

# Appendix 4C - Quarterly report

## Commentary on activities during the quarter ending 30 September 2014

The Company continues to make good progress with the execution of its strategy. This is evident in the form of:

1. Growth in the volume of media transactions captured via the Adslot platform;
2. Growth in the average value of media transactions captured via the Adslot platform, and
3. Assembling a community of Adslot partners through which the Company will further scale supply and demand within the Adslot platform.

### Growth in the Volume and Value of Media Transactions

The Company continues to see meaningful increases in campaign bookings captured via the Adslot platform. In the September quarter, the value of media transactions increased by more than 200% over the June quarter, which in turn was an increase of more than 200% over the March quarter. Pleasing to note is that this growth is being driven by transactions emanating from large media agencies, which is the primary source of demand Adslot direct sales efforts have focused on in recent months.

Whilst in strong growth, buyer adoption is still best characterised as very early stage, so material future growth is anticipated as this adoption builds and automation of the forward guaranteed display advertising market grows generally.

Revenue generated from media transactions is recognised over the period corresponding to the advertising activity purchased, not the date of transaction. This is typically 1 to 3 months after the media transaction. Cash collections on large media agency buys occur after the advertising has run, so Adslot will start to see the full cashflow and revenue benefit of transactions on platform in coming quarters.

### Adslot Partners

The Company continues to develop partnership opportunities with a number of companies that represent supply at scale, and/or demand at scale.

As this is a key component of Adslot's strategy, and the vast majority of partner companies are domiciled in USA, Adslot CEO Ian Lowe is working from the Company's New York office until late November.

The Company has successfully progressed a number of key partnership opportunities, and has also expanded its list of partner candidates. Major developments regarding partnerships will be announced as appropriate.

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+ See chapter 19 for defined terms.

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

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### Cashflows

Cash receipts from customers for the September quarter were \$1.52 million, which is:

- a decrease of \$0.18 million versus the June quarter of \$1.70 million;
- a decrease of \$0.05 million versus an adjusted June quarter (*adjusted* meaning excluding amounts collected in the June and September quarters from outstanding aged debtors from the acquired Facilitate business);
- including amounts collected in October that the Company would in the normal course of business expect to collect in September, an increase of \$0.08 million versus the June quarter (adjusted);
- an increase of \$0.12 million versus the March quarter.

Net operating cash outflows for the quarter increased from \$1.62 million in the June quarter to \$2.17 million for the September quarter.

On a normalised 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 net operating cash outflows for the quarter increased by 14% from \$1.91 million last quarter to \$2.20 million this quarter. This is a result of additional investment to accelerate product development, including further integration of the Adslot and Symphony platforms, and is within levels projected in the operating plan and budget implemented following the capital raising conducted in July 2014.

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**, an upgraded version of which is due for release in the March quarter (2015).

Cash at the end of the quarter was \$7.35 million, the increased cash position benefiting from the July 2014 capital raising and the exercising of options in September 2014, less the costs associated with issuing these shares.

As previously advised the Company also expects to receive a cash benefit in the order of \$2.0 million in December 2014 or January 2015 relating to Research & Development incentives.

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## Appendix 4C

### Quarterly report for entities admitted on the basis of commitments

Name of entity

ADSLOT LTD

ABN

70 001 287 510

Quarter ended ("current quarter")

30 September 2014

#### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from customers	1,517	1,517
1.2 Payments for:		
(a) staff costs (Note 3)	(1,610)	(1,610)
(b) advertising and marketing	(11)	(11)
(c) research and development (Note 4)	(919)	(919)
(d) leased assets	-	-
(e) website publisher payments	(67)	(67)
(f) other cost of sales	(157)	(157)
(g) other working capital/overheads	(930)	(930)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	17	17
1.5 Interest and other costs of finance paid	-	-
1.6 Income and Other taxes paid	(6)	(6)
1.7 Other – R&D Tax Incentive	-	-
– Government grant	-	-
<b>Net operating cash flows</b>	<b>(2,166)</b>	<b>(2,166)</b>

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**Appendix 4C - Quarterly report for entities  
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	Current quarter \$A'000	Year to date (12 months) \$A'000
1.8 Net operating cash flows (carried forward)	(2,166)	(2,166)
<b>Cash flows related to investing activities</b>		
1.9 Payment for acquisition of:		
(a) businesses	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	(21)	(21)
1.10 Proceeds from disposal of:		
(a) businesses	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material) – Note 5	-	-
<b>Net investing cash flows</b>	<b>(21)</b>	<b>(21)</b>
<b>1.14 Total operating and investing cash flows</b>	<b>(2,187)</b>	<b>(2,187)</b>
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc. – Note 3	6,523	6,523
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	(364)	(364)
<b>Net financing cash flows</b>	<b>6,159</b>	<b>6,159</b>
<b>Net increase (decrease) in cash held</b>	<b>3,972</b>	<b>3,972</b>
1.21 Cash at beginning of quarter/year to date	3,354	3,354
1.22 Exchange rate adjustments – Note 2	19	19
<b>1.23 Cash at end of quarter</b>	<b>7,345</b>	<b>7,345</b>

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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	65
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 \$65k.	

**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
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- 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
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**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	-	-

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**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	519	1,128
4.2 Deposits at call	6,826	2,226
4.3 Bank overdraft	-	-
4.4 Other	-	-
<b>Total: cash at end of quarter (item 1.23)</b>	<b>7,345</b>	<b>3,354</b>

**Acquisitions and disposals of business entities**

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
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 October 2014  
**Company Secretary**

Print name: Brendan Maher

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## 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 \$6.5m funds raised from a share placement and \$23k received from options exercised by an employee.
4. **Research & Development (1.2c):** Represents direct payroll and on-costs related to on-going technology development work compliant with R&D Grant regulations.

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