



2 May 2016  
Company Announcements Office  
ASX Limited

*By E-Lodgement*

## **THIRD QUARTER ACTIVITIES AND CASHFLOW REPORT**

### **Operational and Strategic Highlights**

#### *Mobile Application*

In January 2016, Kabuni released version 1.4 of the Company's iOS mobile application. This version introduced multiple new functionalities to the application, most notably in-app messaging and 'Follow' capabilities. This version also expanded download availability into the United Kingdom.

In February 2016, Kabuni released version 1.5 of the Company's iOS mobile application. This version introduced additional new functionalities to the application, all of which revolved around the Company's expanding product catalogue. Designers gained the ability to not only search through this catalogue, but also add its products to their 'Inspiration Boards.' This version of the application expanded download availability into Australia.

In March 2016, Kabuni released version 1.6 of the Company's iOS mobile application. This version represented a major milestone in the platform's development, as for the first time users gained the ability to purchase products through the mobile application. As a result of this update, Kabuni recorded its first sales revenue on March 31, 2016.

#### *Construction of Design Studio*

In December 2015, Kabuni commenced construction of the Company's flagship Community Design Studio in Vancouver, British Columbia. The Design Studio completed construction and informally opened in March 2016. It is anticipated that the Studio will celebrate a grand opening in June 2016.

This 300 square metre space allows Kabuni to provide its designers and customers with an omni-channel offering, and serve as a hub for local design innovation. The Design Studio features the innovative HoloMAX 3D technology, which has been developed for Kabuni via an agreement with H+ Technologies. HoloMAX provides a unique three-dimensional and holographic retail experience for design professionals and consumers.

### **BOARD & MANAGEMENT**

Mr Tony King  
EXECUTIVE CHAIRMAN

Mr Neil Patel  
MANAGING DIRECTOR

Mr Matthew Hehman  
NON-EXECUTIVE DIRECTOR

Mr Nik Ajagu  
NON-EXECUTIVE DIRECTOR

Mr Nathan Sellyn  
NON-EXECUTIVE DIRECTOR

Mr Aaron Bertolatti  
COMPANY SECRETARY

### **REGISTERED OFFICE**

Level 1  
35 Richardson Street  
West Perth WA 6005

### **POSTAL ADDRESS**

PO Box 1440  
West Perth WA 6872

### **CONTACT DETAILS**

Tel: +61 8 9212 0105

### **WEBSITE**

[investor.kabuni.com](http://investor.kabuni.com)

### **SHARE REGISTRY**

Security Transfer Registrars  
770 Canning Highway  
Applecross  
Pert WA 6153  
Tel: 08 9315 2333

### **ASX CODE**

KBU

### *Designer Onboarding*

From a strategic perspective, Kabuni is currently focused on 'onboarding,' attracting designers to the platform and educating them as to its use and potential. Successful onboarding provides designers with an understanding of how they gain income via Kabuni, and increases their use of the platform with their clients. Designers earn income whenever their clients purchase products via the platform. There are three methods by which designers can promote products:

- (1) Sharing products on social media;
- (2) Recommending products to existing clients who purchase; or
- (3) Recommending products to new clients with whom they are matched 'on-demand'.

Designer onboarding is currently accomplished via Kabuni's 'Designer Success' specialists, who meet directly with individual designers in-person or via an online medium. Consistent follow-up meetings allow Kabuni's specialists to assist in any complications the designers may encounter.

## **Corporate Highlights**

### *Executive Appointments*

During March, Mr. Parminder Virk was appointed to the position of Chief Technology Officer. Mr. Virk had formerly served as the Company's Head of Technology.

Kabuni also announced that Ms. Linda Lee was leaving the Company as Chief Financial Officer. On the same date, Kabuni appointed Mr. Tim Fernback to the position of interim Chief Financial Officer. The Company is currently exploring alternatives for this position.

### *Indian Office*

During the quarter, the Company commenced the process of opening a software development office in Bangalore, India. The office will be operated through a wholly-owned subsidiary of the Company, to be incorporated under the laws of India. The office is focused on the programming and development of the Company's technology platform, and is expected to provide three significant benefits. The first of these benefits will be access to a considerable pool of technologically adept talent, which will allow the Company to quickly address its software development needs as required by the increasing scale of its business. The second benefit is financial, as staffing costs in India are generally well below average staffing costs in Vancouver. A further benefit is operational, allowing Kabuni to develop and test software at a more rapid pace due to the expanded hours of operations realized throughout the day.

### *Finance*

As discussed above, during the first calendar quarter of 2016, the Company achieved several key corporate milestones, including:

- 1) the opening of Kabuni's software development office in Bangalore India,
- 2) the construction and launch of the Company's flagship Community Design Studio in Vancouver, British Columbia; and
- 3) the commercial launch of v1.6 of the Company's iOS mobile application.

The achievement of these milestones resulted in the Company incurring several non-recurring and one-time expenditures during the first calendar quarter of 2016. These expenditures ultimately had an impact on the Company's cash position. Going forward, management anticipates that these one-time expenditures will not recur and therefore will not have a material negative impact on the company's overall cash position.

During the first three months of 2016, the completion of the construction of the Vancouver Kabuni Design Studio resulted in one-time capital costs associated with both leasehold improvement (\$36,644) and the initial fixtures and furnishing (\$78,437) while the initial set up of the Company's Indian-based operations resulted in one-time expenses of \$120,465 and one time capital costs of \$4,167. Now that the Company's software development office has been established in India and that the Company has successfully launched its v1.6 of the Company's iOS mobile application, management anticipates a reduced rate of software development expenditures going forward and an overall reduction in contract software development services which totaled \$278,588 in the first three months of calendar 2016.

During the fiscal quarter, the Company incurred additional one-time legal expenses (\$102,379), audit expenses (\$52,121) and regulatory expenses (\$1,597) associated with the filing of a prospectus and the associated auditing of its financial statements in Canada.

For and on behalf of the Board



Tony King  
Executive Chairman

**For further information please contact:  
Kabuni Ltd.**

**Neil Patel**

Chief Executive Officer  
p: + 1 778-288-1974

**Tony King**

Executive Chairman  
p: + 1 1-888-987-1193

**ABOUT KABUNI**

Kabuni is a North American-based SaaS and e-commerce platform in the home design space that enables independent designers and home design professionals to grow their business through an omni-channel retail experience. Kabuni's platform enables designers worldwide to collaborate with clients anywhere in the US and Canada and earn income from the sale of home décor products and furnishings from Kabuni's catalogue through curated Inspiration Boards. Kabuni leverages proceeds from the platform to benefit local charitable organizations dedicated to combating homelessness. Kabuni believes in Better Homes for Everyone. For more information, please visit: <http://www.kabuni.com/>

Kabuni is owned by Kabuni Ltd (ASX: KBU), an Australian-based company publicly traded on the Australian Securities Exchange (ASX). The company's strategic focus is to build a global business in the home space by developing an ecosystem of innovative technologies and solutions to enhance the industry for professionals and consumers alike. For more information, please visit: <http://investor.kabuni.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

**Kabuni Limited**

ABN

28 158 307 549

Quarter ended ("current quarter")

31 March 2016

### Consolidated statement of cash flows

| Cash flows related to operating activities |   | Current quarter<br>\$A'000 | Year to date<br>(9 months)<br>\$A'000 |
|--|---|----------------------------|---------------------------------------|
| 1.1  | Receipts from customers                               | -                          | 2                                     |
| 1.2  | Payments for  |                            |                                       |
|  | (a) staff costs                                       | (678)                      | (2,047)                               |
|  | (b) advertising and marketing                         | (239)                      | (430)                                 |
|  | (c) research and development                          | (359)                      | (874)                                 |
|  | (d) leased assets                                     | -                          | -                                     |
|  | (e) other working capital                             | (270)                      | (1,593)                               |
| 1.3  | Dividends received                                    | -                          | -                                     |
| 1.4  | Interest and other items of a similar nature received | 29                         | 99                                    |
| 1.5  | Interest and other costs of finance paid              | -                          | (80)                                  |
| 1.6  | Income taxes paid                                     | -                          | -                                     |
| 1.7  | Other (provide details if material)                   | -                          | -                                     |
| <b>Net operating cash flows</b>            |   | <b>(1,517)</b>             | <b>(4,923)</b>                        |

+ See chapter 19 for defined terms.

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

|  | Current quarter<br>\$A'000 | Year to date<br>(9 months)<br>\$A'000 |
|--|----------------------------|---------------------------------------|
| 1.8 Net operating cash flows (carried forward)       | (1,517)                    | (4,923)                               |
| <b>Cash flows related to investing activities</b>    |                            |                                       |
| 1.9 Payment for acquisition of:                      | -                          | -                                     |
| (a) businesses (item 5)                              | -                          | -                                     |
| (b) equity investments                               | -                          | -                                     |
| (c) intellectual property                            | -                          | -                                     |
| (d) physical non-current assets                      | (247)                      | (545)                                 |
| (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: net cash on acquisition of subsidiary    | -                          | 9,544                                 |
| <b>Net investing cash flows</b>                      | (247)                      | 8,999                                 |
| <b>1.14 Total operating and investing cash flows</b> | (1,764)                    | 4,076                                 |
| <b>Cash flows related to financing activities</b>    |                            |                                       |
| 1.15 Proceeds from issues of shares, options, etc.   | -                          | 510                                   |
| 1.16 Proceeds from sale of forfeited shares          | -                          | -                                     |
| 1.17 Proceeds from borrowings                        | -                          | -                                     |
| 1.18 Repayment of borrowings                         | -                          | (600)                                 |
| 1.19 Dividends paid                                  | -                          | -                                     |
| 1.20 Other – Capital raising costs                   | -                          | (428)                                 |
| – Refund capital raising expenditure                 | -                          | 11                                    |
| <b>Net financing cash flows</b>                      | -                          | (507)                                 |
| <b>Net increase (decrease) in cash held</b>          | (1,764)                    | 3,569                                 |
| 1.21 Cash at beginning of quarter/year to date       | 5,965                      | 550                                   |
| 1.22 Exchange rate adjustments to item 1.20          | (155)                      | (73)                                  |
| <b>1.23 Cash at end of quarter</b>                   | <b>4,046</b>               | <b>4,046</b>                          |

+ 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<br>\$A'000 |
|------|---|----------------------------|
| 1.24 | Aggregate amount of payments to the parties included in item 1.2  | 63                         |
| 1.25 | Aggregate amount of loans to the parties included in item 1.11  | -                          |
| 1.26 | Explanation necessary for an understanding of the transactions  |                            |
|      | <div style="border: 1px solid black; padding: 5px;">           1.2 Payment of Directors fees and Remuneration      \$63k         </div> |                            |

**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<br>\$A'000 | Amount used<br>\$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<br>\$A'000 | Previous quarter<br>\$A'000 |
|---|--------------------------|----------------------------|-----------------------------|
| 4.1   | Cash on hand and at bank | 1,928                      | 5,630                       |
| 4.2   | Deposits at call         | 2,118                      | 335                         |
| 4.3   | Bank overdraft           | -                          | -                           |
| 4.4   | Other (provide details)  | -                          | -                           |
| <b>Total: cash at end of quarter</b> (item 1.23)  |                          | 4,046                      | 5,965                       |

**Acquisitions and disposals of business entities**

|     | Acquisitions<br>(Item 1.9(a))             | Disposals<br>(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/ (liabilities)           | -                           |
| 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 /does not\* (*delete one*) give a true and fair view of the matters disclosed.



Sign here:  
 (Executive Chairman)

Date: 2 May 2016

Print name: TONY KING

---

+ See chapter 19 for defined terms.



## **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.