Facilitate Digital Holdings Limited

and Controlled Entities (ASX: FAC)

Appendix 4 D Report

For the six months ended

31 December 2010

Note: The information contained in this report should be read in conjunction with the most recent annual financial report.

FACILITATE DIGITAL HOLDINGS LIMITED (ASX: FAC)

The following information is supplied to the ASX under listing rule 4.2A.3.

(1) Details of the reporting period and the previous corresponding period.

Six months ended 31 December 2010 and 31 December 2009

(2) Key information. "Results for announcement to the market".

(2.1) The amount and percentage change up or down from the previous corresponding period of revenue from ordinary activities.

Group revenue grew 9% versus the same 6 month period last year, from $3,657,310 to $3,972,322 or by $315,012.

(2.2) The amount and percentage change up or down from the previous corresponding period of profit/(loss) from ordinary activities after tax attributable to members.

Group loss (including foreign exchange charges) after tax, from ordinary activities, increased by 133% from ($120,636) in 2009 to ($281,407) or by $160,771 in 2010.

(2.3) The amount and percentage change up or down from the previous corresponding period of net profit (loss) for the period attributable to members.

Group loss (including foreign exchange charges) after tax, attributable to members, from ordinary activities, increased by 133% from ($120,636) in 2009 to ($281,407) or by $160,771 in 2010.

(2.4) The amount per security and franked amount per security of final and interim dividends or a statement that it is not proposed to pay dividends. Nil

(2.5) The record date for determining entitlements to the dividends (if any). Not applicable

(2.6) A brief explanation of any of the figures in 2.1 to 2.4 necessary to enable the figures to be understood.

With 63.2% of the Group's revenue being generated from its overseas operations, the strengthening of the Australian dollar over the six months to December 2010 had a significant effect upon the results of the Group. For comparative purposes the following table shows the effect of this currency movement on the half-year result 2009 to 2010, or on a like for like basis (adjusted).

Half Year ended	31/12/2010 Actual	31/12/2010 Adjusted	31/12/2009 Actual	Movement 2009 Actual – 2010 Adjusted
Revenue	**3,972,322**	4,306,278	3,657,310	18%
Earnings/(loss) before interest, tax, depreciation amortisation and option expense from continuing operations	**760,598**	884,493	602,753	47%
Net profit/(loss) before tax attributable to members	**(229,233)**	(103,697)	(183,837)	44%
Net profit/(loss) after tax attributable to members	**(281,407)**	(165,845)	(120,636)	(37%)

In relation to year on year NPAT, it should be noted that in addition to the impact of currency movement, half-year 2010 NPAT decreased by 133% compared the same financial period last year, primarily due to the combined impact of a ($63,201) tax credit in 2009, and a $52,174 tax provision in 2010, resulting in a year on year movement of $115,374.

(3) Net tangible assets per security with the comparative figure for the previous corresponding period.
2010: $0.0087 per share, 2009: $0.0057 per share.

(4) Details of entities over which control has been gained or lost during the period, including the following.

(**4.1) Name of the entity.** Not applicable

(4.2) The date of the gain or loss of control. Not applicable

(4.3) Where material to an understanding of the report - the contribution of such entities to the reporting entity's profit from ordinary activities during the period and the profit or loss of such entities during the whole of the previous corresponding period. Not applicable.

(5) Details of individual and total dividends or distributions and dividend or distribution payments. The details must include the date on which each dividend or distribution is payable, and (if known) the amount per security of foreign sourced dividend or distribution. Not applicable.

(6) Details of any dividend or distribution reinvestment plans in operation and the last date for the receipt of an election notice for participation in any dividend or distribution reinvestment plan. Not applicable.

(7) Details of associates and joint venture entities including the name of the associate or joint venture entity and details of the reporting entity's percentage holding in each of these entities and where material to an understanding of the report - aggregate share of profits (losses) of these entities, details of contributions to net profit for each of these entities, and with comparative figures for each of these disclosures for the previous corresponding period. Not applicable.

(8) For foreign entities, which set of accounting standards is used in compiling the report (e.g. International Accounting Standards).

In the financial statements of the Company, Australian accounting standards are used for all controlled entities, including foreign ones.

(9) For all entities, if the accounts are subject to audit dispute or qualification, a description of the dispute or qualification. Not applicable.

Ian Lowe
Chief Executive Officer
25th February 2011

FACILITATE DIGITAL HOLDINGS LIMITED (FAC) AND CONTROLLED ENTITIES

ABN 84 093 823 253

HALF YEAR
FINANCIAL REPORT
FOR THE PERIOD ENDED
31 DECEMBER 2010

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CORPORATE INFORMATION

Company

Facilitate Digital Holdings Limited

ABN 84 093 823 253

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Directors

Mr. Stuart Simson (Non Executive Director and Chairman)

Mr. Geoff Dixon (Non Executive Director)

Mr. Charles Sweeney (Non Executive Director)

Mr. Ian Lowe (Chief Executive Officer and Executive Director)

Mr. Ben Dixon (Chief Operating Officer and Executive Director)

Company Secretary

Mr. Jim Story

Share Register

Link Market Services Limited

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Sydney NSW 2000 Australia

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Fax: + 61 2 9287 0303

Website: www.linkmarketservices.com.au

Auditor

Ernst & Young

8 Exhibition Street,

Melbourne Victoria 3000 Australia

Telephone: + 61 3 9288 8000

Fax: + 61 3 8650 7777

Corporate Advisor

Cooper Grace Ward Lawyers

Central Plaza Two, Level 23,

Brisbane 4000 Australia

ASX Code

FAC

Directors' Report

Your directors submit their report on the Company and its controlled entities for the half-year ended 31 December 2010.

Directors

The Directors in office at any time during the half-year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

- Mr. Stuart Simson (Non Executive Chairman)
- Mr. Geoff Dixon (Non Executive Director)
- Mr. Charles Sweeney (Non Executive Director)
- Mr. Ian Lowe (Chief Executive Officer)
- Mr. Ben Dixon (Chief Operating Officer)

Principal Activities

The principal activities of the Consolidated Entity during the financial half-year consisted of:

- publishing, tracking and optimising all forms of digital marketing (e.g. online display advertising, search marketing);
- automating complex media trading processes and workflow;
- offering a range of modular products that enable the marketer to correlate results across communication channels and activities;
- measuring and analysing website activity and behavioural driven by advertising communication;
- streamlining campaign administration and centralising the collection of real-time campaign performance information.

There were no other significant changes in the nature of the economic entity's principal activities during the financial half-year, except for those items stated within this report.

Review and results of operations

The consolidated loss of the Group for the half-year, after providing for income tax amounted to $281,407.

	31 Dec 2010	31 Dec 2009	**MOVEMENT**	
	$	$	**$**	%
Revenue related to the continuing operations	**3,972,322**	3,657,310	**315,012**	**8.6**
Revenue comparison (like for like) based on the 31 December, 2009 foreign exchange rates	**4,306,278**	3,657,310	**648,968**	**17.7**
Earnings/(loss) before interest, tax, depreciation amortisation and option expense from continuing operations	**760,598**	602,753	**157,843**	**26.2**
Net loss before foreign exchange transaction charge and tax attributable to members from continuing operations	**(167,390)**	(162,584)	**(4,806)**	**(2.96)**
Net loss before tax attributable to members from continuing operations	**(229,233)**	(183,837)	**(45,396)**	**(24.7)**
Net loss after tax attributable to members from continuing operations	**(281,407)**	(120,636)	**(160,771)**	**(133.3)**

Half Year Financial Year Results

Highlights for continuing operations for the half-year to 31 December 2010 include:

- Group revenue grew 8.6 per cent as compared with the same 6 month period the previous year, from $3.66m to $3.97m. Allowing for the effects of foreign exchange, underlying revenue for the Group increased by 17.7 per cent versus the same 6 month period last year, from $3.66m to $4.31m.
- Expenses, excluding depreciation and amortisation, increased by only 3.0 per cent over the corresponding period.
- EBITDA improved by 26.2 per cent compared with the previous half-year, from $0.60m to $0.76m.
- NPBT decreased by 24.7 per cent versus the same financial period last year, from ($0.18m) to ($0.23m) primarily due to amortisation costs as the Group enters the fourth year of its rolling four year development amortisation program.
- NPAT decreased by 133.3 per cent versus the same financial period last year, primarily due to the combined impact of a $0.06m tax credit for the half-year ended 31 December 2009, and a $0.05m tax expense for the half-year ended 31 December 2010, resulting in a normalised, unfavourable year on year movement of $0.05m.
- Revenue from the overseas operations increased to 63.2 per cent of total revenue for half-year ended 31 December 2010, as compared to 55.8 per cent for the prior corresponding period.

With recent new business wins in all territories of operation including US, UK, Europe and APAC, revenue growth is expected to continue notwithstanding the ongoing impact of a strong Australian Dollar. As has been the case historically, second half revenues are expected to exceed that of the first half, and management remains firmly committed to continued cost management in order to secure a second half and full year net profit, and the outcome is likely to be between breakeven and the lower end of our forecast.

The Company is encouraged by revenue growth in recurring revenue streams associated with the provision of ad serving (the publishing and tracking of online display advertising) and the *Symphony* workflow automation platform. Moreover the Company notes that geographical diversification of its revenues continues, further reducing dependency on any single market, including Australia.

Ad serving activity levels grew steadily in the six months to December 31 as general economic conditions improved and advertising investment returned to more typical growth levels, with digital advertising leading the way and expected to continue to do so.

International Operations

Over the six months to December 31, the Company had significant new business wins including DWA (US & UK), Targetcast (US), Ogilvy (Aust) and an APAC regional contract with Citibank encompassing Singapore, Philippines, Hong Kong, Malaysia, Thailand and Indonesia. All of these contracts are in varying stages of deployment, and as such are yet to realise their revenue potential. The Company is also in advanced discussions with other prospects.

In tandem with this, progress was made in broadening the functional capability and global relevance of our two core technology platforms, being ad serving and *Symphony*, our unique workflow automation technology. In the second quarter, a Chinese language release of *Symphony* was made in the lead up to full market launch in that market in the third quarter for GroupM agencies (Mindshare, Mediacom, MEC and Maxus). Complex tasks such as the management of multiple discounting schedules, taxes and campaign performance forecasting were also provided for via a series of major enhancements. Our focus on providing a clearly superior workflow capability remains a core objective, as the business seeks to maintain *Symphony's* market leadership and associated competitive advantage, for which strong demand continues to build in the larger markets of US, UK, Europe and APAC. The company continues to work towards securing new business with various global groups in one or more of these markets, and steady progress is being made.

More generally the technology platforms of the Company continue to attract interest from a number of global technology players.

Dividends Paid or Recommended

The Directors do not recommend the payment of a dividend and no dividend was paid or declared in the half-year. The Directors have not recommended the payment of a dividend and no dividend has been paid or declared in period since 31 December 2010 to the date of this report.

Financial Position

The net assets of the Facilitate Group have decreased by $0.40m from $4.72m at 30 June 2010 to $4.31m at 31 December 2010.

The Facilitate Group has a reasonable financial position, notwithstanding the current net assets to net liability ratio has shown a slight decrease from 1.46 at 30 June 2010 to 1.26 as at 31 December 2010.

The Group has continued to invest heavily in research and development to enhance its product suite and maintain global leadership as a provider of innovative digital marketing solutions.

Generally, the directors believe the Group is in a sufficiently strong and stable financial position to expand and grow its current operations.

Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the Company that occurred during the half-year:

Events After Balance Date

There were no significant events between the balance date and the issuance of this report.

Auditor's Independence Declaration

The Auditor's independence declaration for the half-year ended 31 December 2010 has been received and can be found on the next page.

Signed in accordance with a resolution of the Board of Directors.

Stuart Simson
Chairman
Dated this 25th day of February, 2011

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Auditor's Independence Declaration to the Directors of Facilitate Digital Holdings Limited

In relation to our review of the financial report of Facilitate Digital Holdings Limited for the half-year ended 31 December 2010, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

David Petersen
Partner
25 February 2011

Consolidated Financial Statements for the half-year ended 31 December 2010

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Consolidated statement of financial position
as at 31 December 2010

	Notes	Consolidated	
		31 Dec 2010	30 June 2010
		$	$
ASSETS			
Current Assets			
Cash and cash equivalents #	4	**1,087,546**	1,435,366
Trade and other receivables		**1,784,332**	1,720,053
Other current assets		**109,708**	7,333
Total Current Assets		**2,981,586**	3,162,752
Non Current Assets			
Property, plant and equipment		**152,170**	157,484
Goodwill and intangible assets		**3,176,887**	3,230,864
Other non-current assets		**441,007**	470,745
Total Non Current Assets		**3,770,064**	3,859,093
Total Assets		**6,751,650**	7,021,845
LIABILITIES			
Current Liabilities			
Trade and other payables		**1,836,800**	1,624,057
Finance lease liabilities		**27,966**	32,865
Current tax liabilities		**76,817**	44,670
Provisions		**417,968**	468,052
Total Current Liabilities		**2,359,551**	2,169,644
Non Current Liabilities			
Finance lease liabilities		**34,888**	65,730
Provisions		**44,551**	68,365
Total Non Current Liabilities		**79,439**	134,095
Total Liabilities		**2,438,990**	2,303,739
Net Assets		**4,312,660**	4,718,106
EQUITY			
Issued Capital		**14,014,642**	14,014,642
Foreign Currency Translation Reserve		**(341,424)**	(206,526)
Other Reserves		**331,546**	320,686
Retained Earnings/(Accumulated losses)		**(9,692,104)**	(9,410,696)
Total Equity		**4,312,660**	4,718,106

$93,973 of cash is restricted as it must be held as security for a bank guarantee.

Consolidated statement of comprehensive income

for the half-year ended 31 December 2010

		Facilitate Group	
	Notes	**31 Dec 2010**	31 Dec 2009
		$	$
Continuing operations			
Rendering of services		**3,963,424**	3,648,191
Interest revenue		**8,898**	9,119
Revenue		**3,972,322**	3,657,310
Cost of Sales		(618,523)	(640,800)
Gross Profit		**3,353,799**	3,016,510
Other income	3	**48,803**	59,511
Marketing expenses		**(16,478)**	(12,469)
Occupancy expenses		**(189,398)**	(239,026)
Administrative expenses		**(2,397,483)**	(2,264,412)
Amortisation of capitalised development costs		**(940,316)**	(717,606)
Finance costs		**(26,318)**	(5,092)
Gain/(loss) on foreign exchange		**(61,843)**	(21,253)
Profit/(loss) for the period before income tax		**(229,233)**	(183,837)
Income tax credit/(expense)	7	**(52,174)**	63,201
Profit/(loss) for the period after income tax		**(281,407)**	(120,636)
Other comprehensive income			
Foreign currency translation reserve		**(134,898)**	(54,946)
Income tax on items of other comprehensive income		**-**	-
Other comprehensive income for the period, net of tax		**(134,898)**	(54,946)
Total comprehensive loss for the period		**(416,305)**	(175,582)

Earnings per share	Consolidated	
	2010	2009
Earnings / (Loss) per share attributable to the ordinary equity holders of the Company	**Cents**	Cents
Basic and diluted earnings / (loss) per share	**(0.22)**	(0.10)

Consolidated statement of changes in equity
for the half-year ended 31 December 2010

Consolidated	Note	Ordinary shares	Retained losses	Options Reserve	Foreign Translation Currency Reserve	Total
		$	$	$	$	$
At 1 July 2010		14,014,642	(9,410,697)	320,686	(206,526)	4,718,106
Loss for period		-	(281,407)	-	-	(281,407)
Other comprehensive income		-	-	-	(134,898)	(134,898)
Total comprehensive loss for the half-year		-	(281,407)	-	(134,898)	(416,306)
Share based payments expense		-	-	10,860	-	10,860
Sub-total		-	(281,407)	10,680	(134,898)	(405,446)
At 31 December 2010		**14,014,642**	**(9,692,104)**	**331,546**	**(341,424)**	**4,312,660**

Consolidated	Note	Ordinary shares	Retained losses	Options Reserve	Foreign Translation Currency Reserve	Total
		$	$	$	$	$
At 1 July 2009		13,298,055	(9,423,544)	264,247	(112,539)	4,026,218
Loss for period		-	(120,636)	-	-	(120,636)
Other comprehensive income		-	-	-	(54,946)	(54,946)
Total comprehensive loss for the half-year		-	(120,636)	-	(54,946)	(175,582)
Share based payments expense		-	-	19,530	-	19,530
Sub-total		-	(120,636)	19,530	(54,946)	(156,052)
At 31 December 2009		**13,298,055**	**(9,544,180)**	**283,777**	**(167,485)**	**3,870,166**

Consolidated statement of cash flows
for the half-year ended 31 December 2010

		Consolidated	
	Note	**2010**	2009
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		**4,004,100**	3,689,236
Payments to suppliers and employees (inclusive of GST)		**(3,322,880)**	(2,986,748)
Capitalised development costs		**(886,340)**	(890,294)
Finance costs		**(26,318)**	(5,092)
Income tax paid		**(13,157)**	(959)
Net cash flows used in operating activities		**(244,594)**	(173,808)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(24,399)**	(40,555)
Disposal of property, plant and equipment		**748**	-
Interest received		**8,898**	9,119
Net cash flows used in investing activities		**(14,753)**	(31,436)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		**-**	-
Dividends Paid		**-**	-
Net cash flows from financing activities		**-**	-
Net increase (decrease) in cash and cash equivalents		**(259,347)**	(205,244)
Net foreign exchange differences		**(88,743)**	(20,994)
Cash and cash equivalents at the beginning of the period		**1,435,366**	1,425,950
Cash and cash equivalents held at end of the period	4	**1,087,546**	1,179,663

Notes to the consolidated financial statements
for the half year ended 31 December 2010

Note 1: Basis of preparation and accounting policies

Basis of Preparation

This general purpose financial report for the half-year ended 31 December 2010 has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of Facilitate Digital Holdings Limited and its controlled entities as the annual report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2010 and considered together with any public announcements made by Facilitate Digital Holdings Limited during the half-year ended 31 December 2010 in accordance with the continuous disclosure obligations of the ASX listing rules.

Changes in accounting policies

The following amending Standards have been adopted from 1 July 2010. Adoption of these Standards did not have any effect on the financial position or performance of the Group:

► AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*: clarifies that the disclosures required in respect of non-current assets and disposal groups classified as held for sale or discontinued operations are only those set out in AASB 5. The disclosure requirements of other Accounting Standards only apply if specifically required for such non-current assets or discontinued operations.

► AASB 107 *Statement of Cash Flows*: States that only expenditure that results in recognising an asset can be classified as a cash flow from investing activities. This amendment will impact amongst others, the presentation in the statement of cash flows of the contingent consideration on the business combination completed in 2010 upon cash settlement.

► AASB 136 *Impairment of Assets*: The amendment clarifies that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in AASB 8 before aggregation for reporting purposes. The amendment has no impact on the Group as the annual impairment test is performed before aggregation.

► AASB Interpretation 17 *Distribution of Non-cash Assets to Owners*: This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. The interpretation has no effect on either, the financial position or the performance of the Group.

The Group has not elected to early adopt any other new Standards or amendments that are issued but not yet effective.

Continuation as a going concern

The Group has recorded an operating loss of $281,407 for the half-year. Notwithstanding the loss for the period, the Directors are satisfied that the group can continue as a going concern for the following reasons;

- The Group has forecast positive operating profit from operations for the year ending 30 June 2011, and
- The Directors are satisfied they could raise additional equity in the unlikely event that the cash from operations was insufficient to cover short term cash outlays.

Based on the above factors, the Directors are confident that the company can meet its debts as and when they become due and payable and the accounts have been prepared on a going concern basis.

Rounding

Amounts in this report are rounded to the nearest $1 and therefore totals will not always agree exactly.

Note 2: Operating Segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the CEO and the Board (the chief operating decision makers) in assessing performance and in determining the allocation of resources. The Group sells primarily one product therefore the reportable segments are based on the geographic location of each business unit.
The operating segments are organised and managed separately in each location, with all units providing the same product, but with each segment representing a strategic business unit.

Transfer prices between operating segments is set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, segment expense and segment result include transfers between operating segments. Those transfers are eliminated on consolidation.

Operating segments

The following table presents revenue and profit information and certain asset and liability information regarding operating segments for the half-years ended 31 December 2010 and 31 December 2009.

	Operations			
	Asia Pacific	**Europe**	**Other**	**Total**
Revenue for the half-year ended 31 December 2010				
Sales to external customers	1,976,205	1,629,343	357,876	3,963,424
Other revenue	8,894	3	-	8,898
Total revenue per the statement of comprehensive income	1,985,099	1,629,346	357,876	3,972,322
Result				
Segment results	(421,426)	297,690	(157,671)	(281,407)
Income tax				52,174
Net profit/(loss) before tax per the comprehensive statement of income				(229,233)
Assets and liabilities				
Segment assets	2,065,220	1,238,798	270,745	3,574,763
Intangibles	3,176,887	-	-	3,176,887
Total assets	5,242,107	1,238,798	270,745	6,751,650
Segment liabilities	1,988,706	265,777	184,507	2,438,990
Total liabilities	1,988,706	265,777	184,507	2,438,990
Other segment information for the half-year ended 31 December 2010				
Capital expenditure	(18,693)	(4,607)	(1,099)	(24,399)
Depreciation and amortisation	(960,356)	(14,054)	(11,691)	(986,102)
Other non-cash expenses	11,959	33,772	(7,430)	38,302

	Operations			
	Asia Pacific	Europe	Other	Total
Revenue for the half-year ended 31 December 2009				
Sales to external customers	1,876,900	1,510,867	260,425	3,648,192
Other revenue	9,115	4	-	9,119
Total revenue per the statement of comprehensive income	1,886,015	1,510,871	260,425	3,657,310
Result				
Segment results	(245,962)	240,693	(115,367)	(120,636)
Income tax				(63,201)
Net profit/(loss) before tax per the comprehensive statement of income				(183,837)
Assets and liabilities				
Segment assets	2,004,914	1,236,951	72,896	3,314,760
Intangibles	3,117,955	66,596	-	3,184,551
Total assets	5,122,869	1,303,547	72,896	6,499,311
Segment liabilities	2,187,355	267,442	174,348	2,629,145
Total liabilities	2,187,355	267,442	174,348	2,629,145
Other segment information for the half-year ended 31 December 2009				
Capital expenditure	(23,226)	(16,439)	(890)	(40,555)
Depreciation and amortisation	(756,158)	(6,785)	(12,614)	(775,556)
Other non-cash expenses	(55,850)	(16,018)	(9,604)	(81,472)

Note 3: Revenue, income and expenses

	Consolidated	
	31 Dec 2010	31 Dec 2009
	$	$
Other income		
Government grants	**24,000**	**37,500**
Unwinding of discounting on deferred consideration receivable	**24,803**	**22,011**
Total income	**48,803**	**59,511**

Note 4: Cash and Cash Equivalents

	Consolidated	
	31 Dec 2010	31 Dec 2009
	$	$
Cash at bank and in hand	**993,573**	1,179,663
Term deposit #	**93,973**	-
	1,087,546	1,179,663
Reconciliation of cash		
For the purpose of the half-year statement of cash flows, cash and cash equivalents are comprised of the following:		
Cash and cash equivalents	**993,573**	1,179,663
Term Deposit	**93,973**	-
	1,087,546	1,179,663

The term deposit is restricted as it must be held as security for a bank guarantee.

Note 5: Dividends paid

	Consolidated	
	2010	2009
	$	$
Dividends paid or proposed	**-**	-
	-	-

Note 6: Commitments and contingencies

There have been no significant changes to the commitments and contingencies disclosed in the most recent annual financial report.

Note 7: Tax

Income Tax Expense

		Consolidated	
	Note	**31/12/2010**	31/12/2009
		$	$
Operating profit\(loss) before tax from continuing operations		**(229,233)**	(183,837)
At the parent entity's statutory rate of income tax of 30% (2009 30%)		**(68,770)**	(55,151)
Adjustments in respect of current income of previous years		**(16,047)**	(65,339)
Deferred Tax Assets not brought to account		**136,991**	57,289
Income tax expense\(credit)		**52,174**	(63,201)

Note 8: Events after balance date

There were no significant events between the balance date and the issuance of this report.

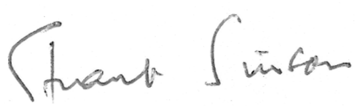
Directors' Declaration

In accordance with a resolution of the directors of Facilitate Digital holdings Limited, I state that:

In the opinion of the directors:

1. The financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001 including:
    a. Giving a true and fair view of the financial position as at 31 December 2010, and the performance for the half-year ended on that date of the consolidated entity.
    b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*
2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable

On behalf of the Board



Stuart Simson
Chairman
Dated this 25th day of February, 2011

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To the members of Facilitate Digital Holdings Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Facilitate Digital Holdings Limited and its consolidated entities (the company), which comprises the statement of financial position as at 31 December 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company 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 internal controls as the directors determine are 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 half-year financial report based on our review. We conducted our review in accordance with 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 financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001*. As the auditor of Facilitate Digital Holdings Limited and the entities it controlled during the half-year, 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 have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

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 Facilitate Digital Holdings Limited 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 2010 and of its performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Ernst & Young

Ernst & Young

David Petersen
Partner
Melbourne
25 February 2011