Adslot Ltd ABN 70 001 287 510
and controlled entities

Half-Year Financial Report
31 December 2013

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 2013 and any public announcements made by Adslot Ltd (formerly Webfirm Group Limited) during the interim reporting period in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

HALF-YEAR REPORT – 31 DECEMBER 2013
APPENDIX 4D (Rule 4.2A.3)
RESULTS FOR ANNOUNCEMENT TO THE MARKET

	December 2013	December 2012	Movement	
	$	$	$	%
Total revenue from continuing operations	**2,225,008**	2,471,449	(246,441)	(10)%
Net loss attributable to members of the parent entity after tax	**(4,625,497)**	(3,299,327)	(1,326,170)	(40)%
Net loss attributable to members of the parent entity	**(4,625,497)**	(3,299,327)	(1,326,170)	(40)%

Dividends
The Company has not proposed or declared to pay dividends.

Earnings Per Share	**31-Dec-2013**	**31-Dec-2012**
Weighted average number of ordinary shares on issue used in the calculation of earnings per share	**704,603,302**	688,454,626
Basic loss per share (cents)	**(0.66)**	(0.48)
Diluted loss per share (cents)	**(0.66)**	(0.48)

Net Tangible Assets per share	**31-Dec-2013**	**30-Jun-2013**
Number of ordinary shares on issue used in the calculation of net tangible assets per share	**968,909,678**	692,432,056
Net tangible assets per share (cents)	**0.63**	1.38

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 2013.

Directors

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

Mr Andrew Barlow:	Chairman (appointed as Chairman on 26 November 2013)
Mr Ian Lowe:	CEO and Executive Director
Mr Adrian Giles:	Non-Executive Director (resigned as Chairman on 26 November 2013)
Mr Chris Morris:	Non-Executive Director (resigned 21 February 2014)
Ms Tiffany Fuller:	Non-Executive Director
Mr Geoff Dixon:	Non-Executive Director (appointed on 23 December 2013)
Mr Ben Dixon:	Chief Operating Officer and Executive Director (appointed on 23 December 2013)

Result of Operations

The net loss of the Group after providing for income tax for the half-year ended 31 December 2013 amounted to $4,625,497 versus a loss in the corresponding period in 2012 of $3,299,327. The current period loss includes non recurring transaction costs associated with the acquisition of Facilitate Digital of $684,774, details of which appear in Note 7.

The underlying loss of the Group on a like for like basis, or after removing one off items is as follows:

	31-Dec-2013	**31-Dec-2012**
Total comprehensive loss for the half-year attributable to members of Adslot Ltd	**(4,625,497)**	(3,299,327)
Acquisition costs on Facilitate acquisition	**684,774**	-
Impairment of Brandscreen investment	**106,329**	-
Underlying result	**(3,834,394)**	(3,299,327)

Revenue for the period decreased slightly due to lower Interest Income ($148k) derived from lower cash balances and lower interest rates on deposits held and lower Webfirm Division revenue ($107k) due to a reduction in revenue derived from the highly competitive and price discounted Hosting business.

These reductions were offset by the increase in search services revenue in the Webfirm Division and a revenue contribution of $45k from Facilitate Digital for the period 23 December to 31 December 2013.

Review of Operations

The half-year to 31 December 2013 saw the Group make significant progress against a number of strategic objectives core to the future success of the business, including:

- The global launch of Adslot Marketplace (October 2013), which allows large media buyers to purchase premium advertising inventory directly from Adslot's premium publisher clients;
- The company continues to sign large, premium publishers in the United States, Europe and the Asia Pacific Region;
- The depth and diversity of premium inventory via Adslot has continued to grow; and
- The completion of the acquisition of Facilitate Digital via scheme of arrangement. Once integrated with Adslot, Facilitate's large agency customers will be able to access and purchase Adslot publisher inventory via the Facilitate platform they are already using.

Upon the completion of the acquisition of the Facilitate Group, on 23 December 2013, Mr Geoff Dixon and Mr Ben Dixon were appointed Directors of the Group.

Adslot Division

The Adslot Division provides advertising sales automation services that reduce selling costs and increase advertising revenue for publishers, and streamline the trading process for media buyers. In October 2012 **Adslot Publisher** was launched. This technology allows any online publisher to expose their advertising inventory into a purpose designed buying interface, which a media buyer can then purchase via an automated process.

Since launch in October 2012, over 700 publishers across the US, UK and Australia have signed up to **Adslot Publisher**, constituting a deep and diverse catalogue of advertising inventory. In October 2013 Adslot launched its *marketplace* capability know as **Adslot Media**. **Adslot Media** provides media buyers with direct access to publishers inventory, allows them to profile this inventory by audience, geography, context and price, and then purchase it directly through the platform. Adslot earn revenues from **Adslot Media** based on a percentage of the total transaction value that is traded through the platform. Since the launch of **Adslot Media** Adslot has continued to sign large, premium publishers and by doing so aggregate an ever growing pool of high quality premium inventory.

Since launch in late October 2013, Adslot sales teams have been actively promoting **Adslot Media** to media agencies, and the first agency trades have been captured. In order for Adslot to build liquidity in the marketplace as quickly as possible, Adslot is also developing strategic partnerships with companies and technologies that are already embedded into the agency workflow and trading practice. The acquisition of Facilitate Digital is an extension of this same strategy.

Adslot Create makes display ad creation easy. Online publishers can drive more direct sales by empowering advertisers of all sizes to develop their own high quality creative with **Adslot Create's** simple yet powerful editing tools. **Adslot Create** reduces the time to develop creative from weeks to minutes and is fully integrated with the **Adslot Publisher** and **Adslot Media** products.

Facilitate Digital Division

The Facilitate Digital Division was acquired on 23 December 2013. Facilitate Digital provide digital workflow and trading technologies for media agencies (buyers). This encompasses **Symphony**, a market leading workflow automation technology, and campaign execution toolsets that serve, track and optimise online display ad content, rich media such as online video, and search marketing.

Symphony clients globally include international agency groups such as WPP, Omnicom, Publicis and Interpublic Group and currently processes over $1 Billion per annum of advertising revenue through their platform. Throughout calendar year 2014 online advertising spend executed via **Symphony** is expected to increase to nearly $2 Billion per annum from new client signings and the deployment to new markets under existing **Symphony** contracts.

Through calendar year 2014 the Group will continue to integrate the **Symphony** and **Adslot Media** products so that large agency buyers transacting via **Symphony** can access and purchase **Adslot Publisher** inventory seamlessly. Given the timing of the acquisition of Facilitate Digital (23 December 2013), its operating results did not have a material impact on the underlying results to 31 December 2013.

Webfirm Division

The Webfirm Division offers products and services aimed at helping small and medium enterprise customers grow their business through online marketing services including search engine optimisation, paid search marketing, social marketing, website development and hosting.

During the six months to December 2013 the Webfirm Division has continued to trade profitably. The priority for the Webfirm division through calendar 2014 will be to increase the focus on search and social marketing products and continue to explore revenue synergies with the Adslot Division in the form of sales, marketing and support services.

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 2013 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.

Andrew Barlow
Chairman

Melbourne
27 February 2014

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Half-Year Ended 31 December 2013

	Note	31-Dec-2013	31-Dec-2012
		$	$
Total revenue from continuing operations	3	**1,859,240**	2,087,198
Other income	3	**365,768**	384,251
Total revenue and other income		**2,225,008**	2,471,449
Website publishers & related costs		**(436,779)**	(457,829)
Gross profit		**1,788,229**	2,013,620
Depreciation and amortisation expenses	4	**(1,500,076)**	(1,338,165)
Salaries and employment related costs		**(2,657,305)**	(2,745,443)
Consultancy and contractor costs		**(444,371)**	(141,391)
Directors' fees		**(126,210)**	(124,998)
Staff recruitment		**(23,762)**	(53,676)
Telephone and internet		**(35,277)**	(47,381)
Share based payment expense		**(264,324)**	(175,276)
Marketing costs		**(191,273)**	(115,339)
Lease - rental premises		**(220,800)**	(156,189)
Impairment of trade receivables		**8,122**	(13,702)
Listing & registrar fees		**(103,799)**	(52,927)
Legal fees		**(299,761)**	(54,399)
Travel expenses		**(137,030)**	(82,289)
Audit and accountancy fees		**(79,757)**	(68,872)
Other expenses		**(337,470)**	(142,900)
Loss before income tax		**(4,624,864)**	(3,299,327)
Income tax expense		**(633)**	-
Loss after income tax expense		**(4,625,497)**	(3,299,327)
Net loss attributable to members of Adslot Ltd		**(4,625,497)**	(3,299,327)
Other comprehensive income:			
Items that will be reclassified subsequently to profit or loss			
Foreign exchange translation		**25,394**	699
Write off of available for sale investment		**(106,329)**	-
Total other comprehensive income		**(80,935)**	699
Total comprehensive loss for the half-year attributable to members of Adslot Ltd		**(4,706,432)**	(3,298,628)
Earnings per share			
Basic loss per share (cents)		**(0.66)**	(0.48)
Diluted loss per share (cents)		**(0.66)**	(0.48)

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 2013

	Notes	31-Dec-2013	30-Jun-2013
		$	$
CURRENT ASSETS			
Cash and cash equivalents		**8,331,805**	9,132,037
Trade and other receivables		**2,602,228**	1,796,793
Total current assets		**10,934,033**	10,928,830
NON-CURRENT ASSETS			
Property, plant and equipment		**143,341**	130,079
Other financial assets		**-**	212,664
Intangible assets	5	**36,243,726**	5,771,645
Total non-current assets		**36,387,067**	6,114,388
TOTAL ASSETS		**47,321,100**	17,043,218
CURRENT LIABILITIES			
Trade and other payables		**3,608,105**	813,104
Other liabilities		**656,323**	651,185
Provisions		**418,692**	212,059
Total current liabilities		**4,683,120**	1,676,348
NON-CURRENT LIABILITIES			
Provisions		**280,803**	46,618
Total non-current liabilities		**280,803**	46,618
TOTAL LIABILITIES		**4,963,923**	1,722,966
NET ASSETS		**42,357,177**	15,320,252
EQUITY			
Issued capital		**108,515,858**	76,871,148
Reserves		**936,272**	1,039,039
Accumulated losses		**(67,094,953)**	(62,589,935)
TOTAL EQUITY		**42,357,177**	15,320,252

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 2013

31 December 2013

	Notes	Issued Capital $	Reserves $	Accumulated Losses $	Total Equity $
Balance at 1 July 2013		76,871,148	1,039,039	(62,589,935)	15,320,252
Movement in foreign exchange translation reserve		-	25,394	-	25,394
Decrease in available for sale investment reserve		-	(106,329)	-	(106,329)
Other comprehensive income		-	(80,935)	-	(80,935)
Loss attributable to members of the company		-	-	(4,625,497)	(4,625,497)
Total comprehensive income		**-**	**(80,935)**	**(4,625,497)**	**(4,706,432)**
Transactions with equity holders in their capacity as equity holders					
Contributions of equity		32,848,718	-	-	32,848,718
Treasury shares		(1,369,679)	-	-	(1,369,679)
Reclassification of lapsed options to retained earnings		-	(120,479)	120,479	-
Reclassification of vested ESOP		165,671	(165,671)		
Increase in employees share based payments reserve		-	264,318	-	264,318
		31,644,710	(21,832)	120,479	31,743,357
Balance 31 December 2013		**108,515,858**	**936,272**	**(67,094,953)**	**42,357,177**

31 December 2012

	Notes	Issued Capital $	Reserves $	Accumulated Losses $	Total Equity $
Balance at 1 July 2012		76,674,272	1,945,845	(57,489,510)	21,130,607
Movement in foreign exchange translation reserve		-	699	-	699
Other comprehensive income		-	699	-	699
Loss attributable to members of the company		-	-	(3,299,327)	(3,299,327)
Total comprehensive income		**-**	**699**	**(3,299,327)**	**(3,298,628)**
Transactions with equity holders in their capacity as equity holders					
Contributions of equity		191,030	-	-	191,030
Reclassification of lapsed options to retained earnings		-	(225,581)	225,581	-
Increase in employees share based payments reserve		-	175,276	-	175,276
		191,030	(50,305)	225,581	366,306
Balance 31 December 2012		**76,865,302**	**1,896,239**	**(60,563,256)**	**18,198,285**

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 2013

	Note	31-Dec-2013	31-Dec-2012
		$	$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**1,622,766**	1,702,481
Interest received		**228,090**	289,586
Government grants and other receipts		**2,164,328**	-
Payments to suppliers and employees (inclusive of GST)		**(4,699,218)**	(4,790,566)
Income tax paid		**(633)**	-
Net cash outflows from operating activities		**(684,667)**	(2,798,499)
Cash flows from investing activities			
Payments for property, plant and equipment		**(5,577)**	(11,289)
Proceeds from sale of non-current assets		**797**	-
Net cash acquired via business acquisition		**503,593**	
Payment for intangible assets		**(613,728)**	(237,737)
Net cash outflows from investing activities		**(114,915)**	(249,026)
Cash flows from financing activities			
Proceeds from issue of shares		**-**	191,030
Net cash inflows from financing activities		**-**	191,030
Net increase in cash held		**(799,582)**	(2,856,495)
Cash at the beginning of the half-year		**9,132,037**	13,746,124
Effect of exchange rate changes on cash		**(650)**	(21,191)
Cash at the end of the half-year		**8,331,805**	10,868,438

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 2013

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

This general purpose financial report for the half-year ended 31 December 2013 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 2013 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 2013. 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.

Notes to the Financial Statements for the Half-Year ended 31 December 2013 (Continued)

Note 2: Segment Information

Primary Reporting – Business Segments
Half-year ended 31 December 2013

	Adslot	Webfirm	Facilitate	Total
	$	**$**	**$**	**$**
External sales	**422,625**	**1,251,729**	**45,297**	**1,719,651**
Segment result from continuing operations	**(4,218,094)**	**176,779**	**(93,255)**	**(4,134,570)**
Acquisition costs (included in segment result)	**684,777**	**-**	**-**	**684,774**
Depreciation (included in segment result)	**25,287**	**7,669**	**1,043**	**33,999**
Amortisation (included in segment result)	**1,342,730**	**23,416**	**99,931**	**1,466,077**
Additions to non-current assets	**2,949**	**2,628**	**-**	**5,577**
Balance Sheet 31 December 2013				
Segment assets	**12,211,318**	**535,895**	**33,382,451**	**46,129,664**
Segment liabilities	**(13,253,768)**	**(741,215)**	**(2,960,863)**	**(16,955,846)**

Half-year ended 31 December 2012

	Adslot	Webfirm	Total
	$	**$**	**$**
External sales	428,788	1,358,589	1,787,377
Segment result from continuing operations	(3,984,867)	75,421	(3,909,446)
Acquisition costs (included in segment result)	-	-	-
Depreciation (included in segment result)	13,659	2,702	16,361
Amortisation (included in segment result)	1,277,305	23,416	1,300,721
Additions to non-current assets	6,862	4,248	11,110
Balance Sheet 30 June 2013			
Segment assets	13,522,381	520,619	14,043,000
Segment liabilities	(12,983,823)	(732,600)	(13,716,423)

As the Company focused resources on building a single, market leading technology platform, clients using early stage versions of Adslot technology were successfully transitioned to the new platform under new contracts. In combination with a small decrease in both interest income and sales from legacy clients non-core to the Group’s future, sales in the Adslot segment were slightly down on the prior period.

Sales in the Webfirm segment were lower than the prior corresponding period due to reductions in revenue derived from the highly competitive and price discounted Hosting business, which was partially offset by higher Website development and Search Engine Optimisation.

The Facilitate segment represents trading over the 23 December to 31 December 2013 period only, i.e. since acquisition by the Group.

Notes to the Financial Statements for the Half-Year ended 31 December 2013 (Continued)

Note 2: Segment Information (continued)

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

	31-Dec-2013	31-Dec-2012
	$	$
Total segment revenue	**1,719,651**	1,787,377
Interest revenue	**153,167**	301,321
Intersegment eliminations	**(13,578)**	(1,500)
Total revenue from continuing operations	**1,859,240**	2,087,198

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

	31-Dec-2013	31-Dec-2012
	$	$
Total segment result	**(4,134,570)**	(3,909,446)
Interest revenue	**153,167**	301,321
Other income	**365,768**	384,251
Deferred vendor consideration credit	**-**	95,515
Share option expenses	**(264,324)**	(175,276)
Loss on foreign exchange	**(650)**	(21,191)
Income tax paid	**(633)**	-
Loss on sale of fixed assets	**(363)**	
Loss on write off of available for sale investment	**(106,329)**	-
Other head office (expenses)/income	**(637,563)**	25,499
Loss before tax from continuing operations	**(4,625,497)**	(3,299,327)

Notes to the Financial Statements for the Half-Year ended 31 December 2013 (Continued)

Note 2: Segment Information (continued)

Reportable segment assets are reconciled to total assets as follows:

	31-Dec-2013	30-Jun-2013
	$	$
Total segment assets	**46,129,664**	14,043,000
Head office assets	**53,275,245**	22,826,015
Intersegment eliminations	**(52,083,809)**	(19,825,797)
Total assets per the statement of financial position	**47,321,100**	17,043,218

Reportable segment liabilities are reconciled to total liabilities as follows:

	31-Dec-2013	30-Jun-2013
	$	$
Total segment liabilities	**(16,955,846)**	(13,716,423)
Head office liabilities	**(871,460)**	(869,926)
Intersegment eliminations	**12,863,383**	12,863,383
Total liabilities per the statement of financial position	**(4,963,923)**	(1,722,966)

Note 3: Revenue and Other Income

	31-Dec-2013	31-Dec-2012
	$	$
Revenue		
Service income	**1,706,073**	1,785,877
Interest income	**153,167**	301,321
Total revenue from continuing operations	**1,859,240**	2,087,198
Other income		
Research & development grants	**365,768**	384,251
Total other income	**365,768**	384,251

Notes to the Financial Statements for the Half-Year ended 31 December 2013 (Continued)

Note 4: Expenses

Loss before income tax includes the following specific expenses:

	31-Dec-2013	31-Dec-2012
	$	$
Depreciation and amortisation		
Depreciation – Leasehold improvements	**3,638**	3,638
Depreciation - Plant and equipment	**30,361**	33,806
Amortisation – Software development costs	**1,466,077**	1,300,721
Total depreciation and amortisation	**1,500,076**	1,338,165
Other charges against assets		
Loss on write off of available for sale investment	**106,329**	-
Research & development wages	**749,437**	685,573
Deferred vendor consideration	**-**	(95,515)
Foreign currency loss	**650**	21,191

Notes to the Financial Statements for the Half-Year ended 31 December 2013 (Continued)

Note 5: Intangible Assets

Period ended 31 December 2013

	Internally Developed Software	Domain Name	Intellectual Property	Goodwill	Total
	$	$	$	$	$
Opening net book amount	**548,834**	**38,267**	**5,184,544**	**-**	**5,771,645**
Acquisitions	**337,550**	**-**	**42,480**	**-**	**380,030**
Acquisitions through business combinations	**-**	**-**	**16,229,205**	**15,328,923**	**31,938,158**
Amortisation	**(99,188)**	**-**	**(1,366,889)**	**-**	**(1,466,077)**
Carrying amount at 31 December 2013	**787,196**	**38,267**	**20,089,340**	**15,328,923**	**36,243,726**

At 31 December 2013

	Internally Developed Software	Domain Name	Intellectual Property	Goodwill	Total
Cost	**1,127,911**	**288,267**	**28,941,263**	**20,710,575**	**51,068,016**
Accumulated amortisation and impairment	**(340,715)**	**(250,000)**	**(8,851,923)**	**(5,381,652)**	**(14,824,290)**
Carrying amount at 31 December 2013	**787,196**	**38,267**	**20,089,340**	**15,328,923**	**36,243,726**

Period ended 31 December 2012

	Internally Developed Software	Domain Name	Intellectual Property	Goodwill	Total
	$	$	$	$	$
Opening net book amount	113,236	38,267	7,718,460	-	7,869,963
Acquisitions	162,850	-	-	-	162,850
Amortisation	(33,763)	-	(1,266,958)	-	(1,300,721)
Carrying amount at 31 December 2012	242,323	38,267	6,451,502	-	6,732,092

At 31 December 2012

	Internally Developed Software	Domain Name	Intellectual Property	Goodwill	Total
Cost	410,744	288,267	16,566,906	5,381,652	22,647,569
Accumulated amortisation and impairment	(168,421)	(250,000)	(10,115,404)	(5,381,652)	(15,915,477)
Carrying amount at 31 December 2012	242,323	38,267	6,451,502	-	6,732,092

Notes to the Financial Statements for the Half-Year ended 31 December 2013 (Continued)

Note 6: Equity Securities Issued

Issues of Ordinary Shares during the half-year	31-Dec-2013 $	31-Dec-2012 $
Ordinary Shares issued – value $	**31,644,710**	191,030
Ordinary Shares issued – number	**276,477,622**	4,775,757

An additional 10,078,691 shares were issued to the Adslot Employee Share Trust during the period which forms part of the consolidated group.

Note 7: Business Combinations

Facilitate Digital Holdings Limited and controlled entities

On 23 December 2013, Adslot Ltd acquired 100% of the equity of Facilitate Digital Holdings Limited (Facilitate) via a court approved Scheme of Arrangement. Facilitate is a global provider of digital workflow and trading technology for media agencies. The acquisition will combine Adslot's expertise in media technology for publishers with Facilitate's platform for media buyers.

Given the acquisition completion date of 23 December 2013 and its proximity to the reporting date of 31 December 2013, there has been limited time to reference all materials to undertake a full valuation of intangible assets and the following purchase price allocation accounting for this acquisition.

The fair values of the identifiable intangible assets have been determined provisionally at 31 December 2013. The Group is currently obtaining the information necessary to finalise its identification and valuation. The Business Combinations standard allows the Group to restate the Fair Value of the acquired intangibles for a period of up to 12 months post acquisition. It is anticipated that a full analysis of the Fair value of assets and liabilities acquired will be finalised by 30 June 2014.

It is possible that once this full analysis is finalised, the June 2014 accounts may restate the values attributed here between Intellectual Property – platform technology, Goodwill and any other identified intangible asset. It is also possible that this may result in impairment of some of these intangibles.

The purchase consideration was 1.216 Adslot share for each Facilitate share and is valued as follows:

	$
Cash	-
Equity 273,730,778 fully paid ordinary shares @ 11.5* cents per share	31,479,039
Total consideration paid	31,479,039

** being the closing price of Adslot shares on 20 December 2013 being the last trading day prior to Scheme Implementation*

Notes to the Financial Statements for the Half-Year ended 31 December 2013 (Continued)

Note 7: Business Combinations (continued)

Details of assets and liabilities acquired are as follows:

	Acquirees' Carrying Amount	Fair Value	
	$	$	$
Purchase consideration			31,479,039
Fair value of net identifiable assets acquired:			
Cash and cash equivalents	503,593	503,593	
Trade and other receivables	2,358,049	2,358,049	
Property, plant & equipment	41,801	41,801	
Trade and other payables	(2,501,160)	(2,501,160)	
Employee benefits	(481,372)	(481,372)	
Intellectual property – platform technology	4,739,577	16,229,205	
Goodwill on business acquisition	-	15,328,923	
Net identifiable assets acquired	4,660,488	31,479,039	31,479,039

Based on the available information at reporting date the Directors have determined the fair value attributable to technology platform intellectual property was $16,229,205 with the balance of $15,328,923 being Goodwill on business acquisition.

The Directors have determined the provisional fair value of the identifiable intangible assets method based on the prevailing market value of Adslot shares at the time that the offer to acquire was made. The market value at that time is considered by the Directors as being the most reliable measure of the fair value for the identifiable intangible assets acquired until further evidence becomes available.

The technology platform intellectual property will be amortised over five years, in accordance with AASB 136 *Impairment of Assets*.

The acquisition costs related to this acquisition were $684,774, which has been included in Consulting, Legal, Listing & Registrar fees in the Statement of Profit or Loss and Other Comprehensive Income.

The acquired businesses contributed $45,297 in revenue and a net loss of $93,255 to the Group for the period from 23 December 2013 to 31 December 2013. Had the acquisition occurred on 1 July 2013, the Group's revenue would have been $3,416,728 and net loss would have been $6,429,260. The additional pre acquisition net loss that would have been contributed by Facilitate has been calculated using Facilitates accounting policies and includes one-off acquisition related costs of $667,007.

Statement of Cash Flows

For the purposes of the statement of cash flows, the acquisition resulted in net cash acquired of $503,593.

Notes to the Financial Statements for the Half-Year ended 31 December 2013 (Continued)

Note 8: Contingencies

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

Note 9: Events subsequent to reporting date

There have been no 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 13 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 2013 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
27 February 2014

Grant Thornton

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Auditor's Independence Declaration
To The Directors of Adslot Ltd

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Adslot Ltd for the half-year ended 31 December 2013, I declare that, to the best of my knowledge and belief, there have been:

a No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

b No contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Eric W Passaris

Eric Passaris
Partner - Audit & Assurance

Melbourne, 27 February 2014

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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 2013, 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 2013 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.

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 2013 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

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Eric W Passaris

Eric Passaris
Partner - Audit & Assurance

Melbourne, 27 February 2014