

Shoply Limited

ASX:SHP

28 April 2014

ASX and Media Release

Quarterly Cash Flow Statement (Appendix 4C) for the quarter ended 31 March 2014

- Cash receipts up 14% to \$0.89 million in the March 2014 quarter
- 151% quarter-on-quarter growth in the Online Shopping Division
- Continued investment in the Online Shopping Division

Shoply Limited (**Shoply** or the **Company**) presents its consolidated Quarterly Cash Flow Report for the quarter ended 31 March 2014. Key highlights include:

- Receipts from customers up 14% on previous quarter to \$0.89 million (from \$0.78 million), driven by cash receipts from the Online Shopping Division, up 151% from the previous quarter, offset by a 21% decline in cash receipts from the Online Advertising division from the previous quarter.
- Cash receipts for the Online Advertising Division were down 21% from the previous quarter, due to increasing market volatility as Yahoo completes its transition to Microsoft. The Company has adjusted the cost-base for the Online Advertising division accordingly, such that the division still makes a positive earnings contribution albeit a declining one.
- Net operating cash outflow for the quarter was \$0.24 million (in line with the previous quarter despite the 14% increase in receipts from customers) as a result of continued investment in the growth of the Online Shopping division. In particular, during the quarter Shoply:
 - Acquired 3 premium domain names – Toystore.com.au, SportingGoods.com.au and HomeAppliances.com.au. Shoply is in the process of establishing supplier relationships for 2 new online retail categories (toys and sporting goods) and building the websites for each of these domains, with a view to launching these online stores in the next 2 quarters;
 - Acquired the assets of online baby products retailer Wowbaby.com.au; and
 - Incurred one-off costs of approximately \$0.26m associated with the capital raising and acquisition of Your Home Depot announced on 17 February 2014.
- Cash at bank as at 31 March 2014 was \$2.84M.

For personal use only

- Total Group costs were in line with management expectations, with the continuing investment in the Online Shopping Division.

Trading update

Shoply's strategy to become a leading Australian online shopping company continues to build momentum with another quarter of encouraging revenue growth in the Online Shopping Division.

The Company remains committed to the strategic focus on the growth of its Online Shopping Division, via both organic growth and acquisitions in targeted market segments.

Online Shopping Division

The Online Shopping Division continues to grow with another doubling of revenue over the quarter (in excess of a six-fold increase over the September 2013 quarter) and continued to avert post Christmas declines. Revenue from the Online Shopping Division for the quarter eclipsed the revenue contribution of the Online Advertising Division for the first time.

Online Advertising Division

The Online Advertising Division continues to be challenged by the migration from Yahoo to Microsoft. The division is facing an accelerating decline and the Company does not see this trend changing, reinforcing Shoply's strategic focus on the Online Shopping Division.

Capital Raising

During the quarter Shoply completed a placement of new shares and options to raise gross proceeds of \$1.8 million before costs. Also during the quarter 37.3 million SHPO options were exercised, raising an additional \$0.6 million. Subsequent to the end of the quarter, the Company completed an underwritten rights issue that raised gross proceeds of \$1.8 million (before costs). The Company welcomes a number of new sophisticated and institutional investor shareholders that participated in the placement and /or as sub-underwriters to the rights issue.

Funds raised from the placement and rights issue will be used to complete the acquisition of the assets of Your Home Depot Pty Ltd (**YHD**), now expected to complete in May 2014. The YHD business has continued to perform well, with unaudited revenue of over \$3.35m for the period (ahead of the \$12.9 million revenue reported by the business for FY'13 on a run-rate basis)

Your Home Depot Acquisition Update

As previously advised, the Company is acquiring the assets of YHD for \$2.85 million (including \$1.5 million of fast-moving inventory). The companies are currently finalising a small number of conditions relating to the Assets Purchase Agreement and Shoply will update the market on the completion date once finalised, currently expected to occur in May 2014.

For personal use only

The acquisition of YHD significantly progresses Shoply's strategy of becoming a leading ASX-listed online shopping company. The acquisition will leverage Shoply's existing online shopping platform, with significant distribution and cross-selling synergies expected.

-ENDS

For further information contact:

Simon Crean
Chief Executive Officer
M: + 61 433 777 717

About Shoply Limited

Shoply is an Online Shopping and Online Advertising business focusing on the retail sale of consumer goods and distribution of advertising to publishers and publisher networks.

<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 2014

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from customers	894	2,386
1.2 Payments for (a) staff costs	(244)	(726)
(b) advertising and marketing		
(c) research and development	-	-
(d) leased assets	-	-
(e) other working capital	(872)	(2,273)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	7	14
1.5 Interest and other costs of finance paid	(14)	(16)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net operating cash flows	(229)	(615)

+ 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) \$A'000
1.8 Net operating cash flows (carried forward)	(229)	(615)
Cash flows related to investing activities		
1.9 Payment for acquisition of:	-	-
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(22)	(109)
(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)	-	-
	(22)	(109)
Net investing cash flows		
1.14 Total operating and investing cash flows	(251)	(724)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	2,377	3,233
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other (Capital Raising Cost)	(170)	(226)
	2,207	3,007
Net financing cash flows		
Net increase (decrease) in cash held	1,956	2,283
1.21 Cash at beginning of quarter/year to date	891	564
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	2,847	2,847

+ See chapter 19 for defined terms.

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	36
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

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

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	5,000	-
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 follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	2,847	891
4.2 Deposits at call	-	-
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)	2,847	891

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.

Sign here: _____
(Chief Executive Officer)

Date: **25 March 2014**

Print name: **Simon Crean**

+ 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