

Appendix 4C - Quarterly report

Commentary for the quarter ending 30 June 2018

During the quarter to 30 June 2018, the Company received \$2.7m from the R&D Rebate Scheme relating to its R&D activities for the year ended 30 June 2017.

Cash receipts from customers for the June 2018 quarter were \$2.0m, a decrease of \$204k or 9% on the previous quarter's receipts of \$2.2m.

Outgoing cash payments during the quarter at \$4.5m were \$1.0m or 19% less than the previous quarter. The cost reduction plan from February 2018 delivered savings on employment costs (\$643k) and other costs (\$186k) on the previous quarter, in conjunction with publisher payments (\$210k) below the previous quarter due to timing.

The \$4.5m payments during the quarter was \$734k below the forecast of \$5.2m due to greater than expected achieved cost savings (\$406k) and lower than expected publisher payments (\$328k).

Net cash generated from operating activities for the quarter was \$180k positive, a \$3.5m improvement on the previous quarter at \$3.3m negative (\$845k positive variance excluding the \$2.7m R&D payment).

Cash at the end of the June 2018 quarter was \$4.8m.

The Company expects further funds collected via the R&D Rebate Scheme for FY2018 to exceed FY2017 and expects payment of those funds in either the September or December 2018 quarters.

The forecast for September 2018 payments is \$4.8m which is \$354k or 7% over the current quarter primarily due to the timing of publisher payments.

Although the Company continues to make progress towards realising material trading fee revenue (please see Trading Update issued today), due to the delay of significant trading fee revenue growth to date, the Company continues to explore and consider a range of capital management initiatives.

More information on the Company's performance is available via the Company's Trading Update issued today.

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Name of entity

ADSLOT LTD

ABN

70 001 287 510

Quarter ended ("current quarter")

30 June 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,972	8,278
1.2 Payments for		
(a) staff costs	(2,187)	(9,958)
(b) research and development	(1,079)	(5,521)
(c) publishers	(91)	(613)
(d) other cost of sales	(351)	(1,108)
(e) advertising and marketing	(5)	(207)
(f) leased assets	(1)	(3)
(g) other working capital/overheads	(769)	(3,136)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	24	157
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	2,667	2,690
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	180	(9,421)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	(2)	(135)
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(2)	(135)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	4,576	14,320
4.2	Net cash from / (used in) operating activities (item 1.9 above)	180	(9,421)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2)	(135)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	21	11
4.6	Cash and cash equivalents at end of quarter	4,775	4,775

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,560	1,352
5.2	Call deposits	3,215	3,224
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,775	4,576

6. Payments to directors of the entity and their associates		Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	73
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Directors Fees

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 staff costs	2,138
9.2 research and development	1,105
9.3 Publishers	427
9.4 other cost of sales	312
9.5 advertising and marketing	26
9.6 leased assets	1
9.7 other working capital/overheads	829
9.8 Total estimated cash outflows from operating activities	4,838

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity		
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:
(Company secretary)

Date: 31 July 2018

Print name: Felicity Conlan

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.