

# **Ensogo Limited**

**(Formerly known as iBuy Group Limited)**

**ACN 165 522 887**

## **Annual Report - 31 December 2014**

Directors	Patrick Grove Lucas Elliott Sam Weiss Erman Akinci Nick Geddes Thomas Baum
Company secretary	Nick Geddes
Registered office	Suite 806, 70 Pitt Street Sydney NSW 2000 Tel: +61 2 9239 0277
Share register	Computershare Investor Services Pty Ltd Yarra Falls, 452 Johnson Street Abbotsford VIC 3067 Tel: 1300 295 246 or +61 3 9415 4104
Auditor	PricewaterhouseCoopers Freshwater Place, 2 Southbank Boulevard Southbank VIC 3006
Solicitors	Herbert Smith Freehills 101 Collins Street Melbourne VIC 3000
Stock exchange listing	Ensogo Limited shares are listed on the Australian Securities Exchange (ASX code: E88)
Website	<a href="http://www.ensogo.com">www.ensogo.com</a>

The directors present their report for the first full year of its operation as a public company, together with the financial statements, of the consolidated entity (referred to hereafter as the 'group') consisting of Ensogo Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 31 December 2014.

iBuy Group Limited was incorporated in Australia as a public company on 28 August 2013. On 23 September 2013, iBuy incorporated a wholly owned Singaporean subsidiary, iBuy Group Pte Ltd, to hold its operating subsidiaries. On 19 December 2013, iBuy completed the acquisitions of its 3 subsidiaries that own leading e-Commerce websites specialising in e-Commerce in Hong Kong, Singapore and Malaysia. On 2 April 2014 iBuy Group Limited acquired the South East Asia flash sale businesses of Living Social Inc. providing it with market leading positions in the Thailand, Phillipines and Indonesia markets.

### **Directors**

The following persons were directors of Ensogo Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Patrick Grove  
Lucas Elliott  
Sam Weiss  
Erman Akinci  
Nick Geddes  
Thomas Baum - appointed 4 July 2014

### **Principal activities**

The company changed its name to Ensogo Limited on 13 November 2014. The principal activity of Ensogo Limited during the financial year is the provision of an e-Commerce business. Headquartered in Singapore with operations in Hong Kong, Singapore, Malaysia, Philippines, Indonesia and Thailand, the group provides products and services for sale to customers in South East Asia and Hong Kong through its e-Commerce websites.

### **Dividends**

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

### **Review of operations**

The group recorded revenue of \$64,829,978, during the period. The loss for the group after providing for income tax amounted to \$67,377,639 (31 December 2013: loss of \$555,572).

Impairment of goodwill acquired in the business combination was \$46,976,050.

Cash Receipts during the period were \$135,575,697. Cash position decreased to \$6,350,512 (31 Dec 2013: \$10,580,071.)

Gross turnover during the period was \$152,270,151 (gross turnover is an audited non-IFRS measure and represents the total billings to customers for the period for all product and service sales. It includes the operating results of Ensogo Holdings Limited Hong Kong and its subsidiaries for the period from 1 January 2014 to the acquisition date (i.e. 2 April 2014).

The Company's strategy for growth, as established by the Executive Team and Board, is based on four pillars:

- increase economies of scale by integrating acquired businesses into a single technology platform & regional
- supply chain under a common consumer brand
- drive topline growth by increasing the number of flash sale events and cutting delivery times to customers
- identify acquisition opportunities in Southeast Asia that can increase the Company's scale and scope

During FY2014, the group made significant progress in bringing together both the businesses that were acquired at IPO in December 2013 and with the acquisition of LivingSocial SEA in April 2014, namely:

- successfully moving the entire business to our Ensogo Edge technology platform within the committed timeframe (5 technology platforms were consolidated into one unified system for all markets)
- uniting all businesses under the Ensogo brand (from 7 brands to one brand across all markets)
- reducing OPEX significantly thanks to technology-enabled headcount optimization (from approximately 950 staff as of the date of LivingSocial acquisition to 537 as at December 31, 2014)

### **Significant changes in the state of affairs**

On 2 April 2014, Ensogo acquired 100% of the ordinary shares of Ensogo Holdings Limited Hong Kong including Philippines, Thailand, Malaysia and Indonesian subsidiaries (altogether the "LivingSocial South East Asian" or "LivingSocial SEA" operations) for the total cash consideration transferred of \$19,950,260 (USD \$18 million).

There were no other significant changes in the state of affairs of the group during the financial year.

### **Matters subsequent to the end of the financial year**

On Feb 26, 2015, Ensogo received a strategic investment from VIPshop, the leading China based online discount retailer. VIPshop acquired a 12% equity stake for approximately AU\$6.4m. VIPshop's success with the flash sale business model and deep expertise in discount retailing are expected to strengthen and enhance Ensogo's business throughout Southeast Asia.

On March 2015, Ensogo announced it had entered into a conditional agreement with WF Asia Reconnaissance Fund Limited a fund managed by Ward Ferry Management for the placement of 58,823,530 new Ensogo shares to Ward Ferry at an issue price of A\$0.17 per share. The placement is subject to Ensogo shareholder approval and will raise \$10 million in new capital for Ensogo, representing approximately 10.6% of Ensogo's issued capital as at the close of the Company's AGM

### **Likely developments and expected results of operations**

Growth of the business is expected to come from:

- Increase in quality and quantity of flash sales launched and products available for sale on all websites
- Increase in number of active buyers through new customer acquisition strategies
- increase of repurchase rates of existing customers
- Improved logistics so that the length of time from point of purchase to delivery is reduced, with various trials for three day and next day delivery underway in various group markets;
- Increased proportion of China-sourced products which have higher gross profit margins than locally sourced products
- fast and cost efficient delivery of orders from China into local markets has been tested successfully with a regional rollout expected to be complete during the first half of FY 2015.
- Continued development of a single brand, common user interface and core technology platform in all markets so that consumers have a unified engagement with the Company regardless of location or device.
- Improvements that come from taking best practice in individual markets and applying them across the Group

### **Environmental regulation**

The group is not subject to any significant environmental regulation under either Australian Commonwealth or State law or within the foreign jurisdictions in which it operates.

**Information on directors**

<b>Name:</b>	Patrick Grove
<b>Title:</b>	Non-independent, non-executive Director and Chairman
<b>Qualifications:</b>	CA, B. COMM
<b>Experience and expertise:</b>	Board member and Chairman since November 2013. Mr Grove is a co-founder of Ensogo. Mr Grove's experience and expertise include mergers and acquisitions and extraction of investment value in high growth, media and technology environments. Mr Grove has built a number of significant media and internet businesses across Asia and has taken four businesses from start up to initial public offer. He has been independently recognised with numerous international awards, including as a Global Leader of Tomorrow by the World Economic Forum (2001), a New Asian Leader by the World Economic Forum (2003), the Australian Chamber of Commerce, Singapore, Young Entrepreneur of the Year (2004) and Business Week's Best Young Asian Entrepreneurs (2008). Mr Grove has a Bachelor of Commerce degree with a major in Accounting and Finance from the University of Sydney.
<b>Other current directorships:</b>	Mr Grove is Chief Executive Officer, Chairman and major shareholder of Catcha Group, one of South East Asia's most dynamic investment groups. Mr Grove is also the Chairman of iProperty Group Ltd and iCar Asia Ltd, both ASX-listed companies and a director of Rev Asia Berhad, a Malaysian-listed company.
<b>Former directorships (last 3 years):</b>	None
<b>Special responsibilities:</b>	None
<b>Interests in shares:</b>	Patrick Grove and Lucas Elliott together have an effective 24.7% interest through Catcha Group which holds 105,519,381 shares in the company.
<b>Name:</b>	Lucas Elliott
<b>Title:</b>	Non-independent, non-executive Director
<b>Qualifications:</b>	B. COMM
<b>Experience and expertise:</b>	Board member since August 2013. Mr Elliott is a co-founder of Ensogo. He has over 15 years of Asian online experience, with a focus on developing fast moving online business models and monetising online assets. Mr Elliott is also a co-founder of Catcha Group, where he is responsible for all aspects of Catcha Group's corporate finance activities, including mergers and acquisitions, capital raisings and public listings. Mr Elliott has a Bachelor of Commerce degree with a major in Finance from the University of Sydney.
<b>Other current directorships:</b>	Mr Elliott is also a director of iProperty Group Ltd and iCar Asia Ltd, both ASX-listed companies, and Rev Asia Berhad, a Malaysian-listed company.
<b>Former directorships (last 3 years):</b>	None
<b>Special responsibilities:</b>	Member of the Audit, Business Risk and Compliance Committee and member of the Remuneration and Nomination Committee
<b>Interests in shares:</b>	Patrick Grove and Lucas Elliott together have an effective 24.7% interest through Catcha Group which holds 105,519,381 shares in the company.
<b>Name:</b>	Sam Weiss
<b>Title:</b>	Independent, non-executive Director
<b>Experience and expertise:</b>	Board member since November 2013. He previously served as the COO of Nike Europe and Vice-President of Gateway Computers, Asia Pacific and as the COO of LetsBuyIt.com. Mr Weiss is a graduate of Harvard University and the Columbia University School of Business Administration.
<b>Other current directorships:</b>	Mr Weiss is currently a director of Orotan Group Ltd, Breville Group Ltd and the Chairman of Altium Ltd and 3PLearning Ltd.
<b>Former directorships (last 3 years):</b>	iProperty Group Limited
<b>Special responsibilities:</b>	Chairman of the Audit, Business Risk and Compliance Committee and Chairman of the Remuneration and Nomination Committee
<b>Interests in shares:</b>	1,269,097

Name: Erman Akinci  
Title: Non-independent, non-executive Director  
Qualifications: B. SC  
Experience and expertise: Board member since November 2013. Mr Akinci specialises in the sourcing and development of new business opportunities in the online space in Asia. Mr Akinci is a founder of Dealmates and the Director of Business Development for Catcha Group, where he is responsible for deal origination and integration. Mr Akinci has a Bachelor of Science in Electrical Engineering from Pennsylvania State University, USA.

Other current directorships: None  
Former directorships (last 3 years): None  
Special responsibilities: None  
Interests in shares: 93,750

Name: Thomas Baum - appointed 4 July 2014  
Title: Non-independent, non-executive Director  
Qualifications: Dipl. Kaufmann, CEMS Master  
Experience and expertise: Board member since July 2014. Since 2011 he has been managing director and CFO of the global e-commerce holding company Rebate Networks which started more than 30 e-commerce/ daily deal companies in Asia, Eastern Europe and South America. Formerly he was the managing director and CFO of StudiVZ, the largest German social network at that time. He founded his first e-commerce business end of 1999 and is currently involved in several start-ups as business angel. Mr.Baum studied at the University of Cologne and at the HEC (Hautes Études Commerciales) in Paris and has a Diploma (Master-Degree) in Business Administration and a CEMS MIM.

Other current directorships: Managing Director of Rebate Networks GmbH (\*), MJ SEA Group Pte. Ltd.\* Singapore and Digital Commerce Lanka (Pvt) Ltd, Sri Lanka.

Former directorships (last 3 years): None  
Special responsibilities: None  
Interests in shares: None

\* Thomas Baum holds no shares in Rebate Networks GmbH

Name: Nick Geddes  
Title: Independent, non-executive Director and Company Secretary  
Qualifications: FCA, FCIS  
Experience and expertise: Mr Nick Geddes was appointed Director and Company Secretary in August 2013. He is the principal of Australian Company Secretaries Pty Ltd, a company secretarial practice that he formed in 1993. Mr Geddes is a past President of Chartered Secretaries Australia and a former Chairman of the NSW Council of that Institute. His previous experience, as a Chartered Accountant and Company Secretary, includes investment banking and development and venture capital in Europe, Africa, the Middle East and Asia. Mr Geddes acts as company secretary for a number of ASX-listed companies.

Other current directorships: iProperty Group Limited  
Former directorships (last 3 years): iCar Asia Limited  
Special responsibilities: Member of the Audit, Business Risk and Compliance Committee and member of the Remuneration and Nomination Committee  
Interests in shares: 100,000

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

## Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 31 December 2014, and the number of meetings attended by each director were:

	Full board		Remuneration and Nomination Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
Patrick Grove	18	19	-	-	-	-
Lucas Elliott	18	19	1	1	7	7
Sam Weiss	19	19	1	1	7	7
Ermann Akinci	19	19	-	-	-	-
Nick Geddes	19	19	1	1	6	7
Thomas Baum *	8	8	-	-	-	-

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

\* Appointed 4 July 2014

## Remuneration report (audited)

The remuneration report, which has been audited, outlines the key management personnel remuneration arrangements for the group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional disclosures relating to key management personnel

### ***Principles used to determine the nature and amount of remuneration***

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

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency
- incentive for executives

The Remuneration and Nomination Committee is responsible for determining and reviewing remuneration arrangements for its executives. The performance of the group depends on the quality of the executive team and its ability to work together to deliver results. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel, and is structured to:

- reward capability and performance
- reflect competitive rewards for contribution to growth in shareholder wealth
- provide a clear structure for earning rewards

In accordance with best practice corporate governance, the structure and review of non-executive directors and executive remunerations is separate.

#### *Non-executive directors remuneration*

Under the Constitution, the directors decide the total amount paid to all directors as remuneration for their services as a director. Under the Listing Rules of the ASX, the total amount paid to all directors for their services must not exceed in aggregate in any financial year the amount fixed at an Ensogo Ltd Annual General Meeting. This amount has been fixed by Ensogo at \$650,000. Statutory superannuation is also payable on fees paid to directors.

Under its Charter, the Remuneration and Nomination Committee must have at least two members, all of whom must be non-executive directors; a majority of independent directors and the chairman of the committee must be independent. Lucas Elliott and Nick Geddes are members of the Committee, and independent director Sam Weiss is chairman of the committee.

#### *Executive remuneration*

The group aims to reward executives with a level and mix of remuneration based on their position and responsibility, which has both fixed and variable components.

The executive remuneration and reward framework has the following components:

- base pay and non-monetary benefits
- short-term and long-term performance incentives

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary and non-monetary benefits, are reviewed by the Remuneration and Nomination Committee, based on individual performance, the overall performance of the group and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example medical insurance paid for the Chief Executive Officer).

The short-term incentive ('STI') program is designed to align the strategic and financial goals of the business with the targets of those executives in charge of meeting the targets. STI payments are granted to executives at the discretion of the company and based on achievement of key performance indicators ('KPI's') as set from time to time by the company. STIs are payable in cash or a mix of cash and shares.

The long-term incentive ('LTI') program is designed to retain key executives and to reward performance that enhances shareholder value and will be made using share-based payments. Shares are awarded to executives at the discretion of the company based on long-term incentive measures. These may include increase in shareholders' value in absolute terms, relative to the entire market and the increase compared to the group's direct competitors.

#### *Voting and comments made at the company's 2013 Annual General Meeting ('AGM')*

At the 2013 AGM, in excess of 75% of the votes received supported the adoption of the remuneration report for the period ended 31 December 2013. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

#### ***Details of remuneration***

##### *Amounts of remuneration*

Details of the remuneration of the key management personnel of the group are set out in the following tables.

The key management personnel of the group consisted of the directors of Ensogo Limited and the following persons:

- Patrick Linden - Chief Executive Officer (resigned 13 August 2014)
- Kris Marszalek - Chief Executive Officer (appointed 13 August 2014)
- Rafael Melo - Chief Financial Officer (appointed 23 June 2014)



	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees	Bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled	Total
2014	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
Patrick Grove	-	-	90,000	-	-	-	90,000
Lucas Elliott	-	-	70,000	-	-	-	70,000
Sam Weiss	-	-	80,000	-	-	-	80,000
Erman Akinci	-	-	70,000	-	-	-	70,000
Nick Geddes	-	-	70,000	-	-	-	70,000
Thomas Baum *	-	-	34,712	-	-	-	34,712
<i>Other Key Management Personnel:</i>							
Patrick Linden **	227,837	-	-	-	-	-	227,837
Kris Marszalek **	148,317	-	-	1,182	-	-	149,499
Rafael Melo***	122,751	-	-	6,190	-	-	128,941
	498,905	-	414,712	7,372	-	-	920,989

\* Appointed 4 July 2014

\*\* Patrick Linden resigned 13 August 2014 followed by the appointment of Kris Marszalek on 13 August 2014

\*\*\* Appointed 23 June 2014

Until 30 June 2014, the services of the Chief Financial Officer, Andrew Bursill, were provided according to the terms of a consultancy agreement between the company and Franks & Associates Pty Ltd, of which Mr Bursill is a principal. Under the agreement, Franks & Associates charges the company for time spent performing the Chief Financial Officer's function at an hourly rate. During the year, fees relating to accounting services of \$29,135 (2013: \$3,000) were paid to Franks & Associates Pty Ltd while Andrew Bursill was acting CFO of the company.

Rafael Melo replaced Andrew Bursill as Chief Financial Officer from 23 June 2014.

Nick Geddes is engaged as the company secretary of Ensogo through a consultancy agreement between the Company and Australian Company Secretaries Pty Ltd, of which Mr Geddes is principal. Australian Company Secretaries Pty Ltd charges Ensogo approximately \$5,000 per month for the provision of Mr Geddes' services. Services amounting to \$60,000 (2013: \$20,657) were provided to the group during the period.

Non-monetary benefits include shares in the company granted to directors as part of remuneration and are yet to be issued as at the date of this report.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees	Bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled	Total
2013	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
Patrick Grove	7,500	-	-	-	-	-	7,500
Lucas Elliott	5,800	-	-	-	-	-	5,800
Sam Weiss	6,700	-	-	-	-	-	6,700
Erman Akinci	5,800	-	-	-	-	-	5,800
Nick Geddes	5,800	-	-	-	-	-	5,800
<i>Other Key Management Personnel:</i>							
Patrick Linden	17,400	-	-	-	-	-	17,400
	49,000	-	-	-	-	-	49,000

\* No short-term incentive or non-monetary benefits are payable to Patrick Linden for the period ended 31 December 2013.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk - LTI		At risk - STI		At risk - LTI	
	2014	2013	2014	2013	2014	2013	2014	2013
<i>Non-Executive Directors:</i>								
Patrick Grove	100%	100%	-%	-%	-%	-%	-%	-%
Lucas Elliott	100%	100%	-%	-%	-%	-%	-%	-%
Sam Weiss	100%	100%	-%	-%	-%	-%	-%	-%
Erman Akinci	100%	100%	-%	-%	-%	-%	-%	-%
Nick Geddes	100%	100%	-%	-%	-%	-%	-%	-%
Thomas Baum *	100%	-%	-%	-%	-%	-%	-%	-%
<i>Other Key Management Personnel:</i>								
Patrick Linden **	100%	100%	-%	-%	-%	-%	-%	-%
Kris Marszalek **	100%	-%	-%	-%	-%	-%	-%	-%
Rafael Melo ***	100%	-%	-%	-%	-%	-%	-%	-%

\* Appointed 4 July 2014

\*\* Patrick Linden resigned 13 August 2014 followed by the appointment of Kris Marszalek on 13 August 2014

\*\*\* Appointed 23 June 2014

### ***Service agreements***

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Kris Marszalek
Title:	Chief Executive Officer
Agreement commenced:	13 August 2014
Term of agreement:	3 years. The employment agreement can be terminated by either party at any time by giving six months' notice.
Details:	Mr Marszalek is entitled to a base salary of \$300,000 US dollars per annum (this is equivalent to approximately AUD\$366,693 as at 31 December 2014). The company will also pay the costs of Mr Marszalek's medical insurance. Mr Marszalek may be paid a short term incentive of up to USD\$150,000 per year, payable in cash. Payment of the short term incentive is at the discretion of the company. Mr Marszalek may also be paid a long term incentive of up to USD\$150,000 per year, payable in shares. Payment of the long term incentive is at the discretion of the company and will be subject to time and performance hurdles.
Name:	Patrick Linden (resigned 13 August 2014)
Title:	Chief Executive Officer
Agreement commenced:	November 2013
Term of agreement:	3 years
Details:	Mr Linden was entitled to a base salary of \$240,000 Singapore dollars per annum (this is equivalent to approximately AUD\$221,532 as at 31 December 2014). The company also paid the costs of Mr Linden's medical insurance.
Name:	Rafael Melo (appointed 23 June 2014)
Title:	Chief Financial Officer
Agreement commenced:	June 2014
Term of agreement:	The employment agreement can be terminated by either party at any time by giving three months' notice.
Details:	Mr Melo is entitled to a base salary of \$240,000 Singapore dollars per annum (this is equivalent to approximately AUD\$221,532 as at 31 December 2014). Mr Melo may be paid a short term incentive of up to AUD\$88,613 per year, payable in cash or a mix of cash and Shares. Payment of the short term incentive is at the discretion of the company. Mr Melo may also be paid a long term incentive of up to AUD\$88,613 per year, payable in shares. Payment of the long term incentive is at the discretion of the company and will be subject to time and performance hurdles.
Name:	Andrew Bursill (resigned 30 June 2014)
Title:	Chief Financial Officer
Agreement commenced:	November 2013
Term of agreement:	The agreement is for a minimum term of 12 months after which it can be terminated by either party at any time by giving a minimum of 1 months' notice. The contract was ended by mutual agreement on 23 June 2014.
Details:	Andrew Bursill served as the company's Chief Financial Officer until the appointment of Mr. Rafael Melo on terms set out in a consultancy agreement between Ensogo Ltd and Franks & Associates Pty Ltd, of which Mr Bursill is a principal. Under the agreement, Franks & Associates charges the company for time spent performing the Chief Financial Officer's function at an hourly rate.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

### ***Share-based compensation***

#### ***Issue of shares***

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 31 December 2014.

#### *Options*

There were no options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 31 December 2014.

#### ***Additional disclosures relating to key management personnel***

##### *Shareholding*

The number of shares in the company held during the financial year by each director and other members of key management personnel of the group, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of 2013 remuneration	Additions *	Disposals/ Other	Balance at the end of the year
<i>Ordinary shares</i>					
Sam Weiss	1,041,667	27,430	200,000	-	1,269,097
Erman Akinci	93,750	-	-	-	93,750
Nick Geddes	-	72,004	27,996	-	100,000
Kris Marszalek***	-	-	-	-	-
Patrick Linden **	13,759,115	-	-	(13,759,115)	-
	<u>14,894,532</u>	<u>99,434</u>	<u>227,996</u>	<u>(13,759,115)</u>	<u>1,462,847</u>

\* On-market trade

\*\* Interest held at date of resignation 13 August 2014. Patrick Linden ceased being a Key Management Personell on 13 August 2014 and for the purpose of the remuneration report Patrick Linden was no longer a key management personnel as of 13 December 2014. Patrick Linden's shareholding as of 31 December 2014 was 10,944,920 shares.

\*\*\* Kris Marszalek has an effective interest through Middle Kingdom Capital Group which holds 50,888,364 ordinary shares as at 31 December 2014. Kris Marszalek has a 50% shareholding in Middle Kingdom Capital Group

At 1 January 2014, Patrick Grove and Lucas Elliott together had an effective interest through Catcha Group Pte Ltd which holds 88,924,936 shares in the company. During the year, they were allotted 16,467,581 shares as a result of participating in the entitlement offer and 126,864 shares as part of remuneration. Catcha Group Pte Ltd was issued 24,001 shares during the year for Erman Akinci's service. Their combined interests stand at 105,543,382 ordinary shares as at 31 December 2014.

Thomas Baum is a director in Rebate Networks. Rebate Networks has 54,938,821 ordinary shares as at 31 December 2014.

#### **Shares under option**

There were no unissued ordinary shares of Ensogo Limited under option outstanding at the date of this report.

#### ***This concludes the remuneration report, which has been audited.***

#### **Indemnity and insurance of officers**

The company has entered into deeds of access, indemnity and insurance with each director.

The deeds confirm each director's right of access to certain books and records of the company for a period of seven years after the director ceases to hold office. This seven year period can be extended where certain proceedings or investigations commence before the seven years expires.

The company has entered into an agreement with each director to indemnify those parties against all liabilities to another person that may arise from their position as director or other officer of the company or its subsidiaries to the extent permitted by law. The deed stipulates that the company will meet the full amount of any such liabilities, including reasonable legal costs and expenses.

The company has entered into an agreement with each director to obtain such insurance during each director's period of office and for a period of seven years after a director ceases to hold office. This seven year period can be extended where certain proceedings or investigations commence before the seven years expires.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

#### **Indemnity and insurance of auditor**

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

#### **Proceedings on behalf of the company**

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

#### **Non-audit services**

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 27 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 27 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

#### **Officers of the company who are former audit partners of PricewaterhouseCoopers**

There are no officers of the company who are former audit partners of PricewaterhouseCoopers.

#### **Auditor's independence declaration**

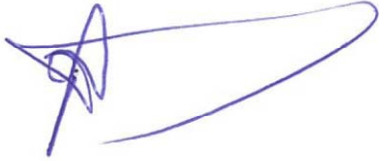
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

#### **Auditor**

PricewaterhouseCoopers was appointed and continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in blue ink, consisting of a stylized, elongated loop followed by a series of smaller, overlapping loops.

---

Patrick Grove  
Chairman

27 February 2015



## Auditor's Independence Declaration

As lead auditor for the audit of Ensogo Limited for the year ended 31 December 2014, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Ensogo Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'J. Roberts'.

Jon Roberts  
Partner  
PricewaterhouseCoopers

Melbourne  
27 February 2015

## **Corporate governance statement**

The following statement sets out the governance framework adopted by the Ensogo Limited (Ensogo) Board.

### **Approach to Governance**

In relation to Corporate Governance, the Board seeks to embrace those principles and practices that are relevant and appropriate to the size and stage of development of the Company.

### **Compliance with Corporate Governance Codes**

As the Company is listed on ASX, it is required by ASX Listing Rule 4.10.3 to disclose the extent to which it has followed the recommendations set by the ASX Corporate Governance Council during the reporting period.

The ASX Corporate Governance Council recommendations are contained in the 2<sup>nd</sup> edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (ASX CGP). These principles have again been updated with effect from 1 January 2015.

With the following exceptions the Company has adhered to the ASX Corporate Governance Principles and Recommendations contained in the 2<sup>nd</sup> Edition:

- there is not presently a majority of independent directors on the Board (Recommendation 2.1)
- the chairperson of Ensogo is not independent (Recommendation 2.2)

Other than these instances, the Company has adopted the recommendations of the ASX Corporate Governance Council.

## **1. Board of Directors – Role and Responsibilities**

The Board is responsible for the overall corporate governance of Ensogo. The Board monitors the operational and financial position and performance of Ensogo and oversees its business strategy including approving the strategic goals of Ensogo. The Board is committed to maximising performance, generating appropriate levels of Shareholder value and financial return, and sustaining the growth and success of Ensogo. In conducting business with these objectives, the Board is concerned to ensure that Ensogo is properly managed to protect and enhance Shareholder interests, and that Ensogo, its Directors, officers and employees operate in an appropriate environment of corporate governance. Accordingly, the Board has created a framework for managing Ensogo including adopting relevant internal controls, risk management processes and corporate governance policies and practices which it believes are appropriate for Ensogo's business and which are designed to promote the responsible management and conduct of Ensogo.

The Board of Directors of Ensogo has taken into account its size and activities in the development of the framework.

## **2. Board of Directors - Compositions, Structure and Process**

The Board has an appropriate blend of skills and experience and is of an appropriate size to adequately discharge its responsibilities and duties given the current size, scale and nature of the Company's activities. Details of the Directors are included in the Directors' Report.

### **2.1 Skills, knowledge and experience**

Directors are appointed based on the specific corporate, technical and governance skills and experience required by the Company. The Board includes Directors with a relevant blend of experience in accounting and finance, law, financial and investment markets, financial management and public company administration, and director-level business or corporate experience.

### **2.2 Non-Executive Directors**

All Directors are Non-Executive Directors.

### **2.3 Chairman and Chief Executive Officer**

The Chairman leads the Board and has responsibility for ensuring the Board receives accurate, timely and clear information to enable Directors to perform their duties as a Board.

The Chief Executive Officer of the Company was appointed on 13 August 2014 and is responsible for and accountable to the Board for the Company's management.



## 2.4 Company Secretary

The Company Secretary is appointed by the Board and is responsible for developing and maintaining the appropriate governance systems and processes for the Board to fulfil its role and is responsible to the Board for ensuring compliance with Board procedures and governance matters. The Company Secretary is also responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. The Company Secretary is Nick Geddes FCA FCIS.

## 2.5 Committees of the Board

To assist in the execution of its corporate governance responsibilities, the Board has two committees, the Audit Business Risk & Compliance Committee and the Nomination & Remuneration Committee. When appropriate special board committees may be appointed to address specific issues. Requirements for Board committees are reviewed regularly by the Board. All committees operate principally in a review or advisory capacity, except in cases where powers are expressly conferred on or delegated to a committee by the Board.

### 2.5.1 *Audit Business Risk & Compliance Committee*

The Board has established an Audit Business Risk & Compliance Committee that operates under a charter approved by the Board. It is the Board's responsibility to ensure that an appropriate and effective internal control framework exists within the entity.

The system of internal control is designed to safeguard assets, ensure the maintenance of proper accounting records, monitoring of risks and the reliability of financial information as well as nonfinancial considerations such as the benchmarking of operational key performance indicators. The Board has delegated the responsibility for the establishment and maintenance of a framework of internal control and ethical standards for the management of the economic entity to the Audit Business Risk & Compliance Committee. That Committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial statements.

The members of the Audit Business Risk & Compliance Committee are Sam Weiss (Chair), Lucas Elliott and Nick Geddes. Full details and qualifications of the members are contained in the Directors' Report.

The members are experienced in executive management, public company management and finance. The Chair of the Audit Business Risk & Compliance Committee is not the Chairman of the Board. The external auditors, the CEO and CFO are invited to Audit Business Risk & Compliance Committee meetings at the discretion of the Committee. Attendance at meetings of the Committee is included in the Directors' Report.

The Audit Business Risk & Compliance Committee is also responsible for directing and monitoring the internal audit function (if appointed), nomination of the external auditor, monitoring the independence of the external auditor and reviewing the adequacy of the scope and quality of the annual statutory audit or review. The Committee reviews the performance of the external auditors on an annual basis.

### 2.5.2 *Remuneration & Nomination Committee*

The Remuneration & Nomination Committee is responsible for reviewing the remuneration of Directors and senior management and evaluation of senior management, making recommendations to the Board on these matters. This role also includes responsibility for recommendations to the Board on share and option schemes, incentive performance packages, superannuation entitlements, composition of the Board and the process and criteria for selection of new directors. The Committee also has the responsibility to oversee the Company's general remuneration strategy.

Remuneration levels are competitively set to attract the best qualified and experienced Directors and key management personnel appropriate to the size and stage of development of the Company. The Committee is authorised to obtain independent advice on the appropriateness of remuneration packages.

Details of the amount of remuneration, and all monetary and non-monetary components, for each of the 3 highest-paid (non-Director) key management personnel and all Directors during the year ending 31 December 2014 are contained in the remuneration report included in the Directors' Report. Termination entitlements for key management personnel, if any, are also contained in the report.

The Remuneration and Nomination Committee is responsible for identifying qualified individuals for appointment to the Board. In identifying candidates, the Remuneration and Nomination Committee will have regard to the selection criteria set out in the board appointment process, which will include:

- skills, expertise and background that add to and complement the range of skills, expertise and background of the existing directors;
- diversity; and
- the extent to which the candidate would fill a present need on the Board.

Whilst skills such as leadership and previous experience as a chief executive, chair or board member of a large organisation with international operations have traditionally been prerequisites to appointment as a director, the Board recognises that other skills gained from experience in the following areas are key skills and experience which the Board as a whole should comprise:

- marketing and sales;
- policy and regulatory development and reform;
- health, safety and environment and social responsibility; and
- human resources.

Remuneration levels are competitively set to attract the best qualified and experienced Directors and key management personnel appropriate to the size and stage of development of the Company. The Committee is authorised to obtain independent advice on the appropriateness of remuneration packages. Non-Executive Directors are remunerated by way of fees and shares, and are not provided with retirement benefits.

The members of the Committee are Samuel Weiss (Chair), Lucas Elliott, and Nick Geddes. The Committee met once during the year.

## 2.6 Independence

An independent Director, in the view of the Company, is a Non-Executive Director who:

- is not a substantial shareholder of the Company or an employee of, or otherwise associated directly with, a substantial shareholder of the Company;
- has not previously been employed in an Executive capacity by the Company, or been a Director after ceasing to hold any such employment; within the last three years has not been a principal of a professional adviser or a consultant to the Company to a material extent, or an employee of a significant service provider;
- is not a material supplier or customer of the Company, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- has no material contractual relationship with the Company other than as a Director of the Company;
- has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and
- is free from any interest and any business or other relationship that could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

Samuel Weiss and Nick Geddes are regarded as Independent Directors. The size of the Board will be reviewed periodically and if the Company's activities increase in size, nature and scope the composition and size of the board will be reviewed.

## 2.7 Conflicts of Interest

To ensure that Directors are at all times acting in the interests of the Company, Directors must:

- Disclose to the Board actual or potential conflicts of interest that may or might reasonably be perceived to exist between the interests of the Director and the interests of any other parties in carrying out the activities of the Company; and
- If requested by the Board, within seven days or such further period as may be determined by the Board, takes such necessary and reasonable steps to remove any conflict of interest.

If a Director cannot or is unwilling to remove a conflict of interest then the Director must, as required by the Corporations Act, absent himself or herself from the room when the conflicted matter is being discussed and/or when voting occurs, save with the approval of the remaining Directors and subject to the Corporations Act.

## 2.8 Related Party Transactions

Related party transactions include any financial transaction between a Director and the Company as defined in the Corporations Act or the ASX Listing Rules. Unless there is an exemption under the Corporations Act from the requirement to obtain shareholder approval for the related party transaction, the Board cannot approve the transaction. The Company also discloses related party transactions in its financial report as required under relevant Accounting Standards.

## 2.9 Share Dealings and Disclosures

The Company's Share Trading Policy regarding Directors, Executives and employees dealing in its securities, is set by the Board and complies with ASX Listing Rules Chapter 12. The Board restricts Directors, Executives and employees from trading in Company securities except during trading windows and in any event when in possession of price sensitive information until it has been released to the market and adequate time has been given for this to be reflected in the security's prices. Executives, employees and Directors are required to obtain approval from either the CEO/Managing Director or Chairman prior to dealing in securities in the Company or other companies in which the Company has a relationship. The policy outlines the exceptional circumstances during which trading may take place during a blackout period and sets rules for "passive trading".

Dealings are not permitted at any time whilst in the possession of price sensitive information not already available to the market. In addition, the Corporations Act prohibits the purchase or sale of securities whilst a person is in possession of inside information.

#### 2.10 Board nominations

The Board will consider nominations for appointment or election of Directors that may arise from time to time having regard to the skills required by the Company and procedures outlined in the Constitution and the Corporations Act.

#### 2.11 Terms of Appointment as a Director

The current Directors of the Company have been appointed until they are either removed (which will include the circumstances where the Director is not re-elected) or when they resign. The Constitution of the Company provides that a Director may not retain office for more than three calendar years or beyond the third annual general meeting following his or her election, whichever is longer, without submitting himself or herself for re-election by shareholders. One third of the Directors must retire each year and are eligible for re-election. The Directors who retire by rotation at each annual general meeting are those with the longest length of time in office since their appointment or last election.

#### 2.12 Performance Review and Evaluation

Ensogo has adopted a performance evaluation process in relation to the Board and its committees. Each year, Directors will provide written feedback in relation to the performance of the Board and its Committees against a set of agreed criteria. Each Committee of the Board will also be required to provide feedback in terms of a review of its own performance. Feedback will be collected by the chair of the Board, or an external facilitator, and discussed by the Board, with consideration being given as to whether any steps should be taken to improve performance of the Board or its Committees. The Chief Executive Officer and Chief Financial Officer will also provide feedback from senior management in connection with any issues that may be relevant in the context of the Board performance review. Where appropriate to facilitate the review process, assistance may be obtained from third party advisers. Since listing on the ASX on 20 December 2013, Ensogo has undertaken the acquisition and then consolidation of the southeast Asian assets of Living Social and expanded its Board; during 2015 it will undertake a performance evaluation of the Board, its Committees and the senior executives.

#### 2.13 Meetings of the Board

The Board meets regularly and whenever necessary to deal with specific matters requiring attention between scheduled meetings. Circular Resolutions are also utilised when appropriate. Board meetings are held predominantly by telephone conference as Directors are resident in several countries. However, the Board convenes face to face meetings from time to time as appropriate, based on the items of business for consideration. Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director of the Company. It is recognised and accepted that Board members may also concurrently serve on other boards, either in an executive or non-executive capacity.

#### 2.14 Independent Professional Advice

Subject to prior consultation with the Chairman, each Director has the right to seek independent legal and other professional advice at the Company's expense concerning any aspect of the Company's operations or undertakings in order to fulfil their duties and responsibilities as Directors.

#### 2.15 Access to Company Information and Confidentiality

All Directors have the right of access to all relevant Company books and to the Company's Executive Management. In accordance with legal requirements and agreed ethical standards, Directors and Executives of the Company are required to keep confidential, information obtained in the course of the exercise of their duties and will not disclose non-public information except where disclosure is authorised or legally mandated.

#### 2.16 Nomination of new Directorships

The primary vehicle for the effective management of director nominations is the Remuneration & Nomination Committee appointed by the Board. The responsibilities assumed by the Remuneration & Nomination Committee include:

- review and recommend arrangements for the executive directors (if any) and the executives reporting to the Chief Executive Officer, including contract terms, annual remuneration and participation in the Company's short and long term incentive plans;
- review major changes and developments in the Company's remuneration, recruitment, retention and termination policies and procedures for senior management;
- review major changes and developments in the remuneration policies, superannuation arrangements, personnel practices and industrial relations strategies for the Company;

- review the senior management performance assessment processes and results as they reflect the capability of management to realise the business strategy; and
- review and approve short term incentive strategy, performance targets and bonus payments.

#### 2.17 Director's deeds

The Company has also entered into a Deed of Indemnity, Insurance and Access with each of the Directors and senior officers to regulate certain matters between the Company and each Director, both during the time the Directors hold office and after the Director ceases to be an officer of the Company (or wholly owned subsidiaries).

### 3. Remuneration Policy

The fees and emoluments paid to non-executive Directors are approved in advance by Shareholders. The salary and emoluments to be paid to officers will need prior approval by the Remuneration & Nomination Committee. Consultants will be engaged as required pursuant to Consultancy Service Agreements. The Company will ensure that fees, salaries and emoluments will be in line with general standards for publicly listed companies of the size and type of the Company and that they will not be excessive. All salaries of Directors and senior executives will be disclosed in the Remuneration Report of the Company each year.

### 4. Diversity

The 2010 amendments to the ASX Corporate Governance Guidelines Principles and Recommendations included amendments that seek to address diversity concerns, in particular, the under-representation of women on boards and in senior management.

The Company recognises that people are its most important asset and is committed to the maintenance and promotion of workplace diversity.

Diversity drives the Company's ability to attract, retain and develop the best talent, create an engaged workforce, deliver the highest quality services to its customers and continue to grow the business. In addition to business policies, practices and behaviours that promote diversity and equal opportunity and create an environment where individual differences are valued the Board adopted a Diversity policy in November 2013.

This policy set out minimum expectations to be met by the Group on workforce diversity. A copy of the Policy is available on the Investor Relations/Corporate Governance section of the Group's website: <http://ir.ensogo.com>. The strategies outlined below aim to achieve the objectives of this Policy by:

- setting measurable objectives relating to gender at all senior management and leadership levels;
- broadening the field of potential candidates for senior management and board appointments; and
- increasing the transparency of the board appointment process.

The Remuneration and Nomination Committee is responsible for the development and succession planning process for the Chief Executive Officer (CEO) and the CEO's direct reports. In discharging this responsibility, the Remuneration and Nomination Committee will have regard to diversity criteria.

The breakdown of directors and employees by gender is as follows:

Proportion of female to male employees at Ensogo as at 31 December 2014 compared to 2013								
Ensogo	Board		Senior Executives		Manager		Employee	
	2013	2014	2013	2014	2013	2014	2013	2014
<b>Female</b>	0%	0%	19%	13%	52%	50%	52%	57%
<b>Male</b>	100%	100%	81%	87%	48%	50%	48%	43%

The Remuneration & Nomination Committee has set a number of objectives under the Policy, namely to:

- address the lack of gender diversity on the Board. There is a 2018 target of 15% of the board being female directors;
- continue to work to develop a balanced ratio of female management;
- optimise local talent in senior management and the workforce in established international markets; and
- establish an effective measurement and reporting framework.

The Policy objectives, and the Group's progress in achieving them, will be assessed on an annual basis.

## **5. Code of Conduct and Ethical Standards**

The Company has adopted a formal Code of Conduct that guides compliance with all levels of legal and other obligations to stakeholders. The Code is focused on ensuring that all Directors, Executives, and employees act with the utmost integrity and objectivity in carrying out their duties and responsibilities, striving at all times to enhance the reputation and performance of the Company.

## **6. Internal Control and Risk Management**

The Board is responsible for the identification, monitoring and management of significant business risks and the implementation of appropriate levels of internal control, recognising however that no cost effective internal control system will preclude all errors and irregularities. The Board regularly reviews and monitors areas of significant business risk and has established a separate Audit Risk Management & Compliance Committee which is governed by a separate Board Charter.

The Board receives regular reports from management about the financial condition and operational results of the Company. The Board has also received written assurances from the Chief Executive Officer and Chief Financial Officer that to the best of their knowledge and belief:

- The Company's financial statements present a true and fair view of the Company's financial condition and operational results and comply with relevant accounting standards; and
- The risk management and internal compliance and control systems are sound, appropriate and operating effectively and implement the policies adopted by the Board.

The Board and management undertake annual reviews on the Company's strategic and operational risks as part of its annual strategic and budget process. Divisional heads are encouraged to provide their inputs at such annual reviews. This process allows the Board to have a better understanding of the overall industry risks and opportunities in which the Company operates.

The Company has identified the following possible business risks which the Company believes to be inherent in the industry in which the Company operates:

- Fluctuations in exchange rates
- Political stability risk in some of the countries of operation
- Interest rate risk
- Stability of internet infrastructure
- Risk of penetration of internal systems by unauthorised persons
- Changes in local government regulations
- Increased cost of operation including employment costs
- Retention of key employees
- Fluctuations in traffic
- Cyclical market due to general market outlook for economic growth
- Force majeure events

The above risks are provided to assist investors to better understand the nature of the risks faced by the Company and the industry in which the Company operates. They are not necessarily an exhaustive list. Management regularly undertakes reviews of its risk management procedures which include implementation of a system of internal sign-offs to ensure not only that the Company complies with its legal obligations but that the Board, and ultimately shareholders, can take comfort that an appropriate system of checks and balances is in place regarding those areas of the business which present financial or operating risks.

## **7. Communications to Market and Shareholders**

The Board recognises its duty to ensure that its shareholders are informed of all major developments affecting the Company's state of affairs and has adopted a Shareholder Communication Policy. The Policy provides that information will be communicated to shareholders and the market through:

- The Annual Report which is distributed to shareholders;
- The Annual General Meeting and other general meetings called to obtain shareholder approvals as appropriate;
- The Half-Yearly Directors' and Financial Reports;
- Quarterly Report for Entities admitted on the basis of commitments;
- Other announcements released to ASX as required under the continuous disclosure requirements of the ASX Listing Rules and other information that may be mailed to Shareholders.

The Company will actively promote communication with shareholders through a variety of measures, including the use of the Company's website. The Company's reports and ASX announcements will be available for viewing and downloading from its website: <http://ir.ensogo.com> or the ASX website: [www.asx.com.au](http://www.asx.com.au) under ASX code "E88".

## 8. Continuous Disclosure to ASX

The Board has adopted a Continuous Disclosure Policy and has designated the CEO, CFO or Company Secretary as the persons responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX.

In accordance with the ASX Listing Rules, the Company will notify the ASX promptly of information:

- Concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and
- That would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

## Compliance with The ASX Corporate Governance Principles and Recommendations

The extent to which Ensogo has followed the ASXCGPR is as follows:

<b>PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>	<b>Compliance</b>	<b>Corporate Governance Statement (CGS) References/Comments</b>
1.1 Formalise and disclose the functions reserved to the Board and those delegated to management.	Yes	1, 2
1.2 Formalise and disclose the process for evaluating the performance of management.	Yes	2.5.2, 2.12
1.3 Provide the information indicated in the Guide to reporting on Principle 1.	Yes	Annual Report Website CGS
<b>PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE</b>		
2.1 A majority of the Board should be independent directors.	No	The current members of the Board have the relevant and appropriate mix of skills and experience to perform the Board's functions and responsibilities.
2.2 The Chairperson should be an independent director	No	The Chairman is not independent as a consequence of his being a substantial shareholder in the company. This has not impeded his ability to effectively chair the board.
2.3 The roles of chairperson and chief executive officer should not be exercised by the same individual	Yes	2, 2.3
2.4 The Board should establish a nomination committee	Yes	2.5.2, 2.16
2.5 Formalise and disclose the process for evaluating the performance of the Board, its committees and individual directors	Yes	2.5.2, 2.12
2.6 Provide the information indicated in Guide to reporting on Principle 2.	Yes	Annual Report Website CGS
<b>PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING</b>		



3.1	Establish a Code of Conduct to guide the directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives as to: 3.1.1 The practices necessary to maintain confidence in the Company's integrity. 3.1.2 The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders. 3.1.3 The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Yes	5
3.2	Establish a policy concerning diversity and disclose that policy or a summary.	Yes	4 Website
3.2a	Disclose the policy concerning trading in Company Securities by Directors, officers and employees	Yes	2.9 Website
3.3	Disclose in each annual report the measurable objectives for achieving gender diversity and progress towards achieving them.	Yes	4
3.4	Disclosure in each annual report the proportion of women in the whole organisation, women in senior executive positions and women on the board.	Yes	4
3.5	Provide the information indicated in Guide to reporting on Principle 3.	Yes	Annual Report CGS Website

<b>PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING</b>			
4.1	The Board should establish an audit committee.	Yes	2.5.1, 6
4.2	Structure the audit committee so that it consists of: 4.2.1 Only non-executive directors. 4.2.2 A majority of independent directors. 4.2.3 An independent chairperson, who is not chairperson of the board. 4.2.4 At least three members	Yes	2.5.1, 6
4.3	The audit committee should have a formal charter.	Yes	6
4.4	Provide the information indicated in the Guide to reporting on Principle 4.	Yes	Annual Report Website CGS
<b>PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE</b>			
5.1	Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance.	Yes	7
5.2	Provide the information indicated in the Guide to reporting on Principle 5.	Yes	Annual Report Website CGS

<b>PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS</b>		
6.1 Design and disclose a communications strategy for promoting effective communication with shareholders and encouraging participation at general meetings.	Yes	7
6.2 Provide information indicated in the Guide to reporting on Principle 6.	Yes	Annual Report Website CGS
<b>PRINCIPLE 7: RECOGNISE AND MANAGE RISK</b>		
7.1 The Board or appropriate Board committee should establish and disclose policies on risk oversight and management.	Yes	2.5.1, 6
7.2 Management to design and implement a risk management and internal control system to manage the Company's material business risks. The Board to disclose that management has reported to the Board in writing that: <ul style="list-style-type: none"> <li>The Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.</li> </ul>	Yes	2.5.1, 6
7.3 The Board to disclose that the chief executive officer (or equivalent) and the chief financial officers (or equivalent) have provided to the board in writing that: <ul style="list-style-type: none"> <li>The declaration provided in accordance with Section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.</li> </ul>	Yes	2.5.1, 6
7.4 Provide the information indicated in Guide to reporting on Principle 7.	Yes	Annual Report Website CGS
<b>PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY</b>		
8.1 The Board should establish a remuneration committee.	Yes	2.5.2, 3
8.2 <ul style="list-style-type: none"> <li>It should consist of a majority of independent directors</li> <li>Be chaired by an independent director</li> <li>Have at least 3 members.</li> </ul>	Yes  Yes Yes	Annual Report
8.3 Clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Yes	Annual Report
8.4 Provide the information indicated in Guide to reporting on Principle 8.	Yes	Annual Report Website & CGS



## **Contents**

Statement of profit or loss and other comprehensive income	25
Statement of financial position	26
Statement of changes in equity	27
Statement of cash flows	28
Notes to the financial statements	29
Directors' declaration	64
Independent auditor's report to the members of Ensogo Limited	65

## **General information**

The financial statements cover Ensogo Limited as a group consisting of Ensogo Limited and its subsidiaries. The financial statements are presented in Australian dollars, which is Ensogo Limited's functional and presentation currency.

Ensogo Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 806, 70 Pitt Street  
Sydney  
NSW 2000

A description of the nature of the group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 27 February 2015.

**Ensogo Limited**  
**(Formerly known as iBuy Group Limited)**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 31 December 2014**



	<b>Note</b>	<b>Consolidated 2014 \$</b>	<b>2013 \$</b>
<b>Revenue</b>	4	64,829,978	1,434,204
Other income	5	271,505	-
<b>Expenses</b>			
Depreciation and amortisation expense	6	(7,235,567)	(12,707)
Impairment of goodwill	15	(46,976,050)	-
Cost of sales		(38,769,631)	(897,313)
Marketing		(4,061,520)	(115,241)
Administration	6	(37,319,337)	(760,183)
Other expenses	6	(1,897,979)	(204,332)
<b>Loss before income tax benefit</b>		(71,158,601)	(555,572)
Income tax benefit	7	3,780,962	-
<b>Loss after income tax expense for the year attributable to the owners of Ensogo Limited</b>	22	(67,377,639)	(555,572)
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(747,532)	(41,154)
Other comprehensive income for the year, net of tax		(747,532)	(41,154)
<b>Total comprehensive income for the year attributable to the owners of Ensogo Limited</b>		<u>(68,125,171)</u>	<u>(596,726)</u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	34	(16.58)	(0.49)
Diluted earnings per share	34	(16.58)	(0.49)

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

**Ensogo Limited**  
**(Formerly known as iBuy Group Limited)**  
**Statement of financial position**  
**As at 31 December 2014**



	<b>Note</b>	<b>Consolidated 2014 \$</b>	<b>2013 \$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	8	6,350,512	10,580,071
Trade and other receivables	9	2,227,197	1,436,011
Inventories	10	1,584,651	720,230
Other	11	2,084,971	532,690
<b>Total current assets</b>		<b>12,247,331</b>	<b>13,269,002</b>
<b>Non-current assets</b>			
Receivables	12	2,439,568	2,229,472
Available-for-sale financial assets	13	654,296	-
Property, plant and equipment	14	1,513,488	465,340
Intangibles	15	55,651,375	77,742,652
Other		60,556	-
<b>Total non-current assets</b>		<b>60,319,283</b>	<b>80,437,464</b>
<b>Total assets</b>		<b>72,566,614</b>	<b>93,706,466</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	16	31,460,309	13,814,930
Provisions	17	302,646	-
<b>Total current liabilities</b>		<b>31,762,955</b>	<b>13,814,930</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	18	519,642	-
Provisions	19	10,860	-
<b>Total non-current liabilities</b>		<b>530,502</b>	<b>-</b>
<b>Total liabilities</b>		<b>32,293,457</b>	<b>13,814,930</b>
<b>Net assets</b>		<b>40,273,157</b>	<b>79,891,536</b>
<b>Equity</b>			
Issued capital	20	108,995,054	80,488,262
Reserves	21	(788,686)	(41,154)
Accumulated losses	22	(67,933,211)	(555,572)
<b>Total equity</b>		<b>40,273,157</b>	<b>79,891,536</b>

*The above statement of financial position should be read in conjunction with the accompanying notes*

**Ensogo Limited**  
**(Formerly known as iBuy Group Limited)**  
**Statement of changes in equity**  
**For the year ended 31 December 2014**



	<b>Issued capital \$</b>	<b>Foreign currency reserve \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
<b>Consolidated</b>				
Balance at 19 December 2013	-	-	-	-
Loss after income tax benefit for the year	-	-	(555,572)	(555,572)
Other comprehensive income for the year, net of tax	-	(41,154)	-	(41,154)
Total comprehensive income for the year	-	(41,154)	(555,572)	(596,726)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 20)	80,488,262	-	-	80,488,262
Balance at 31 December 2013	<u>80,488,262</u>	<u>(41,154)</u>	<u>(555,572)</u>	<u>79,891,536</u>
	<b>Issued capital \$</b>	<b>Foreign currency reserve \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
<b>Consolidated</b>				
Balance at 1 January 2014	80,488,262	(41,154)	(555,572)	79,891,536
Loss after income tax benefit for the year	-	-	(67,377,639)	(67,377,639)
Other comprehensive income for the year, net of tax	-	(747,532)	-	(747,532)
Total comprehensive income for the year	-	(747,532)	(67,377,639)	(68,125,171)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 20)	28,506,792	-	-	28,506,792
Balance at 31 December 2014	<u>108,995,054</u>	<u>(788,686)</u>	<u>(67,933,211)</u>	<u>40,273,157</u>

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

**Ensogo Limited**  
**(Formerly known as iBuy Group Limited)**  
**Statement of cash flows**  
**For the year ended 31 December 2014**



	<b>Note</b>	<b>Consolidated 2014 \$</b>	<b>2013 \$</b>
<b>Cash flows from operating activities</b>			
Receipts from customers		135,575,697	4,401,376
Payments to suppliers and employees		(147,106,041)	(4,694,307)
		(11,530,344)	(292,931)
Interest received		61,890	-
Net cash used in operating activities	33	(11,468,454)	(292,931)
<b>Cash flows from investing activities</b>			
Payment for purchase of subsidiary, net of cash acquired	30	(18,692,118)	(30,520,140)
Payments for investments		(494,876)	-
Payments for property, plant and equipment	14	(956,283)	(13,920)
Payments for intangibles	15	(289,505)	-
Net cash used in investing activities		(20,432,782)	(30,534,060)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	20	29,942,324	44,000,000
Share issue transaction costs		(2,153,157)	(2,592,938)
Repayment of shareholder loan		(117,490)	-
Net cash from financing activities		27,671,677	41,407,062
Net increase/(decrease) in cash and cash equivalents		(4,229,559)	10,580,071
Cash and cash equivalents at the beginning of the financial year		10,580,071	-
Cash and cash equivalents at the end of the financial year	8	<u>6,350,512</u>	<u>10,580,071</u>

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

## Note 1. Significant accounting policies

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

### **New, revised or amending Accounting Standards and Interpretations adopted**

The group has applied the following standards and amendments for first time for their annual reporting period commencing 1 January 2014.

#### *AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities*

The group has applied AASB 2012-3 from 1 January 2014. The amendments add application guidance to address inconsistencies in the application of the offsetting criteria in AASB 132 'Financial Instruments: Presentation', by clarifying the meaning of 'currently has a legally enforceable right of set-off'; and clarifies that some gross settlement systems may be considered to be equivalent to net settlement.

#### *AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets*

The group has applied AASB 2013-3 from 1 January 2014. The disclosure requirements of AASB 136 'Impairment of Assets' have been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, if measured using a present value technique, the discount rate is required to be disclosed.

#### *AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments (Part B)*

The group has applied Part B of 2013-9 from 1 January 2014, which amends particular Australian Accounting Standards to delete references to AASB 1031 Materiality as part of the AASB's aim to eventually withdraw AASB 1031.

#### *AASB 2014-1 Amendments to Australian Accounting Standards (Parts A to C)*

The group has applied Parts A to C of AASB 2014-1 from 1 July 2014. These amendments affect the following standards: AASB 2 'Share-based Payment': clarifies the definition of 'vesting condition' by separately defining a 'performance condition' and a 'service condition' and amends the definition of 'market condition'; AASB 3 'Business Combinations': clarifies that contingent consideration in a business combination is subsequently measured at fair value with changes in fair value recognised in profit or loss irrespective of whether the contingent consideration is within the scope of AASB 9; AASB 8 'Operating Segments': amended to require disclosures of judgements made in applying the aggregation criteria and clarifies that a reconciliation of the total reportable segment assets to the entity's assets is required only if segment assets are reported regularly to the chief operating decision maker; AASB 13 'Fair Value Measurement': clarifies that the portfolio exemption applies to the valuation of contracts within the scope of AASB 9 and AASB 139; AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets': clarifies that on revaluation, restatement of accumulated depreciation will not necessarily be in the same proportion to the change in the gross carrying value of the asset; AASB 124 'Related Party Disclosures': extends the definition of 'related party' to include a management entity that provides KMP services to the entity or its parent and requires disclosure of the fees paid to the management entity; AASB 140 'Investment Property': clarifies that the acquisition of an investment property may constitute a business combination.

## **Note 1. Significant accounting policies (continued)**

### **Basis of preparation**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

### *Deficiency of working capital*

As at 31 December 2014, the Company, has a working capital deficiency of \$19.5 million. The Company has also experienced substantial operating losses and negative cash flows during the financial year ending on that date.

The company has taken the following actions:

- Subsequent to 31 December 2014 the Company has secured an equity injection of \$6.4 million (USD \$5 million) from VIPshop who will work with the company as a strategic partner.
- Management has prepared, and the Board has reviewed, plans to increase revenue and reduce cost by:
  - The benefits that will accrue from the creation of the single Ensogo brand, common user interface and core technology platform in all markets so that consumers have a unified engagement with the Company regardless of location or device.
  - Higher consumer engagement from faster shipping and better pricing.
  - Application of best practice across the Group and from the strategic partnership with VIPshop.
  - The introduction of a cost management program including a significant headcount reduction which occurred in December 2014
- The company continued to discuss possible equity investments/partnerships from other strategic investors and has obtained a commitment for additional funding should it need over the coming 12 months in the absence of other fund raising.

The directors believe that the Company will be successful in growing revenue and reducing operating expenses in line with the FY15 budget and working within available funding, accordingly the financial report has been prepared on a going concern basis.

### *Historical cost convention*

The financial statements have been prepared under the historical cost convention.

### *Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

### **Parent entity information**

In accordance with the Corporations Act 2001, these financial statements present the results of the group only. Supplementary information about the parent entity is disclosed in note 29.

### **Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Ensogo Limited ('company' or 'parent entity') as at 31 December 2014 and the results of all subsidiaries for the year then ended. Ensogo Limited and its subsidiaries together are referred to in these financial statements as the 'group'.

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

In preparing the consolidated financial information, all inter-company balances and transactions, income and expenses and profit and losses resulting from intra-group transactions, have been eliminated in full. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. The financial information of subsidiaries is prepared for the same reporting period as the parent using consistent accounting policies. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

## **Note 1. Significant accounting policies (continued)**

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

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

### **Operating segments**

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

### **Foreign currency translation**

Ensogo Limited's functional currency is Australian dollars. The functional currency of the Ensogo subsidiaries in Malaysia is the MYR, Hong Kong is the HKD, Singapore is SGD, Philippines Peso (PHP), Thailand Baht (BHT) and Indonesian Rupiah (IDR). For the purposes of the consolidated financial statements of Ensogo Limited, the results and financial position of each entity is expressed in Australian Dollars, which is the presentation currency for the consolidated financial statements.

#### *Foreign currency transactions*

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

#### *Foreign operations*

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

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

### **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. The consolidated entity recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the consolidated entity and the specific criteria have been met for each of the group's activities described below.

The consolidated entity assesses its revenue arrangements against specific criteria to determine if it is acting as the principal or the agent. This determination requires judgement and consideration of all relevant facts and circumstances. A principal recognises the gross sales price. Whereas for an agent, the amounts collected on behalf of the principal is not revenue. Instead, revenue is the amount of commission.

An entity is acting as a principal when it has exposure to the significant risks and rewards associated with the sale of goods or the rendering of services. Features that indicate that the entity is acting as a principal include:

- (a) the entity has the primary responsibility for providing the goods or services to the customer or for fulfilling the order,
- (b) the entity has inventory risk before or after the customer order, during shipping or return,
- (c) the entity has latitude in establishing prices, either directly or indirectly, for example by providing additional goods or services, and
- (d) the entity bears the customer's credit risk for the amount receivable from the customer.

The entity is acting as an agent when it does not have exposure to the significant risks and rewards associated with the sale of goods or the rendering of services.



## **Note 1. Significant accounting policies (continued)**

### *Sale of goods*

Product revenue represents revenue from the sale of products where it is determined the entity is the principal. Product sales, net of return allowances, are recorded when the products are sold and the significant risks and rewards of ownership of the goods are transferred to the buyer at the point of despatch.

### *Rendering of services*

Services revenue represent third-party seller fees earned (including commissions), and non-retail activities such as advertising services. Services revenue, net of refund allowances, is recognised when services have been rendered.

Return and refund allowances, which reduce revenue, are estimated using historical experience. Revenue from product sales and services rendered is recorded net of sales and consumption taxes.

### *Interest*

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

### *Other revenue*

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

## **Income tax**

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

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

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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

## **Current and non-current classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

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

## **Note 1. Significant accounting policies (continued)**

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

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

### **Cash and cash equivalents**

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

Cash and cash equivalents consist of cash and short-term deposits are net of outstanding bank overdrafts.

### **Trade and other receivables**

Trade and other receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when there is objective evidence that collection of the full amount is no longer probable. Bad debts are written off when identified.

### **Inventories**

Inventories, consisting of products available for sale, are primarily accounted for using the FIFO method, and are valued at the lower of cost or net realisable value. This valuation requires the company to make judgements, based on currently-available information, about the likely method of disposition and expected recoverable values of each disposition category. Where third party sellers use our websites to transact directly with customers, the third party sellers maintain ownership of their inventory, and therefore these products are not included in the inventory of the entity.

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

### **Investments and other financial assets**

Investments and financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are categorised as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired or originated.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

All regular way purchases and sales of financial assets are recognised on the trade date i.e., the date that the consolidated entity commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the entity has transferred substantially all the risks and rewards of ownership. If the entity neither retains nor transfers substantially all of the risks and rewards, it derecognises the asset if it has transferred control of the assets.

### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method.

### *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets, principally equity securities that are either designated as available-for-sale or not classified as any other category. After initial recognition, fair value movements are recognised in other comprehensive income through the available-for-sale reserve in equity. Cumulative gain or loss previously reported in the available-for-sale reserve is recognised in profit or loss when the asset is derecognised or impaired.

## **Note 1. Significant accounting policies (continued)**

### *Impairment of financial assets*

The group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment loss for loans and receivables is measured as the difference between the asset's carrying amount and the present value of estimated future cash inflows, discounted at the original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If there is a reversal of impairment, the reversal cannot exceed the amortised cost that would have been recognised had the impairment not been made and is reversed to profit or loss.

Available-for-sale financial assets are considered impaired when there has been a significant or prolonged decline in value below initial cost. Subsequent increments in value are recognised in other comprehensive income through the available-for-sale reserve.

### **Property, plant and equipment**

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

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

Leasehold improvements	20 - 50%
Fixtures & fittings	10 - 20%
Computer equipment	20 - 33%
Office equipment	20%

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

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

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

## Note 1. Significant accounting policies (continued)

### Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Significant costs associated with these intangibles are amortised on a straight-line basis over the period of their expected benefit. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated profit and loss statements in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit (CGU) level. The CGUs identified are the businesses in which the intangible assets form part. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

### *Goodwill*

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the consolidated entity's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

### *Customer lists and brand names*

Customer lists and brand names acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being 3 years.

### *Other finite life intangibles*

Significant costs associated with software, intellectual property and domain names are deferred and amortised on a straight-line basis over the period of their expected benefit, being 5 years.

### Impairment of non-financial assets

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

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

## **Note 1. Significant accounting policies (continued)**

### **Trade and other payables**

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial period and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 -60 days of recognition.

### **Provisions**

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

### **Employee benefits**

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expect future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss. The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

### **Fair value measurement**

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

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

### **Issued capital**

Ordinary shares are classified as equity issued and paid up capital is recognised at the fair value of the consideration received by the company.

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

### **Business combinations**

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

## **Note 1. Significant accounting policies (continued)**

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

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

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

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

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

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of

- (i) 12 months from the date of the acquisition or
- (ii) when the acquirer receives all the information possible to determine fair value.

## **Earnings per share**

### *Basic earnings per share*

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

### *Diluted earnings per share*

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

## **Goods and Services Tax ('GST') and other similar taxes**

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.



## Note 1. Significant accounting policies (continued)

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

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

### New Accounting Standards and Interpretations not yet mandatory or early adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2013 reporting period and have not been early adopted by the group. The group's assessment of the impact of these new standards and interpretations is set out below:

#### *AASB 9 Financial Instruments and its consequential amendments*

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2017 and completes phases I and III of the IASB's project to replace IAS 39 (AASB 139) 'Financial Instruments: Recognition and Measurement'. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. The consolidated entity will adopt this standard and the amendments from 1 July 2017 but the impact of its adoption is yet to be assessed by the consolidated entity.

## Note 2. Critical accounting judgements, estimates and assumptions

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

#### *Business combinations*

As discussed in note 1, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported. With respect to the business acquisitions made during the period, management has performed a provisional assessment of the fair value of the assets and liabilities as at the date of acquisition. Assets and liabilities have therefore been recorded at their provisional fair values and the excess of the consideration paid over the provisional fair values has been allocated to a provisional goodwill asset. Under Australian Accounting Standards, the company has up to 12 months from the date of acquisition to complete its initial acquisition accounting. Adjustment made to the fair values, including associated tax adjustments, had an equal and opposite impact on the provisional goodwill recorded on acquisition. As at 31 December 2014, final valuations have been carried out and fair values reflected in the financial statements.

#### *Estimation of useful lives of assets*

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down. Business combinations in financial year 2013 have initially been accounted for on a provisional basis.

## **Note 2. Critical accounting judgements, estimates and assumptions (continued)**

The fair value of assets acquired, liabilities and contingent liabilities assumed have initially been estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the useful lives of assets and liabilities, depreciation and amortisation reported. In 2014, based on final acquisition accounting and valuations, the amortisation charge during the year has been adjusted based on the expected useful lives of the customer lists and brand names recognised as a result of the completion of the acquisition accounting during the year.

### *Goodwill and other indefinite life intangible assets*

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

As a result of the completion of the impairment testing during the year, based on the higher of value-in-use and fair value less costs to sell calculations, goodwill has been impaired to the recoverable amounts of the cash generating units. Further explanation are disclosed in the intangibles notes to the financial statements in relation to valuation methodologies and assumptions used.

### *Revenue recognition*

Revenue is measured at the fair value of the consideration received or receivable. The consolidated entity recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the consolidated entity and the specific criteria have been met for each of the group's activities described below.

The consolidated entity assesses its revenue arrangements against specific criteria to determine if it is acting as the principal or the agent. This determination requires judgement and consideration of all relevant facts and circumstances. A principal recognises the gross sales price. Whereas for an agent, the amounts collected on behalf of the principal is not revenue. Instead, revenue is the amount of commission.

An entity is acting as a principal when it has exposure to the significant risks and rewards associated with the sale of goods or the rendering of services. Features that indicate that the entity is acting as a principal include:

- (a) the entity has the primary responsibility for providing the goods or services to the customer or for fulfilling the order,
- (b) the entity has inventory risk before or after the customer order, during shipping or return,
- (c) the entity has latitude in establishing prices, either directly or indirectly, for example by providing additional goods or services, and
- (d) the entity bears the customer's credit risk for the amount receivable from the customer.

The entity is acting as an agent when it does not have exposure to the significant risks and rewards associated with the sale of goods or the rendering of services.

## **Note 3. Operating segments**

### *Identification of reportable operating segments*

The group is organised into geographical operating segments. These operating segments are based on internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. The company operates in only one business segment which is the e-Commerce segment.

The group's reportable segments are Hong Kong, Singapore, Malaysia, Thailand, Indonesia and Philippines. Unallocated amounts relate to corporate operations which are not determined to be an operating segment.

### *Major customers*

The group does not have a major customer that contributes 10% or more to its revenue for the current period.



**Ensogo Limited**  
**(Formerly known as iBuy Group Limited)**  
**Notes to the financial statements**  
**31 December 2014**



	Hong Kong \$	Singapore \$	Malaysia \$	Thailand \$	Indonesia \$	Philippines \$	Intersegment eliminations/ group unallocated \$	Total \$
<b>Consolidated - 2014</b>								
Revenue	42,588,410	9,867,278	6,003,275	3,886,538	1,051,590	1,609,003	(176,116)	64,829,978
Expenses	(50,962,855)	(11,832,224)	(11,907,043)	(7,553,028)	(2,785,603)	(4,038,865)	67,089	(89,012,529)
Impairment Expense	(9,861,039)	(26,110,129)	(6,828,767)	(2,772,362)	(1,102,103)	(301,650)	-	(46,976,050)
<b>Profit before income tax expense</b>	<b>(18,235,484)</b>	<b>(28,075,075)</b>	<b>(12,732,535)</b>	<b>(6,438,852)</b>	<b>(2,836,116)</b>	<b>(2,731,512)</b>	<b>(109,027)</b>	<b>(71,158,601)</b>
Income tax expense	1,221,546	145,690	778,386	734,591	258,812	641,937	-	3,780,962
<b>Profit after income tax expense</b>	<b>(17,013,938)</b>	<b>(27,929,385)</b>	<b>(11,954,149)</b>	<b>(5,704,261)</b>	<b>(2,577,304)</b>	<b>(2,089,575)</b>	<b>(109,027)</b>	<b>(67,377,639)</b>
<b>Assets</b>								
Segment assets	7,008,869	2,669,362	1,331,292	1,198,181	222,109	959,719	3,525,707	16,915,239
Total remaining goodwill & intangibles	12,890,066	15,457,785	10,311,954	9,631,022	2,699,879	4,537,226	123,443	55,651,375
<b>Total assets</b>	<b>19,898,935</b>	<b>18,127,147</b>	<b>11,643,246</b>	<b>10,829,203</b>	<b>2,921,988</b>	<b>5,496,945</b>	<b>3,649,150</b>	<b>72,566,614</b>
<b>Liabilities</b>								
Segment liabilities	(8,319,317)	(7,102,944)	(6,024,285)	(4,867,387)	(957,251)	(3,788,261)	(1,234,012)	32,293,457
<b>Total liabilities</b>								<b>32,293,457</b>

	Hong Kong	Singapore	Malaysia	Other	Intersegment eliminations/ group unallocated	Total
	\$	\$	\$	\$	\$	\$
<b>Consolidated - 2013</b>						
Revenue	1,049,497	228,100	156,607	-	-	1,434,204
Expenses	(1,016,878)	(384,674)	(187,529)	-	(400,695)	(1,989,776)
<b>Profit/(loss) before income tax expense</b>	<u>32,619</u>	<u>(156,574)</u>	<u>(30,922)</u>	<u>-</u>	<u>(400,695)</u>	<u>(555,572)</u>
Income tax expense						-
<b>Loss after income tax expense</b>						<u>(555,572)</u>
<b>Assets</b>						
Segment assets	4,588,843	5,371,425	1,539,597	-	82,206,601	93,706,466
<b>Total assets</b>						<u>93,706,466</u>
<b>Liabilities</b>						
Segment liabilities	4,573,181	6,681,946	3,303,939	-	(744,136)	13,814,930
<b>Total liabilities</b>						<u>13,814,930</u>

#### Note 4. Revenue

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	\$	\$
<i>Sales revenue</i>		
Sales of products	44,721,079	882,813
Provision of service	18,400,720	551,391
	<u>63,121,799</u>	<u>1,434,204</u>
<i>Other revenue</i>		
Other revenue	1,708,179	-
Revenue	<u>64,829,978</u>	<u>1,434,204</u>

Other revenue includes marketing and advertising income and shipping revenue.

#### Note 5. Other income

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	\$	\$
Other income	<u>271,505</u>	<u>-</u>

Other income mainly consists of government service tax refunds during the year and interest income.

## Note 6. Expenses

	Consolidated 2014 \$	2013 \$
Loss before income tax includes the following specific expenses:		
<i>Depreciation and amortisation</i>		
Depreciation	632,488	12,410
Amortisation	6,603,079	297
	<u>7,235,567</u>	<u>12,707</u>
<i>Employment expenses</i>		
Salaries and wages	22,804,392	481,293
<i>Other expenses include</i>		
Restructuring cost	1,290,237	-

## Note 7. Income tax benefit

	Consolidated 2014 \$	2013 \$
<i>Income tax benefit</i>		
Current tax	174	-
Deferred tax - reversal of deferred tax liability on amortisation of intangibles	(1,285,578)	-
Deferred tax - tax losses recognised	(2,495,558)	-
Aggregate income tax benefit	<u>(3,780,962)</u>	<u>-</u>
<i>Numerical reconciliation of income tax benefit and tax at the statutory rate</i>		
Loss before income tax benefit	(71,158,601)	(555,572)
Tax at the statutory tax rate of 30%	(21,347,580)	(166,672)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Depreciation and amortisation	2,170,670	-
Impairment of assets	14,092,815	-
Reversal of deferred tax liability due to amortisation of intangibles	(1,285,578)	-
Other	4,370	-
	<u>(6,365,303)</u>	<u>(166,672)</u>
Current year tax losses not recognised	1,285,995	149,175
Difference in overseas tax rates	1,298,346	17,497
Income tax benefit	<u>(3,780,962)</u>	<u>-</u>

#### **Note 7. Income tax benefit (continued)**

The group has unrecognised tax losses carried forward of \$1,435,170 (2013:\$ 149,175). In addition, a deferred tax asset deductible over 5 years, relating to the future deductibility of capital raising costs has not been recorded.

A deferred tax liability of \$4,300,778 has been recognised, arising from business acquisitions. This deferred tax liability has been reduced by A\$1,285,578 to A\$3,015,200 at 31 December 2014. A deferred tax asset of \$2,495,558 (2013: nil) has been recognised to the extent it offsets deferred tax liability at year end.

The recognition of deferred tax assets for any carry forward of unused tax losses and unused tax credits depends on the probability of the entity generating a future taxable profit against which it can be utilised. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

#### **Note 8. Current assets - cash and cash equivalents**

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Cash at bank	<u>6,350,512</u>	<u>10,580,071</u>

#### **Note 9. Current assets - trade and other receivables**

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Trade receivables	2,296,020	965,265
Less: Provision for impairment of receivables	(821,427)	-
Other receivables	<u>752,604</u>	<u>470,746</u>
	<u>2,227,197</u>	<u>1,436,011</u>

Trade receivables are primarily balances outstanding from payment gateways. Payment gateways are e-commerce service providers that authorise payments via credit card and other banking solutions for the group in order to receive payment for goods and services from its customers. Receipts from customers via payment gateways are generally subsequently cleared to the group within one to seven days. There were no past due balance as at 31 December 2014 that remain unprovided for.

#### **Note 10. Current assets - inventories**

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Stock on hand - at cost	<u>1,584,651</u>	<u>720,230</u>

**Note 11. Current assets - other**

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Prepayments	748,941	-
Other deposits	1,336,030	532,690
	<u>2,084,971</u>	<u>532,690</u>

Other deposits include rental deposits of \$879,256 (2013: \$176,413), security deposits of \$157,636 (2013: \$166,684), payment gateway deposit of \$122,956 (2013: \$1,402) and other deposits of \$176,182 (2013: \$188,191).

**Note 12. Non-current assets - receivables**

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Loans to shareholder	<u>2,439,568</u>	<u>2,229,472</u>

On 20 October 2013, prior to acquisition by the group, Buy Together Hong Kong Ltd, which became a wholly owned subsidiary of the group on 19 December 2013 made a loan of US\$2,300,000 to Middle Kingdom Capital Group (a related party of Kris Marszalek, Ensogo Chief Executive Officer), a shareholder of Ensogo. The loan has a fixed interest rate of 2% per annum payable every 3 months from the date of contract agreement. A repayment of US\$300,000 was made in December 2013, with the balance of US\$2,000,000 to be repaid in four equal instalments of US\$500,000 every 3 months commencing March 2016. No repayment was made in financial year 2014. The increase in the carrying value of the loan is due to foreign exchange differences at year end.

**Note 13. Non-current assets - available-for-sale financial assets**

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Ordinary shares - unquoted	<u>654,296</u>	<u>-</u>
<i>Reconciliation</i>		
Reconciliation of the fair values at the beginning and end of the current financial year are set out below:		
Opening fair value	-	-
Additions	654,296	-
Closing fair value	<u>654,296</u>	<u>-</u>

Refer to note 25 for further information on fair value measurement.

Investments in shares was in consideration of cash payment of \$494,876 and the provision of services of \$159,420.

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

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Leasehold improvements - at cost	1,233,704	87,346
Less: Accumulated depreciation	<u>(619,317)</u>	<u>(1,289)</u>
	<u>614,387</u>	<u>86,057</u>
Fixtures and fittings - at cost	452,472	102,792
Less: Accumulated depreciation	<u>(281,163)</u>	<u>(1,298)</u>
	<u>171,309</u>	<u>101,494</u>
Computer equipment - at cost	1,763,096	189,377
Less: Accumulated depreciation	<u>(1,246,226)</u>	<u>(8,553)</u>
	<u>516,870</u>	<u>180,824</u>
Office equipment - at cost	435,573	98,235
Less: Accumulated depreciation	<u>(224,651)</u>	<u>(1,270)</u>
	<u>210,922</u>	<u>96,965</u>
	<u><u>1,513,488</u></u>	<u><u>465,340</u></u>

*Reconciliations*

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

<b>Consolidated</b>	Leasehold improvements \$	Fixtures & fittings \$	Computer equipment \$	Office equipment \$	Total \$
Balance at 19 December 2013	-	-	-	-	-
Additions	-	-	13,920	-	13,920
Additions through business combinations (note 30)	87,346	102,792	175,457	98,235	463,830
Depreciation expense	<u>(1,289)</u>	<u>(1,298)</u>	<u>(8,553)</u>	<u>(1,270)</u>	<u>(12,410)</u>
Balance at 31 December 2013	86,057	101,494	180,824	96,965	465,340
Additions	592,481	65,198	211,157	87,447	956,283
Additions through business combinations (note 30)	194,233	49,366	419,238	75,297	738,134
Disposals	(91,066)	(1,737)	(12,436)	(1,909)	(107,148)
Exchange differences	18,615	35,954	14,110	24,688	93,367
Depreciation expense	<u>(185,933)</u>	<u>(78,966)</u>	<u>(296,023)</u>	<u>(71,566)</u>	<u>(632,488)</u>
Balance at 31 December 2014	<u><u>614,387</u></u>	<u><u>171,309</u></u>	<u><u>516,870</u></u>	<u><u>210,922</u></u>	<u><u>1,513,488</u></u>

**Note 15. Non-current assets - intangibles**

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Goodwill - at cost	87,347,741	64,150,713
Less: Impairment	(46,976,050)	-
	<u>40,371,691</u>	<u>64,150,713</u>
Customer lists - at cost	20,590,404	13,067,470
Less: Accumulated amortisation	(6,236,557)	-
	<u>14,353,847</u>	<u>13,067,470</u>
Brand names - at cost	725,000	350,120
Less: Accumulated amortisation	(210,934)	-
	<u>514,066</u>	<u>350,120</u>
Other intangibles - at cost	567,656	174,646
Less: Accumulated amortisation	(155,885)	(297)
	<u>411,771</u>	<u>174,349</u>
	<u><u>55,651,375</u></u>	<u><u>77,742,652</u></u>

*Reconciliations*

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

<b>Consolidated</b>	Customer lists * \$	Brand names * \$	Goodwill \$	Other intangibles \$	Total \$
Balance at 19 December 2013	-	-	-	-	-
Additions through business combinations (note 30)	-	-	77,568,303	174,646	77,742,949
Amortisation expense	-	-	-	(297)	(297)
			<u>77,568,303</u>		
Balance at 31 December 2013	-	-	3	174,349	77,742,652
Additions	-	-	-	289,505	289,505
Additions through business combinations (note 30)	20,590,404	725,000	25,619,142	467,027	47,401,573
Adjustments to fair value of assets on acquisition	-	-	5,475,700	-	5,475,700
Exchanges differences	-	-	-	(93,840)	(93,840)
			(46,976,050)		(46,976,050)
Impairment of assets	-	-	050	-	)
Write off of assets	-	-	-	(269,682)	(269,682)
Reclassification to customer lists and brand names	-	-	(21,315,404)	-	(21,315,404)
	(6,236,557)				
Amortisation expense	)	(210,934)	-	(155,588)	(6,603,079)
			<u>40,371,691</u>		
Balance at 31 December 2014	<u>14,353,847</u>	<u>514,066</u>	<u>1</u>	<u>411,771</u>	<u>55,651,375</u>

\* As a result of the increase in fair values of finite life intangibles recognised on business acquisitions, amortisation charge for the financial year have also increased.

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

During the year, the full acquisition accounting process was completed in relation to business acquisitions which were completed on 2 April 2014 and on 19 December 2013 in the prior year respectively. As a result, customer lists and brand names have been recognised as disclosed in the above table. There was a corresponding reduction in goodwill based on valuations completed during the year.

Intangible assets are finite life assets and include software, intellectual property and domain names. Significant costs associated with finite life intangibles are deferred and amortised on a straight-line basis over the period of their expected benefit. Intangible assets were assessed for any indicators of impairment and were not found to be impaired.

At year end, goodwill and intangible assets with indefinite useful lives was also assessed for impairment. As shown in the table above, management has recognised an impairment charge of \$46.9 million against goodwill as at year end.

For the purposes of undertaking impairment testing, the group has determined its cash generating units ("CGU") as the smallest group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The CGUs to which intangible assets are attributable are by reference to the operating segments and areas of operation of the group as disclosed in note 3 to the financial statements.



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

### Impairment Test for Goodwill

Goodwill is monitored by management to the level of the six operating segments (see note 3 for details). A segment level summary of the goodwill allocation is presented below.

The group tested whether goodwill has suffered any impairment on an annual basis. The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial forecasts approved by management covering a five-year period. Cash flows beyond the five-year period have a residual value calculated using the estimated long term growth rates.

Cash generating units to which goodwill and intangible assets are attributable:

		<b>2014</b>
		<b>Goodwill</b>
		<b>\$</b>
<b>Consolidated 2014</b>		
Singapore		40,996,581
Hong Kong		15,741,518
Malaysia		14,784,343
Indonesia		3,025,380
Thailand		9,405,219
Philippines		3,394,700
		<u>87,347,741</u>
<b>Consolidated 2013</b>		
		<b>2013</b>
		<b>Goodwill</b>
		<b>\$</b>
Cash generating units to which goodwill is attributed:		
Hong Kong		23,846,248
Singapore		41,623,752
Malaysia		12,098,303
		<u>77,568,303</u>
Total		

The key assumptions used for value-in-use calculations are as follows:

	Average growth rate %	Terminal year rate %	Discount rate %
<b>Consolidated 2014</b>			
Singapore	7.0	2.3	14.6
Hong Kong	6.5	3.5	16.0
Malaysia	11.0	2.9	13.3
Indonesia	13.0	5.0	22.8
Thailand	9.5	2.3	18.5
Philippines	8.5	3.5	19.7

#### Assumption

#### Approach used to determining values

Average annual growth rate	Average annual growth rate over the five-year forecast period; based on past performance and management's expectations of market development
Long-term growth rate	This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with the International Monetary Fund long term inflation forecast for the countries in which they operate.
Discount rate	Reflect specific risks relating <sup>48</sup> to the relevant segments and the countries in which they operate. In performing the value-in-use calculations for each CGU, the group has applied post-tax discount rates to discount the forecast future attributable post tax cash

**Note 16. Current liabilities - trade and other payables**

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Trade payables	21,318,803	9,900,953
Deferred revenue	991,667	102,901
Shareholder loans	-	920,426
Accruals	4,174,690	1,715,038
Other payables	3,247,565	1,175,612
Tax payables	1,727,584	-
	<u>31,460,309</u>	<u>13,814,930</u>

Refer to note 24 for further information on financial instruments.

Deal Mates Sdn Bhd, a wholly owned subsidiary of the group, had amounts owing to Catcha Group Pte Ltd, a shareholder of Ensogo (a related party of director Patrick Grove and Luke Elliot) amounting to \$117,490. These amounts were in relation to outstanding management fees and working capital advances. The amounts due were unsecured and interest free. The loans were repaid in full during the year,

Deal Guru Holdings Pte Ltd, a wholly owned subsidiary of the group, had amounts owing to Rebate Networks, a shareholder of Ensogo (a related party of director Thomas Baum) amounting to \$802,936. These amounts were in relation to working capital advances. The amounts due were unsecured and interest free with no specified repayment date. The loans were forgiven during the period and adjusted through goodwill on acquisition.

**Note 17. Current liabilities - provisions**

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Provisions	<u>302,646</u>	<u>-</u>

*Lease make good*

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

*Movements in provisions*

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

	<b>Employee benefits \$</b>	<b>Lease make-good \$</b>
<b>Consolidated - 2014</b>		
Carrying amount at the start of the year	-	-
Additional provisions recognised	58,869	243,777
Carrying amount at the end of the year	<u>58,869</u>	<u>243,777</u>

**Note 18. Non-current liabilities - deferred tax**

	Consolidated 2014 \$	2013 \$
<i>Deferred tax liability comprises temporary differences attributable to:</i>		
Amounts recognised in profit or loss:		
Intangibles	3,015,200	-
Tax losses recognised	(2,495,558)	-
Deferred tax liability	<u>519,642</u>	<u>-</u>
<i>Movements:</i>		
Additions through business combinations	4,300,778	-
Reversal of deferred tax liability on amortisation of intangibles	(1,285,578)	-
Tax losses recognised	(2,495,558)	-
Closing balance	<u>519,642</u>	<u>-</u>

**Note 19. Non-current liabilities - provisions**

	Consolidated 2014 \$	2013 \$
Lease make good	<u>10,860</u>	<u>-</u>

*Lease make good*

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

**Note 20. Equity - issued capital**

	2014 Shares	Consolidated 2013 Shares	2014 \$	2013 \$
Ordinary shares - fully paid	<u>426,069,834</u>	<u>359,305,037</u>	<u>108,995,054</u>	<u>80,488,262</u>

## Note 20. Equity - issued capital (continued)

### Movements in ordinary share capital

Details	Date	No of shares	Issue price	\$
Balance	19 December 2013	1		1
Split of incorporation share	18 October 2013	142,601,801	\$0.00	-
Reverse share split	15 November 2013	(53,676,866)	\$0.00	-
Issue of shares via initial public offering	19 December 2013	115,625,000	\$0.32	37,000,000
Issue of shares	19 December 2013	29,166,666	\$0.24	7,000,000
Issue of shares via business acquisitions	19 December 2013	125,588,435	\$0.32	40,188,299
				(3,700,038)
Share issue costs		-	\$0.00	8)
Balance	31 December 2013	359,305,037		80,488,262
Issue of shares	14 April 2014	58,304,276	\$0.45	26,236,924
Issue of shares	12 May 2014	8,234,223	\$0.45	3,705,400
Issue of shares	10 June 2014	226,298	\$0.33	75,946
				(1,511,478)
Share issue costs		-	\$0.00	8)
	31 December 2014			108,995,054
Balance		<u>426,069,834</u>		<u>4</u>

### Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

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

### Share buy-back

There is no current on-market share buy-back.

### Capital risk management

The group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

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

## Note 21. Equity - reserves

	Consolidated	
	2014	2013
	\$	\$
Foreign currency reserve	<u>(788,686)</u>	<u>(41,154)</u>

### Foreign currency reserve

The reserve is used to recognise exchange differences arising from translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

## Note 21. Equity - reserves (continued)

### *Movements in reserves*

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

<b>Consolidated</b>	Foreign currency \$	Total \$
Balance at 19 December 2013	-	-
Foreign currency translation	(41,154)	(41,154)
Balance at 31 December 2013	(41,154)	(41,154)
Foreign currency translation	(747,532)	(747,532)
Balance at 31 December 2014	<u>(788,686)</u>	<u>(788,686)</u>

## Note 22. Equity - accumulated losses

	<b>Consolidated 2014</b>	<b>2013</b>
	\$	\$
Accumulated losses at the beginning of the financial year	(555,572)	-
Loss after income tax expense for the year	(67,377,639)	(555,572)
Accumulated losses at the end of the financial year	<u>(67,933,211)</u>	<u>(555,572)</u>

## Note 23. Equity - dividends

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

## Note 24. Financial instruments

### ***Financial risk management objectives***

The group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the group. The group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis for credit risk.

Risk management is carried out by senior finance executives under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the group and appropriate procedures, controls and risk limits.

### ***Market risk***

#### *Foreign currency risk*

The group is exposed to foreign currency risk through foreign exchange rate fluctuations where transactions are denominated in foreign currency other than the entity's functional currency. The functional currencies of the group's subsidiaries are Malaysian Ringgit (MYR), Hong Kong Dollars (HKD), Singapore Dollars (SGD), Philippines Peso (PHP), Thailand Baht (THB) and Indonesian Rupiah (IDR). As there are no material exposure to foreign currency risk within the financial assets and liabilities outside of each operating entity's functional currency, no sensitivity analysis has been prepared.

## Note 24. Financial instruments (continued)

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

	Assets		Liabilities	
	2014 \$	2013 \$	2014 \$	2013 \$
<b>Consolidated</b>				
US\$2,000,000 loan to shareholder	2,439,568	2,229,472	-	-

### Price risk

The group is not exposed to any significant price risk.

### Interest rate risk

As the group does not have any long-term borrowings its exposure to interest rate risk is considered to be minimal. In addition, the group does not hold bank deposits at variable interest rates.

### Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. In order to mitigate credit risk, the group entity has set credit risk policies, including dealing with reputable counterparties and setting appropriate credit limits. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The group does not hold any collateral.

### Liquidity risk

Vigilant liquidity risk management requires the group to maintain sufficient liquid assets (mainly cash and cash equivalents) and arrange borrowing facilities to be able to pay debts as and when they become due and payable.

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

### Remaining contractual maturities

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

	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
<b>Consolidated - 2014</b>						
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-%	21,318,803	-	-	-	21,318,803
Other payables	-%	9,149,839	-	-	-	9,149,839
Total non-derivatives		30,468,642	-	-	-	30,468,642

## Note 24. Financial instruments (continued)

Consolidated - 2013	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-%	9,900,953	-	-	-	9,900,953
Other payables	-%	2,993,551	-	-	-	2,993,551
Other loans	-%	920,426	-	-	-	920,426
Total non-derivatives		13,814,930	-	-	-	13,814,930

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

### Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

## Note 25. Fair value measurement

### Fair value hierarchy

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

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

Consolidated - 2014	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Assets</b>				
Ordinary shares - unquoted	-	-	654,296	654,296
Loan to shareholder	-	-	2,439,568	2,439,568
Total assets	-	-	3,093,864	3,093,864

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

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

The loan to shareholder and unquoted investments are valued at cost.

## Note 26. Key management personnel disclosures

### Directors

The following persons were directors of Ensogo Limited during the financial year:

Patrick Grove	Non-executive Director and Chairman
Lucas Elliott	Non-executive Director
Sam Weiss	Non-executive Director
Erman Akinci	Non-executive Director
Thomas Baum	Non-executive Director (appointed 4 July 2014)
Nick Geddes	Non-executive Director and Company Secretary

**Note 26. Key management personnel disclosures (continued)**

*Other key management personnel*

The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the group, directly or indirectly, during the financial year:

Kris Marszalek (appointed 13 August 2014)	Chief Executive Officer
Patrick Linden (resigned 13 August 2014)	Chief Executive Officer
Rafael Melo (appointed 23 June 2014)	Chief Financial Officer
Andrew Bursill (resigned 30 June 2014)	Chief Financial Officer

*Compensation*

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

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	913,617	49,000
Post-employment benefits	7,372	-
	<u>920,989</u>	<u>49,000</u>
	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>Remuneration paid to entities related to certain key management personnel</b>		
Australian Company Secretaries Pty Ltd for Nick Geddes' company secretarial services	60,000	20,657
Franks & Associates Pty Ltd	29,135	3,000
	<u>89,135</u>	<u>23,657</u>

Until 30 June 2014, the services of the Chief Financial Officer, Andrew Bursill, are provided through a consultancy agreement between the company and Franks & Associates Pty Ltd, of which Mr Bursill is a principal. Under the agreement, Franks & Associates charges the company for time spent performing the Chief Financial Officer's function at an hourly rate. During the year, fees relating to accounting services of \$29,135 were paid to Franks & Associates Pty Ltd while Andrew Bursill was acting CFO of the company.



## Note 27. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by PricewaterhouseCoopers, the auditor of the company, and its network firms:

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<i>Audit services – PricewaterhouseCoopers Australia</i>		
Audit or review of the financial statements	202,500	240,000
<i>Other services – PricewaterhouseCoopers Australia</i>		
Investigating accountants services	113,000	400,000
 Total remuneration of PricewaterhouseCoopers Australia	<u>315,500</u>	<u>640,000</u>
 <i>Audit services - network firms of PricewaterhouseCoopers Australia</i>		
Audit or review of the financial statements	236,250	-
 <i>Other services – network firms of PricewaterhouseCoopers Australia</i>		
Investigating accountants services	-	-
 Total remuneration of related practices of PricewaterhouseCoopers Australia	<u>236,250</u>	<u>-</u>

## Note 28. Related party transactions

### *Parent entity*

Ensogo Limited is the parent entity.

### *Subsidiaries*

Interests in subsidiaries are set out in note 31.

### *Key management personnel*

Disclosures relating to key management personnel are set out in note 26 and the remuneration report in the directors' report.

### *Transactions with related parties*

Refer to disclosures relating to loans to/from related parties below.

### *Receivable from and payable to related parties*

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

### *Loans to/from related parties*

During the year, Catcha Group Pte Ltd, a major shareholder of Ensogo, provided accounting services of \$55,978 (2013: nil) to the company of which \$9,162 is outstanding at the end of the financial year.

## Note 28. Related party transactions (continued)

In the prior year, Deal Mates Sdn Bhd, a wholly owned subsidiary of the consolidated entity, has amounts of \$117,490 owing to Catcha Group Pte Ltd, a shareholder of Ensogo and company in which the directors are related to. This amount was in relation to outstanding management fees and working capital advances. The amount due is unsecured and interest free and was fully repaid in the current financial year.

On 20 October 2013, prior to acquisition by the group, Buy Together Hong Kong Ltd, which became a wholly owned subsidiary of the group on 19 December 2013 made a loan of US\$2,300,000 to Middle Kingdom Capital Group (a related party of Kris Marszalek, Ensogo Chief Executive Officer), a shareholder of Ensogo. The loan has a fixed interest rate of 2% per annum payable every 3 months from the date of contract agreement. A repayment of US\$300,000 was made in December 2013, with the balance of US\$2,000,000 to be repaid in four equal instalments of US\$500,000 every 3 months commencing March 2016. No repayment was made in financial year 2014. The increase in the carrying value of the loan is due to foreign exchange differences at year end.

### Terms and conditions

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

## Note 29. Parent entity information

Set out below is the supplementary information about the parent entity.

### Statement of profit or loss and other comprehensive income

	Parent	
	2014 \$	2013 \$
Profit/(loss) after income tax	35,183	(400,695)
Total comprehensive income	35,183	(400,695)

### Statement of financial position

	Parent	
	2014 \$	2013 \$
Total current assets	101,854,619	7,780,895
Total assets	111,388,848	81,282,678
Total current liabilities	2,759,306	1,195,111
Total liabilities	2,759,306	1,195,111
Equity		
Issued capital	108,995,054	80,488,262
Accumulated losses	(365,512)	(400,695)
Total equity	108,629,542	80,087,567

### Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 31 December 2014 and 31 December 2013.

### Contingent liabilities

The parent entity had no contingent liabilities as at 31 December 2014 and 31 December 2013.

## Note 29. Parent entity information (continued)

### Significant accounting policies

The accounting policies of the parent entity are consistent with those of the group, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

## Note 30. Business combinations

Details of all acquisitions made over the last 14 months since the company sought quotation in 2013 financial year are as follows:

### Buy Together

On 19 December 2013, Ensogo acquired 100% of the ordinary shares of Buy Together Hong Kong Ltd group for the total consideration transferred of \$23,667,763, consisting of USD\$8.4 million in cash and USD\$12.6 million in shares (44,221,698 ordinary shares in Ensogo). Given the acquisition occurred close to the previous financial year end, the net asset valuation and allocation of the purchase price to acquired assets and fair values assigned to intangible assets was preliminary. In accordance with the groups accounting policy, the acquisition accounting as finalised during the current period.

Further details of the acquisition and preliminary acquisition accounting are disclosed in the annual report for the year ended 31 December 2013

The final fair value of the assets and liabilities arising from the acquisition are as follows :

Details of the acquisition are as follows:

	Final Fair value \$
Cash and cash equivalents	398,667
Trade receivables	291,076
Other receivables	2,249,311
Plant and equipment	251,294
Intangibles	23,997
Customer lists	10,061,548
Brand names	165,754
Trade payables	(3,948,636)
Deferred tax liability	(2,063,552)
Other net assets	496,786
Net assets acquired	7,926,245
Goodwill	15,741,518
Acquisition-date fair value of the total consideration transferred	<u>23,667,763</u>
Representing:	
Cash paid or payable to vendor	9,516,820
Ensogo Limited shares issued to vendor	14,150,943
	<u>23,667,763</u>

**Note 30. Business combinations (continued)**

*Dealguru*

On 19 December 2013, Ensogo acquired 100% of the ordinary shares of Dealguru Holdings Pte Ltd group for the total consideration transferred of \$38,472,773, consisting of USD\$11 million in cash and USD\$23.28 million in shares (81,366,737 <sup>ordinary</sup> shares in Ensogo). Given the acquisition occurred close to the previous financial year end, the net asset valuation and allocation of the purchase price to acquired assets and fair values assigned to intangible assets was preliminary. In accordance with the groups accounting policy, the acquisition accounting as finalised during the current period.

Further details of the acquisition and preliminary acquisition accounting are disclosed in the annual report for the year ended 31 December 2013

The final fair value of the assets and liabilities arising from the acquisition are as follows :

Details of the acquisition are as follows:

	<b>Final Fair value \$</b>
Cash and cash equivalents	2,210,324
Trade receivables	768,417
Plant and equipment	151,064
Customer lists	2,305,108
Brand Name	159,719
Trade payables	(6,215,597)
Deferred tax liability	(497,326)
Other net liabilities	(573,186)
	<hr/>
Net liabilities acquired	(1,691,477)
Goodwill	40,164,250
	<hr/>
Acquisition-date fair value of the total consideration transferred	<u><u>38,472,773</u></u>
Representing:	
Cash paid or payable to vendor	12,435,417
Ensogo Limited shares issued to vendor	26,037,356
	<hr/>
	<u><u>38,472,773</u></u>

**Note 30. Business combinations (continued)**

*Dealmates*

On 19 December 2013, Ensogo acquired 100% of the ordinary shares of Dealmates Sdn Bhd for the total consideration transferred of \$11,361,246 (consisting of USD\$10 million in cash). Given the acquisition occurred close to the previous financial year end, the net asset valuation and allocation of the purchase price to acquired assets and fair values assigned to intangible assets was preliminary. In accordance with the groups accounting policy, the acquisition accounting as finalised during the current period.

Further details of the acquisition and preliminary acquisition accounting are disclosed in the annual report for the year ended 31 December 2013

The final fair value of the assets and liabilities arising from the acquisition are as follows :

Details of the acquisition are as follows:

	<b>Final Fair value \$</b>
Cash and cash equivalents	184,352
Trade receivables	51,452
Plant and equipment	61,472
Customer lists	700,814
Brand names	24,647
Trade payables	(556,508)
Deferred tax liability	(146,375)
Net other liabilities	(560,685)
	<hr/>
Net liabilities acquired	(240,831)
Goodwill	11,602,074
	<hr/>
Acquisition-date fair value of the total consideration transferred	<u><u>11,361,243</u></u>

**Note 30. Business combinations (continued)**

On 2 April 2014, Ensogo acquired 100% of the ordinary shares of Ensogo Holdings Limited Hong Kong including Philippines, Thailand and Indonesian subsidiaries (altogether the "LivingSocial South East Asian" or "LivingSocial SEA" operations) for the total cash consideration transferred of \$19,950,260 (USD \$18 million). During the year, the relevant market valuations and other calculations were completed and the resulting fair values of the assets and liabilities and goodwill are as below.

The consideration paid for the business combinations includes amounts in relation to the expected benefit of synergies, revenue growth, and future market development of the acquired business. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. The directors do not consider it practical to estimate what the consolidated revenue and profit for the period ended 31 December 2014 would have been if the acquisition had occurred on 1 January 2014 due to costs and time involved.

Details of the acquisition are as follows:

	<b>Final Fair value \$</b>
Cash and cash equivalents	1,258,141
Trade receivables	616,857
Property, plant and equipment	738,134
Customer lists	7,522,934
Brand names	374,880
Other intangibles	467,027
Trade payables	(5,323,437)
Deferred tax liability	(1,593,530)
Other net liabilities	(3,950,645)
	<hr/>
Net assets acquired	110,361
Goodwill	19,839,899
	<hr/>
Acquisition-date fair value of the total consideration transferred	<u>19,950,260</u>
	<hr/>
Representing:	
Cash paid or payable to vendor	<u>19,950,260</u>

	<b>Consolidated 2014 \$</b>	<b>2013 \$</b>
Cash used to acquire business, net of cash acquired:		
Acquisition-date fair value of the total consideration transferred	19,950,260	-
Less: cash and cash equivalents	(1,258,141)	-
	<hr/>	<hr/>
Net cash used	<u>18,692,119</u>	<u>-</u>

### Note 31. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2014 %	2013 %
iBuy Group Pte Ltd	Singapore	100.00%	100.00%
Buy Together Hong Kong Ltd	Hong Kong	100.00%	100.00%
Buy Together Retail Ltd	Hong Kong	100.00%	100.00%
Buy Together Technology (Shenzhen) Ltd	Hong Kong	100.00%	100.00%
Dealmates Sdn Bhd	Malaysia	100.00%	100.00%
Dealguru Holdings Pte Ltd	Singapore	100.00%	100.00%
Deal Travel Pte Ltd	Singapore	100.00%	100.00%
Mydeal Sdn Bhd	Malaysia	100.00%	100.00%
My Deal Travel & Lifestyle Sdn Bhd	Malaysia	100.00%	100.00%
Ensogo Holdings Limited	Hong Kong	100.00%	-%
Living Social Malaysia Sdn Bhd	Malaysia	100.00%	-%
Ensogo Company Limited	Thailand	100.00%	-%
Ensogo Inc	Philippines	100.00%	-%
PT Living Social	Indonesia	100.00%	-%

### Note 32. Events after the reporting period

No matter or circumstance has arisen since 31 December 2014 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial years.

### Note 33. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2014 \$	2013 \$
Loss after tax	(67,377,639)	(555,572)
Income tax benefit	(3,780,962)	
Depreciation and amortisation	7,235,567	12,707
Impairment of goodwill	46,976,050	-
Impairment of receivables	961,924	
Inventory write offs	94,302	
Asset write offs	66,109	-
Foreign exchange net unrealised losses	14,569	-
Change in operating assets and liabilities:		
(Increase) in trade and other receivables	(1,997,262)	1,851,963
(Increase) in inventories	(864,421)	(2)
(Decrease) in net deferred tax liabilities	(1,073,888)	-
Increase in payables and provisions	8,277,197	(1,602,027)
Net cash (outflow) from operating activities	<u>(11,468,454)</u>	<u>(292,931)</u>

**Note 34. Earnings per share**

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax attributable to the owners of Ensogo Limited	<u>(67,377,639)</u>	<u>(555,572)</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>406,379,434</u>	<u>113,969,668</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>406,379,434</u>	<u>113,969,668</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(16.58)	(0.49)
Diluted earnings per share	(16.58)	(0.49)

**Note 35. Matters subsequent to the end of the financial year**

On Feb 26, 2015, Ensogo received a strategic investment from VIPshop, the leading China based online discount retailer. VIPshop acquired a 12% equity stake for approximately AU\$6.4m. VIPshop's success in of the flash sale business model and deep expertise in discount retailing are expected to strengthen and develop Ensogo's business throughout Southeast Asia.



In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes thereto give a true and fair view of the group's financial position as at 31 December 2014 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink that reads "Sam Weiss".

---

Sam Weiss  
Non-executive director

27 February 2015



## **Independent auditor's report to the members of Ensogo Limited (formerly known as iBuy Group Limited)**

### ***Report on the financial report***

We have audited the accompanying financial report of Ensogo Limited (the company), which comprises the statement of financial position as at 31 December 2014, the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Ensogo Limited Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at year's end or from time to time during the financial year.

### ***Directors' responsibility for the financial report***

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

### ***Auditor's responsibility***

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the consolidated entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Independence***

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

---

**PricewaterhouseCoopers, ABN 52 780 433 757**

Freshwater Place, 2 Southbank Boulevard, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001  
T: 61 3 8603 1000, F: 61 3 8603 1999, [www.pwc.com.au](http://www.pwc.com.au)

Liability limited by a scheme approved under Professional Standards Legislation.



We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of the company on 27 February 2015, would be in the same terms if provided to the directors as at the date of this auditor's report.

### ***Auditor's opinion***

In our opinion:

- (a) the financial report of Ensogo Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
- (b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

### ***Report on the Remuneration Report***

We have audited the remuneration report included in pages 6 to 11 of the directors' report for the year ended 31 December 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

### ***Auditor's opinion***

In our opinion, the remuneration report of Ensogo Limited for the year ended 31 December 2014 complies with section 300A of the *Corporations Act 2001*.

A handwritten signature in dark ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in dark ink that appears to read 'S.P. #A'.

Jon Roberts  
Partner

Melbourne  
5 March 2015

The shareholder information set out below was applicable as at 19 March 2015.

#### **ASX Listing Rule 4.10.19**

Ensogo Limited has used the cash and assets in a form readily convertible to cash it had at the time of admission in a way consistent with its business objectives.

#### **Distribution of equitable securities**

Analysis of number of equitable security holders by size of holding:

	<b>Total holders of Ordinary Shares</b>	<b>Units</b>
1 to 1,000	81	13,846
1,001 to 5,000	206	604,769
5,001 to 10,000	215	1,774,188
10,001 to 100,000	716	27,221,412
100,001 and over	200	455,919,688
	1418	485,533,903
Holding less than a marketable parcel	202	252,585

#### **Equity security holders**

*Twenty largest quoted equity security holders*

The names of the twenty largest security holders of quoted equity securities are listed below:

	<b>Ordinary shares</b>	
	<b>Number held</b>	<b>% of total shares issued</b>
Catcha Group Pte Ltd	105,519,381	21.73
E & A Belina Investments Ltd	59,464,069	12.25
Rebate Networks GMGH	54,938,821	11.32
Middle Kingdom Capital Group	50,888,364	10.48
National Nominees Ltd	25,306,990	5.21
Jan Peter Croeni	12,913,245	2.66
UBS Nominees Pty Ltd	12,701,316	2.62
J P Morgan Nominees Australia Pty Ltd	12,183,366	2.51
Patrick Linden	10,944,920	2.25
HSBC Custody Nominees (Australia) Ltd	10,621,872	2.19
Citicorp Nominees Pty Ltd	8,921,148	1.84
Tiga Trading Pty Ltd	8,333,333	1.72
Absolute Investments Australia	5,755,000	1.19
HSBC Custody Nominees (Australia) Ltd (NT-Comnwlth Super Corp A/C)	5,498,903	1.13
Citicorp Nominees Pty Ltd (Colonial First State Inv A/C)	5,301,044	1.09
HSBC Custody Nominees (Australia) Ltd – A/C 3	3,283,734	0.68
CS Fourth Nominees Pty Ltd	3,016,044	0.62
Pakasoluto Pty Limited (Barkl Family Super Fund A/C)	2,419,639	0.50
Quentin Joseph Flannery	2,098,000	0.43
Khuda Investments Pty Ltd	1,822,916	0.38
	401,932,105	82.78

*Unquoted equity securities*

There are no unquoted equity securities.

**Substantial holders**

Substantial holders in the company are set out below:

	<b>Number of shares at time notice was given</b>	<b>% of total shares at time notice was given</b>
Catcha Media Group Pte Ltd	105,519,381	21.73
Middle Kingdom Capital Group	44,221,698	9.11
Rebate Networks GmbH	54,938,821	11.32
Acorn Capital	44,079,650	9.08
Vipshop Holdings Limited	59,464,069	12.25

**Voting rights**

The voting rights attached to ordinary shares are set out below:

*Ordinary shares*

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

There are no other classes of equity securities.

**Securities subject to voluntary escrow**

<b>Class</b>	<b>Expiry date</b>	<b>Number of shares</b>
Ordinary shares	24 months from 20 December 2013	89,966,603