

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Commentary on activities during the quarter ending 30 June 2014

As forecast, cash receipts for the June quarter increased \$0.30 million (22%) on the prior quarter to \$1.70 million due to:

- An increase in Trading Technology revenue; and
- Collection of outstanding aged debtors from the acquired Facilitate business.

Cash outflows for the quarter decreased from \$3.28 million in the previous quarter to \$1.62 million for the June quarter.

On a normalized basis (which excludes collection of outstanding aged debtors from the acquired Facilitate business and the receipt of an annual export market development government grant), the underlying cash burn for the quarter decreased by 14% from \$2.2 million to \$1.9 million.

Cash at the end of the quarter was \$3.35 million. However, this does not include an additional \$6.5 million raised via a share placement announced on 3 July 2014, which will be included in the Company's next 4C. The capital raising was to:

- Accelerate the development and integration of the Adslot and Symphony platforms;
- Strengthen the balance sheet; and
- Provide additional working capital.

Whilst we have seen real increases in campaign bookings over the Adslot platform (especially in June and early July), these emanate largely from Advertising Agencies who do not pay upfront, and as such we will start to see the benefit of these bookings in terms of cash-flow in the coming quarters.

The Company anticipates a further reduction in underlying quarterly net cash outflows, the quantum and timing of which will largely be determined by the speed and magnitude of agency adoption of the **Adslot Marketplace**, and also by the speed and adoption of the **integrated Adslot and Symphony platforms**, the first version of which will be released in July 2014.

As previously advised the Company also expects to receive a cash benefit of between \$2.0 and \$2.2 million in December 2014 relating to Research & Development incentives.

+ 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")

30 June 2014

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from customers	1,698	4,870
1.2 Payments for:		
(a) staff costs (Note 3)	(1,462)	(6,667)
(b) advertising and marketing	-	(329)
(c) research and development (Note 4)	(801)	(2,307)
(d) leased assets	-	(2)
(e) website publisher payments	(6)	(95)
(f) other cost of sales	(394)	(1,038)
(g) other working capital/overheads	(831)	(4,157)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	52	338
1.5 Interest and other costs of finance paid	-	-
1.6 Income and Other taxes paid	(5)	(13)
1.7 Other – R&D Tax Incentive	-	2,164
– Government grant	134	134
Net operating cash flows	(1,615)	(7,102)

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	Current quarter \$A'000	Year to date (12 months) \$A'000
1.8 Net operating cash flows (carried forward)	(1,615)	(7,102)
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	(1,615)	(6,611)
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	-	(39)
Net financing cash flows	-	906
Net increase (decrease) in cash held	(1,615)	(5,705)
1.21 Cash at beginning of quarter/year to date	4,982	9,132
1.22 Exchange rate adjustments – Note 2	(13)	(73)
1.23 Cash at end of quarter	3,354	3,354

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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	74
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 \$74k. In addition, item 1.1 includes receipts from trading with entities associated with Directors of \$5k	

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	1,128	1,582
4.2 Deposits at call	2,226	3,400
4.3 Bank overdraft	-	-
4.4 Other	-	-
Total: cash at end of quarter (item 1.23)	3,354	4,982

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 July 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.