category of employees;
21. make any change in the remuneration of or (without limitation) other terms of employment of or vary the duties of or dismiss or terminate the employment of any director of the Company or any employee with annual remuneration equal to or in excess of £30,000;
22. appoint any attorneys, agents or sub-contractors provided that advice and appointments made prior to Completion in relation to the Transaction shall not be prohibited by this clause;
23. vary any terms of any of its policies of insurance, knowingly take any action which may invalidate any of its policies of insurance or take out any additional or replacement policies of insurance (other than renewals of the policies of insurance on substantially the same terms as those in force at the date of this Agreement);
24. enter into any transaction with any person otherwise than at arms' length and for full value;
25. make any proposal for the winding up or liquidation of the Company;
26. propose any scheme or plan of arrangement, reconstruction, amalgamation or demerger;
27. change its accounting reference date;
28. change its auditors or make any change to its accounting practices or policies, except where such change is recommended by its auditors as a consequence of a change in generally accepted accounting practices or policies applicable to companies carrying on businesses of a similar nature, or as a consequence of a change in law;
29. make, revoke or change any Tax election, adopt or change any Tax accounting method, practice or period, grant or request a waiver or extension of any limitation on the period for audit and examination or assessment and collection of Tax, file any amended tax return or settle or compromise any contested Tax liability;
30. redeem or purchase any shares or reduce its issued share capital, or any uncalled or unpaid liability in respect thereof, or any capital redemption reserve, share premium account or other reserve that is not freely distributable;
31. create or amend any employee share scheme, or grant or issue any options under any such scheme;
32. adopt or participate in any pension scheme (other than its existing pension schemes) or amend any of its existing pension schemes or review any such scheme or vary or cease contributions made to any such scheme; or
33. agree, undertake or otherwise give any binding undertaking to do any of the same.

Prior to Completion, the Seller shall procure that the Outstanding Domain Name is registered solely in the name of the Company and, if requested by the Seller, the Purchaser shall reimburse the Seller for his reasonable costs and expenses in procuring this registration up to an aggregate amount of £50.

SCHEDULE 5

COMPLETION OBLIGATIONS

PART 1

SELLER'S OBLIGATIONS

At Completion, the Seller shall:

1. deliver or cause to be delivered to the Purchaser:
 - 1.1 a transfer of all the Shares duly executed by the Seller in favour of the Purchaser or its nominee together with definitive share certificates for them showing the name of the Seller as the registered holder;
 - 1.2 an Application for Consideration Shares executed by the Seller;
 - 1.3 the Voluntary Escrow Deed in the agreed form executed by or on behalf the Seller;
 - 1.4 the Service Agreement in the agreed form executed by the Seller and on behalf of the Company;
 - 1.5 the Tax Deed in the agreed form executed by the Seller;
 - 1.6 the Deed of Termination of Shareholders' Agreement in the agreed form executed by the Seller;
 - 1.7 a deed of termination of the Put/Call Option Agreement in the agreed form executed by the Seller;
 - 1.8 the written resignations of the directors (other than any director or secretary whom the Purchaser may wish to remain in office) executed as a deed and waiving all claims against the Company in the agreed form;
 - 1.9 evidence of the satisfaction or waiver of restrictions on, or provisions relating to, transfer (including pre-emption rights, rights of first offer, tag along rights, drag along rights, put options and call options) relating to or exercisable by the Seller which may exist in relation to the Sale Shares and the other Company Shares to be transferred to the Purchaser simultaneously with the transfer of the Shares (in accordance with Clause 6.4.2), under the articles of association of the Company, any shareholders' agreement or otherwise (including the Shareholders' Agreement and the Put / Call Option Agreement);
 - 1.10 written confirmation that the Seller has complied fully with the provisions of Schedule 4 of this Agreement;
 - 1.11 any waivers, consents or other documents as may be necessary to enable the Purchaser to become the registered holder of all the Shares;
 - 1.12 any power of attorney or other authority under which this Agreement or any document referred to in it is executed on behalf of the Seller;
 - 1.13 to the extent not in the possession of the Company and in the possession of the Seller, all:
 - 1.13.1 material books of account or references of customers and suppliers and other material records and all insurance policies in respect of the businesses of the Company;
 - 1.13.2 licences, consents, permits and authorisations obtained by or issued to the Company;
 - 1.13.3 books and records of the Company relating to the employees and directors of the Company;
 - 1.13.4 cheque books, certificates of incorporation, common seals, and all statutory and minute books (which shall be written up to, but not including, the date of Completion) of the Company together with all unused share certificates; and

- 1.13.5 title deeds, leases, licences and documents relating to each of the Real Properties and the title of the Company to each of the Real Properties;
- 1.14 any authentication code issued by Companies House in respect of the Company or written confirmation that no such code has been issued; and
- 1.15 confirmation as to whether or not the Company has signed up to Companies House Protected Online Filing Scheme.
- 2. procure that the following business is transacted at a meeting of the directors of the Company:
 - 2.1 the directors of the Company shall approve:
 - 2.1.1 registration of the transfer of the Shares to the Purchaser or its nominee and the entry of the transferee in the register of members of the Company, subject only to the transfer being subsequently presented duly stamped; and
 - 2.1.2 the adoption of the Service Agreement in the agreed form.
 - 2.2 any person nominated by the Purchaser for appointment as a director of the Company shall be so appointed.

PART 2**PURCHASER OBLIGATIONS**

At Completion, the Purchaser shall:

1. deliver to the Seller a copy of or extracts from the minutes of a meetings of the directors of the Purchaser authorising the Purchaser to enter into and perform its obligations under this Agreement and the Tax Deed, certified to be a true and complete copy or extract by a director or the secretary of the Purchaser as appropriate;
2. deliver to the Seller the Tax Deed executed by or on behalf of the Purchaser;
3. pay by electronic transfer to the Seller's solicitors clients account at:

Bank	National Westminster Bank plc, 45 High Street, Camberley, GU15 3PA
Account Number	88598825
Sort Code	60-04-20
Reference	YSB/AC/STO.121.1

(or to such other account as is notified in writing by the Seller to the Purchaser prior to Completion) the amount shown in column (4) of Schedule 2 and receipt of the total of such amounts in cleared funds in the nominated account on the date of Completion or such later time as the Seller may agree shall constitute a valid discharge of the Purchaser's obligations under Clause 3.1.1; and

4. procure the Issuer to issue the number of Consideration Shares set out in column (5) of Schedule 2 and enter the Seller in the Issuer's register of members as the holder of those Consideration Shares and issue a holding statement to the Seller in respect of those Consideration Shares.

SCHEDULE 6**SELLER WARRANTIES****TABLE OF CONTENTS**

PART A - SELLER TITLE AND CAPACITY WARRANTIES	22
1. TITLE	22
2. CAPACITY	22
PART B – SELLER BUSINESS WARRANTIES	24
1. ACCOUNTS	24
2. ASSETS	25
3. FINANCIAL OBLIGATIONS	26
4. REAL ESTATE	26
5. INTELLECTUAL PROPERTY AND DATA PROTECTION	28
6. INFORMATION TECHNOLOGY	29
7. COMMERCIAL ARRANGEMENTS AND CONDUCT	29
8. LITIGATION AND INSURANCES	30
9. CORPORATE ORGANISATION AND BUSINESS	31
10. EMPLOYEES	32
11. PENSIONS	34
12. INSOLVENCY	35
PART C – SELLER TAX WARRANTIES	36

PART A - SELLER TITLE AND CAPACITY WARRANTIES

1. TITLE

1.1 All shares

The Shares constitute the entire beneficial and legal shareholding of the Seller in the capital of the Company.

1.2 Title to Shares

The Seller is the legal and beneficial owner of, and is or will at Completion be entitled to transfer the legal and beneficial title to, the Shares, free from any Encumbrances.

1.3 Issued shares

All the Shares are fully paid up and the Company has not exercised or purported to exercise or claimed any lien over any of the Shares. There are no obligations of the Seller whatsoever to pay in any additional capital or to provide any other contribution such as a contribution in kind.

1.4 Rights of third parties

No person has the right to call for the issue of any share or loan capital of the Company by reason of any conversion rights or under any option or other agreement and neither the Seller nor the Company has nominated or has the right to nominate any person to enjoy or exercise any rights of the Seller or the Company as member of the Company.

2. CAPACITY

2.1 Power and authority

The Seller has power and authority to enter into and perform this Agreement and any agreement entered into pursuant to the terms of this Agreement and the provisions of this Agreement and any agreement entered into pursuant to the terms of this Agreement, constitute valid and binding obligations on the Seller, in accordance with their respective terms.

2.2 Due authorisation, execution and delivery

The Seller has duly authorised, executed and delivered this Agreement and will at Completion have authorised, executed and delivered any agreements to be entered into pursuant to the terms of this Agreement.

2.3 No breach

The execution and delivery by the Seller of, and the performance by the Seller of its obligations under, this Agreement and any agreement entered into pursuant to the terms of this Agreement will not:

2.3.1 constitute a default under any lien, lease, order, judgement, award, injunction, decree, ordinance or regulation or restriction of any kind or character by which any Seller is bound; or

2.3.2 result in the creation or imposition of any Encumbrance on any of the Shares.

2.4 Consents

All consents, permissions, authorisations approvals and agreements of third parties and all authorisations, registrations, declarations, filings with any governmental department, commission, agency or other organisation having jurisdiction over the Seller which are necessary for the Seller to obtain in order to enter into and perform this Agreement and any agreement entered into pursuant to the terms of this Agreement in accordance with its

terms, have been unconditionally obtained in writing and have been accurately and fairly disclosed (with sufficient details to identify the nature and scope of the matter disclosed) in the Disclosure Letter.

2.5 Proceedings

There are no:

- 2.5.1 outstanding judgments, orders, injunctions or decrees of any governmental or regulatory body or arbitration tribunal against or affecting the Seller;
- 2.5.2 lawsuits, actions or proceedings pending or, to the knowledge of the Seller, threatened against or affecting the Seller; or
- 2.5.3 investigations by any governmental or regulatory body which are pending or, to the knowledge of the Seller, threatened against the Seller,

and which, in each case, has or could have a material adverse effect on the ability of the Seller to perform his obligations under this Agreement and/or any agreement entered into pursuant to the terms of this Agreement.

2.6 Bankruptcy

The Seller is not the subject of a bankruptcy petition or bankruptcy order or of any application or order of appointment under section 253 or section 273 or section 286 of the Insolvency Act and has not otherwise become bankrupt or insolvent, and there are no cases or proceedings under any applicable bankruptcy, insolvency or similar laws in any relevant jurisdiction, and no events have occurred which, under Applicable Laws, would justify any such cases or proceedings.

PART B – SELLER BUSINESS WARRANTIES

1. ACCOUNTS

1.1 General

The Accounts:

- 1.1.1 have been prepared in accordance with UK GAAP, and suitable accounting policies and estimates;
- 1.1.2 show a true and fair view of the state of affairs of the Company as at the Accounts Date and of its profit or loss and cash flows for the accounting reference period ended on that date;
- 1.1.3 comply with the requirements of the Companies Acts;
- 1.1.4 (save as the Accounts expressly disclose) are not affected by any event or circumstance outside the ordinary course of business or by any other factor rendering them unusually high or low and have not, in relation to the profit and loss account, been affected by any unusual or non-recurring item; and
- 1.1.5 (save as the Accounts expressly disclose) are prepared using the same estimation techniques and accounting policies as those adopted in preparing the Previous Accounts.

1.2 Specific

The Accounts:

- 1.2.1 present any slow moving stock at appropriate written down valuations and all redundant or obsolete stock has been wholly written off. The value attributed to the remaining stock does not exceed the lower of cost or net realisable value at the Accounts Date; and
- 1.2.2 adopt the same methods of valuing stock, work in progress and fixed assets as those adopted in the Previous Accounts and the basis of depreciation and amortisation adopted in respect of fixed assets is the same as that adopted in the Previous Accounts.

1.3 Application of warranties to Previous Accounts

Each of the statements in sub-paragraphs 1.1.1 to 1.1.4 and 1.2 would be equally true and accurate in relation to the Previous Accounts if:

- 1.3.1 each reference to the Accounts were to be substituted with a reference to the Previous Accounts; and
- 1.3.2 each reference to the Accounts Date were to be substituted with a reference to the Previous Accounts Date and the 12 month period immediately preceding the Previous Accounts Date.

1.4 Position since Accounts Date

Since the Accounts Date:

- 1.4.1 apart from the dividends provided for or disclosed in the Accounts, no dividend or other distribution (as defined for the purposes of Part 23 of the CTA 2010) has been declared, paid or made by the Company;
- 1.4.2 the business of the Company has been carried on in the ordinary course and so as to maintain it as a going concern;

- 1.4.3 there has been no event, change or occurrence which, individually or together with any other event, change or occurrence which has, or would, or could reasonably be expected to have, a material adverse effect on or cause a material adverse change to the financial or trading position or prospects of the Company;
- 1.4.4 the Company has not entered into any transaction which has given rise or shall give rise to a liability to Taxation on the Company (or would have done so or would or might do so but for the availability of any relief, allowance, deduction or credit) other than corporation Tax on actual income (and not chargeable gains or deemed income) of the Company arising from transactions entered into in the ordinary course of business;
- 1.4.5 the Company has not lost any important customer or source of supply or been affected by any abnormal trading factor and the Seller is not aware of any facts likely to give rise to any such effect whether before or after Completion;
- 1.4.6 the Company has not acquired or disposed of or agreed to acquire or dispose of any business or any material asset other than trading stock in the ordinary course of business;

1.5 Management Accounts

The Management Accounts are fair and not misleading having regard to the purpose for which they were drawn up and do not materially misstate the assets and liabilities of the Company as at the relevant date of the Management Accounts nor the profits or losses of the Company for the period concerned.

2. ASSETS

2.1 Title to Assets

The assets included in the Accounts or acquired by the Company since the Accounts Date (other than trading stock disposed of since that date in the ordinary course of business) and all other assets used or employed by the Company are the absolute property of the Company free from any mortgage, charge, lien, bill of sale or other Encumbrance and are not the subject of any leasing, hiring or hire purchase or agreement for payment on deferred terms or assignment or factoring or similar agreement (unless specifically disclosed in the Accounts), and all such assets are in the possession or under the control of the Company. Any Tax, fee or duty which is required to establish the Company's title to that asset or to effect any registration in respect of holding that asset or which is required for producing that asset in any court (or similar body) has been duly and properly paid.

2.2 Condition of plant, machinery and equipment

The plant, machinery, office equipment, computer systems and vehicles used by the Company are in good repair, regularly maintained and fully serviceable and comply with any applicable legal requirement or restriction and the vehicles are duly licensed and suitable for the purposes for which they are used.

2.3 Acquisition at arm's length

The Company has not, within the period of twenty four months ending on the date of this Agreement, acquired any asset on terms other than arm's length commercial terms.

2.4 Realisation of stock

The present stock of the Company will, if disposed of within twelve months from the date of this Agreement, realise in total at least the amount at which it is included in its books.

2.5 Nature of debts

The Company is not owed any money other than trade debts incurred in the ordinary course of business and cash at bank.

3. FINANCIAL OBLIGATIONS**3.1 General**

- 3.1.1 The Company does not have outstanding any obligation for the payment or repayment of money, whether present or future, actual or contingent (a "Financial Obligation"), nor has it entered into or agreed to enter into any agreement or arrangement the purpose of which is to raise money or provide finance or credit or to guarantee or indemnify any Financial Obligation or to prevent or limit loss in respect of any Financial Obligation.
- 3.1.2 The Company does not have any Encumbrance subsisting over the whole or any part of its present or future revenues or assets.
- 3.1.3 No Financial Obligation of the Company has become or is now due and payable, or capable of being declared due and payable, before its normal or originally stated maturity and no demand or other notice requiring the payment or repayment of money before its normal or originally stated maturity has been received by the Company.
- 3.1.4 No event or circumstance has occurred or may occur with the giving of notice or lapse of time, determination of materiality or satisfaction of any other condition, which does or may result in any Financial Obligation becoming due and payable before its normal or originally stated maturity or which otherwise alters the right of the Company to draw money or exercise its rights under an agreement relating to a Financial Obligation.

3.2 Grants and subsidies

The Company has not done or agreed to do anything as a result of which:

- 3.2.1 any investment grant or other grant or any subsidy received by the Company is or may be liable to be refunded wholly or partly; or
- 3.2.2 any application made by the Company for such a grant or subsidy shall or may be refused wholly or partly;

and neither the signature nor the performance of the Agreement shall have any such result.

3.3 Loans to directors and connected persons

There is not outstanding:

- 3.3.1 any loan made by the Company to, or debt owing to the Company by, the Seller or any director of the Company or any person connected with any of them; or
- 3.3.2 any agreement or arrangement to which the Company is a party and in which the Seller or any director of the Company or any person connected with any of them is interested.

4. REAL ESTATE**4.1 Interests**

The Real Properties comprise all the land and buildings owned by the Company or used or occupied by the Company or in which the Company has any other interest, right or liability.

4.2 Leasehold Properties

In relation to each of the Real Properties:

- 4.2.1 It is held under the terms of the lease which is summarised in Schedule 8 and no licences or collateral assurances, undertakings or concessions have been made by any party to the lease;
- 4.2.2 the Company has paid the rent and all other sums payable under the lease on the due dates for payment and the last demand for rent was unqualified and each lease is valid and in full force;
- 4.2.3 the Company has observed and performed the covenants and the conditions contained in the lease in all material respects, and has received no complaint regarding any alleged breach of any of such covenants and conditions and nor is the Company in dispute with the landlord in relation to any matters relating to the lease;
- 4.2.4 the landlord has observed and performed the covenants and conditions contained in the lease in all material respects; and
- 4.2.5 there are no rent reviews currently outstanding or under negotiation or the subject of a reference to an expert or arbitrator or the courts.

4.3 Statutory obligations, notices and orders

- 4.3.1 No notice, order, proposal, application, request or schedule of dilapidations affecting or relating to any of the Real Properties has been served or made by any authority or other person or by the Company and, so far as the Seller is aware, there are no circumstances which are likely to result in any being served or made.
- 4.3.2 So far as the Seller is aware, there has been no breach of any requirement of any current or previous statutes, laws, regulations, orders or notices which affect the Real Properties or the employment of persons or the use of any machinery or assets at any of the Real Properties and there are no circumstances which may result in any such order or notice being made or served.

4.4 Claims and disputes

No action, claim, proceeding, demand, dispute or liability (contingent or otherwise) in respect of any of the Real Properties is outstanding or anticipated.

4.5 Condition of Real Properties

So far as the Seller is aware (not having made specific enquiry), the Real Properties are in good and substantial repair and fit for the purposes for which they are presently used. So far as the Seller is aware, there is no material defect in the construction or condition of any of the Real Properties and the Company is not expecting to have to expend any material sum of money in respect of the Real Properties in the next 12 months.

4.6 Other involvement in relation to property

The Company has not at any time:

- 4.6.1 had vested in it (whether as an original tenant or undertenant or as an assignee, transferee or otherwise) any freehold or leasehold property other than the Real Properties; and
- 4.6.2 given any covenant or entered into any agreement, deed or other document in any capacity whatsoever in respect of any freehold or leasehold property in

respect of which any actual contingent or potential liability remains with the Company.

5. INTELLECTUAL PROPERTY AND DATA PROTECTION

5.1 Interests

5.1.1 Complete and accurate details of:

- (A) all the registered Intellectual Property rights; and
- (B) all other Intellectual Property material to the businesses of the Company, owned by the Company, together, the "Company IPRs", have been provided to the Purchaser.

5.1.2 The Company is the sole legal and beneficial owners of all the Intellectual Property, and the sole registered proprietor (where relevant) of all the registered Intellectual Property comprised in the Company IPRs.

5.1.3 The Company is the sole legal and beneficial owner of the domain names numbered 1 to 42 in Schedule 9 to this Agreement.

5.1.4 All Intellectual Property required by the Company to conduct its businesses at the date of Completion is owned by or licensed to the Company.

5.1.5 None of the Company IPRs is subject to any Encumbrance.

5.1.6 Any Company IPRs created by any Employee or former Employee of the Company during the course of their employment, vests in the Company by virtue of Applicable Law or has otherwise been transferred to the Company.

5.2 Validity and infringement

5.2.1 All the Company IPRs are valid, subsisting and enforceable.

5.2.2 No proceedings, actions or claims exist or are threatened, and nothing has been done or omitted to be done and, so far as the Seller is aware, no circumstances exist which might give rise to any proceedings, actions or claims in relation to the Company IPRs.

5.2.3 All the Company IPRs that are capable of registration have been registered.

5.2.4 So far as the Seller is aware, the operations of the Company do not infringe the Intellectual Property of any third party and no person has infringed, is infringing or is threatening to infringe, revoke or cancel any of the registered Intellectual Property comprised in the Company IPRs.

5.3 Confidentiality

5.3.1 Nothing done or omitted to be done by the Company has breached, or is breaching, any right of any person to confidence,

5.3.2 No confidential information or other Know how relating to the business of the Company has been disclosed or permitted to be disclosed to any person (except in the ordinary and normal course of business and under an obligation of confidence) and the Company has not undertaken or arranged to disclose to any person any confidential information or other Know how relating to the businesses of the Company.

5.4 Data Protection

5.4.1 The Company has complied in the last three years in all material respects with all applicable requirements of the Data Protection Legislation including maintaining all necessary notifications and registrations.

5.4.2 The Company has not received any notice alleging non-compliance with the Data Protection Legislation (including any Enforcement Notice) and no order has been made against the Company for the rectification, blocking, erasure or destruction of any data under the Data Protection Legislation.

6. INFORMATION TECHNOLOGY

6.1 Each element of the Information Technology is legally and beneficially owned by the Company, or validly licensed to the Company pursuant to a written agreement, in each case free from Encumbrances.

6.2 There are, and in the past three years there have been:

6.2.1 no performance degradations or breakdowns of, or logical or physical intrusions into, any Information Technology or public communications network; and

6.2.2 no instances of accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to, data stored or otherwise processed by the Company, which have had (or are having) a material adverse effect on the Company, and the Seller is not aware of any fact or matter which may give rise to such an occurrence.

6.3 The Information Technology is in good working order in all material respects and, so far as the Seller is aware having regard to Company's business plan in force prior to the date hereof, has sufficient scalability, capacity, functionality and performance to meet the current business requirements of the Company and those reasonably projected for the next 12 months.

6.4 All material licences of, and material services relating to, the Information Technology are provided under written Information Technology Agreements which are in full force and effect in accordance with their terms and have been complied with in all material respects by the parties to them.

7. COMMERCIAL ARRANGEMENTS AND CONDUCT

7.1 Material contracts

There is not outstanding:

7.1.1 any contract to which the Company is a party of guarantee, indemnity or suretyship or any contract to secure any obligation of any person;

7.1.2 any agreement or arrangement between the Company and a major supplier of the Company;

7.1.3 any joint venture, consortium or partnership agreement or arrangement to which the Company is a party;

7.1.4 any sale or purchase option or similar agreement or arrangement affecting any assets owned or used by the Company or by which it is bound;

7.1.5 any liability, obligation or commitment of any kind (other than those listed in paragraphs 7.1.1 to 7.1.4 above) on the part of the Company (including a capital commitment) which:

- (A) is incapable of complete performance within three months from the date of this Agreement; or
 - (B) has not been incurred in the ordinary course of business; or
 - (C) is, or is likely to generate in excess of £100,000 revenue per calendar month for the Company.
- 7.1.6 any agreement or arrangement pursuant to any Applicable Laws in any jurisdiction relating to commercial agents.
- 7.2 **Effect of Agreement on other agreements**
 - 7.2.1 There is no agreement or arrangement between the Company and any other person which will or may be terminated as a result of this Agreement (or Completion) or which will be materially affected by it or which includes any provision with respect to a change in the control, management or shareholders of the Company.
 - 7.2.2 The termination at Completion of the Co-operation Agreement will not materially affect the operation of the business of the Company.
- 7.3 **Commercial position**

So far as the Seller is aware (without having made specific enquiry of any supplier into the subject matter) there is no substantial supplier of the Company who has ceased supplying to it or who is likely after the date of this Agreement (or Completion) to reduce substantially or terminate supplies to it;
- 8. **LITIGATION AND INSURANCES**
 - 8.1 **Legal proceedings**

Apart from normal debt collection, the Company is not engaged or proposing to engage in any litigation, arbitration, prosecution or other legal proceedings, and there are no claims or actions (whether criminal or civil) in progress, outstanding, pending or threatened against the Company, any of its assets or any of their directors or in respect of which the Company is liable to indemnify any party.
 - 8.2 **Unlawful acts**

So far as the Seller is aware, neither the Company nor any of its officers or Employees has by any act or omission committed any criminal or unlawful act, any breach of trust, any breach of contract or statutory duty or any tortious act in connection with the businesses or affairs of the Company.
 - 8.3 **Official investigations**

No governmental or official investigation or inquiry concerning the Company is in progress or so far as the Seller is aware, threatened and, so far as the Seller is aware, there are no circumstances which are likely to give rise to any such investigation or inquiry.
 - 8.4 **Insurance**
 - 8.4.1 The Company has, and at all material times has had, valid insurance cover in respect of their businesses and assets from a reputable and solvent insurer:
 - (A) against all risks (including product liability and loss of profits for a period of at least six months) normally insured against by companies carrying on the same type of businesses as the Company;

- (B) for the full replacement value of their assets and for such amount in respect of their businesses as would in the circumstances be prudent.

8.4.2 All policies of insurance taken out in connection with the businesses or assets of the Company have been disclosed to the Purchaser, are written in the name of the Company, are in full force and effect and all premiums have been paid; and, so far as the Seller is aware, the Company has not done or omitted to do anything which might render any of those policies void or voidable.

8.4.3 No claim under any policy of insurance taken out in connection with the businesses or assets of the Company is outstanding and, so far as the Seller is aware, there are no circumstances likely to give rise to such a claim.

9. CORPORATE ORGANISATION AND BUSINESS

9.1 The Company

The details of the Company set out in Schedule 1 are accurate and complete. The Company does not have, and has never had, any subsidiary undertaking and there are no entities the accounts of which are required by accounting standards to be consolidated with the accounts of the Company.

9.2 Interests in shares or other securities

The Company does not have any interest in the share capital or other securities of any other body corporate.

9.3 Constitutional documents

The copies of the constitutional documents of the Company delivered to the Purchaser are true and complete copies and the Company has complied with all the provisions of its constitutional documents.

9.4 Books and registers

The books, registers and records (including all accounting records) of the Company are complete and accurate and up to date and maintained and retained in accordance with Applicable Laws. All such documents and records and other necessary documents and records relating to its affairs are in the possession or under the direct control, and subject to the unrestricted access, of the Company and have been retained for such a period as required by Applicable Laws. The Company has not received any notice of any application or intended application for rectification of any of its registers.

9.5 Compliance with law

All legal requirements have been complied with in connection with the formation of the Company and with issues of its shares and other securities, and so far as the Seller is aware the Company and its officers have complied with all legal requirements as to filings, registrations and other formalities.

9.6 Issued shares

The Shares and the shares the subject of the Additional SPAs comprise all the issued shares of the Company. All the issued shares of the Company are fully paid up and the Company has not exercised or purported to exercise or claimed any lien over any of its shares.

9.7 Conversion rights

No person has the right to call for the issue of any share or loan capital of the Company by reason of any conversion rights or under any option or other agreement.

9.8 Licences permissions, consents and legal requirements

All licences, permissions, consents and legal requirements, applicable to or required for the carrying on of the businesses of the Company have been obtained by the Company, are in full force and effect and have been complied with in all material respects and the Seller is not aware of any circumstances indicating that any of those licences, permissions or consents is likely to be revoked or not renewed in the ordinary course.

10. EMPLOYEES

10.1 Disclosure of Material Facts

10.1.1 The following have been disclosed in writing to the Purchaser:

- (A) all material facts and matters relating to the employment or engagement of the Seller, Joseph Daniel Simms, Francesca Herman and Jonathan Lane, including their respective salaries, ages, length of continuous employment, notice periods, standard hours of work;
- (B) any term of a contract of employment or for services which provides that a change in the control (howsoever defined and including a disposal of all or substantially all of the business and assets of the relevant company) of the employing company or of another company entitles the Employee to resign without notice or to treat himself as dismissed or released from any obligation or to receive any payment, additional period of notice or other benefit whatsoever;
- (C) any agreement, arrangement or practice (whether contractual, discretionary or customary) under which the Employees may receive any cash bonus or profit share or commission by reference to performance (whether individual performance or otherwise) or otherwise;
- (D) any share incentive schemes or share option schemes and entitlements under these schemes and any arrangement or practice (whether contractual, discretionary or customary and whether or not approved or otherwise sanctioned by any Tax Authority) under which Employees may receive any shares or share options or other benefit by reference to performance (whether individual performance or otherwise) or otherwise;
- (E) any agreement, arrangement or practice (whether contractual, discretionary or customary) for the making of any payment or the provision of any benefit on the redundancy, retirement or other termination of employment or services of any Employee beyond any obligation to make any minimum payment due under relevant legislation;
- (F) any arrangement under which any Employee (or former Employee) or person required to be treated as such, is or may become entitled to any consideration or payment under this Agreement;
- (G) any other employment, benefits or insurance policies relating to the Employees,

10.1.2 The Company has not in the past 3 years received pursuant to Applicable Law written notice by any employee or former employee claiming compensation in relation to any registered Intellectual Property owned by the Company or any other Intellectual Property material to the businesses of the Company.

10.1.3 All material facts and matters relating to all collective agreements, arrangements and practices with any trade union, staff association, European or national or local works council or other body representing all or any of the Employees, and

all material particulars of any requests to negotiate or agree, or any claims to rights to, or any cessation of rights to, information, consultation or collective bargaining arrangements in respect of all or any of the Employees made or occurring within the last 2 years, have been disclosed in writing to the Purchaser.

10.1.4 No current Employee with a notice period in excess of 3 months has given notice of termination of his/her contract of employment or for services or is under notice of termination and no former Employee has ceased to be an Employee within the last 6 months;

10.1.5 There is no person employed or engaged or previously employed or engaged by the Company who is on maternity, paternity or adoption leave, parental leave, absent on grounds of disability or other leave of absence in excess of 2 weeks and has a statutory or contractual right to return to work for the Company.

10.2 Compliance with Requirements

The Company has, in relation to each of its Employees and to each of its former Employees and to each individual who has formerly provided services directly or indirectly to the Company;

10.2.1 complied with its obligations under all relevant domestic and international legislation and all other relevant regulations and codes of practice;

10.2.2 complied with its obligations under all domestic and international legislation and other regulations and codes of practice relevant to its relations with any trade union, staff association, European or national or local works council or other body representing all or any of the Employees and with all collective agreements from time to time in force relating to such relations or the conditions of employment or services of the Employee;

10.2.3 maintained suitable records regarding the employment or services of the Employee;

10.2.4 discharged fully its obligations to pay all salaries, wages, commissions, bonuses, overtime pay, holiday pay, sick pay, insurance premiums, accrued entitlement under incentive schemes, Tax and national insurance or social security contributions and other benefits of or connected with employment or services to the date of this Agreement.

10.3 Agreements

The Company has not entered into and there is not in effect:

10.3.1 any contract of employment or for services with any Employee which contains a notice period of more than 3 months or which entitles the Employee to compensation exceeding the value of 3 months' gross remuneration if terminated without notice;

10.3.2 any agreement, arrangement or practice imposing an obligation on the Company to increase the rates of remuneration of a material number of its Employees at any future date;

10.3.3 any agreement, arrangement or practice relating to, or any negotiation for, any variation of the emoluments or other terms or conditions of employment or services of a material number of Employees of the Company;

10.3.4 any agreement, arrangement or practice for the provision directly or indirectly, in return for remuneration, of the services of any consultant, contractor, or other individual(s) other than an Employee.

10.4 Disputes

- 10.4.1 No industrial action or dispute has taken place within the last 2 years and no such dispute or industrial action is currently threatened between the Company and a material number or category of its Employees or former Employees or Individuals formerly providing services directly or indirectly to the Company or any trade union, staff association, European or national or local works council or other body representing or seeking to represent any Employee or former Employee;
- 10.4.2 there are no existing or threatened legal proceedings against the Company of whatsoever nature in relation to any of its Employees or former Employees;
- 10.4.3 no enquiries or investigations have been undertaken or threatened affecting the Company by any recognised body seeking to promote equal opportunities within the last 2 years;
- 10.4.4 there are no disciplinary or grievance proceedings in relation to any Employee or former Employee currently contemplated, threatened, anticipated or in the course of being followed by the Company and there are no disciplinary or grievance decisions in relation to which any sanction or internal appeal remains outstanding or in relation to which an internal appeal may still properly be made.

11. PENSIONS

- 11.1 With the exception of the Disclosed Schemes, there is no agreement or arrangement to which the Company contributes, is bound to contribute or could be required to contribute or make any payment to, either now or in the future, under which benefits of any kind are payable to or in respect of any of the Employees or any former Employees of the Company or any dependant of any Employee or any former Employee of the Company on retirement, death or disability or on the attainment of a specified age or on the completion of a specified number of years of service; nor has any proposal been announced (or any promise made) to establish any such arrangement and to the extent that any such arrangement existed in the past, the Company does not have any subsisting liability in respect of it.
- 11.2 Full particulars of any arrangements for the provision of medical, sickness, permanent health or similar cover for Employees or officers or former Employees or officers of the Company or for any spouse or dependant of any such person have been provided to the Purchaser.
- 11.3 The Company has duly complied with its obligations under the Disclosed Schemes and all amounts due to be paid to the Disclosed Schemes have been paid when due.
- 11.4 The Disclosed Schemes have at all times been administered in accordance with their governing documentation and in accordance with the requirements of any and all Applicable Laws (including legislation addressing age equalisation) and in compliance with any government Taxation or funding requirement.
- 11.5 There are not in respect of the Disclosed Schemes or the benefits under them any claims or actions in progress, pending, threatened or anticipated (other than routine claims for benefits) and so far as the Seller is aware there are no circumstances which could give rise to any such claims, actions or disputes.
- 11.6 No material fees, charges, Taxes or expenses in respect of the Disclosed Schemes have been incurred and remain unpaid.

12. INSOLVENCY

- 12.1 No steps have been taken or proposed in relation to the winding up, bankruptcy, administration, insolvency, dissolution or re organisation of the Company, nor has any analogous procedure or step been taken or proposed in any jurisdiction in relation to the Company, nor has any analogous procedure or step been taken or proposed in any jurisdiction in relation to the Company.
- 12.2 No administrator, receiver, administrative receiver, liquidator, compulsory manager or similar officer has been appointed in respect of the Company or any of its assets, and no steps intended to result in such an appointment have been taken.
- 12.3 The Company is not insolvent or bankrupt under the laws of its jurisdiction of incorporation or unable to pay its debts as they fall due, and the Company has not stopped paying its debts or indicated an intention to do so.
- 12.4 No compromise or arrangement with any creditor has been proposed in respect of the Company.
- 12.5 No step has been taken towards enforcement of any security over any asset of the Company.

PART C – SELLER TAX WARRANTIES

1. TAX

1.1 Accounts and events since the Accounts Date

1.1.1 All Taxation whether in respect of:

- (A) income, profits or gains (as computed for Taxation purposes) of the Company or otherwise arising or accruing or deemed for Taxation purposes to arise or accrue on or before the Accounts Date; and
- (B) any transactions of the Company effected, or deemed for Taxation purposes to be effected, on or before the Accounts Date,

which the Company is accountable, whether or not the Company has (or may have) any right of reimbursement against any other person, has either been paid within the applicable time limits or adequately provided for in the Accounts in accordance with the generally accepted accounting principles applicable to such Accounts.

1.1.2 The amount of the provision for deferred Tax in respect of the Company contained in the Accounts was, at the Accounts Date, adequate and in accordance with generally accepted accounting principles as applicable to the Accounts and commonly adopted by companies carrying on businesses similar to those carried on by the Company.

1.1.3 Since the Accounts Date:

- (A) the Company has not been involved in any transaction outside the ordinary course of its business which has given or may give rise to a liability to Taxation on the Company (or which would have given or might give rise to such a liability but for the availability of any Tax Relief); and
- (B) no accounting period has ended.

1.2 Compliance, tax returns, disputes, claims and clearances

1.2.1 The Company has duly and punctually paid all Tax that relates to any period after the Accounts Date for which it is liable for or for which it is liable to account insofar as such Tax ought to have been paid and the Company has not been liable within the seven years prior to Completion to pay any interest, fine or other similar payments in connection with Tax.

1.2.2 The Company has duly and properly submitted all material returns, supplied all information, prepared or made all statements, accounts, registrations, computations and disclosures and has given all notices (together and without limitation, the "Tax Documents") to any Tax Authority reasonably requested or required by law to be made for any Tax purposes within the applicable time periods. All such Tax Documents were when submitted and remain at Completion complete, correct and accurate in all material respects.

1.2.3 The Company has maintained and retained adequate records in relation to Tax (including, without limitation, records relating to transfer pricing) to enable it to:

- (A) prepare complete, correct and accurate Tax Documents that the Company is liable to submit or file with a Tax Authority but which, as at Completion, have not been filed; and

- (B) otherwise determine its Tax liabilities, including any Tax liabilities which could arise on the disposal or realisation of any asset owned at Completion.

- 1.2.4 The Company has not been involved in any material dispute with any Tax Authority, and the Company is not the subject of any enquiry with any Tax Authority concerning any matter other than routine enquiries of a minor nature. So far as the Seller is aware, there are no circumstances which would give rise to any such dispute or enquiry.
- 1.2.5 The Company has properly prepared and submitted all claims (including any claims for double tax relief or credit), disclaimers, elections, surrenders and applications which have been assumed to be made for the purposes of the Accounts. All such claims, disclaimers, elections, surrenders and applications remain valid as at Completion.
- 1.2.6 No Tax Authority has (formally or informally) agreed with the Company to operate any special arrangement or other concession, or agreement (being an arrangement, concession or agreement which is not based on a strict application of the relevant legislation or described in any published material of any Tax Authority.
- 1.2.7 The Company is not party to or otherwise involved in any transaction, scheme or arrangement in respect of which any consent or clearance from any relevant Tax Authority was required without such consent or clearance being validly obtained on the basis of full and accurate disclosure of all material facts and considerations relating to that transaction, scheme or arrangement. Any transaction, scheme or arrangement requiring such clearance or consent has been implemented strictly in accordance with the terms of such clearance or consent and any conditions attaching to such clearance or consent were met and no clearance or consent has been or so far as the Seller is aware, is likely to be withdrawn or amended by a Tax Authority.

1.3 Group matters

- 14.5.1 The Company has not, in the seven years prior to Completion,:
 - (A) been a member of, nor entered into, any grouping, fiscal consolidation, fiscal unity or similar arrangement applicable for any Tax purpose (a "Tax Grouping");
 - (B) entered into any agreement relating to the use or sharing of any Tax Reliefs pursuant to any Tax Grouping; nor
 - (C) made any claims relating to the use or sharing of any Tax Reliefs within a Tax Grouping.

1.4 Employees

The Company has properly, in full and on a timely basis, paid or accounted for to the relevant Tax Authority any Tax and/or social security contributions due on, deducted or withheld from or in respect of any payment or other benefit or emolument made or provided to any Employee or officer or former or future employee or officer of that Group Company or any person who is treated for Tax purposes as an employee.

1.5 Withholdings

The Company has properly operated and accounted to the appropriate Tax Authority for any amounts of or on account of Tax, collected, retained or deducted or due to be retained,

collected or deducted at source from any payments payable or made (or treated as payable or made) to any party as is required of that Company under any Tax Statute.

1.6 Tax residence and permanent establishments

- 1.6.1 The Company has at all times since its incorporation been resident for Tax purposes only in the country in which it was incorporated and will be so resident as at Completion.
- 1.6.2 The Company has no permanent establishments or interests in any jurisdiction outside its jurisdiction of incorporation which has been or may be treated by any Tax Authority as a permanent establishment or otherwise as a taxable presence in that other jurisdiction.

1.7 Transfer pricing

All transactions entered into by the Company and any entity in respect of which the participation condition in section 148 of Part 4 (Transfer Pricing) of TIOPA 2010 apply have been entered into on an arm's length basis and the consideration (if any) which has been charged, received or paid by the Company on all transactions entered into by it has been equal to the consideration which would have been expected to be charged, received or paid between independent persons dealing at arm's length.

1.8 Losses

So far as the Seller is aware, there are no circumstances existing which may cause any Tax Authority to disallow, deny or restrict any claim by the Company to utilise after Completion any Tax Reliefs arising before Completion.

1.9 Non-deductible revenue outgoings

The Company has not been nor is under any obligation to make at any time any material payment of a revenue nature outside its ordinary course of business and nor has the Company made any such payment nor incurred any obligation to make any such payment since the Accounts Date which will not be deductible in full for the purposes of corporate income or profits based Tax.

1.10 Disposal of material assets

The Company has not disposed of or acquired any material asset in circumstances such that the consideration given or deemed to be given on such disposal or acquisition may be adjusted by a Tax Authority for any reason.

1.11 Transfer taxes and duties

There are no circumstances in which the Company or the Purchaser will or may become liable to pay any Transfer Taxes or duties in respect of any of the assets held by the Company as at Completion or submit or amend any Tax Documents in respect of any such assets as a result of entering into this Agreement or the performance of any of its terms (including Completion).

1.12 Indirect taxes

The Company

- 1.12.1 Is, if so required, registered for the purposes of indirect Tax, has been so registered at all times that it has been required to be registered by any Tax Statute relating to indirect Tax, and such registration is not subject to any conditions imposed by or agreed with any relevant Tax Authority;

- 1.12.2 has complied fully with and observed in all material respects the terms of any Tax Statute relating to Indirect Tax, including having complied with and satisfied all conditions in respect of any claims for reliefs, benefits, exemptions, abatements, incentives or other concessions in relation to Indirect taxes;
- 1.12.3 has maintained and obtained at all times (and retained in its possession) complete, correct and up-to-date records, invoices and other documents (as the case may be) appropriate or requisite for the purposes of any Tax Statute relating to Indirect Tax and has preserved such records, invoices and other documents in such form and for such periods as are required by such Tax Statute; and
- 1.12.4 is not and has not been treated as a member of a group or as an associated enterprise for the purposes of any Tax Statute relating to Indirect Tax, and has not applied for such treatment.

1.13 Anti-avoidance

- 1.13.1 The Company is not, nor has been party to or otherwise directly or indirectly involved in any scheme, arrangement, transaction or series of transactions the main purpose, or one of the main purposes of which was the obtaining of a tax advantage (whether by way of the deferral, reduction or the avoidance of tax or otherwise).

1.14 Secondary liabilities and tax sharing

- 1.14.1 The Company is not bound by or party to (nor will it become bound by or party to) any Tax indemnity, Tax sharing or Tax allocation agreement in respect of which claims would not be time barred.
- 1.14.2 No transaction, act, omission or event has occurred (including the execution or implementation of this Agreement) in consequence of which the Company is or may be held liable for any Tax or may otherwise be held liable for or required to indemnify any person in respect of any Tax which is primarily or directly chargeable against or attributable to any person other than the Company, whether such liability arises as a result of the operation of law, any agreement entered into by the Company before Completion or otherwise.

14.6 Close company status

The Company is not and has not at any time within the last seven years been a close company as defined in section 439 CTA 2010.

SCHEDULE 7**PURCHASER WARRANTIES****1. Incorporation**

The Purchaser is duly incorporated and validly existing under the laws of its jurisdiction and has full power to conduct its business as conducted at the date of this Agreement.

2. Corporate power and authority

The Purchaser has corporate power and authority to enter into and perform this Agreement and any agreement entered into pursuant to the terms of this Agreement and the provisions of this Agreement and any agreement entered into pursuant to the terms of this Agreement, constitute valid and binding obligations on the Purchaser and are enforceable against the Purchaser, in accordance with their respective terms.

3. Due authorisation, execution and delivery

3.1 Purchaser has duly authorised, executed and delivered this Agreement and will, at Completion, have authorised, executed and delivered any agreements to be entered into pursuant to the terms of this Agreement.

3.2 The Purchaser has procured all necessary authorisations to validly and properly allot the Consideration Shares in accordance with this Agreement on Completion.

4. No breach

The execution and delivery by the Purchaser of, and the performance by the Purchaser of its obligations under, this Agreement and any agreement entered into pursuant to the terms of this Agreement will not:

4.1.1 result in a breach of or conflict with any provision of its articles of association or equivalent constitutional documents;

4.1.2 result in a material breach of, or constitute a material default under, any instrument to which it is a party or by which it is bound; nor

4.1.3 result in a breach of any Applicable Laws or regulations or of any order, decree or judgment of any court or any governmental or regulatory authority in any jurisdiction;

5. Consents

All consents, permissions, authorisations approvals and agreements of third parties and all authorisations, registrations, declarations, filings with any governmental department, commission, agency or other organisation having jurisdiction over the Purchaser which are necessary for the Purchaser to obtain in order to enter into and perform this Agreement and any agreement entered into pursuant to the terms of this Agreement in accordance with its terms, have been unconditionally obtained in writing and have been disclosed in writing to the Seller.

6. Solvency

No order has been made, petition presented or meeting convened for the winding up of the Purchaser or any of its group undertakings, nor any other action taken in relation to the appointment of an administrator, liquidator, receiver, administrative receiver, compulsory manager or any provisional liquidator (or equivalent in any other jurisdiction) (or other process whereby the business is terminated and the assets of the company concerned are distributed amongst the creditors or shareholders or any other contributors), and there are no proceedings under any applicable insolvency, reorganisation or similar laws in any

relevant jurisdiction, and no events have occurred which, under Applicable Laws, would justify any such proceedings.

7. TRADING MATTERS

7.1 In this paragraph the following definitions shall apply:

"SSE" means SurfStitch (Europe) Pty Ltd a company incorporated and registered in Australia with Australian Company Number 14 153 351 458.

"SSA" means SurfStitch Pty Ltd a company incorporated and registered in Australia with Australian Company Number 65 141 251 443.

"SS Group Companies" means SSE, SSA and the Purchaser together with any additional group undertakings of the Purchaser in existence at the date of this Agreement.

7.2 All legal requirements have been complied with in connection with the formation and operation of the SS Group Companies and with issues of its shares and other securities comply with all legal requirements as to filings, registrations and other formalities.

7.3 Apart from normal debt collection, none of the SS Group Companies are engaged or proposing to engage in any litigation, arbitration, prosecution or other legal proceedings, and there are no claims or actions (whether criminal or civil) in progress, outstanding, pending or threatened against the SS Group Companies, any of its assets or any of their directors or in respect of which the SS Group Companies are liable to indemnify or account to any party.

7.4 There are no:

7.4.1 outstanding judgments, orders, injunctions or decrees of any governmental or regulatory body or arbitration tribunal against or affecting the Purchaser or any of its group undertakings;

7.4.2 lawsuits, actions or proceedings pending or, to the knowledge of the Purchaser, threatened against or affecting the Purchaser or any of its group undertakings; or

7.4.3 investigations by any governmental or regulatory body which are pending or, to the knowledge of the Purchaser, threatened against the Purchaser or any of its group undertakings,

and which, in each case, has or could have a material adverse effect on the ability of the Purchaser to perform his obligations under this Agreement and/or any agreement entered into pursuant to the terms of this Agreement.

7.5 The contents of the Prospectus is true, accurate and not misleading.

SCHEDULE 8

REAL PROPERTY

LEASEHOLD REAL PROPERTIES

Description of property	Registered proprietor	Date and term of lease	Current Rent	Existing Use	Original parties to lease	Rent Inclusive or Exclusive of VAT
Offices on the 9 th and the 11 th Floor of York House, Empire Way, Wembley, Middlesex HA9 0PA	Chesterfield Investments (No.5) Limited	8 August 2012 for a term of five years commencing on 8 August 2012 and ending on 5 August 2017	£60,000	B1	(1) Chesterfield Investments (No. 5) Limited and (2) Surfdomo Shop Limited	Exclusive
Fifteen Parking Spaces at York House, Empire Way	Chesterfield Investments (No.5) Limited	Ongoing until terminated on three calendar months notice by either party	£2,082.50 per 13 week period	-	-	Exclusive

SCHEDULE 9**OUTSTANDING DOMAIN NAMES**

1. sdometools.com
2. sdservers.net
3. stpvx.com
4. surfcdn.com
5. surfdome.co
6. surfdome.com
7. surf-dome.com
8. surfdome.eu
9. surfdome.info
10. surfdome.org
11. surfdome.tv
12. surfdomeshop.com
13. surfdometravel.co.uk
14. surfdometravel.com
15. surfdometv.com
16. surfilabs.net
17. dollarsurf.org
18. charcoalrose.com
19. ironstagclothing.com
20. mihnyorkclothing.com
21. wofandyork.com
22. surfdo.me
23. surfdome.asia
24. surfdome.at
26. surfdome.be
26. surfdome.ch
27. surfdome.co.ee
28. surfdome.com.br
29. surfdome.cz
30. surfdome.de
31. surfdome.gr
32. surfdome.in
33. surfdome.io
34. surfdome.il
35. surfdome.it
36. surfdome.me
37. surfdome.nl
38. surfdome.pl
39. surfdome.se
40. surfdome.sk
41. surfdome.us
42. surfdome.im
43. surfdome.ru

SCHEDULE 10

DEFINITIONS AND INTERPRETATION

1. In this Agreement each of the following words and expressions shall have the following meanings:
 - "the 1985 Act" the Companies Act 1985;
 - "the 2006 Act" the Companies Act 2006;
 - "Accounts" the audited balance sheet, profit and loss account, statement of cash flows and the notes thereto of the Company for the 13 month period ended on the Accounts Date;
 - "Accounts Date" 31 December 2013;
 - "Additional SPAs" the sale and purchase agreements governing the sale of the Company Shares which are described at Schedule 3 and which are to be entered into on or around the date of this Agreement;
 - "Applicable Law(s)" all laws, regulations, directives, statutes, subordinate legislation, common law and civil codes of any jurisdiction, all judgments, orders, notices, instructions, decisions and awards of any court or competent authority or tribunal exercising statutory or delegated powers and all codes of practice having force of law, statutory guidance and policy notes, in each case to the extent applicable to the Parties, the Issuer or any of them, as the context requires;
 - "Application for Consideration Shares" an application for Consideration Shares and agreement to be bound by the constitution of the Issuer, in the form required by the Issuer;
 - "ASX" the Australian Securities Exchange, as operated by ASX Limited, a company incorporated in Australia with Australian Business Number 98 008 624 691;
 - "Business Day" a day (other than a Saturday or Sunday) on which banks are open for general business in London;
 - "Business Warranties" the warranties given in Part B of Schedule 6;
 - "Claim" means any General Claim, Title and Capacity Claim or Tax Claim;
 - "Companies Acts" the 1985 Act and the 2006 Act, to the extent that either is in force at the relevant time;
 - "Company" Surfdome Shop Limited, a company incorporated in England with registered number 05848145, further details of which are set out in Schedule 1;
 - "Company Shares" the ordinary shares of nominal value £0.01 each in the capital of the Company;
 - "Completion" completion of the sale and purchase of the Shares in accordance with Clause 6;
 - "Conditions" the conditions set out in Clause 4.1;
 - "Consideration Shares" ordinary shares in the capital of the Issuer to be allotted to the Seller pursuant to Clause 3;
 - "Co-operation Agreement" the Co-operation Agreement between Na Pail SAS and the Company dated 3 November 2011;
 - "Costs" costs, charges and expenses (including those suffered or incurred in establishing or enforcing a right to be indemnified under this Agreement and any irrevocable VAT);
 - "CTA 2010" the Corporation Tax Act 2010;

"Data Protection Legislation" any applicable legislation in force from time to time which implements either or both of the European Community's Directive 95/46/EC and Directive 2002/58/EC;

"Data Subject" has the meaning given to that term in the Data Protection Legislation;

"Deed of Termination of Put / Call Option Agreement" the deed in relation to the termination of the Put / Call Option Agreement to be entered into by the Company and the Seller and each other party to the Put / Call Option Agreement, in the agreed form;

"Deed of Termination of Shareholders' Agreement" the deed in relation to the termination of the Shareholders' Agreement to be entered into by the Company and the Seller and each other party to the Shareholders' Agreement, in the agreed form;

"Disclosed" means are fairly disclosed (with sufficient details to identify the value, nature and scope of the matter disclosed) in the Disclosure Letter or the bundle of documents attached thereto,

"Disclosed Schemes" the employee pension scheme operated by the Company through the Government National Employment Savings Trust system;

"Disclosure Letter" the letter dated the same date as this Agreement from the Seller to the Purchaser in relation to the Seller Warranties;

"Employee" any individual who has entered into or works under a contract of employment or any other contract with the Company whereby the individual undertakes to do or perform personally any work or services (save where the Company's status by virtue of that contract is that of a client or customer of any profession or business undertaking carried on by an individual), and any other individual within the definition of "employee" or "worker" in respect of all Applicable Laws;

"Encumbrance" any claim, option, charge (fixed or floating), mortgage, lien, pledge, equity, encumbrance, right to acquire, right of pre-emption, right of first refusal, title retention or any other third party right, or other security interest or any other agreement or arrangement having a similar effect or any agreement to create any of the foregoing;

"Enforcement Notice" has the meaning given to that term in the UK Data Protection Act 1998, or its equivalent in other relevant Data Protection Legislation;

"Full Title Guarantee" with the benefit of the implied covenants set out in Part 1 of the Law of Property (Miscellaneous Provisions) Act 1994 when a disposition is expressed to be made with full title guarantee;

"General Claim" a claim for breach of any of the Business Warranties;

"Indirect Taxes" includes any value added, consumption, purchase or turnover, sales or similar or corresponding Tax wheresoever imposed, collected or administered (including any fines, interest or penalties relating thereto).

"Information Technology" means the computer systems, communications systems (other than public communications networks), Software, hardware, devices and websites which are owned or used by the Company and which are material to the business of the Company;

"Information Technology Agreements" all subsisting agreements (including all side letters, oral agreements or arrangements) relating to the Information Technology Systems, including all insurance policies, licence, lease, development, maintenance, support, escrow, security, disaster recovery, website hosting, outsourcing, facilities management, utilisation, bureau, on-line services and service agreements;

"Insolvency Act" the Insolvency Act 1986;

"Intellectual Property" all inventions (whether patentable or not), patents, utility models, petty patents, registered designs, design rights, database rights, copyright and related rights, moral rights, semiconductor topography rights, plant variety rights, trade marks, service marks, logos, get up, trade names, business names, domain names, (in each case whether registered or unregistered) and including any applications for registration and any

renewals or extensions of any of the foregoing, and, in each case, the goodwill attaching to any of the foregoing, rights to sue for passing off or for unfair competition, all know how, confidential information and trade secrets and any rights or forms of protection of a similar nature or having equivalent or similar effect to any of them which subsist anywhere in the world;

"Issuer" SurfStitch Group Limited, a company incorporated in Australia with Australian Company Number 602 288 004;

"Know how" all know how, trade secrets and confidential information, in any form (including paper, electronically stored data, magnetic media, film and microfilm) including financial and technical information, drawings, formulae, test results or reports, project reports and testing procedures, process, invention, improvement or development, instruction and training manuals, tables of operating conditions, information concerning intellectual property portfolio and strategy, market forecasts, lists or particulars of customers and suppliers, sales targets, sales statistics, prices, discounts, margins, future business strategy, tenders, price sensitive information, market research reports, information relating to research and development and business development and planning reports and any information derived from any of them;

"Listing" the admission of the Issuer to the official list of ASX;

"Longstop Date" has the meaning given to that term in Clause 4.1;

"Management Accounts" the monthly management accounts produced for the period from 1 January 2014 to 30 September 2014;

"Management Shareholders" means each of Emma Stone, Joseph Daniel Simms, Francesca Herman and Jonathan Lane;

"Na Pali" Na Pali Europe S.à.r.l., a société à responsabilité limitée incorporated under the laws of France and registered with the Registre du commerce et des sociétés of Bayonne under number 439 531 823;

"Offer" the offer of shares in the Issuer pursuant to the Prospectus;

"Outstanding Domain Names" the domain names listed in Schedule 9;

"Party" or **"Parties"** a party or the parties to this Agreement;

"Previous Accounts" audited balance sheet, profit and loss account, statement of cash flows and the notes thereto of the Company for the 12 month period ended on the Previous Accounts Date;

"Previous Accounts Date" 31 October 2012;

"Prospectus" the prospectus to be issued by the Issuer dated on or about 28 November 2014 and lodged with the Australian Securities and Investments Commission on that date;

"Purchaser's Solicitors" Herbert Smith Freehills LLP;

"Put/Call Option Agreement" has the meaning given to that term in the Shareholders' Agreement;

"Purchaser Warranties" the warranties given in Schedule 7;

"Real Properties" the leasehold properties listed in Schedule 8;

"Seller Warranties" the Title and Capacity Warranties, the Business Warranties and the Tax Warranties;

"Service Agreement" the employment agreement in the agreed form between the Company and the Seller;

"Shareholders' Agreement" the Shareholders' Agreement relating to shares in the Company between Na Pali, the Company, the Seller and certain other shareholders of the Company dated 3 November 2011;

"Shares" the issued ordinary shares of nominal value £0.01 each in the capital of the Company which are owned by the Seller, as set out in column (3) of Schedule 2;

"Shrinkwrap Software" third party software sold in a standard configuration and readily available to the public on standard terms and conditions;

"Software" all software used in connection with the business of the Company as is currently conducted or contemplated to be conducted, including Shrinkwrap Software and firmware that relates to or is comprised in hardware, together with all supporting documentation and materials necessary to enable a user to make full use of the functionality of, or to administer effectively, such software and firmware;

"Substantiated Claim" means any Claim in respect of which liability is admitted by the party against whom such Claim is brought, or which has been adjudicated on by a court of competent jurisdiction and no right of appeal lies in respect of such adjudication, or the parties are debarred by passage of time or otherwise from making an appeal.

"Taxation" or **"Tax"** taxation or tax as defined in the Tax Deed;

"Tax Authority" any government, state or municipality or any local, state, federal or other fiscal, revenue, customs or excise authority, body or official competent to impose, administer, levy, assess or collect any Tax in any jurisdiction;

"Tax Claim" any claim under the Tax Deed or for breach of any of the Tax Warranties;

"Tax Deed" the deed in relation to Tax entered into pursuant to this Agreement in the agreed form;

"Tax Statute" any directive, statute, enactment, law or regulation wherever enacted or issued, coming into force or entered into providing for or imposing any Tax, or providing for the reporting, collection, assessment or administration of any Tax liability, and shall include orders, regulations, instruments, bye-laws or other subordinate legislation made under the relevant statute or statutory provision and any directive, statute, enactment, law, order, regulation or provision that amends, extends, consolidates or replaces the same or that has been amended, extended, consolidated or replaced by the same.

"Tax Relief" has the meaning given to it in the Tax Deed

"Tax Warranties" the warranties given in Part C of Schedule 6;

"Third Party Claim" has the meaning given to that term in Clause 8.10;

"TIOFA 2010" means the Taxation (International and Other Provisions) Act 2010;

"Title and Capacity Claim" a claim for breach of any of the Title and Capacity Warranties;

"Title and Capacity Warranties" the warranties given in Part A of Schedule 6;

"Transaction" the transactions contemplated by this Agreement and any matters arising out of this Agreement;

"Transfer Taxes" includes any capital duty, stamp duty, stamp duty reserve tax and any documentary, registration, and other like duties or taxes (including any fines, interest or penalties relating thereto) wherever imposed, collected or administered.


"UK GAAP" the Financial Reporting Standards, Statements of Standard Accounting Practice and Abstracts issued by the UK Financial Reporting Council and its predecessor bodies and the applicable provisions of the Companies Acts and any applicable Statement of Recommended Practice; and

"Voluntary Escrow Deed" a Voluntary Escrow Deed in the agreed form to be entered into between the Seller and the Issuer on or around the date of Completion relating to the holding of the Consideration Shares as restricted securities.


2. In this Agreement, words and expressions defined in the Companies Acts shall bear the same meaning as in those Acts unless expressly stated otherwise.
3. In this Agreement, except where the context otherwise requires:
 - 3.1 any reference to this Agreement includes the Schedules to it each of which forms part of this Agreement for all purposes;

- 3.2 a reference to an enactment or statutory provision shall include a reference to any subordinate legislation made under the relevant enactment or statutory provision and is a reference to that enactment, statutory provision or subordinate legislation as from time to time amended, consolidated, modified, re-enacted or replaced provided that in the case of amendments, consolidations, modifications, re-enactments or replacements made after the date of this Agreement the same shall not have effected a substantial change to that enactment, statutory provision or subordinate legislation;
- 3.3 words in the singular shall include the plural and vice versa;
- 3.4 references to one gender include other genders;
- 3.5 a reference to a person shall include a reference to a firm, a body corporate, an unincorporated association, a partnership or to an individual's executors or administrators;
- 3.6 a reference to a Clause, paragraph, Schedule (other than to a schedule to a statutory provision) shall be a reference to a Clause, paragraph, Schedule (as the case may be) of or to this Agreement;
- 3.7 if a period of time is specified as from a given day, or from the day of an act or event, it shall be calculated exclusive of that day;
- 3.8 references to any English legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court, official or any legal concept or thing shall in respect of any jurisdiction other than England be deemed to include what most nearly approximates the English legal term in that jurisdiction and references to any English statute or enactment shall be deemed to include any equivalent or analogous laws or rules in any other jurisdiction;
- 3.9 a person shall be deemed to be connected with another if that person is connected with another within the meaning of section 1122 of the CTA 2010;
- 3.10 references to writing shall include any modes of reproducing words in any legible form and shall include email except where expressly stated otherwise;
- 3.11 a reference to a balance sheet or profit and loss account shall include a reference to any note forming part of it;
- 3.12 a reference to "includes" or "including" shall mean "includes without limitation" or "including without limitation";
- 3.13 references to documents "in the agreed form" or any similar expression shall be to documents agreed between the Parties, annexed to this Agreement and initialled for identification by, or on behalf of, the Seller and the Purchaser;
- 3.14 the contents page and headings in this Agreement are for convenience only and shall not affect its interpretation;
- 3.15 references to this Agreement include this Agreement as amended or supplemented in accordance with its terms; and
- 3.16 A reference to a holding company, subsidiary or group undertaking means a holding company or a subsidiary (as the case may be) as defined in section 1158 of the Companies Act (as amended).

SIGNED by)
Justin Cameron)
duly authorised for and on behalf of)
SURFSTITCH HOLDINGS PTY LIMITED)



SIGNED by
JUSTIN STONE

} 
}



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Deed Poll

Confidential

Project Occy - Implementation Deed Poll

SurfStitch Group Limited

SurfStitch Holdings Pty Ltd

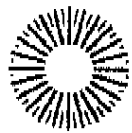


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Contents

Table of contents

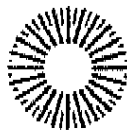
	Deed Poll	2
1	Definitions	2
2	Company and FloatCo declarations and covenants	5
3	Initial covenants and acknowledgements	5
	3.1 Steps by the Company	5
	3.2 Steps by FloatCo	5
	3.3 Delivery of documents	6
	3.4 Warranties	6
4	Settlement Date – Initial matters	6
	4.1 Direction	6
	4.2 Settlement commenced under the Underwriting Agreement	7
5	Settlement Date – Transfer of Company Shares to FloatCo	7
6	Completion	7
7	After the Allotment Date	8
8	Amendment	8
9	Termination	8
10	General provisions	8
	Schedules	
	Schedule 1	
	General provisions	10
	Schedule 2	
	Existing Owners and Company Shares	14
	Schedule 3	
	Warranties	19
	Schedule 4	
	Share transfer form	23
	Signing page	25



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Project Occy - Implementation Deed Poll

Deed Poll by:

FloatCo

SurfStitch Group Limited

ACN 602 288 004 of 225 Burleigh Connection Road, Burleigh Heads QLD 4220.

Company

SurfStitch Holdings Pty Ltd

ACN 601 114 603 of 225 Burleigh Connection Road, Burleigh Heads QLD 4220.

Date ►

27/11/2014



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Deed Poll

1 Definitions

The meanings of the terms used in this deed are set out below.

Term	Meaning
Allotment Date	the date of issue of the FloatCo Shares under the Underwriting Agreement.
ASIC	the Australian Securities and Investments Commission.
Business Day	a day that is not a Saturday, Sunday or public holiday and on which banks are open for business generally in Sydney, New South Wales.
Capacity Warranties	<ol style="list-style-type: none"> 1 in respect of an Existing Owner that is a corporation, the warranties set out in section 1 of Schedule 3 other than section 1.6; and 2 In respect of an Existing Owner that is an individual, the warranties set out in section 1 of Schedule 3, other than sections 1.1(a) and 1.4.
Company	SurfStitch Holdings Pty Ltd ACN 601 114 603 of 225 Burleigh Connection Road, Burleigh Heads QLD 4220.
Company Shares	fully paid ordinary shares in the capital of the Company, and in respect of an Existing Owner, such number of such ordinary shares as are set out under the heading 'Company Shares' in Schedule 2 adjacent to its name.
Consideration Notification	the notification in Schedule 1 of the Shareholder Deed Poll, under which an Existing Owner elects to receive either cash or FloatCo Shares (or a combination of cash and FloatCo shares) as consideration for the sale of its Company Shares to FloatCo.
Due Diligence Committee	the due diligence committee formed in connection with the Offer and the preparation of the Prospectus.



Term	Meaning
Effective	<p>the Underwriting Agreement has been executed by the Lead Manager and on the Settlement Date:</p> <ol style="list-style-type: none"> 1 the conditions precedent in the Underwriting Agreement have been satisfied or waived; 2 the Underwriting Agreement has not been terminated by the Lead Manager and the Offer has not been withdrawn by FloatCo; and 3 settlement has occurred under the Underwriting Agreement.
Encumbrance	a mortgage, charge, pledge, lien, encumbrance, security interest, title retention, preferential right, trust arrangement, contractual right of set-off, or any other security agreement or arrangement in favour of any person, whether registered or unregistered.
Escrow Shares	In respect of an Existing Owner, such number of FloatCo Shares as are set out under the heading 'Escrow Shares' in Schedule 2 adjacent to its name.
Existing Owners	those parties named as Existing Owners in Schedule 2.
FloatCo	SurfStitch Group Limited ACN 602 288 004 of 225 Burleigh Connection Road, Burleigh Heads QLD 4220.
FloatCo Share	a fully paid ordinary share in the capital of FloatCo.
FloatCo Subscription Shares	means, in respect of an Existing Owner, such a number of FloatCo Shares as are set out under the heading "FloatCo Subscription Shares" in Schedule 2 adjacent to its name.
GST	has the meaning given in the GST Act.
GST Act	the A New Tax System (Goods and Services Tax) Act 1999 (Cth).
Lead Manager	J.P. Morgan Australia Limited ACN 002 888 011 of Level 19, 85 Castlereagh Street, Sydney NSW 2000.
Offer	the proposed initial public offering of ordinary shares in FloatCo as described in the Prospectus.



2 Company and FloatCo declarations and covenants

Term	Meaning
Offer Price	\$1.00 per FloatCo Share.
Prospectus	the disclosure document to be lodged with ASIC on or around 27 November 2014 by FloatCo in relation to the Offer, and any supplementary prospectus or replacement prospectus thereto.
Relevant Persons	each of the Existing Owners, the Company and FloatCo.
Registry	Link Market Services Limited ACN 083 214 537 of Level 12, 680 George Street, Sydney NSW 2000.
Regulatory Authority	<ol style="list-style-type: none"> 1 any government or local authority and any department, minister or agency of any government; and 2 any other authority, agency, commission or similar entity having powers or jurisdiction under any law or regulation or the listing rules of any recognised stock or securities exchange.
Settlement Date	the date on which the Lead Manager pays or procures payment to FloatCo of the proceeds of the Offer in accordance with clauses 6 and 7 of the Underwriting Agreement.
Shareholder Deed Poll	a deed poll executed, or to be executed, by an Existing Owner in relation to this Implementation Deed, including to transfer its Company Shares to FloatCo.
Title Warranties	the Warranties set out in section 2 of Schedule 3, other than when such warranties are given by a person acting in a trustee capacity whereby it will be deemed that no warranty as to beneficial ownership has been given.
Transfer Forms	the transfer forms relating to the Company Shares referred to in section 5(a).
Trustee Warranties	the Warranties set out in section 3 of Schedule 3.
Underwriting Agreement	the underwriting agreement executed by FloatCo and the Company and executed, or to be executed, by the Lead Manager which documents the terms and conditions on which the Lead Manager will manage and underwrite the Offer.



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2 Company and FloatCo declarations and covenants

Term	Meaning
Warranties	the Capacity Warranties, the Title Warranties and the Trustee Warranties

2 Company and FloatCo declarations and covenants

Each of the Company and FloatCo irrevocably declares and covenants for the benefit of each Relevant Person that it will:

- (a) do all things, including give the acknowledgements and covenants contemplated to be done or given by it in this Implementation Deed in accordance with this Implementation Deed; and
- (b) promptly do all further acts and execute and deliver all further documents required by law or reasonably required to give effect to the provisions in respect of or in this Implementation Deed.

3 Initial covenants and acknowledgements

The following covenants and acknowledgments are given as at the commencement of the Due Diligence Committee meeting prior to lodgement of the Prospectus with ASIC.

3.1 Steps by the Company

The Company covenants that it has, along with FloatCo, executed the Underwriting Agreement and has or will deliver an executed copy of that agreement to the Lead Manager.

3.2 Steps by FloatCo

- (a) FloatCo covenants that it has:
 - (1) received executed escrow agreements between each Existing Owner listed in Schedule 2 as being expected to hold Escrow Shares and FloatCo (amongst others if relevant) in respect of the applicable number of FloatCo Shares listed against that Existing Owner's name in column 4 in in Schedule 2; and
 - (2) along with the Company, executed the Underwriting Agreement and has or will deliver an executed copy of that agreement to the Lead Manager.
- (b) FloatCo irrevocably makes an offer for each Existing Owner's Company Shares for \$1.00 per Company Share held or 1 FloatCo Share for every Company Share held, as elected by the Existing Owner in the relevant Consideration Notification.



- (c) FloatCo's offer in clause 3.2(b) is conditional on the Underwriting Agreement becoming Effective. If the Underwriting Agreement does not become Effective by 31 January 2015 the offer in 3.2(b) will lapse.
- (d) FloatCo or its attorney, as transferee, will execute the Transfer Forms referred to at clause 5(a) as soon as reasonably practicable following the date of this document.

3.3 Delivery of documents

On the date of this deed, each Existing Owner will deliver to the Company:

- (a) an executed escrow deed referred to in clause 3.2(a)(1);
- (b) an executed Shareholder Deed Poll;
- (c) a duly completed Consideration Notification;
- (d) any original share certificates in respect of its Company Shares to the Company (or in the absence of an original share certificate(s), a certification from the Existing Owner that their original share certificate(s) has been lost or destroyed); and
- (e) completed (but undated) Transfer Forms.

The Company will hold any such documents on behalf of the Existing Owners until the Offer becomes Effective. If the Offer does not become Effective, the documents provided by the Existing Owners pursuant to clauses 3.3(a) to 3.3(e) will be of no effect and the Company will return any such documents to the Existing Owners as soon as reasonably practicable.

3.4 Warranties

Each of the Company, FloatCo and each Existing Owner warrants to the other that each relevant Warranty is true and correct as at the Settlement Date and:

- (a) in respect of the Company and FloatCo, as at the date of this document; and
- (b) in respect of each Existing Owner, as at the date of the relevant Shareholder Deed Poll.

4 Settlement Date – initial matters

The following actions occur on the Offer becoming Effective, in the following order.

4.1 Direction

- (a) FloatCo irrevocably directs the Registry to cause the issue of 83,200,000 FloatCo Shares to investors under the Offer pursuant to the Underwriting Agreement on the Allotment Date and to update the register of members of FloatCo.
- (b) FloatCo directs the Lead Manager to release proceeds of the Offer in respect of the FloatCo Shares issued by it as referred to in clause 4.1(a) on the Settlement Date to FloatCo's nominated account.



4.2 Settlement commenced under the Underwriting Agreement

Each Relevant Person acknowledges that the Underwriting Agreement (unless terminated or the Offer has been withdrawn by FloatCo) becomes unconditional, and settlement under that document commences, on the Settlement Date and will complete on (and no FloatCo Shares will be issued under the Offer by FloatCo until) the Allotment Date.

5 Settlement Date – Transfer of Company Shares to FloatCo

The following actions occur on the Offer becoming Effective on the Settlement Date, after the steps in clause 4, and in the following order, and must be completed on the Settlement Date.

- (a) The Shareholder Deed Polls and the Consideration Notifications become effective and each Existing Owner transfers its Company Shares to FloatCo by delivering, or its attorney delivering, to FloatCo a completed Transfer Form transferring all its Company Shares to FloatCo as transferee duly executed by the registered holder or its attorney.
- (b) In consideration for the transfers referred to in clause 5(a), FloatCo:
 - (1) if the relevant Existing Owner's Consideration Notice specifies that some or all of the consideration will be paid to the Existing Owner in the form of FloatCo Shares, issues the relevant number of FloatCo Subscription Shares to each Existing Owner as identified in Schedule 2. The Existing Owners acknowledge that the FloatCo Subscription Shares are issued with disclosure for the purposes of Ch.6D of the Corporations Act; and
 - (2) if the relevant Existing Owner's Consideration Notice specifies that some or all of the consideration will be paid to the Existing Owner in the form of cash, pay the Existing Owners the cash in accordance with the details set out in the relevant Consideration Notification.
- (c) The Company and FloatCo must update their respective register of members in the respect of the transfer of Company Shares and the issue of FloatCo Subscription Shares respectively.

6 Completion

The actions to take place as contemplated by clauses 4 and 5 are interdependent and must take place in the order contemplated in those clauses. If one action does not take place, then without prejudice to any rights available to any party as a consequence:

- (a) There is no obligation on any party to undertake or perform any of the other actions; and
- (b) To the extent that such actions have already been undertaken, the parties must do everything reasonably required to reverse those actions; and
- (c) Each party must return to the other parties all documents delivered to it under this deed and must each repay to the other parties all payments received by it under this deed, without prejudice to any other rights any party may have in respect of that failure.



7 After the Allotment Date

- (a) By the time completion occurs under clause 6, FloatCo will procure its directors sign minutes confirming that:
- (1) FloatCo has acquired all of the equity interests in the Company;
 - (2) FloatCo has resolved to form a tax consolidated group of which FloatCo is the head company; and
 - (3) FloatCo will procure the lodgement of all relevant notifications with the Australian Taxation Office.
- (b) Within the time required by the Corporations Act, the Company and FloatCo will lodge the requisite forms with ASIC in respect of the transactions referred to in this Implementation Deed.

8 Amendment

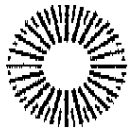
This deed poll may be amended by a document signed by or on behalf of each of the Company and FloatCo, but only to the extent that an Existing Owner has not entered into a Shareholder Deed Poll in reliance on the terms of this deed poll, and to the extent that it has done so, any amendment to this deed poll shall be ineffective to the extent that the proposed amendments are adverse to the rights of the relevant Existing Owner, absent their consent.

9 Termination

This deed poll will terminate on 31 January 2015 if the Offer has not become Effective on or by that date.

10 General provisions

The provisions set out in Schedule 1 apply to this Implementation Deed and as between any matter between each Relevant Person arising in relation to the Implementation Deed.



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Schedules

Table of contents

General provisions	10
Existing Owners and Company Shares	14
Warranties	19
Share transfer form	23



Schedule 1

General provisions

1 Notices

1.1 How notice to be given

Each communication (including each notice, consent, approval, request and demand) under or in connection with this document:

- (a) may be given by personal service, post, facsimile or email;
- (b) must be in writing and in English (or accompanied by a certified translation into English);
- (c) must be addressed as notified by the relevant person to the other from time to time;
- (d) (in the case of personal service, post, facsimile) must be signed by the person making it or (on that person's behalf) by the solicitor for, or any attorney, director, secretary or authorised agent of, that person;
- (e) (in the case of email) must be in pdf or other format that is a scanned image of the original of the communication, including a handwritten signature, and be attached to an email that states that the attachment is a communication under this deed poll; and
- (f) must be delivered by hand or posted by prepaid post to the address or sent by fax to the number, or sent by email to the email address, of the addressee, in accordance with clause (c).

1.2 When notice taken to be received

Each communication (including each notice, consent, approval, request and demand) under or in connection with this document is taken to be received by the addressee:

- (a) (in the case of prepaid post sent to an address in the same country) on the third day after the date of posting;
- (b) (in the case of prepaid post sent to an address in another country) on the fifth day after the date of posting by airmail;
- (c) (in the case of fax) at the time in the place to which it is sent equivalent to the time shown on the transmission confirmation report produced by the fax machine from which it was sent; and
- (d) (in the case of delivery by hand) on delivery; and
- (e) (in the case of email) unless the person sending the email knows or reasonably ought to suspect that the email and the attached communication were not delivered to the addressee's domain specified in the email address notified for the purposes of this clause or document, 24 hours after the email was sent,



but if the communication would otherwise be taken to be received on a day that is not a working day or after 5.00 pm, it is taken to be received at 9.00 am on the next working day ('working day' meaning a day that is not a Saturday, Sunday or public holiday and on which banks are open for business generally, in the place to which the communication is posted, sent or delivered).

2 GST

2.1 Interpretation

- (a) Except where the context suggests otherwise, terms used in this section 2 have the meanings given to those terms by the GST Act (as amended from time to time).
- (b) Any part of a supply that is treated as a separate supply for GST purposes (including attributing GST payable to tax periods) will be treated as a separate supply for the purposes of this section 2.
- (c) Any consideration that is specified to be inclusive of GST must not be taken into account in calculating the GST payable in relation to a supply for the purpose of this clause.

2.2 Reimbursements and similar payments

Any reference in the calculation of consideration, or of any indemnity, reimbursement or similar amount, to a cost, expense or other liability incurred by a party pursuant to this document, will include GST on that cost, expense or other liability less the amount of any Input Tax Credit entitlement of that party in relation to the relevant cost, expense or other liability.

2.3 GST payable

If GST is payable in relation to a supply made under or in connection with this document then any person (Recipient) that is required to provide consideration to another person (Supplier) for that supply must pay an additional amount to the Supplier equal to the amount of that GST at the same time as other consideration is to be provided for that supply or, if later, within 5 Business Days of the Supplier providing a valid tax invoice to the Recipient.

2.4 Variation to GST payable

If the GST payable in relation to a supply made under or in connection with this document varies from the additional amount paid by the Recipient under clause 2.3 then the Supplier will provide a corresponding refund or credit to, or will be entitled to receive the amount of that variation from, the Recipient. Any ruling, advice, document or other information received by the Supplier from the Australian Taxation Office in relation to any supply made under this deed poll shall be conclusive as to the GST payable in relation to that supply. Any payment, credit or refund under this paragraph is deemed to be a payment, credit or refund of the additional amount payable under section 2.3.



3 Governing law and jurisdiction

3.1 Governing law

This document is governed by the law applying in New South Wales, Australia.

3.2 Jurisdiction

Each Relevant Person and each person seeking to enforce this deed poll irrevocably:

- (a) submits to the non exclusive jurisdiction of the courts of New South Wales, Commonwealth courts having jurisdiction in that state and the courts competent to determine appeals from those courts, with respect to any proceedings that may be brought at any time relating to this deed poll; and
- (b) waives any objection it may have now or in the future to the venue of any proceedings, and any claim it may have now or in the future that any proceedings have been brought in an inconvenient forum, if that venue falls within clause (a).

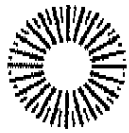
4 Interpretation

In this document:

- (a) headings are for convenience only and do not affect interpretation. The text in *italics* does not form part of the headings and is intended to be operative;

and unless the context indicates a contrary intention:

- (b) an obligation or a liability assumed by, or a right conferred on, 2 or more persons, other than the Existing Shareholders, binds or benefits them jointly and severally;
- (c) 'person' includes an individual, the estate of an individual, a corporation, an authority, an association or a joint venture (whether incorporated or unincorporated), a partnership and a trust;
- (d) a reference to a party includes that party's executors, administrators, successors and permitted assigns, including persons taking by way of novation and, in the case of a trustee, includes a substituted or an additional trustee;
- (e) a reference to a document (including this document) is to that document as varied, novated, ratified or replaced from time to time;
- (f) a reference to a statute includes its delegated legislation and a reference to a statute or delegated legislation or a provision of either includes consolidations, amendments, re-enactments and replacements;
- (g) a word importing the singular includes the plural (and vice versa), and a word indicating a gender includes every other gender;
- (h) a reference to a party, clause, schedule, exhibit, attachment or annexure is a reference to a party, clause, schedule, exhibit, attachment or annexure to or of this document, and a reference to this document includes all schedules, exhibits, attachments and annexures to it;
- (i) if a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning;



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Schedule 1 General provisions

- (j) 'Includes' in any form is not a word of limitation; and
- (k) a reference to '\$' or 'dollar' is to Australian currency.

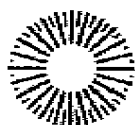


Schedule 2

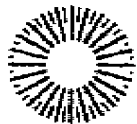
Existing Owners and Company Shares¹

1. Existing Owners	2. Company Shares	3. FloatCo Subscription Shares	4. Escrow Shares
Management Shareholders			
Justin Peter Cameron as trustee for the Monawatu Family Trust	6,000,000	6,000,000	6,000,000
Lex Ward Pedersen as trustee for the Stitch Family Trust	5,000,000	5,000,000	5,000,000
Mark Christopher Storey	1,000,000	1,000,000	N/A
Directors			
Zippin Pty Ltd (ACN 108 083 878)			
Note: Controlled by Howard McDonald	1,500,000	1,500,000	1,500,000
Online Brands			
Online Brands Pty Limited (ACN 124 021 521) as trustee for the Dotcomsurfwear Unit Trust (ABN 41 414 583 227)	33,615,000	10,197,223	10,197,223
Note: Justin Peter Cameron as trustee for the Monawatu Family Trust holds 625,332 out of 2,217,332 units (c 28.20%) in the Dotcomsurfwear Unit Trust (DUT) – indirect interest in 9,480,103 Company shares Lex Ward Pedersen as trustee for the Stitch Family Trust			

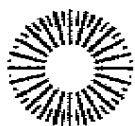
¹ As at 24 October 2014.



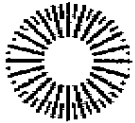
1. Existing Owners	2. Company Shares	3. FloatCo Subscription Shares	4. Escrow Shares
holds 483,666 out of 2,217,332 units (c 21.81%) in the DUT – indirect interest in 7,332,430 Company shares			
Online Brands No.2 Limited (ARBN 168 237 410) Note: Justin Peter Cameron indirectly holds an approx. 30% interest in Online Brands No.2 Limited (OB2) – indirect interest in 2,065,500 Company shares Lex Ward Pedersen indirectly holds an approx. 30% interest in OB2 – indirect interest in 2,065,500 Company shares	6,885,000	0	N/A
Third Party Investors			
Janchor Partners Pan-Asian Master Fund (registered number OG233283)	13,500,000	13,500,000	13,500,000
Ausbit Investment Management Limited (ACN 076 316 473) as Investment Manager for each of: A. Ausbit Investment Trust – MicroCap Fund; B. the Fiducian Australian Smaller Companies Share Fund; C. the Ausbit Investment Trust – Australian Emerging Leaders Fund; D. CFSIL Commonwealth Australian Small Companies; and E. AMIST Emerging Fund.	A. 5,175,000 B. 750,000 C. 4,530,000 D. 795,000 E. 750,000	A. 5,175,000 B. 750,000 C. 4,530,000 D. 795,000 E. 750,000	A. 5,175,000 B. 750,000 C. 4,530,000 D. 795,000 E. 750,000
Regal Funds Management Pty Limited (ACN 107 576 821) as trustee for the Atlantic Absolute Return Fund	9,750,000	9,750,000	9,750,000
Quest Asset Partners Pty Limited (ACN 109 448 802) in its capacity as Investment Manager	7,950,000	7,950,000	7,950,000
Argo Investments Limited (ACN 007 519 520)	6,750,000	6,750,000	6,750,000



1. Existing Owners	2. Company Shares	3. FloatCo Subscription Shares	4. Escrow Shares
Paradise Investment Management Pty Ltd (ACN 090 148 619) as trustee for Paradise Micro Investment Fund	6,000,000	6,000,000	6,000,000
Ingo Rehder, Amber Clare Rehder and Heather Rehder as trustees of the Rehder Superannuation Fund	3,765,000	2,307,924	2,307,924
Rendsburg Pty Ltd (ACN 162 152 178) as trustee for the K & A Rehder Superannuation Fund	390,000	239,068	239,068
Amber Clare Rehder	1,170,000	717,203	717,203
Mevo Pty Ltd (ACN 111 588 348) as trustee for the Burgess Family Trust	450,000	275,203	275,203
Andros Equipment Pty Limited (ACN 085 241 149)	750,000	375,000	375,000
Bayview Superannuation Pty Limited (ACN 125 462 464) as trustee for Bayview Superannuation Fund	375,000	281,250	281,250
Moshe Zitzer	150,000	75,000	75,000
UBS Nominees Pty Ltd (ACN 001 450 522) as custodian for Bennelong Funds Management Ltd (ACN 111 214 085) as trustee for the Bennelong Kardinia Absolute Return Fund	5,900,000	3,616,667	3,616,667
UBS Nominees Pty Ltd (ACN 001 450 522) as custodian for Kardinia Capital Pty Ltd (ACN 152 003 186) as Investment Manager for Colonial First State Investments Limited (ACN 002 348 352) as responsible entity for Commonwealth Australian Shares Fund 29	1,600,000	980,791	980,791
Citicorp Nominees Pty Ltd (ABN 37 000 809 030) as custodian for: A. the Alphinity Australian Share Fund; B. the Alphinity Wholesale Australian Equity Fund; A. the Commonwealth Australian Share Fund; and B. the Alphinity Socially Responsive Investment Fund.	A. 284,251 B. 116,165 C. 2,217,197 D. 42,228	A. 284,251 B. 116,165 C. 2,217,197 D. 42,228	A. 284,251 B. 116,165 C. 2,217,197 D. 42,228



1. Existing Owners	2. Company Shares	3. FloatCo Subscription Shares	4. Escrow Shares
J.P. Morgan Nominees Australia Limited (ACN 002 899 961) as nominee for J.P. Morgan Chase Bank, N.A. (Sydney Branch) as custodian for AustralianSuper	4,656,912	4,656,912	4,656,912
National Nominees Ltd (ACN 004 278 899) as nominee for: A. MLC Investments Limited as trustee for WM Pool Equities Trust No 45 fund; and B. Avant Group Holdings Limited as trustee for AGHL Alphinity Aust Equity fund.	A. 3,766,103 B. 165,375	A. 3,766,103 B. 165,375	A. 3,766,103 B. 165,375
A. HSBC Custody Nominees (Australia) Limited A/C 011-502838-061 B. HSBC Custody Nominees (Australia) Limited A/C 011-483989-061	A. 45,841 B. 2,205,928	A. 45,841 B. 2,205,928	A. 45,841 B. 2,205,928
South Green Holdings Pty Ltd (ACN 601 764 229) as trustee for the Moondai Investment Trust	750,000	750,000	750,000
RBC Investor Services Australia Nominees Pty Limited (ACN 097 125 123) as custodian for: A. Perpetual Pure Mircocap Pool; and B. Perpetual Wholesale Smaller Companies Share Fund.	A. 4,500,000 B. 5,300,085	A. 3,000,000 B. 5,300,085	A. 3,000,000 B. 5,300,085
National Nominees Ltd (ACN 004 278 899) as nominee for Vision Super Pty Ltd as trustee for Vision Pooled Superannuation Trust	386,648	386,648	386,648
BNP Paribas Nominees Pty Limited (ACN 084 150 023) as nominee for BNP Paribas Securities Services as custodian for Media Super Limited as	1,063,267	1,063,267	1,063,267



1. Existing Owners	2. Company Shares	3. FloatCo Subscription Shares	4. Escrow Shares
trustee for Media Super			
Stephen Goddard	200,000	200,000	N/A
Pacific Custodians Pty Ltd as trustee for the employee benefit trust	3,400,000 incentive shares	3,400,000 incentive shares	2,600,000
TOTAL	163,850,000		



Schedule 3

Warranties

1 Existing Owner

Relevant Document means, in respect of an Existing Owner, a Shareholder Deed Poll and in respect of the Company and FloatCo, this document.

1.1 Capacity and authorisation

The Relevant Person:

- (a) if a company, is a company properly incorporated and validly existing under the laws of the country or jurisdiction of its incorporation; and
- (b) has the legal right and full power and capacity to:
 - (i) execute and deliver the Relevant Document; and
 - (ii) perform its obligations under the Relevant Document and each transaction effected by or made by the Relevant Document,and has obtained all necessary authorisations and consents and taken all other actions necessary to enable it to do so.

1.2 Valid obligations

The Relevant Document constitutes valid legal and binding obligations of the Relevant Person and is enforceable against the Relevant Person in accordance with its terms.

1.3 Breach or default

The execution, delivery and performance of the Relevant Document by the Relevant Person does not and will not result in a breach of or constitute a default under:

- (a) any agreement to which the Relevant Person is party;
- (b) if a company, any provision of the constitution of the Relevant Person; or
- (c) any Australian law or regulation or any order, judgment or determination of any Australian court or regulatory authority by which the Relevant Person is bound.

1.4 Solvency – corporate Existing Owner

None of the following events has occurred in relation to the Relevant Person that is a company:

- (a) a receiver, receiver and manager, liquidator, provisional liquidator, administrator or trustee is appointed in respect of the Relevant Person or any of its assets or anyone else is appointed who (whether or not an agent for the Relevant Person) is in possession, or has control, of any of the Relevant Person's assets for the purpose of enforcing a charge;



- (b) an event occurs that gives any person the right to seek an appointment referred to in paragraph (a);
- (c) an application is made to court or a resolution is passed or an order is made for the winding up or dissolution of the Relevant Person or an event occurs that would give any person the right to make such an application;
- (d) the Relevant Person proposes or takes any steps to implement a scheme of arrangement or other compromise or arrangement with its creditors or any class of them;
- (e) the Relevant Person is declared or taken under any applicable law to be Insolvent or the Relevant Person's board of directors resolves that the Relevant Person is, or is likely to become at some future time, insolvent; or
- (f) any person in whose favour the Relevant Person has granted any Encumbrance becomes entitled to enforce, and enforces, any security under that Encumbrance or any floating charge under that Encumbrance crystallises.

1.5 Solvency – individual Existing Owner

None of the following events has occurred in relation to the Relevant Person Relevant Person that is a natural person:

- (a) a trustee or similar officer is appointed in respect of the Relevant Person or any of the Relevant Person's assets;
- (b) an order is made for the bankruptcy of the Relevant Person or his or her estate or an event occurs that would give a court the right to make an order of this type;
- (c) a moratorium of any debts of the Relevant Person, a personal insolvency agreement or any other assignment, composition or arrangement with the Relevant Person's creditors or any similar proceeding or arrangement by which the assets of the Relevant Person are subjected conditionally or unconditionally to the control of the Relevant Person's creditors or a trustee is ordered or applied for;
- (d) the Relevant Person is declared or taken under any applicable law to be insolvent or unable to pay his or her debts or the Relevant Person admits in writing that he or she is insolvent or unable to pay his or her debts;
- (e) any writ of execution, garnishee order, mareva injunction or similar order, attachment, distress or other process is made or issued against or in relation to any asset of the Relevant Person; or
- (f) any event under any law which is analogous to, or which has a substantially similar effect to, any of the events referred to in paragraphs (a) to (e).

2 Shares

2.1 Ownership

The Existing Owner is, or will at the relevant time be, the sole legal and beneficial owner of its Company Shares and has or will by the relevant time complete and unrestricted power and authority to sell its Company Shares to FloatCo.



2.2 Third party rights

There is no Encumbrance, option, right of pre-emption, right of first or last refusal or other third party right over any of its Company Shares, other than pursuant to the Shareholder Deed Poll.

3 The Trust

This section applies if an Existing Owner enters into the Shareholder Deed Poll as a trustee.

3.1 Definitions

In this section 3:

Trust means the trust constituted by the Trust Deed.

Trust Assets means all assets, properties or revenues of the Trust held by the Trustee in accordance with the Trust Deed.

Trust Assets means all assets, properties or revenues of the Trust held by the Trustee in accordance with the Trust Deed.

Trust Deed means the only relevant trust deed with the Trustee as trustee.

Trustee means the Existing Owner.

3.2 Trustee ownership

The Trustee is, or will at the relevant time be, the sole legal owner of the Company Shares.

3.3 Creation

The Trust has been validly created and is in existence and is solely constituted by the Trust Deed a true and complete copy of which has been provided to the Company before the date of this agreement and:

- (a) the Trust Deed is not void, voidable or otherwise unenforceable;
- (b) a date has not been declared under the Trust Deed as the date on which the Trust will be vested or come to an end;
- (c) all stamp duty properly payable on the Trust Deed has been paid; and
- (d) as far as the Trustee is aware, no proceedings of any description have been or are likely to be commenced or threatened which could have a material adverse effect on the assets or financial position of the Trust or on the trusteeship of the Trustee of the Trust.

3.4 Appointment

The Trustee:

- (a) has been validly appointed as trustee of the Trust and is the sole trustee of the Trust;



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- (b) has in its capacity as trustee of the Trust valid rights of indemnity against the assets of the Trust to the extent set out in the Trust Deed; and
- (c) is not in breach of its obligations under the Trust Deed and, so far as the Trustee is aware, no allegation has been made that it has breached those obligations.

3.5 Power and capacity

The Trustee has the legal right and full corporate power and capacity to:

- (a) execute and deliver the Shareholder Deed Poll on behalf of the relevant Existing Owner; and
- (b) perform its obligations under the Shareholder Deed Poll and each transaction effected by or made under the Shareholder Deed Poll,

in its capacity as trustee of the Trust and has obtained all necessary authorisations and consents under the Trust Deed and taken all other actions necessary to enable it to do so.

3.6 Execution, performance and delivery

The execution, delivery and performance of the Shareholders' Deed Poll by the Trustee does not and will not result in a breach of or constitute a default under the Trust Deed.



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Schedule 4

Share transfer form

SHARE TRANSFER FORM

Duty stamp here

FULL NAME OF CORPORATION

Name:

SURFSTITCH HOLDINGS PTY LTD (ACN 601 114 803)

State or Territory of registration:

VICTORIA

DESCRIPTION OF SECURITIES

Class:

ORD

If not fully paid, paid to:

FULLY PAID

QUANTITY

Words:

Figures:

FULL NAME(S) OF TRANSFEROR/SELLER

CONSIDERATION/PRICE

Date of transfer/purchase:

/ /

FULL NAME(S) OF TRANSFEREE/BUYER

SURFSTITCH GROUP LIMITED (ACN 602 288 004)

FULL ADDRESS OF TRANSFEREE/BUYER

225 BURLEIGH CONNECTION ROAD, BURLEIGH HEADS QLD 4220

The transferor, being the registered holder of the above securities, transfers to the transferee those securities for the above consideration or price, subject to the conditions on which they are held at the time of the signing of this transfer. The transferee agrees to accept the securities subject to those conditions and to be bound by the constitution of the corporation.

SIGNATURE

[Individual signatory]

Signed:

Transferor/Seller

Date signed:

/ /



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Schedule 4 Share transfer form

[company signatory]

EXECUTED by
[insert name of transferor]
by being signed by:

Date signed: / /

.....
Secretary/Director

.....
Director

.....
Name (please print)

.....
Name (please print)

EXECUTED by
SURFSTITCH GROUP LIMITED
by being signed by:

Date signed: / /

.....
Secretary/Director

.....
Director

.....
Name (please print)

.....
Name (please print)



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Signing page

Executed as a deed poll

Executed as a deed poll by each of the below in favour of each Relevant Person (other than itself).

Executed by **SurfStitch Group Limited** in
accordance with section 127 of the Corporations
Act 2001 (Cth);



Signature of director

JUSTIN CAMERON

Full name of director

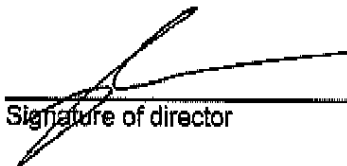


Signature of company secretary/director

HOWARD MCDONALD

Full name of company secretary/director

Executed by **SurfStitch Holdings Pty Ltd**
accordance with section 127 of the Corporations
Act 2001 (Cth);



Signature of director

JUSTIN CAMERON

Full name of director



Signature of company secretary/director

HOWARD MCDONALD

Full name of company secretary/director