

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Commentary on activities during the quarter ending 31 March 2014

Receipts from customers for the quarter were \$1,395k up from \$912k from the prior quarter. This quarter includes a full 3 months of receipts from the Facilitate acquisition. In this quarter Facilitate contributed \$433k compared to \$45k in the previous quarter.

Cash for the quarter decreased by \$3.32 million to \$4.98 million, driven largely by one-off **non-recurring outflows** not representative of expected outflows for future quarters. These include:

- Acquisition costs of \$583k as a result of the Facilitate Scheme of Arrangement, these appear in Net operating cash flows;
- Costs relating to the issue of shares of \$36k as a result of the Facilitate Scheme of Arrangement, these appear in Net financing cash flows;
- Costs of the acquired Facilitate business representing old outstanding creditors and suppliers for amounts owing from periods ranging from April 2013 to November 2013 of \$484k. These amounts were identified during due diligence and have been effectively funded by the \$496k of cash acquired from the acquisition (as reported in the December Appendix 4C);
- The \$484k of old outstanding payables are shown in Net operating cashflows together with additional amounts to those suppliers that relate to the March 2014 quarter.

The normalised operating result for the quarter (excluding those one-offs listed above) was a cash outflow of \$2,217k.

The normalised cash out flow of \$2,217k does not take into account:

- An expected cash inflow in December 2014 of between \$2.0 to \$2.2 million relating to Research & Development incentives;
- Collection of outstanding aged debtors from the acquired Facilitate business. We expect between \$300k and \$600k should be able to be collected during the next quarter over and above normal trading debtor collections;
- Annualised cost synergies of \$1.2 million have now been realised (up from \$532k last quarter). Approximately half of these new synergies take effect from 1 April with the balance taking effect from 1 May this year.

As previously stated, we anticipate underlying net cash outflows to continue, albeit at lower levels, for the next few quarters. In addition to the impact of the above, significant positive change in cashflows will largely be determined by the speed, extent and magnitude of agency adoption of the **Adslot Marketplace** in 2014 and beyond.

+ See chapter 19 for defined terms.

Appendix 4C

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Name of entity

ADSLOT LTD

ABN

70 001 287 510

Quarter ended ("current quarter")

31 March 2014

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from customers	1,395	3,172
1.2 Payments for:		
(a) staff costs (Note 3)	(1,595)	(5,205)
(b) advertising and marketing	(74)	(329)
(c) research and development (Note 4)	(871)	(1,506)
(d) leased assets	-	(2)
(e) website publisher payments	(72)	(89)
(f) other cost of sales	(213)	(644)
(g) other working capital/overheads	(1,912)	(3,326)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	58	286
1.5 Interest and other costs of finance paid	-	-
1.6 Income and Other taxes paid	-	(8)
1.7 Other – R&D Tax Incentive	-	2,164
Net operating cash flows	(3,284)	(5,487)

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	Current quarter \$A'000	Year to date (9 months) \$A'000
1.8 Net operating cash flows (carried forward)	(3,284)	(5,487)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	(6)
1.10 Proceeds from disposal of:		
(a) businesses	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	1
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material) – Note 5	-	496
Net investing cash flows	-	491
1.14 Total operating and investing cash flows	(3,284)	(4,996)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc. – Note 3	-	945
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other – Costs relating to issues of shares	(36)	(39)
Net financing cash flows	(36)	906
Net increase (decrease) in cash held	(3,320)	(4,090)
1.21 Cash at beginning of quarter/year to date	8,333	9,132
1.22 Exchange rate adjustments – Note 2	(31)	(60)
1.23 Cash at end of quarter	4,982	4,982

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**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	68
1.25	Aggregate amount of loans to the parties included in item 1.11	-
1.26	Explanation necessary for an understanding of the transactions Directors Fees of \$68k. In addition, item 1.1 includes receipts from trading with entities associated with Directors of \$11k	

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

N/A

- 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

N/A

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

+ See chapter 19 for defined terms.

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	1,582	2,073
4.2 Deposits at call	3,400	6,260
4.3 Bank overdraft	-	-
4.4 Other	-	-
Total: cash at end of quarter (item 1.23)	4,982	8,333

Acquisitions and disposals of business entities

	Acquisitions <i>(Item 1.9(a))</i>	Disposals <i>(Item 1.10(a))</i>
5.1 Name of entity	N/A	N/A
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 April 2014
Company Secretary

Print name: Brendan Maher

+ See chapter 19 for defined terms.

Notes

1. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
 - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
 - 9.2 - itemised disclosure relating to acquisitions
 - 9.4 - itemised disclosure relating to disposals
 - 12.1(a) - policy for classification of cash items
 - 12.3 - disclosure of restrictions on use of cash
 - 13.1 - comparative information
2. **Exchange Rate Adjustment (1.22):** Represents accounting adjustment related to conversion of US dollar, GB pound and Euro bank account balances to local currency.
3. **Proceeds from issue of shares (1.2a & 1.15):** Includes a payment of \$944.7k in year to date Employment Costs (1.2a) paid to the Adslot Employee Share Trust who used those funds to procure new shares in the Company which is shown at 1.15. These shares are eliminated on consolidation as Treasury Shares in the accounts of the Company.
4. **Research & Development (1.2c):** Represents direct payroll and on-costs related to on-going technology development work compliant with R&D Grant regulations.
5. **Other - Investing Activities (refer 1.13 above).** This amount relates to bank balances of acquired entities.