

**Adslot Ltd ABN 70 001 287 510  
and controlled entities**

**Half-Year Financial Report  
31 December 2015**

**Lodged with the ASX under Listing Rule 4.2A.3**

The half-year financial report does not include full disclosures of the type normally included in an Annual Financial Report. Accordingly, this financial report should be read in conjunction with the Annual Financial Report for the year ended 30 June 2015 and any public announcements made by Adslot Ltd during the interim reporting period in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

**HALF-YEAR REPORT – 31 DECEMBER 2015**  
**APPENDIX 4D (Rule 4.2A.3)**  
**RESULTS FOR ANNOUNCEMENT TO THE MARKET**

|  | December 2015      | December 2014 | Movement    |       |
|--|--------------------|---------------|-------------|-------|
|  | \$                 | \$            | \$          | %     |
| <b>Total revenue from continuing operations</b>                        | <b>3,838,746</b>   | 3,207,824     | 630,922     | 20%   |
| <b>Net loss attributable to members of the parent entity after tax</b> | <b>(4,149,565)</b> | (5,232,826)   | (1,083,261) | (21)% |
| <b>Net loss attributable to members of the parent entity</b>           | <b>(4,149,565)</b> | (5,232,826)   | (1,083,261) | (21)% |

**Dividends**

The Company has not proposed or declared to pay dividends.

| <b>Earnings Per Share</b>   | <b>December 2015</b> | <b>December 2014</b> |
|---|----------------------|----------------------|
| Weighted average number of ordinary shares on issue used in the calculation of earnings per share | <b>1,046,054,649</b> | 1,036,288,281        |
| Basic loss per share (cents)  | <b>(0.40)</b>        | (0.50)               |
| Diluted loss per share (cents)  | <b>(0.40)</b>        | (0.50)               |
| <b>Net Tangible Assets per share</b>  | <b>December 2015</b> | <b>June 2015</b>     |
| Number of ordinary shares on issue used in the calculation of net tangible assets per share       | <b>1,050,771,251</b> | 1,041,695,055        |
| Net tangible assets per share (cents)   | <b>0.26</b>          | 0.45                 |

**Audit**

The Half-Year Financial Report has been subject to review by Grant Thornton Audit Pty Ltd and is not subject to dispute or qualification.

## Directors' Report

Your Directors submit the financial report of the Company and it controlled entities ("the Group") for the half-year ended 31 December 2015.

### Directors

The names of Directors who held office during or since the end of the half-year:

|                           |                            |
|---------------------------|----------------------------|
| <b>Mr Andrew Barlow:</b>  | Non-Executive Chairman     |
| <b>Mr Ian Lowe:</b>       | CEO and Executive Director |
| <b>Mr Adrian Giles:</b>   | Non-Executive Director     |
| <b>Mr Geoff Dixon:</b>    | Non-Executive Director     |
| <b>Mr Ben Dixon:</b>      | Executive Director         |
| <b>Mr Quentin George:</b> | Non-Executive Director     |
| <b>Ms Sarah Morgan:</b>   | Non-Executive Director     |

### Result of Operations

Group results for the 6 months to December 31 2015, benchmarked against the corresponding 6 month period in 2014, were:

|                                     | <b>6 months to<br/>December 2015</b> | <b>6 months to<br/>December 2014</b> |
|-------------------------------------|--------------------------------------|--------------------------------------|
| Revenues from continuing operations | <b>\$3,838,746</b>                   | \$3,207,824                          |
| Total revenue and other income      | <b>\$4,233,270</b>                   | \$3,446,184                          |
| EBITDA (loss)                       | <b>(\$1,457,221)</b>                 | (\$1,762,481)                        |
| NPAT (loss)                         | <b>(\$4,149,565)</b>                 | (\$5,232,826)                        |

Revenue from continuing operations for the 6 months to 31 December 2015 grew by 20%, compared to the corresponding period to 31 December 2014. With a lower expense base this revenue growth also translated into improved EBITDA and NPAT results for the period.

### Review of Operations and Future Developments

Information on the operations for the Group during the half-year is set out in the Half-Year Results and Operations Review, which accompany the Directors Report.

### Dividends

The Directors do not recommend the declaration of a dividend. No dividend has been declared or paid during the half-year.

### Auditor's Independence Declaration

The lead auditor's independence declaration for the half-year ended 31 December 2015 under Section 307C of the *Corporations Act 2001* is set out on page 19.

This report is signed in accordance with a resolution of the Board of Directors.

On behalf of the Directors.

A handwritten signature in blue ink, consisting of a series of loops and a long horizontal stroke extending to the right.

**Andrew Barlow**  
**Chairman**

Melbourne  
26 February 2016

**Consolidated Statement of Profit or Loss and Other Comprehensive Income  
For the Half-Year Ended 31 December 2015**

|   | Note | December 2015      | December 2014      |
|---|------|--------------------|--------------------|
|   |      | \$                 | \$                 |
| Total revenue from continuing operations                                  | 3    | 3,838,746          | 3,207,824          |
| Other income  | 3    | 394,524            | 238,360            |
| <b>Total revenue and other income</b>                                     |      | <b>4,233,270</b>   | <b>3,446,184</b>   |
| Hosting & other related technology costs                                  |      | (622,923)          | (579,440)          |
| Salaries and employment related costs                                     |      | (3,241,563)        | (2,811,453)        |
| Directors' fees   |      | (148,656)          | (113,541)          |
| Marketing costs   |      | (43,342)           | (101,889)          |
| Lease - rental premises   |      | (439,167)          | (401,712)          |
| Impairment of receivables   |      | (33,507)           | 54,324             |
| Listing & registrar fees  |      | (64,423)           | (64,792)           |
| Legal expense   |      | (12,365)           | (8,167)            |
| Travel expense  |      | (171,417)          | (216,738)          |
| Consultancy Fees  |      | (29,993)           | (54,557)           |
| Audit and accountancy fees  |      | (77,176)           | (81,834)           |
| Other expenses  |      | (423,918)          | (350,930)          |
| Share based payment expense   |      | (341,586)          | (363,560)          |
| Depreciation and amortisation expense                                     | 4    | (2,717,229)        | (3,572,562)        |
| <b>Total expenses</b>   |      | <b>(8,367,265)</b> | <b>(8,666,851)</b> |
| <b>Loss before income tax expense</b>                                     |      | <b>(4,133,995)</b> | <b>(5,220,667)</b> |
| Income tax expense  |      | (15,570)           | (12,159)           |
| <b>Loss after income tax expense</b>                                      |      | <b>(4,149,565)</b> | <b>(5,232,826)</b> |
| <b>Net loss attributable to members</b>                                   |      | <b>(4,149,565)</b> | <b>(5,232,826)</b> |
| <b>Other comprehensive income:</b>  |      |                    |                    |
| <i>Items that will be reclassified subsequently to profit or loss</i>     |      |                    |                    |
| Foreign exchange translation  |      | (943)              | 22,147             |
| <b>Total other comprehensive income</b>                                   |      | <b>(943)</b>       | <b>22,147</b>      |
| <b>Total comprehensive loss for the half-year attributable to members</b> |      | <b>(4,150,508)</b> | <b>(5,210,679)</b> |
| <b>Earnings per share</b>   |      |                    |                    |
| Basic loss per share (cents)  |      | (0.40)             | (0.50)             |
| Diluted loss per share (cents)  |      | (0.40)             | (0.50)             |

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

**Consolidated Statement of Financial Position**  
**As at 31 December 2015**

|                                      | Notes | December 2015     | June 2015         |
|--------------------------------------|-------|-------------------|-------------------|
|                                      |       | \$                | \$                |
| <b>CURRENT ASSETS</b>                |       |                   |                   |
| Cash and cash equivalents            |       | 3,835,260         | 4,441,226         |
| Trade and other receivables          |       | 3,362,611         | 4,430,402         |
| <b>Total current assets</b>          |       | <b>7,197,871</b>  | <b>8,871,628</b>  |
| <b>NON-CURRENT ASSETS</b>            |       |                   |                   |
| Property, plant and equipment        |       | 68,439            | 74,296            |
| Deferred tax assets                  |       | 39,677            | 39,677            |
| Intangible assets                    | 5     | 28,398,466        | 30,289,099        |
| <b>Total non-current assets</b>      |       | <b>28,506,582</b> | <b>30,403,072</b> |
| <b>TOTAL ASSETS</b>                  |       | <b>35,704,453</b> | <b>39,274,700</b> |
| <b>CURRENT LIABILITIES</b>           |       |                   |                   |
| Trade and other payables             |       | 3,276,465         | 2,853,010         |
| Other liabilities                    |       | 581,567           | 683,148           |
| Provisions                           |       | 399,154           | 507,747           |
| <b>Total current liabilities</b>     |       | <b>4,257,186</b>  | <b>4,043,905</b>  |
| <b>NON-CURRENT LIABILITIES</b>       |       |                   |                   |
| Provisions                           |       | 270,280           | 242,671           |
| Deferred tax liabilities             |       | 39,677            | 39,677            |
| <b>Total non-current liabilities</b> |       | <b>309,957</b>    | <b>282,348</b>    |
| <b>TOTAL LIABILITIES</b>             |       | <b>4,567,143</b>  | <b>4,326,253</b>  |
| <b>NET ASSETS</b>                    |       | <b>31,137,310</b> | <b>34,948,447</b> |
| <b>EQUITY</b>                        |       |                   |                   |
| Issued capital                       |       | 115,834,477       | 115,100,833       |
| Reserves                             |       | 792,772           | 1,187,988         |
| Accumulated losses                   |       | (85,489,939)      | (81,340,374)      |
| <b>TOTAL EQUITY</b>                  |       | <b>31,137,310</b> | <b>34,948,447</b> |

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

## Consolidated Statement of Changes in Equity For the Half-Year Ended 31 December 2015

### 31 December 2015

| Notes   | Issued Capital<br>\$ | Reserves<br>\$ | Accumulated<br>Losses<br>\$ | Total Equity<br>\$ |
|---|----------------------|----------------|-----------------------------|--------------------|
| <b>Balance at 1 July 2015</b>   | 115,100,833          | 1,187,988      | (81,340,374)                | 34,948,447         |
| Movement in foreign exchange translation reserve                            | -                    | (943)          | -                           | (943)              |
| Other comprehensive income  | -                    | (943)          | -                           | (943)              |
| Loss attributable to members of the company                                 | -                    | -              | (4,149,565)                 | (4,149,565)        |
| <b>Total comprehensive income</b>   | -                    | <b>(943)</b>   | <b>(4,149,565)</b>          | <b>(4,150,508)</b> |
| <b>Transactions with equity holders in their capacity as equity holders</b> |                      |                |                             |                    |
| Contributions of equity, net of capital raising costs                       | 6                    | (2,215)        | -                           | (2,215)            |
| Reclassification of lapsed options to retained earnings                     |                      | -              | -                           | -                  |
| Reclassification of vested ESOP   | 6                    | 735,859        | (735,859)                   | -                  |
| Increase in employees share based payments reserve                          |                      | -              | 341,586                     | 341,586            |
|   |                      | 733,644        | (394,273)                   | 339,371            |
| <b>Balance 31 December 2015</b>   | <b>115,834,477</b>   | <b>792,772</b> | <b>(85,489,939)</b>         | <b>31,137,310</b>  |

### 31 December 2014

| Notes   | Issued Capital<br>\$ | Reserves<br>\$ | Accumulated<br>Losses<br>\$ | Total Equity<br>\$ |
|---|----------------------|----------------|-----------------------------|--------------------|
| <b>Balance at 1 July 2014</b>   | 108,515,858          | 1,242,375      | (72,565,017)                | 37,193,216         |
| Movement in foreign exchange translation reserve                            | -                    | 22,147         | -                           | 22,147             |
| Other comprehensive income  | -                    | 22,147         | -                           | 22,147             |
| Loss attributable to members of the company                                 | -                    | -              | (5,232,826)                 | (5,232,826)        |
| <b>Total comprehensive income</b>   | -                    | <b>22,147</b>  | <b>(5,232,826)</b>          | <b>(5,210,679)</b> |
| <b>Transactions with equity holders in their capacity as equity holders</b> |                      |                |                             |                    |
| Contributions of equity, net of capital raising costs                       | 6                    | 6,211,038      | -                           | 6,211,038          |
| Reclassification of lapsed options to retained earnings                     |                      | -              | (391,464)                   | 391,464            |
| Reclassification of vested ESOP   | 6                    | 380,094        | (380,094)                   | -                  |
| Increase in employees share based payments reserve                          |                      | -              | 363,560                     | 363,560            |
|   |                      | 6,591,132      | (407,998)                   | 391,464            |
| <b>Balance 31 December 2014</b>   | <b>115,106,990</b>   | <b>856,524</b> | <b>(77,406,379)</b>         | <b>38,557,135</b>  |

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

**Consolidated Statement of Cash Flows**  
**For the Half-Year Ended 31 December 2015**

|  | Note | December 2015    | December 2014      |
|--|------|------------------|--------------------|
|  |      | \$               | \$                 |
| <b>Cash flows from operating activities</b>            |      |                  |                    |
| Receipts from customers (inclusive of GST)             |      | 5,948,810        | 3,533,182          |
| Interest received                                      |      | 49,357           | 88,376             |
| Government grants and other receipts                   |      | 2,224,913        | -                  |
| Payments to suppliers and employees (inclusive of GST) |      | (6,936,621)      | (5,649,274)        |
| Research & Development direct expenses                 |      | (1,066,631)      | (871,015)          |
| Income tax paid  |      | 8,878            | (12,035)           |
| <b>Net cash outflows from operating activities</b>     |      | <b>228,706</b>   | <b>(2,910,766)</b> |
| <b>Cash flows from investing activities</b>            |      |                  |                    |
| Payments for property, plant and equipment             |      | (34,012)         | (25,149)           |
| Payment for intangible assets – development costs      |      | (789,365)        | (936,128)          |
| <b>Net cash outflows from investing activities</b>     |      | <b>(823,377)</b> | <b>(961,277)</b>   |
| <b>Cash flows from financing activities</b>            |      |                  |                    |
| Proceeds from issue of shares                          |      | -                | 6,523,200          |
| Payments of equity raising costs                       |      | -                | (335,544)          |
| <b>Net cash inflows from financing activities</b>      |      | <b>-</b>         | <b>6,187,656</b>   |
| <b>Net increase in cash held</b>                       |      | <b>(594,671)</b> | <b>2,315,613</b>   |
| Cash at the beginning of the half-year                 |      | 4,441,226        | 3,354,051          |
| Effect of exchange rate changes on cash                |      | (11,296)         | 15,082             |
| <b>Cash at the end of the half-year</b>                |      | <b>3,835,259</b> | <b>5,684,746</b>   |

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.



## Notes to the Financial Statements for the Half-Year ended 31 December 2015

### Note 1: Basis of preparation of half-year financial report

This general purpose financial report for the half-year ended 31 December 2015 has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2015 and any public announcements made by Adslot Ltd during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

#### a) Reporting Bases and Conventions

The half-year consolidated financial statements have been prepared on an accruals basis and are based upon historical costs. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the group's annual financial report for the year ended 30 June 2015. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The group has adopted all of the new, revised or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the group.

Any new, revised or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

#### (b) Going concern

Management continue to invest resources to successfully grow the Adslot products in multiple geographies. The Group has incurred net cash outflows from operations of \$0.595m for the half-year, and management anticipate incurring further net cash outflows from operations until such time as sufficient revenue growth is achieved.

The ability of the Group to continue as a going concern is dependent upon revenue growth in the Adslot division and levels of cash reserves. During the half-year to December 2015 the Company increased the earnings from its Trading Technology revenues which are represented by the Adslot and Symphony products. During the second half of the year the Company expects to further increase revenues from these two products on a standalone basis and also from the integration of these two products.

Despite this, the Company anticipates net operating cash flows from operations will continue to be negative in FY 2016. However, the directors believe the Group can continue to pay its debts as and when they fall due for the following reasons:

- The Group had a cash position as at 31 December 2015 of \$3.8m;
- The Group expects to receive \$1.2m in grants for Research & Development relating to expenditure to date;
- The Webfirm division is expected to make continued positive net cash flows from its operations during FY 2016;
- The Group has historically been successful in raising additional capital to fund growth in the business; and
- Management could reduce the level of resources dedicated to expanding the business if so required.

Accordingly the Directors believe there exists a reasonable expectation that the Group can continue to pay its debts as and when they fall due, and the financial report has been prepared on a going concern basis.

**Notes to the Financial Statements for the Half-Year ended 31 December 2015 (Continued)****Note 2: Segment Information****Business segments**

The Group reports its segments based on geographical locations:

- APAC – Australia, New Zealand and Asia;
- EMEA – Europe, the Middle East and Africa; and
- The Americas – North, Central and South America.

There has been no change to the basis of segmentation since the last annual financial report.

**Half-year ended 31 December 2015**

|   | APAC        | EMEA      | The Americas | Total       |
|---|-------------|-----------|--------------|-------------|
|   | \$          | \$        | \$           | \$          |
| External sales                            | 3,158,043   | 273,270   | 342,378      | 3,773,691   |
| Segment result from continuing operations | (2,508,561) | (159,389) | (491,307)    | (3,159,257) |
| Depreciation (included in segment result) | 34,264      | 1,273     | 1,695        | 37,232      |
| Amortisation (included in segment result) | 2,679,998   | -         | -            | 2,679,998   |
| Additions to non-current assets           | 27,101      | -         | 4,906        | 32,007      |

**Balance Sheet 31 December 2015**

|                     |              |           |           |              |
|---------------------|--------------|-----------|-----------|--------------|
| Segment assets      | 38,286,575   | 279,042   | 1,022,768 | 39,588,385   |
| Segment liabilities | (16,111,127) | (134,151) | (137,086) | (16,382,364) |

**Half-year ended 31 December 2014**

|   | APAC        | EMEA      | The Americas | Total       |
|---|-------------|-----------|--------------|-------------|
|   | \$          | \$        | \$           | \$          |
| External sales                            | 2,744,260   | 123,815   | 217,802      | 3,085,877   |
| Segment result from continuing operations | (3,310,175) | (345,823) | (333,502)    | (3,989,500) |
| Depreciation (included in segment result) | 35,477      | 2,064     | 1,695        | 39,236      |
| Amortisation (included in segment result) | 3,533,326   | -         | -            | 3,533,326   |
| Additions to non-current assets           | 26,749      | 1,754     | -            | 28,503      |

**Balance Sheet 31 December 2014**

|                     |              |           |           |              |
|---------------------|--------------|-----------|-----------|--------------|
| Segment assets      | 42,949,631   | 159,547   | 276,241   | 43,385,419   |
| Segment liabilities | (15,278,744) | (208,162) | (214,383) | (15,701,289) |

**Notes to the Financial Statements for the Half-Year ended 31 December 2015 (Continued)****Note 2: Segment Information (continued)**

Segment revenue reconciles to total revenue from continuing operations as follows:

|                           | <b>December 2015</b> | <b>December 2014</b> |
|---------------------------|----------------------|----------------------|
|                           | <b>\$</b>            | <b>\$</b>            |
| Total segment revenue     | 3,773,691            | 3,085,877            |
| Head office revenue       | 24,600               | 7,855                |
| Interest revenue          | 40,455               | 114,376              |
| Intersegment eliminations | -                    | (284)                |
| <b>Total revenue</b>      | <b>3,838,746</b>     | <b>3,207,824</b>     |

A reconciliation of adjusted segment result to operating profit before income tax is provided as follows:

|   | <b>December 2015</b> | <b>December 2014</b> |
|---|----------------------|----------------------|
|   | <b>\$</b>            | <b>\$</b>            |
| Total segment result                              | (3,159,257)          | (3,989,500)          |
| Interest revenue                                  | 40,455               | 114,376              |
| Other income and head office revenue              | 419,125              | 238,360              |
| Share option expenses                             | (351,321)            | (363,560)            |
| Gain/(Loss) on foreign exchange                   | 43,356               | 81,655               |
| Income tax expense                                | (15,570)             | (12,159)             |
| Loss on sale of fixed assets                      | (1,624)              | -                    |
| Other head office expenses                        | (1,134,463)          | (1,301,998)          |
| <b>Loss before tax from continuing operations</b> | <b>(4,159,299)</b>   | <b>(5,232,826)</b>   |

Reportable segment assets are reconciled to total assets as follows:

|   | <b>December 2015</b> | <b>June 2015</b>  |
|---|----------------------|-------------------|
|   | <b>\$</b>            | <b>\$</b>         |
| Total segment assets  | 39,588,385           | 41,630,006        |
| Head office assets  | 46,941,594           | 49,019,570        |
| Intersegment eliminations                                   | (50,825,526)         | (51,374,876)      |
| <b>Total assets per the statement of financial position</b> | <b>35,704,453</b>    | <b>39,274,700</b> |

**Notes to the Financial Statements for the Half-Year ended 31 December 2015 (Continued)****Note 2: Segment Information (continued)**

Reportable segment liabilities are reconciled to total liabilities as follows:

|  | <b>December 2015</b> | <b>June 2015</b> |
|--|----------------------|------------------|
|  | <b>\$</b>            | <b>\$</b>        |
| Total segment liabilities  | <b>(16,382,364)</b>  | (15,977,831)     |
| Head office liabilities  | <b>(555,305)</b>     | (718,948)        |
| Intersegment eliminations  | <b>12,370,526</b>    | 12,370,526       |
| <b>Total liabilities per the statement of financial position</b> | <b>(4,567,143)</b>   | (4,326,253)      |

**Note 3: Revenue and Other Income**

|  | <b>December 2015</b> | <b>December 2014</b> |
|--|----------------------|----------------------|
|  | <b>\$</b>            | <b>\$</b>            |
| <b>Revenue</b>                           |                      |                      |
| Revenue from Trading Technology          | <b>2,001,259</b>     | 1,213,198            |
| Revenue from Services                    | <b>1,261,530</b>     | 1,220,719            |
| Revenue from Adserving                   | <b>535,502</b>       | 659,531              |
| Total revenue from continuing operations | <b>3,798,291</b>     | 3,093,448            |
| Interest income                          | <b>40,455</b>        | 114,376              |
| Total revenue                            | <b>3,838,746</b>     | 3,207,824            |
| <b>Other income</b>                      |                      |                      |
| Grant income                             | <b>394,524</b>       | 238,360              |
| Total other income                       | <b>394,524</b>       | 238,360              |
| <b>Total revenue and other income</b>    | <b>4,233,270</b>     | 3,446,184            |

**Notes to the Financial Statements for the Half-Year ended 31 December 2015 (Continued)****Note 4: Expenses**

Loss before income tax includes the following specific expenses:

|  | <b>December 2015</b> | <b>December 2014</b> |
|--|----------------------|----------------------|
|  | <b>\$</b>            | <b>\$</b>            |
| <b>Depreciation and amortisation</b>                             |                      |                      |
| Depreciation – Leasehold improvements                            | <b>13,004</b>        | 13,034               |
| Depreciation - Plant and equipment                               | <b>24,228</b>        | 26,202               |
| Amortisation – Software development costs                        | <b>2,679,997</b>     | 3,533,326            |
| Total depreciation and amortisation                              | <b>2,717,229</b>     | 3,572,562            |
| <b>Other charges against assets</b>                              |                      |                      |
| Impairment of trade receivables                                  | <b>33,507</b>        | (54,324)             |
| Capitalised Research & development wages (net of related grants) | <b>789,365</b>       | 936,128              |
| Research & development wages expensed in the period              | <b>1,068,607</b>     | 765,925              |
| Total Research & development wages                               | <b>1,857,972</b>     | 1,702,053            |
| Rental expense – operating leases                                | <b>439,167</b>       | 401,712              |
| Defined contribution superannuation expense                      | <b>314,529</b>       | 292,214              |
| Foreign currency (gain)/loss                                     | <b>(43,356)</b>      | (81,655)             |

## Notes to the Financial Statements for the Half-Year ended 31 December 2015 (Continued)

## Note 5: Intangible Assets

## Period ended 31 December 2015

|                                     | Internally<br>Developed<br>Software<br>\$ | Domain<br>Name<br>\$ | Intellectual<br>Property<br>\$ | Goodwill<br>\$ | Total<br>\$ |
|-------------------------------------|---|----------------------|--------------------------------|----------------|-------------|
| Opening net book amount             | 2,990,942                                 | 38,267               | 12,097,950                     | 15,161,939     | 30,289,098  |
| Acquisitions                        | 789,365                                   | -                    | -                              | -              | 789,365     |
| Amortisation                        | (442,331)                                 | -                    | (2,237,666)                    | -              | (2,679,997) |
| Carrying amount at 31 December 2015 | 3,337,976                                 | 38,267               | 9,860,284                      | 15,161,939     | 28,398,466  |

## At 31 December 2015

|   |             |        |              |             |              |
|---|-------------|--------|--------------|-------------|--------------|
| Cost                                    | 4,892,534   | 38,267 | 29,316,305   | 20,543,592  | 54,790,698   |
| Accumulated amortisation and impairment | (1,554,557) | -      | (19,456,022) | (5,381,653) | (26,392,232) |
| Carrying amount at 31 December 2015     | 3,337,977   | 38,267 | 9,860,283    | 15,161,939  | 28,398,466   |

## Period ended 31 December 2014

|                                     | Internally<br>Developed<br>Software<br>\$ | Domain<br>Name<br>\$ | Intellectual<br>Property<br>\$ | Goodwill<br>\$ | Total<br>\$ |
|-------------------------------------|---|----------------------|--------------------------------|----------------|-------------|
| Opening net book amount             | 1,516,737                                 | 38,267               | 17,224,519                     | 15,161,939     | 33,941,462  |
| Acquisitions                        | 936,128                                   | -                    | -                              | -              | 936,128     |
| Amortisation                        | (248,663)                                 | -                    | (3,284,663)                    | -              | (3,533,326) |
| Carrying amount at 31 December 2014 | 2,204,202                                 | 38,267               | 13,939,856                     | 15,161,939     | 31,344,264  |

## At 31 December 2014

|   |           |        |              |             |              |
|---|-----------|--------|--------------|-------------|--------------|
| Cost                                    | 3,038,008 | 38,267 | 29,316,305   | 20,543,591  | 52,936,171   |
| Accumulated amortisation and impairment | (833,806) | -      | (15,376,449) | (5,381,652) | (21,591,907) |
| Carrying amount at 31 December 2014     | 2,204,202 | 38,267 | 13,939,856   | 15,161,939  | 31,344,264   |

**Notes to the Financial Statements for the Half-Year ended 31 December 2015 (Continued)****Note 6: Equity Securities Issued**

|   | December 2015    | December 2014     |
|---|------------------|-------------------|
| <b>Issues of Ordinary Shares during the half-year</b> | <b>\$</b>        | <b>\$</b>         |
| New Ordinary Shares issued – value \$                 | 184,294          | 6,211,038         |
| Treasury Shares movement – value \$                   | 549,350          | 380,094           |
| Total Ordinary Shares issued – value \$               | <u>733,644</u>   | <u>6,591,132</u>  |
| <br>  |                  |                   |
| New Ordinary Shares issued – number                   | 2,520,377        | 65,200,000        |
| Treasury Shares movement – number                     | 6,555,820        | 6,542,685         |
| Ordinary Shares issued – number                       | <u>9,076,197</u> | <u>71,742,685</u> |

There were no shares issued to the Adslot Employee Share Trust during the period, which forms part of the consolidated group (2014: nil).

**Note 7: Contingencies**

There are no contingencies to be disclosed in the financial statements.

**Note 8: Events subsequent to reporting date**

There has not been any events subsequent to the reporting date that have a significant impact on the financial statements or are expected to have a significant impact on future financial statements.

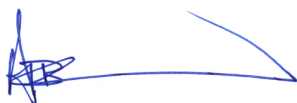
## Directors' Declaration

In the Directors' opinion:

- (a) The financial statements and notes set out on pages 5 to 15 are in accordance with the *Corporations Act 2001*, including:
  - i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that Adslot Ltd 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.

On behalf of the Directors.



**Andrew Barlow**  
**Chairman**

Melbourne  
26 February 2016



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## **INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ADSLOT LTD**

We have reviewed the accompanying half-year financial report of Adslot Ltd (“Company”), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors’ declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year’s end or from time to time during the half-year.

### **Directors’ responsibility for the half-year financial report**

The directors of Adslot Ltd 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 controls as the directors determine is 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 consolidated half-year financial report based on our review. We conducted our review in accordance with the 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 half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Adslot Ltd consolidated entity’s financial position as at 31 December 2015 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 Adslot Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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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 complied with the independence requirements of the Corporations Act 2001.

**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 Adslot Ltd 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 2015 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



Eric Passaris  
Partner - Audit & Assurance

Melbourne, 26 February 2016

## Half-Year Results and Operations Review

### Adslot delivers strong Trading Technology revenue exceeding guidance

#### 1H16 highlights

- Total Revenue up 23% to \$4.233 million (1H15: \$3.446 million)
- Trading Technology Revenue up 65% to \$2.001 million (1H15: \$1.213 million)
- License Fee Revenue up 66% to \$1.364 million (1H15: \$0.822 million)
- Trading Fee Revenue up 63% to \$0.637 million (1H15: \$0.391 million)
- Annualised media spend on Symphony up 85% to \$2.95 billion (1H15: \$1.59 billion)
- Cash Receipts up 68% to \$5.949 million (1H15: \$3.533 million)

Trading Technology, comprising License Fees and Trading Fees continued to drive revenue growth over 1H16, increasing by 39% versus the prior half and 65% against the previous corresponding period to \$2.0 million, exceeding guidance of \$1.9 million.

The company also achieved steady revenue from Services of \$1.3 million. As expected, Ad-serving revenue declined 19%, against the previous corresponding period to \$0.5 million.

#### Adslot is successfully executing its strategy

*Over the first half of the 2016 financial year, Adslot achieved strong growth in Trading Revenues driven by both License Fees and Trading Fees. Adslot's growth comes as the value of media spend executed via Symphony continues to grow, a testament to the confidence that major advertising agencies have in our platform.*

Adslot's workflow automation technology for agencies, *Symphony*, continues to grow market share with successful deployments in 1H16 in the US, European and APAC markets. Successfully bringing on these new clients has grown the annualised online display spend executed via the platform to \$2.95 billion.

Agencies pay for *Symphony* under a licence fee model, predominately a fixed fee, and these new deployments have been instrumental in driving Licence Fee Revenue growth of 66% for the half to \$1.3 million as compared to \$0.8 million in the previous corresponding period.

The opportunity for Adslot is to leverage *Symphony's* success with the agencies to drive part of the \$2.95 billion of annualised online display spend, via the *Symphony-Adslot* integration, to Adslot's marketplace of publishers.

Adslot's marketplace of publishers continues to build with growth in the number, size and quality of publishers in the marketplace during 1H16. Adslot earns Trading Fee Revenue from its publisher base on a clip the ticket model, being a percentage of the media spend transacted with publishers. During the 1H16, Adslot increased its Trading Fee Revenue by 63% from \$0.4 million in the previous corresponding period to \$0.6 million in the current 1H16.

## **Revenue growth without the need to scale costs**

Adslot's Total Revenue growth of 23%, but more importantly Trading Technology Revenue growth of 65% has been achieved in an environment of contained growth in our cost base. Our platforms are scalable and future revenue growth does not require additional development, sales or marketing spend if we maintain our current trajectory in product development.

The majority of Adslot's costs are Employment related cost servicing the development, sales and marketing of our Trading Technology platforms. Total costs (excluding depreciation, amortisation, share based payments and tax) grew by 12% as compared to the previous corresponding period.

## **Positive outlook for FY16**

Having achieved significant growth in online display spend executed via Symphony during 1H16 and having a strategic focus on integrating our Symphony and Adslot platforms, Adslot expect to continue to grow its Trading Revenue over 2H16, underpinned by growth in both Licence Fees and Trading Fees.

This comes following the first European trades via the Symphony-Adslot integration, as well as, increased activity by Symphony clients in the APAC region.

The Company expects the growth in ad spend to continue over 2H16, increasing Adslot's market share and strengthening the Company's strategic position while presenting additional opportunities to cross-sell the integrated Symphony-Adslot capability.

Revenue is expected to grow in 2H16, whilst the cost base to provide and service Adslot's technology is expected to remain flat.

With a highly scalable and proven platform in place, Adslot is uniquely positioned to capture underlying demand in the forward guaranteed display advertising market over FY16 and beyond as the market for our technology develops rapidly presenting us with substantial growth opportunities.