Shoply Ltd - ASX:SHP

21 February 2014

ASX and Media Release

Appendix 4D and Financial Report for the half-year ended 31 December 2013

- **Improving Online Shopping revenue growth since re-launching Ohki.com.au in September 2013 and Eljo.com.au in November 2013**
- **Softening sales in the Online Advertising Division resulted in revenue decline of 16.3% over the previous corresponding period**
- **Investment and creation of the Online Shopping Division resulted in a loss of $247,333 for the half**

Shoply Limited (**Shoply** or the **Company**) presents its Appendix 4D and consolidated Financial Report for the half-year ended 31 December 2013.

For the half ended December 2013, the Company continued investment to support the growth plan for the Online Shopping Division and the increased focus to an online shopping company from an online advertising company.

- The Group's results for the half-year ended 31 December 2013 was a loss of $247,333 reflective of the investment and creation of the Online Shopping Division and associated capability within the Group.
- Revenue for the half-year ended 31 December 2013 was $1,290,976 a decrease of 16.3% over the previous corresponding period (2012: $1,542,640) due to decreasing sales from the Online Advertising Division.
- The Online Shopping Division generated $265,815. The revenue is reflective of a standing-start and three months trading for Ohki.com.au and two months trading for Eljo.com.au. Ohki.com.au and Eljo.com.au had been previously shut down prior to Shoply's acquisition and assets.
- Net loss from continuing operations was $247,333, a decrease of 5436.2% over the previous corresponding period (2012: net profit $4,635).
- During the six months ended 31 December 2013, the consolidated entity generated net operating cash outflows of $386,760 (2012: net inflows $62,044).
- The consolidated entity had cash of $890,693 as at 31 December 2013 (30 June 2013: $564,223).

- The consolidated entity had net assets of $1,192,439 as at 31 December 2013 (30 June 2013: $638,963).

The revenue from the Online Shopping division in last few months of half operation, while small, grew quickly, and if it continues at this rate, the Company expects it to nearly double in the next quarter.

Shoply's strategy to become a leading Australian online shopping company continues to build momentum with encouraging revenue growth in the Online Shopping Division in the last quarter. Pleasingly, the Division has largely averted the traditionally weaker post Christmas trading period for the retail industry with year to date revenues exceeding internal budgets.

In February 2014 the Company announced that it has entered into a Heads of Agreement with Your Home Depot Pty Ltd for a proposed acquisition of the key assets of the YHD business. Shoply will pay all-cash consideration of $2.85 million for the assets of Your Home Depot on a debt-free basis. The acquisition of Your Home Depot is expected to add $12.9 million in revenue and EBITDA of $1.2 million to the Company.

The Company remains committed to the increased focus on its online shopping division and the development of its Online Shopping Division through investing funds into creating and acquiring new revenue streams. A number of acquisition opportunities are continuing to be assessed and the Company anticipates being able to conclude at least one of these in the current quarter.

-ENDS

For further information contact:

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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

SHOPLY LIMITED
(formerly Adeffective Limited)
and Controlled Entities
ABN 93 085 545 973

ASX APPENDIX 4D - FINANCIAL REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

Lodged with ASX under Listing Rule 4.2A
This information should be read in conjunction with 30 June 2013 Annual report

SHOPLY LIMITED
(formerly Adeffective Limited)
AND CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE HALF-YEAR ENDED

31 DECEMBER 2013

TABLE OF CONTENTS

ASX Announcement - Appendix 4D
HALF YEARLY REPORT FOR THE SIX MONTHS TO 31 DECEMBER 2013

Name of Entity	Shoply Limited (formerly Adeffective Limited)
Australian Business Number	93 085 545 973
Report for Half Year Ended:	31 December 2013
Previous corresponding Financial Year ended:	30 June 2013
And Half Year Ended:	31 December 2012

RESULTS FOR ANNOUNCEMENT TO THE MARKET

		% Change		$
Revenues from ordinary activities	down	16.3	to	1,290,976
Loss from ordinary activities after tax attributable to members	down	5436.2	to	(247,333)
Loss for the period attributable to members	down	5436.2	to	(247,333)

Dividends (distributions)	Amount per share	Franked amount per share
Final dividend Interim dividend	Nil ¢	Nil ¢
Previous corresponding period	Nil ¢	Nil ¢
Record date for determining entitlements to the dividends	N/A	

Brief explanation of any of the figures reported above necessary to enable the figures to be understood:

Revenue for the half-year ended 31 December 2013 was $1,290,976, a decrease of 16.3% over the previous corresponding period (2012: $1,542,640).

Net loss from continuing operations was $247,333, a decrease of 5436.2% over the previous corresponding period (2012: net profit $4,635).

Net tangible asset backing per ordinary share at 31 December 2013 was 0.47 cents (2012: 0.29 cents).

There was no gain or loss of control over any entities during the half-year ended 31 December 2013.

The Company does not propose to pay a dividend. No dividend or distribution plans are in operation.

SHOPLY LIMITED (formerly Adeffective Limited)
AND CONTROLLED ENTITIES

DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2013

The Directors present their report together with the condensed financial report of the consolidated entity of Shoply Limited (formerly Adeffective Limited) and the entities it controlled for the half-year ended 31 December 2013 and independent auditor's review report thereon. This financial report has been prepared in accordance with AASB 134 *'Interim Financial Reporting'* and the *Corporations Act 2001*.

DIRECTORS

The names of the Directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Andrew Plympton	Non-Executive Chairman
Damian London	Non-Executive Director
Sophie Karzis	Non-Executive Director
Mark Goulopoulos	Non-Executive Director
Domenic Carosa	Non-Executive Director

REVIEW AND RESULTS OF OPERATIONS

The Group's results for the half-year ended 31 December 2013 was a loss of $247,333 reflective of the investment and creation of the Online Shopping Division and associated capability within the Group. The previous corresponding period was a net profit of $4,635.

Revenue for the half-year ended 31 December 2013 was $1,290,976 a decrease of 16.3% over the previous corresponding period (2012: $1,542,640) due to decreasing sales from the Footar product which operates in the Online Advertising Division.

The Group results reflect a considerable improvement in revenue generated from the Online Shopping division in its first half of operations and the Company is confident of continuing growth in the division. Cash receipts from the Online Shopping Division in its second full quarter of trade were up 159% from the previous quarter.

The Company expects that revenue growth in the next six months will be generated mainly from the Online Shopping Division. As previously announced, due to a number of challenges within the online search sector the Company does not expect growth from its Online Advertising Division in the short to medium term.

Forward Strategy

The Company remains committed the growth plan for the Online Shopping Division and the Company transition from online advertising to an online shopping company.

The Company continues to look for suitable acquisitions in attractive online shopping categories and the organic development of existing and new online stores.

The Company previously announced plans to expand its Online Shopping platform and now has a scalable platform and the appropriate capability to support the growth of its online shopping division and integrate new acquisitions quickly and efficiently.

The Company will also continue to seek new publishing partners and advertising providers in its Online Advertising division although is cautious about its growth prospects due to a changing and consolidating search and display advertising markets.

Outlook

The Company remains cautiously optimistic about the outlook for Shoply, and the Directors are encouraged by the early stages of development in its Online Shopping Division and the retention of revenue in its Online Advertising division in a changing and consolidating advertising technology landscape.

The Company's strategy continues to be the generation of organic growth of its Online Shopping stores, together with a proactive search for appropriate acquisition opportunities to broaden its scope and economies of scale in its Online Shopping division. The Company is focusing on retaining earnings in its Online Advertising division though its attention on signing up additional partners and clients. The Company is continually reviewing the market in relation to acquisition opportunities and will continue to keep the market updated as developments occur.

Financial performance

Revenue for the half-year ended 31 December 2013 was $1,290,976, a decrease of 16.3% over the previous corresponding period (2012: $1,542,640).

Net loss from continuing operations was $247,333, a decrease of 5436.2% over the previous corresponding period (2012: net profit $4,635).

The net loss from continuing operations was due to the early stage profile of the Online Shopping Division and a decline in revenue for the Online Advertising Division.

Financial position

The consolidated entity had net assets of $1,192,439 as at 31 December 2013 (30 June 2013: $638,963).

Cash flows

During the six months ended 31 December 2013, the consolidated entity generated net operating cash outflows of $386,760 (2012: net inflows $62,044). The consolidated entity had cash of $890,693 as at 31 December 2013 (30 June 2013: $564,223).

The net operating cash outflow for the half was due to the continued investment in the Online Shopping Division, softening sales in the Online Advertising Division and the related transaction costs of Eljo.com.au.

Auditor's Independence Declaration

The Auditor's Independence Declaration under section 307C of the Corporation Act 2001 is included on page 6 and forms part of Shoply Limited's (formerly AdEffective Limited) Directors' report for the period from 1 July 2013 to 31 December 2013.

Signed for and on behalf of the Directors in accordance with a resolution of the Board.

Andrew Plympton
Non-Executive Chairman
21 February 2014

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Auditor's Independence Declaration to the Directors of Shoply Limited (formerly AdEffective Limited)

In relation to our review of the financial report of Shoply Limited for the half-year ended 31 December 2013, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ashley Butler
Partner
21 February 2014

SHOPLY LIMITED (formerly Adeffective Limited)
& CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	Notes	**Half Year to 31 Dec 2013 $**	Half Year to 31 Dec 2012 $
Revenue			
Sales revenue		**1,290,976**	1,542,640
Finance revenue		**7,298**	4,884
		1,298,274	1,547,524
Direct costs		**(723,972)**	(909,959)
Gross profit		**574,302**	637,565
Employee benefits expense		**(470,581)**	(314,823)
Occupancy costs		**(31,457)**	(6,993)
Professional fees		**(180,908)**	(154,730)
Depreciation and amortisation expenses		**(8,598)**	-
Other expenses		**(122,033)**	(141,637)
Performance rights issued (non-cash)		**-**	(12,857)
Finance costs		**(8,058)**	(1,890)
(Loss) / Profit before income tax		**(247,333)**	4,635
Income tax benefit / (expense)		**-**	-
(Loss) / Profit from continuing operations		**(247,333)**	4,635
Other Comprehensive Income		**-**	-
Total Comprehensive (loss) / profit for the period		**(247,333)**	4,635
Earnings per share from continuing operations (cents per share)			
- Basic earnings/(loss) per share		**(0.00)**	0.00
- Diluted earnings/(loss) per share		**(0.00)**	0.00

The accompanying notes form part of these financial statements.

SHOPLY LIMITED (formerly Adeffective Limited)
& CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

	Note	**Consolidated 31 Dec 2013 $**	Consolidated 30 Jun 2013 $
Current Assets			
Cash and cash equivalents		**890,693**	564,223
Trade and other receivables		**439,443**	504,452
Inventories		**8,559**	-
Prepayments and deposits		**27,992**	38,395
Total Current Assets		**1,366,687**	1,107,070
Non-current Assets			
Property, plant and equipment		**9,258**	**-**
Intangible Assets	5	**69,723**	-
Total Non-current Assets		**78,981**	**-**
Total Assets		**1,445,668**	1,107,070
Current Liabilities			
Trade and other payables		**253,229**	468,107
Total Current Liabilities		**253,229**	468,107
Total Liabilities		**253,229**	468,107
Net Assets		**1,192,439**	638,963
Equity			
Contributed equity	6	**27,205,331**	26,404,522
Reserves		**24,000**	24,000
Accumulated losses		**(26,036,892)**	(25,789,559)
Total Equity		**1,192,439**	638,963

The accompanying notes form part of these financial statements.

SHOPLY LIMITED (formerly Adeffective Limited)
& CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	Share Capital $	Reserves $	Accumulated Losses $	Total Equity $
At 1 July 2013	**26,404,522**	**24,000**	**(25,789,559)**	**638,963**
Loss for the period	**-**	**-**	**(247,333)**	**(247,333)**
Other comprehensive income	-	-	-	-
Total comprehensive income	**-**	**-**	**(247,333)**	**(247,333)**
Transactions with owners in their capacity as owners				
Shares issued	842,003	-	-	842,003
Exercise of listed options	14,378	-	-	14,378
Capital raising costs	(55,572)	-	-	(55,572)
At 31 December 2013	**27,205,331**	**24,000**	**(26,036,892)**	**1,192,439**
At 1 July 2012	26,404,522	24,000	(25,835,030)	593,492
Profit for the period	-	-	4,635	4,635
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	4,635	4,635
Transactions with owners in their capacity as owners				
Performance rights issued	-	12,857	-	12,857
At 31 December 2012	26,404,522	36,857	(25,830,395)	610,984

The accompanying notes form part of these financial statements.

SHOPLY LIMITED (formerly Adeffective Limited)
& CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	Half Year to 31 Dec 2013 $	Half Year to 31 Dec 2012 $
Cash Flows From Operating Activities		
Receipts from customers	**1,491,583**	1,972,864
Payments to suppliers and employees	**(1,883,404)**	(1,913,814)
Interest received	**7,298**	4,884
Borrowing costs	**(2,237)**	(1,890)
Net cash (used in) / from operating activities	**(386,760)**	62,044
Cash Flow From Investing Activities		
Payments for intangible assets	**(77,383)**	-
Payments for property, plant and equipment	**(10,196)**	
Net cash flows provided by financing activities	**(87,579)**	-
Cash Flow From Financing Activities		
Proceeds from shares issued	**856,381**	-
Capital raising costs	**(55,572)**	-
Net cash flows provided by financing activities	**800,809**	-
Net increase in cash and cash equivalents	**326,470**	62,044
Cash at beginning of period	**564,223**	353,999
Cash at end of period	**890,693**	416,043

The accompanying notes form part of these financial statements.

SHOPLY LIMITED (formerly Adeffective Limited)
& CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

1. Basis of preparation of the half-year financial report

(a) Basis of preparation

This condensed half year financial report has been prepared in accordance with Accounting Standard AASB 134 'Interim Financial Reporting' and the *Corporations Act 2001*.

This half year financial report does not include all the notes of the type usually included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that this interim financial report be read in conjunction with the financial report for the year ended 30 June 2013 and any public announcements made by Shoply Limited (formerly AdEffective Limited) during the half year ended 31 December 2013 in accordance with any continuous disclosure obligations arising under the *Corporations Act 2001* and ASX listing rules.

(b) Significant accounting policies

Except as described below, the accounting policies and methods of computation in preparing the consolidated financial statements for the half-year ended 31 December 2013 are consistent with those of the most recent annual financial report.

Fair value measurement

All financial instruments including cash, trade receivables and trade payables are all carried at fair value.

The management assessed that cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

(c) Going concern basis of accounting

The Group generated a loss of $247,333 (2012: profit $4,635) and net cash outflows from operations of $386,760 (2012: inflows of $62,044) for the half year ended 31 December 2013.

The directors are confident that the combination of careful management of overheads, the continuation of its organic revenue growth from the Online Advertising Division and focusing on expansion of the Online Shopping Division, and the potential to raise capital should circumstances require, provides sufficient funds to meet ongoing capital requirements of the Group and the Company for the foreseeable future.

Whilst there is significant uncertainty, the directors consider it appropriate to prepare the accounts on a going concern basis as they are satisfied that based on the factors outlined, the Group will be able to meet its debts as and when they become due and payable for a period of at least 12 months from the date of this report.

(c) Going concern basis of accounting (cont'd)

Accordingly without funding from positive operating cash flows and ability to raise capital if required, there would be a material uncertainty as to whether the consolidated entity would be able to continue as a going concern and therefore whether it would be able to realise its assets and extinguish its liabilities in the normal course of business, and at the amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded assets amounts or to the amounts or classifications of liabilities that might be necessary should the Group not continue as a going concern.

2. Dividends

The Company does not intend to pay a dividend in respect of the period ended 31 December 2013 (2012: nil). The Company does not have any dividend or distribution reinvestment plans in operation.

3. Net tangible assets per share

Net tangible asset backing per ordinary share at 31 December 2013 was 0.47 cents (2012: 0.29 cents).

4. Options issued to Directors and CEO for the Long Term Incentive Plan (LTIP)

The options were approved by shareholders on 12 December 2013 under the Company's LTIP.

The Company granted 5,000,000 options under the plan to Directors on 12 December 2013. The exercise price of the options is $0.02 per option. The options are conditional upon continuation as a non-executive director until 31 December 2014 and achievement of targeted sales during a 12 month period from 1 July 2014 to 30 June 2015. The options will lapse if the conditions are not satisfied and expire on 31 December 2017.

The Company also granted 4,000,000 options under the plan to CEO on 12 December 2013. The exercise price of the options is $0.015 per option for 2,000,000 (Options A) and $0.025 per option for another 2,000,000 (Options B). The Options A and Options B have the following vesting conditions and expiry dates as follows:-

1) Options A of 2,000,000
    i. 666,666 will vest and be exercisable at any time between 6 January 2015 and 6 January 2018;
    ii. 666,667 will vest and be exercisable at any time between 6 January 2016 and 6 January 2019; and
    iii. 666,667 will vest and be exercisable at any time between 6 January 2017 and 6 January 2020.

2) Options B of 2,000,000
    i. 666,666 will vest and be exercisable at any time between 6 January 2015 to 6 January 2018;
    ii. 666,667 will vest and be exercisable at any time between 6 January 2016 to 6 January 2019; and
    iii. 666,667 will vest and be exercisable at any time between 6 January 2017 to 6 January 2020.

4. Options issued to Directors and CEO for the Long Term Incentive Plan (LTIP) (cont'd)

The fair value of the options granted to Directors at grant date was $0.011 based on reference to the Black and Scholes option pricing model below.

The fair value of the options granted to CEO at grant date was $0.013 for Options A and $0.010 for Options B based on reference to the Black and Scholes option pricing model below.

As at 31 December 2013, the Company has not recognised any option expense in the statement of comprehensive income for Directors and CEO as the expense was minimal. The reasons were that the earliest vesting period to Director's options will be 31 December 2014 and the earliest vesting period to the CEO's options will be 6 January 2015. In view of the options only vesting upon the achievement of the above-said conditions, management took into account the probability of achievement of the options conditions in determining the expense.

The table below shows a summary of the options granted during the period:-

	Directors	**CEO Options A**	**CEO Options B**
Grant date	12-12-2013	12-12-2013	12-12-2013
Number of options granted	5,000,000	2,000,000	2,000,000
Share price at grant date	$0.020	$0.020	$0.020
Fair value at grant date	$0.011	$0.013	$0.010
Exercise price	$0.02	$0.015	$0.025
Expected volatility	50%	50%	50%
Risk free interest	2.5%	2.5%	2.5%
Expiry date	31-12-2017	6-1-2020	6-1-2020

5. Intangible Assets

	Consolidated 31 Dec 2013 $	Consolidated 30 Jun 2013 $
(a) Carrying values		
Intangible assets	**77,383**	-
Accumulated amortisation	**(7,660)**	-
Net carrying amount	**69,723**	-

During the six month period, the Group finalised three assets acquisitions being Ohki (trading from September 2013), EzyDirect (trading from August 2013) and Eljo (trading from November 2013). The assets acquired were classified as intangible assets and mainly comprised of websites, customer database and domain names. Management has determined that the fair value of the assets purchased equalled their purchase price. The intangible assets are being amortised over a three year period on a straight line basis from the date of acquisition.

As at 31 December 2013, the Company amortised $7,660 to statement of comprehensive income.

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SHOPLY LIMITED (formerly Adeffective Limited)
& CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

6. Contributed Equity

		Consolidated 31 Dec 2013 $	Consolidated 30 Jun 2013 $
a.	**Issued and paid up capital**		
	Ordinary shares fully paid	**27,143,183**	26,286,802
	Listed options	**117,720**	117,720
	Share issue costs	**(55,572)**	-
		27,205,331	26,404,522
	Movement in ordinary shares on issue	**No. of shares**	No. of shares
	Opening balance	**207,901,921**	207,901,921
	Shares issued during the period		
	Share issue on 15 October 2013	**31,185,288**	-
	Exercise of listed options on 11 November 2013	**958,538**	-
	Closing balance	**240,045,747**	207,901,921
b.	**Listed Options**	**No. of options**	No. of options
	Movement in listed options over ordinary shares		
	Opening balance	**147,248,490**	147,248,490
	Exercise of options on 11 November 2013	**(958,538)**	-
	Issue of 15,592,644 free listed options on 13 December 2013	**15,592,644**	-
	Closing balance	**161,882,596**	147,248,491

7. Details of entities over which control has been gained or lost during the period

Control gained over entities

During the half year ended 31 December 2013, the Company did not acquire any subsidiary entities.

Loss of control of entities

There was no disposal of subsidiary entities in the half-year ended 31 December 2013.

8. Associates and joint venture entities

The Company did not have any interests in associates or joint venture entities during the period ended 31 December 2013 (2012: nil).

9. Subsequent events

Since 31 December 2013 to the date of this report there have been subsequent events which the Directors are aware this will have a material effect on the Company and its financial position.

In February 2013 Shoply announced its intention to enter into two new online market segments. The entry into the market segments will be via a dual-faceted, organic and acquisitive growth strategy.

The market segments Shoply will enter are:

1) Homewares and Domestic Appliances

The Homewares and Domestic Appliances segment accounts for 18.3% of Australian online shopping revenue or $2.6 billion; this segment includes domestic appliances such as fridges, washing machines, blenders, coffee machines, food processors, toasters and kettles.
Shoply will enter the market through the proposed acquisition of Your Home Depot assets. Shoply will expand its position in the segment with the organic development of HomeAppliances.com.au.

The Your Home Depot Transaction
Shoply will pay all-cash consideration of $2.85 million for the assets of Your Home Depot on a debt-free basis. The primary assets of YHD include:

- the domain name and website assets associated with yourhomedepot.com.au which generated close to $12.9 million in revenue in FY13 with an EBITDA of $1.0 million;
- a database of approximately 130,000 retail and commercial clients;
- stock on hand to the value of $1.5 million; and
- a recently fitted out leasehold warehouse facility of around 2,300m2 located approximately 24km north-west of Sydney's CBD.

Completion of the Transaction is conditional on, amongst other things:

- the negotiation of a definitive assets purchase agreement;
- negotiation of either the transfer of the existing warehouse lease from YHD to Shoply (or its nominee) or the grant of a new lease to Shoply (or its nominee) on substantially the same terms and conditions;
- Shoply completing a successful capital raising to fund the Transaction (details of which will be announced when the details are finalised); and
- completion of the Transaction occurring no later than 11 April 2014.

2) Recreational Products

The Recreational Products segment accounts for 11.7% of Australian online shopping revenue or $12.4 billion, and includes toys, games, sporting equipment and hobby items.

In February 2014 Shoply announced the purchase of two premium domain names, ToyStore.com.au and SportingGoods.com.au. These domain names will be developed into online stores on the Company's existing online shopping platform with minimal capital investment.

10. Segment information

Identification of reportable segments

The Group has identified its operating segments based on the information used by management in assessing the performance of the Group, and determining investment requirements. The operating segments are based on the manner in which services are provided to a market. In FY 2014, The Group has decided to streamline its businesses and has decided to merge the AdFeed and Footer businesses into an Online Advertising Division. At the same time, the Group also announced in April 2013 that a new Online Shopping Division was created alongside the Online Advertising division.

Operating Segments

	31 December 2013			31 December 2012		
	Online Advertising	Online Shopping	Consolidated	AdFeed	Footar	Consolidated
	$	$	$	$	$	$
Segment Revenue						
External Sales	1,025,161	265,815	1,290,976	873,906	668,734	1,542,640
Total segment revenue	1,025,161	265,815	1,290,976	873,906	668,734	1,542,640
Segment net profit/(loss) before tax	**327,099**	**(163,568)**	**163,531**	210,504	76,976	287,480
Reconciliation of segment result to group net profit/(loss)						
Amortisation and depreciation	**-**	**-**	**(8,598)**	-	-	-
Finance Costs	**-**	**-**	**(8,058)**	-	-	(1,890)
Corporate costs	**-**	**-**	**(394,208)**	-	-	(280,955)
Group net (loss)/profit before tax	**-**	**-**	**(247,333)**	-	-	4,635

SHOPLY LIMITED (formerly Adeffective Limited)
& CONTROLLED ENTITIES
DIRECTORS' DECLARATION
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

In accordance with a resolution of Directors of Shoply Limited, the Directors declare that:

In the opinion of the Directors:

(a) the financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:

   i. giving a true and fair view of the financial position as at 31 December 2013 and of the performance for the half year ended on that date; and
   ii. complying with Accounting Standard AASB 134 "Interim Financial Reporting" and Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Shoply Limited will be able to pay its debts as and when they become due and payable. This declaration is made in accordance with a resolution of the Directors.

This declaration is made in accordance with a resolution of the Directors.

On behalf of the board

Andrew Plympton
Non-Executive Chairman

21 February 2014

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To the members of Shoply Limited (formerly AdEffective Limited)

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Shoply Limited, which comprises the statement of financial position as at 31 December 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of AdEffective Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Shoply Limited is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Uncertainty Regarding Continuation as a Going Concern

Without qualification to the conclusion expressed above, attention is drawn to the following matter. As indicated in Note 1 (c) to the interim financial statements, the consolidated entity's ability to continue as a going concern is dependent on the consolidated entity being successful in generating continued positive operating cashflows, and if required, its capacity to raise capital to fund the Company's operations and growth plans.

Accordingly without funding from positive operating cashflows and the ability to raise capital if required, there would be material uncertainty as to whether the consolidated entity would be able to continue as a going concern and therefore whether it would be able to realise its assets and extinguish its liabilities in the normal course of business, and at the amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded assets amounts or to the amounts or classifications of liabilities that might be necessary should the consolidated entity not continue as a going concern.

Ernst & Young

Ernst & Young

Ashley Butler
Partner
Melbourne
21 February 2014