

Shoply Ltd - ASX:SHP

29 April 2016

ASX and Media Release

Appendix 4C and company update

Shoply Limited (ASX: SHP) (**Shoply** or the **Company**) presents its consolidated cash flow report for the quarter ended 31 March 2016 (**Q3** or **Quarter**).

Operating results

Consistent with seasonal trends, trading over the third quarter of each financial year generally produces less revenue than other quarters. During Q3, the revenue attributed to sales was \$4.3M.

During the Quarter, Shoply's sales and margins were adversely impacted as a result of ongoing discounting initiatives implemented by competitors in the business technology and homeware appliance retail sectors.

Cost reduction measures

At the end of 2015, the Company undertook an in-depth review of its operations, business model, staffing levels and forward strategy. Following the review, the Company took immediate steps to implement multiple key strategic initiatives in three distinct phases, which were designed to rectify the operational and strategy issues identified during the review. Further details of this strategy are contained in the Company's Appendix 4C for the quarter ending 31 December 2015.

As part of Phase 1 (Cost reduction) of the strategy, the Company undertook to implement a range of cost reduction measures across the Group, with the objective of reducing direct and operational expenses throughout the remainder of the 2016 financial year. This included a review and rationalisation of inventory as well as staffing requirements, which has enabled the Company to achieve significant cost savings, particularly relating to employment expenses. It is expected that these cost savings will be realised and reflected in the Company's results for the quarter ending 30 June 2016.

Following the recent reduction in employee headcount, the Board is cognisant of the need to maintain continuity of Shoply's business in the lead up to completion of its proposed merger with the Anyware Corporation / Harris Technology Group, and to ensure that the merged entity is well positioned to promptly execute its growth strategy after the merger completes. Accordingly, Anyware has seconded a team of employees to Shoply's corporate headquarters to assist Shoply in its operational requirements, and to gain familiarity with Shoply's businesses and processes.

The Company also advises that it is in the process of finalising a formal Share Purchase Agreement with the vendors of Anyware Corporation / Harris Technology relating to the proposed merger.

Shoply intends to convene a general meeting of shareholders on or around June 2016, to seek shareholder approval for resolutions in connection with the proposed merger. A notice of general meeting (and associated documents) will be despatched to shareholders in due course.

Funding

Shoply is pleased to advise that it has recently completed a round of debt funding to raise a total of \$2.0 million by way of unsecured loans. The loans, which were provided by a number of parties including Directors, will provide Shoply with bridging and short term finance in the lead up to completion of the merger. In order to enable the merged entity to conserve its cash resources, majority of the lenders have agreed to convert their loans into ordinary shares, subject to shareholder approval which will be sought at the upcoming general meeting.

Together with Shoply's \$1 million capital raising placement completed in March 2016, the loan funds of \$2.0 million will facilitate Shoply's cash flow requirements and ensure that the Company continues to achieve its business objectives. In addition, the Company has secured commitments from another lender for a further unsecured loan of \$500,000, which funds are expected to be received shortly.

Outlook

Shoply has revised its FY16 revenue guidance to \$19.4 million (from \$21 million) with comprehensive loss of \$3.9 million (from \$2.9 million).

This revised guidance does not take into account the financial impact of potential synergies or economies of scale advantages which the proposed merger and integration of the Shoply and Anyware / Harris Technology businesses are expected to deliver to the merged entity.

-ENDS

For further information, contact:

Andrew Plympton

Executive Chairman

Shoply Limited

M: +61 418 310 713

E: andrew@windwardmark.com

About Shoply Limited

Shoply's objective is to be a leading ASX listed online shopping company. Shoply is rapidly executing a dual, organic and acquisitive growth strategy, acquiring or creating positions in attractive retail categories.

<http://www.shoply.com.au>

For personal use only

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10

Name of entity

Shoply Limited

ABN

93 085 545 973

Quarter ended ("current quarter")

31 MARCH 2016

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A' 000
1.1 Receipts from customers	4,356	18,170
1.2 Payments for (a) staff costs	(702)	(2,283)
(b) advertising and marketing	(391)	(1,157)
(c) research and development	-	-
(d) leased assets	-	-
(e) other working capital	(5,52)	(18,33)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature	-	8
1.5 Interest and other costs of finance paid	-	(2)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	5
-GST Paid	1	49
Net operating cash flows	(2,252)	(3,543)

+ See chapter 19 for defined terms.

For personal use only

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

	Current quarter \$A'000	Year to date (9 months)
1.8 Net operating cash flows (carried forward)	(2,252)	(3,543)
1.9 Cash flows related to investing activities		
Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	(48)	(299)
(d) physical non-current assets	-	(4)
(e) other non-current assets	-	-
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	-
Net investing cash flows	(48)	(303)
1.14 Total operating and investing cash flows	(2,300)	(3,846)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	1,000	1,000
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	900	900
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other (provide details if material)	-	-
Net financing cash flows	1,900	1,900
Net increase (decrease) in cash held	(400)	(1,946)
1.21 Cash at beginning of quarter/year to date	867	2,413
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	467	467

+ See chapter 19 for defined terms.

For personal use only

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	45
1.25	Aggregate amount of loans to the parties included in item 1.11	

1.26 Explanation necessary for an understanding of the transactions

Payment for Director Fees and related parties to Key Management Personnel

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

The Company has raised \$1,000,000 through the placement of new shares in Shoply Ltd to an entity associated with Mr Garrison Huang (SHP Board Member).

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities		
3.2	Credit standby arrangements		

+ See chapter 19 for defined terms.

For personal use only

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

Reconciliation of cash

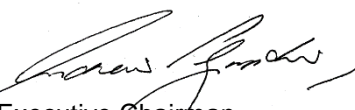
Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	299	692
4.2 Deposits at call	-	-
4.3 Bank overdraft	-	-
4.4 Other (provide details) Cash held in separate bank account, rental guarantee.	167	175
Total: cash at end of quarter (item 1.23)	467	867

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity		
5.2 Place of incorporation or registration		
5.3 Consideration for acquisition or disposal		
5.4 Total net assets		
5.5 Nature of business		

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.


 Executive Chairman
Andrew Plympton
 29 April 2016

+ See chapter 19 for defined terms.

For personal use only

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

+ See chapter 19 for defined terms.

For personal use only