

30th January 2015

Rewardle quarterly cash flow report

As outlined in the Prospectus, the Company is prioritising the growth of our Merchant and Member Network to enhance our early mover advantage and the Network Effects inherent in the Rewardle business model. As previously reported, the growth of the Merchant Network has continued to accelerate and in keeping with the Company's winner take all strategy to capture the digital transformation of the local area marketing opportunity. Merchant take up friction has been minimised by continuing with a Freemium pricing model. The accelerated progress that the Company has made with respect to Merchant Network scale has resulted in an accelerating use of funds as detailed in the attached quarterly cash flow report to 31 December 2014. The Company wishes to highlight potential cash injections that would partly or fully offset the accelerating use of funds.

The Company expects to finalise and submit an application under the Federal Government's R&D Tax Incentive scheme in February 2015 for FY14. An application was made under the scheme for FY13, which resulted in a cash payment of approximately \$300,000. With an increase in the Company's activity since then, the Company expects the current application under the scheme will be at least that amount.

Further, the growth of the Merchant Network has created opportunities for additional revenue (on top of Merchant subscription fees) through brand partnerships and/or the sale of the Enterprise Edition of Rewardle. The Company is engaging with various brands looking to utilise Rewardle's Network and/or those considering purchasing the Enterprise Edition of Rewardle. These discussions are at an early stage and the outcome of them is still uncertain.

As a result of this accelerated cash requirement, management has budgeted for various expenditure scenarios including continuing on its high growth path versus scaling back the speed of growth of the Network and focussing on generating revenue from Merchant subscription fees. Management has decided that currently the best way to grow shareholder value is to continue on the high growth path, which will require additional cash into the business at some stage this year. The growth funding alternatives include brand partnerships, the sale of an Enterprise Edition of Rewardle, strategic investors, the exercise of options already on issue and a potential capital raising, or a combination of them. Management will regularly review the merits of the high growth path – versus scaling back - in light of the success and timing of its growth funding efforts.

For more information please contact:

Ruwan Weerasooriya (Founder/MD)

Mobile: 0412448769

Email: ruwan@rewardle.com

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

REWARDLE HOLDINGS LIMITED

ABN

37 168 751 746

Quarter ended ("current quarter")

31 December 2014

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (6 months) \$A'000
1.1	Receipts from customers	29	42
1.2	Payments for		
	(a) staff costs	(543)	(969)
	(b) advertising and marketing	(13)	(27)
	(c) research and development	-	-
	(d) leased assets	-	-
	(e) other working capital	(501)	(763)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	14	15
1.5	Interest and other costs of finance paid	(158)	(171)
1.6	Income taxes – R&D tax offset received	-	304
1.7	Other	-	-
	Net operating cash flows	(1,172)	(1,569)

+ See chapter 19 for defined terms.

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

	Current quarter \$A'000	Year to date (6 months) \$A'000
1.8 Net operating cash flows (carried forward)	(1,172)	(1,569)
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	(299)	(565)
(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	-	(15)
Net investing cash flows	(299)	(580)
1.14 Total operating and investing cash flows	(1,471)	(2,149)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	4,068
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	260
1.18 Repayment of borrowings	(30)	(30)
1.19 Dividends paid	-	-
1.20 Other (share issue costs)	(281)	(376)
Net financing cash flows	(311)	3,922
Net increase (decrease) in cash held	(1,782)	1,773
1.21 Cash at beginning of quarter/year to date	4,009	454
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	2,227	2,227

+ 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	51
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	-	-
3.2 Credit standby arrangements	-	-

+ See chapter 19 for defined terms.

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	2,227	4,009
4.2	Deposits at call	-	-
4.3	Bank overdraft	-	-
4.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)		2,227	4,009

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: Date: 30 January 2015
(Company secretary)

Print name: Ian Hobson

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.