

**Facilitate Digital Holdings Limited
and Controlled Entities (ASX: FAC)**

Appendix 4 D Report

For the six months ended

31 December 2009

FACILITATE DIGITAL HOLDINGS LIMITED (ASX: FAC)

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 2009 and 31 December 2008

(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 35.5% versus the same 6 month period last year, from \$2,699,303 to \$3,657,310 or by \$958,007.

(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 after tax, from continuing operations, decreased from (\$2,093,216) in 2008 to (\$120,636) or 94.2% in 2009.

(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 after tax, including discontinuing operations, decreased from (\$9,072,507) to (\$120,636) or 98.7%.

(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.

The loss from the continuing operations of the Group, before providing for income tax amounted to (\$183,837) as compared to a loss of (\$699,724) for the corresponding 2008 period, an improvement of 73.7%.

The consolidated loss for the group (including discontinuing operations) for the half-year ended 31 December 2008 included an amount of \$6,979,291, being the loss for the period and the impairment costs associated with the disposal of Impact Data, and \$1,393,492 for the de-recognition of net deferred tax assets, due to the poor performance of Impact Data. On 15 June 2009, the Company announced it had reached an agreement, effective 12 June 2009, to sell the Impact Data Group to IMDA Holdings Pty Ltd (an entity controlled by the original vendors of Impact Data).

Notwithstanding the group's loss, the underlying operations of the group continue to strengthen, with a profit before interest, tax, depreciation and amortisation for the half-year of \$612,095 in 2009 as compared to a loss of (\$101,004) in 2008, an overall improvement of 706.0%.

Revenue from the overseas operations increased to 55.8% of total revenue for 2009 half-year, as compared to 29.6% for the 2008 half-year period.

FACILITATE DIGITAL HOLDINGS LIMITED (ASX: FAC)

(3) Net tangible assets per security with the comparative figure for the previous corresponding period.

2009: \$0.0057 per share, 2008: \$0.0091 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.

Facilitate Digital Deutschland GmbH

(4.2) The date of the gain or loss of control.

Facilitate Digital Deutschland GmbH was incorporated on November 23, 2009 in Germany.

(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.

| Name | 2009 \$ Profit / (loss) before tax | 2008 \$ Profit / (loss) before tax | Percentage Owned % | |
|-------------------------------------------------------|------------------------------------------------|------------------------------------------------|-----------------------|------|
| | | | 2009 | 2008 |
| Facilitate Digital Europe Marketing Technology Ltd JV | - | (23,764) | NA | 50 |

(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.

FACILITATE DIGITAL HOLDINGS LIMITED (ASX: FAC)

Audit Report

Refer to the attached Half-year accounts, which include the Auditor's Independent Review Report.

A handwritten signature in dark ink, appearing to read 'Ian Lowe', is positioned above the printed name.

Ian Lowe
Chief Executive Officer
24 February 2010

FACILITATE DIGITAL HOLDINGS LIMITED

ABN 84 093 823 253

**FACILITATE DIGITAL HOLDINGS LIMITED
(FAC) AND CONTROLLED ENTITIES**

ABN 84 093 823 253

**HALF YEAR CONDENSED
FINANCIAL REPORT
FOR THE PERIOD ENDED
31 DECEMBER 2009**

FACILITATE DIGITAL HOLDINGS LIMITED

ABN 84 093 823 253

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CORPORATE INFORMATION

Company

Facilitate Digital Holdings Limited

ABN 84 093 823 253

Registered Office

Level 1, 420 Elizabeth Street,

Surry Hills NSW 2010 Australia

Email: infoau@facilitatedigital.com

Website: www.facilitatedigital.com

Telephone: + 61 2 9690 3900

Fax: + 61 2 9690 3901

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

Level 12, 680 George Street,

Sydney NSW 2000 Australia

Telephone: 1300 554 474 or +61 2 8280 7111

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

FACILITATE DIGITAL HOLDINGS LIMITED

ABN 84 093 823 253

Directors' Report

Your directors submit their report on the Company and its controlled entities for the half-year ended 31 December 2009.

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) (Appointed 9 July 2009)
- Mr. Geoff Dixon (Non Executive Director) (Appointed 9 July 2009)
- 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:

- enabling, tracking and optimising all forms of digital marketing (e.g. online display advertising, search marketing);
- measuring and analysing website content, activity and behavioural diagnostics;
- offering a range of modular products that enable the marketer to correlate results across various activities;
- uniquely automating complex processes; and
- 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 \$120,636.

| | 31 Dec 2009 | 31 Dec 2008 | MOVEMENT | |
|---------------------------------------------------------------------------------------------------------------------|------------------|-------------|------------------|-------|
| | \$ | \$ | \$ | % |
| Revenue related to the continuing operations | 3,657,310 | 2,699,303 | 958,007 | 35.5 |
| Earnings/(loss) before interest, tax, depreciation amortisation and option expense from continuing operations | 612,095 | (101,004) | 713,099 | 706.0 |
| Net loss before tax attributable to members from continuing operations | (183,837) | (699,724) | 515,887 | 73.7 |
| Net loss after tax attributable to members from continuing operations | (120,636) | (2,093,216) | 1,972,580 | 94.2 |
| Net loss for the period attributable to members (including discontinued operations) | (120,636) | (9,072,507) | 8,951,871 | 98.7 |

FACILITATE DIGITAL HOLDINGS LIMITED

ABN 84 093 823 253

Half Year Financial Year Results

Highlights for continuing operations (excluding Impact Data – see ASX release ‘Settlement with Impact Data’) for the half-year to 31 December 2009 include:

- 35.5 per cent revenue growth versus the 2008 half-year from \$2.69m to \$3.65m;
- Expenses, excluding depreciation and amortisation, increased by only 6.92 per cent over the corresponding period;
- EBITDA improved by 706.0 per cent compared with the previous half-year, from (\$0.10m) to \$0.61m;
- NPBT improved by 73.7 per cent versus the same financial period last year, from (\$0.70m) to (\$0.18m);
- Positive cash-flow for the second quarter of the half-year.

With revenue growth expected to continue at the current rate, management is committed to continued cost management in order to secure a second half net profit. The Company is encouraged by continued significant revenue growth across the major revenue areas of ad-serving (the publishing and tracking of online display advertising) and the Symphony workflow automation platform. Moreover the Company notes continued geographical diversification of its’ revenues in-particular in European markets with the US currently coming on-stream. Ad-serving revenues continue to improve with the global recovery in advertising markets and the continued shift away from traditional media to online media.

International Operations

Much of Facilitate Digital’s growth over the last 12 months is attributable to offshore operations, with major client wins in Asia-Pacific, Europe and United States of America. These wins have included GroupM APAC, GroupM Germany, G2 (US) and Publicis New Zealand.

The *Symphony* product is generating strong demand. *Symphony* is a capability unique to Facilitate Digital, and provides media agencies with the ability to automate complex campaign workflow, as well as integrate this workflow into various other agency tools such as ad-serving, finance and creative production.

In September 2009 the Company announced a partnership with US based Harris Corporation (NYSE: HRS), a leading US provider of accounting software solutions to the advertising and media industry. The partnership has seen Facilitate undertake a comprehensive integration of *Symphony* with Harris Corporation’s accounting solution for media agencies. In addition Harris will re-sell the integrated solution to both existing and prospective clients delivering Facilitate development and product related revenues.

The Company’s expansion into the Asia-Pacific region also continues. In August 2009, the Company secured a regional contract with GroupM, the world’s largest media agency group. The contract will see Facilitate’s *Symphony* technology rolled out across all major GroupM agencies throughout the Asia-Pacific region including Mindshare, Mediacom, Mediaedge:cia and Maxus, encompassing markets including Australia, China, Hong Kong, India, Malaysia, Singapore, Taiwan, Thailand and the Philippines. The rollout program for this significant client is expected to realise full revenue potential by August 2010.

Also in December 2009 Facilitate Digital announced it had secured a contract with Publicis New Zealand, encompassing market leading agencies Optimedia and Starcom, in the process securing large clients such as New Zealand Telecom, New Zealand’s largest advertiser.

The Company continues to aggressively seek new agency partners in major markets.

FACILITATE DIGITAL HOLDINGS LIMITED

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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 was paid or declared in period since the end of the 2009 financial half-year and the issuance of this report.

Financial Position

The net assets of the Facilitate Group have decreased marginally by \$156,052 from \$4,026,218 at 30 June 2009 to \$3,870,166 at 31 December 2009.

The Facilitate Group has a strong financial position, notwithstanding the current net assets to net liability ratio has shown a slight decrease from 1.22 at 30 June 2009 to 1.09 as at 31 December 2009.

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 strong and stable financial position to expand and grow its current operations.

Significant Changes in State of Affairs

The following significant changes in the state of affairs of the Company occurred during the financial half-year:

- *Cancellation of shares*

The 6,506,005 ordinary shares, held by the vendors of Impact Data were cancelled on 28 August 2009.

- *Appointment of directors*

On 10 July 2009, the Company announced the appointment of two additional directors. Stuart Simson was appointed the non-executive Chairman and Geoff Dixon as a non-executive director. Refer "ASX: FAC Release July 10th, 2009" for further details.

After Balance Date Events

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

FACILITATE DIGITAL HOLDINGS LIMITED

ABN 84 093 823 253

Auditor's Independence Declaration

The lead Auditor's independence declaration for the half-year ended 31 December 2009 has been received and can be found below.

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

A handwritten signature in black ink, appearing to read "Stuart Simson". The signature is written in a cursive, flowing style.

Stuart Simson

Chairman

Dated this 24th day of February, 2010

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 2009, 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

A handwritten signature in dark ink, appearing to read 'David Petersen', with a long horizontal flourish extending to the right.

David Petersen
Partner
Melbourne
24 February 2010

FACILITATE DIGITAL HOLDINGS LIMITED

ABN 84 093 823 253

Financial Statements for the half-year ended 31 December 2009

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FACILITATE DIGITAL HOLDINGS LIMITED

ABN 84 093 823 253

Statement of financial position as at 31 December 2009

| | Notes | Consolidated | |
|----------------------------------------------|-------|------------------|------------------|
| | | 31 Dec 2009 | 30 June 2009 |
| | | \$ | \$ |
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | 5 | 1,179,663 | 1,425,950 |
| Trade and other receivables | | 1,457,731 | 1,428,275 |
| Other current assets | | 23,288 | 23,288 |
| Total Current Assets | | 2,660,682 | 2,877,513 |
| Non Current Assets | | | |
| Property, plant and equipment | | 178,618 | 205,297 |
| Goodwill and intangible assets | | 3,184,551 | 3,011,863 |
| Other non-current assets | | 475,460 | 451,844 |
| Total Non Current Assets | | 3,838,629 | 3,669,004 |
| Total Assets | | 6,499,311 | 6,546,517 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade and other payables | | 2,018,397 | 1,797,129 |
| Finance lease liabilities | | 31,524 | 34,576 |
| Income tax payable | | 86,936 | 155,519 |
| Provisions | | 309,744 | 370,375 |
| Total Current Liabilities | | 2,446,601 | 2,357,599 |
| Non Current Liabilities | | | |
| Finance lease liabilities | | 63,047 | 69,153 |
| Provisions | | 119,497 | 93,547 |
| Total Non Current Liabilities | | 182,544 | 162,700 |
| Total Liabilities | | 2,629,145 | 2,520,299 |
| Net Assets | | 3,870,166 | 4,026,218 |
| EQUITY | | | |
| Equity attributable to equity holders | | | |
| Contributed equity | | 13,298,055 | 13,298,055 |
| Reserves | | 116,291 | 151,708 |
| Retained Earnings/(Accumulated losses) | | (9,544,180) | (9,423,544) |
| Total Equity | | 3,870,166 | 4,026,218 |

FACILITATE DIGITAL HOLDINGS LIMITED

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Statement of comprehensive income for the half-year ended 31 December 2009

| | | Facilitate Group | |
|--------------------------------------------------------------|-------|------------------|--------------------|
| | Notes | 31 Dec 2009 | 31 Dec 2008 |
| | | \$ | \$ |
| Continuing operations | | | |
| Rendering of services | | 3,648,191 | 2,683,013 |
| Other Revenue | 3 | 9,119 | 16,290 |
| Revenue | | 3,657,310 | 2,699,303 |
| Cost of Sales | | (640,800) | (539,381) |
| Gross Profit | | 3,016,510 | 2,159,922 |
| Other income | 3 | 59,511 | 24,000 |
| Marketing expenses | | (12,469) | (54,229) |
| Occupancy expenses | | (239,026) | (260,689) |
| Administrative expenses | | (2,264,412) | (2,083,759) |
| Other expenses | 3 | (717,606) | (501,709) |
| Finance costs | | (5,092) | (8,193) |
| Gain/(loss) on foreign exchange | | (21,253) | 24,932 |
| Loss from continuing operations before income tax | | (183,837) | (699,724) |
| Income tax credit/(expense) | 8 | 63,201 | (1,393,492) |
| Loss from continuing operations after income tax | | (120,636) | (2,093,216) |
| Discontinued operations | | | |
| Loss from discontinued operations after income tax | 4 | - | (6,979,291) |
| Net loss for the period | | (120,636) | (9,072,507) |
| Other comprehensive income | | | |
| Foreign currency translation | | (54,946) | - |
| Income tax on items of other comprehensive income | | - | - |
| Other comprehensive income for the period, net of tax | | (54,946) | - |
| Total comprehensive loss for the period | | (175,582) | (9,072,507) |

FACILITATE DIGITAL HOLDINGS LIMITED

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Earnings per share

| | Consolidated | |
|------------------------------------------------------------------------------------------------------------------------------|--------------|--------|
| | 2009 | 2008 |
| Earnings / (Loss) per share for profit from continuing operations attributable to the ordinary equity holders of the Company | Cents | Cents |
| Basic and diluted earnings / (loss) per share | (0.10) | (1.87) |
| Earnings / (Loss) per share for profit attributable to the ordinary equity holders of the Company | | |
| Basic and diluted earnings / (loss) per share | (0.10) | (8.10) |

Statement of Changes in Equity for the half-year ended 31 December 2009

| 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 income 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 | Note | Ordinary shares | Retained losses | Options Reserve | Foreign Translation Currency Reserve | Total |
|-----------------------------------------------------|------|-------------------|--------------------|-----------------|--------------------------------------|------------------|
| | | \$ | \$ | \$ | \$ | \$ |
| At 1 July 2008 | | 12,698,833 | (260,058) | 181,237 | - | 12,620,012 |
| Loss for period | | - | (9,072,507) | - | - | (9,072,507) |
| Other comprehensive income | | - | - | - | - | - |
| Total comprehensive income for the half-year | | - | (9,072,507) | - | - | (9,072,507) |
| Shares issued during the half- year | | 575,334 | - | - | - | 575,334 |
| Share based payments expense | | - | - | 40,298 | - | 40,298 |
| Sub-total | | 575,334 | (9,072,507) | 40,298 | - | (8,456,875) |
| At 31 December 2008 | | 13,274,167 | (9,332,565) | 221,535 | - | 4,163,137 |

FACILITATE DIGITAL HOLDINGS LIMITED

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Statement of cash flow for the half-year ended 31 December 2009

| | | Consolidated | |
|----------------------------------------------------------------|----------|------------------|--------------------|
| | Note | 2009 | 2008 |
| | | \$ | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers (inclusive of GST) | | 3,689,236 | 4,835,463 |
| Payments to suppliers and employees (inclusive of GST) | | (3,007,742) | (5,188,481) |
| Capitalised development costs | | (890,294) | (980,629) |
| Finance costs | | (5,092) | (2,089) |
| Income tax paid | | (959) | (5,893) |
| Net cash flows used in operating activities | | (214,851) | (1,341,629) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of property, plant and equipment | | (40,555) | (36,927) |
| Interest received | | 9,119 | 24,737 |
| Opening cash received – Facilitate Europe | 10 | - | 9,727 |
| Net cash flows used in investing activities | | (31,436) | (2,463) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from issue of shares | | - | 500,000 |
| Dividends Paid | 6 | - | - |
| Net cash flows from financing activities | | - | 500,000 |
| Net increase (decrease) in cash and cash equivalents | | (246,287) | (844,092) |
| Cash and cash equivalents at the beginning of the period | | 1,425,950 | 1,628,011 |
| Cash and cash equivalents at the end of the period | 5 | 1,179,663 | 783,919 |
| Less cash attributable to discontinued operations | | - | 155,508 |
| Net cash and cash equivalents held at end of the period | 5 | 1,179,663 | 628,411 |

Notes to the Financial Statements for the half year ended 31 December 2009

Note 1: Basis of preparation and accounting policies

Basis of Preparation

This general purpose financial report for the half-year ended 31 December 2009 has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

In the comparatives, the 2008 results of the Impact Data Group appear as one line ("Discontinued operations") in the Statement of Comprehensive Income and with the exception of the comparative Statement of Cash Flows, are not otherwise included in the financial statements.

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 2009 and considered together with any public announcements made by Facilitate Digital Holdings Limited during the half-year ended 31 December 2009 in accordance with the continuous disclosure obligations of the ASX listing rules.

Changes in accounting policies

The accounting policies and methods of computation are the same as those adopted in the most recent annual report, except as follows:

The Group has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 July 2009.

AASB 8 Operating Segments

AASB 8 replaced AASB 114 *Segment Reporting* upon its effective date. The Group concluded that the operating segments determined in accordance with AASB 8 are the same as the business segments previously identified under AASB 114.

AASB 101 Presentation of Financial Statements

The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity and included in the new statement of comprehensive income. The statement of comprehensive income presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present one statement.

Continuation as a going concern

The Group has recorded an operating loss of \$120,636 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 2010, 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.

FACILITATE DIGITAL HOLDINGS LIMITED

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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's product is primarily one product therefore the operating segment reporting format is 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 2009 and 31 December 2008.

| | Continuing Operations | | | |
|------------------------------------------------------------------------|-----------------------|-----------|-----------|-----------|
| | Asia Pacific | Europe | Other | Total |
| Half-year ended 31 December 2009 | | | | |
| Revenue | | | | |
| 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 @ 30% | | | | (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 |

FACILITATE DIGITAL HOLDINGS LIMITED

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Other segment information

| | | | | |
|-------------------------------|-----------|----------|----------|-----------|
| 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) |

| Continuing Operations | | | | |
|------------------------------------------------------------------------|--------------|-----------|---------|-------------|
| | Asia Pacific | Europe | Other | Total |
| Half-year ended 31 December 2008 | | | | |
| Revenue | | | | |
| Sales to external customers | 2,129,979 | 484,788 | 68,247 | 2,683,013 |
| Other revenue | 16,174 | 116 | - | 16,290 |
| Total revenue per the statement of comprehensive income | 2,146,153 | 484,903 | 68,247 | 2,699,303 |
| Result | | | | |
| Segment results | (1,542,248) | (544,264) | (6,705) | (2,093,216) |
| Income tax @ 30% | | | | 1,393,492 |
| Net profit/(loss) before tax per the comprehensive statement of income | | | | (699,724) |
| Assets and liabilities | | | | |
| Segment assets | 1,703,034 | 645,575 | 125,722 | 2,474,331 |
| Intangibles | 2,863,782 | 64,961 | - | 2,928,743 |
| Total assets | 4,566,816 | 710,536 | 125,722 | 5,403,074 |
| Segment liabilities | 1,713,814 | 229,039 | 196,491 | 2,139,343 |
| Total liabilities | 1,713,814 | 229,039 | 196,491 | 2,139,343 |
| Other segment information | | | | |
| Capital expenditure | (5,980) | (15,189) | - | (21,169) |
| Depreciation and amortisation | (540,835) | (4,140) | - | (544,976) |
| Impairment losses | (6,065,493) | - | - | (6,065,493) |
| Other non-cash expenses | (33,917) | (14,190) | - | (48,107) |

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Note 3: Revenue, income and expenses

| | Facilitate Group | |
|-----------------------------------------------|------------------|-------------|
| | 31 Dec 2009 | 31 Dec 2008 |
| | \$ | \$ |
| (a) Other revenue | | |
| Interest | 9,119 | 16,290 |
| Dividends | - | - |
| Other | - | - |
| Total revenue | 9,119 | 16,290 |
| (b) Other income | | |
| Government grants | 37,500 | 24,000 |
| Net gains on disposal of plant and equipment | - | - |
| Fair value on asset valuation | 22,011 | - |
| Total income | 59,511 | 24,000 |
| (c) Other expenses | | |
| Amortisation of capitalised development costs | 717,606 | 501,709 |
| Total other expenses | 717,606 | 501,709 |

Note 4: Discontinued operations

No components of the entity have been disposed of, or classified as, held for sale in the current half-year reporting period.

The discontinued operations below relate to the previous half-year reporting period.

On 15 June 2009, the Company announced it had reached an agreement to sell the Impact Data Group, effective from 12 June, 2009 to IMDA Holdings Pty Ltd (an entity controlled by the original vendors of Impact Data).

The results of the discontinued operations for the period of the half-year until disposal are presented below:

| | Impact Data | |
|-----------------------------------------------|-------------|-------------|
| | 31 Dec 2009 | 31 Dec 2008 |
| | \$ | \$ |
| (a) Income Statement | | |
| Revenue | - | 1,923,873 |
| Expenses | - | (2,688,379) |
| Gross loss | - | (764,506) |
| Impairment charges | - | (6,065,493) |
| Professional fees related to loss on disposal | - | (146,393) |
| Loss before tax from discontinued operations | - | (6,976,392) |
| Income Tax | - | (2,899) |
| Loss from discontinued operations after tax | - | (6,979,291) |

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Note 5: Cash and Cash Equivalents

| | Consolidated | |
|---------------------------------------------------------------------------------------------------------------------|------------------|----------------|
| | 31 Dec 2009 | 31 Dec 2008 |
| | \$ | \$ |
| Cash at bank and in hand | | |
| Facilitate Group | 1,179,663 | 628,411 |
| Discontinued operations | - | 155,508 |
| | 1,179,663 | 783,919 |
| 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 | 1,179,663 | 783,919 |

Note 6: Dividends paid

| | Consolidated | |
|----------------------------|--------------|----------|
| | 2009 | 2008 |
| | \$ | \$ |
| Dividends paid or proposed | - | - |
| | - | - |

Note 7: Commitments and contingencies

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

Note 8: Tax

The deferred tax assets and liabilities reflected in the accounts as 30 June, 2008 were reassessed at 31 December 2008, in the light of the poor performance of Impact Data, consequently the deferred tax asset of \$1,393,492 was de-recognised which is shown as income tax expense from continuing operations in the comparative income statement.

| Note | Consolidated | |
|-----------------------------------------------------------------------|--------------|------------|
| | 31/12/2009 | 31/12/2008 |
| | \$ | \$ |
| Operating profit\ (loss) before tax from continuing operations | (183,837) | (699,724) |
| At the parent entity's statutory rate of income tax of 30% (2008 30%) | (55,151) | (209,917) |
| Adjustments in respect of current income of previous years | (65,339) | - |
| Deferred Tax Asset written off | - | 1,393,492 |
| Deferred Tax Assets not brought to account | 57,289 | 209,917 |
| Income tax expense\ (credit) | (63,201) | 1,393,492 |

A transfer pricing policy, commenced from 1 July, 2008 and whilst the transfer pricing was not reflected in the 2009 financial report the income and charges were subsequently incorporated into 2009 taxation returns. The adjustment in

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respect of the prior year tax reflects the taxation effect of the transfer pricing policy.

Note 9: Joint venture

Interest in Joint Venture Operations

Facilitate Digital Holdings Limited held a 50% interest in the Facilitate Digital Marketing Technology Europe Ltd joint venture until 31 August, 2008, whereupon Facilitate Digital Holdings Limited acquired the remaining 50% of the equity. The Facilitate Group's share of assets employed, in the joint venture were:

| BALANCE SHEET | Facilitate | |
|-----------------------------|-------------|-------------|
| | 31 Dec 2009 | 31 Aug 2008 |
| | \$ | \$ |
| Assets | | |
| Plant and equipment | - | 9,157 |
| Deferred tax assets | - | 29,404 |
| Cash and cash equivalents | - | 10,925 |
| Trade and other receivables | - | 32,717 |
| Intangible assets | - | 27,575 |
| Total assets | - | 109,778 |
| Liabilities | | |
| Trade and other payables | - | 151,737 |
| Provision for annual leave | - | 4,644 |
| Other creditors | - | 15,744 |
| Total Liabilities | - | 172,125 |
| Net assets | - | (62,347) |
| Equity | | |
| Issued Capital | - | 51,587 |
| Currency Reserve | - | 1,492 |
| Retained Earnings | - | (91,662) |
| Loss after tax | - | (23,764) |
| Total equity | - | (62,347) |

| INCOME STATEMENT | Facilitate | |
|---------------------------------|------------|----------|
| | 2009 | 2008 |
| | \$ | \$ |
| Revenue | - | 17,315 |
| Expenses | - | (41,079) |
| (Loss) before income tax | - | (23,764) |
| Income tax expense | - | - |
| Profit/(Loss) for period | - | (23,764) |

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Note 10: Business combination

Facilitate Digital Holdings Limited acquired the remaining 50% of the equity in the Facilitate Digital Marketing Technology Europe Ltd joint venture, effective from 1 September 2008. The total cost of the combination was \$75,334. The fair value of the identifiable assets and liabilities of Facilitate Digital Marketing Technology Europe Ltd as at the date of acquisition are:

| | Consolidated | |
|---------------------------------------|---------------------------|----------------|
| | Recognised on acquisition | Carrying value |
| | \$ | \$ |
| Plant and equipment | 18,314 | 18,314 |
| Deferred tax assets | 58,808 | 58,808 |
| Cash and cash equivalents | 21,850 | 21,850 |
| Trade and other receivables | 65,434 | 65,434 |
| | 164,406 | 164,406 |
| Trade and other payables | 303,474 | 303,474 |
| Provision for annual leave | 9,288 | 9,288 |
| Other creditors | 31,488 | 31,488 |
| | 344,250 | 344,250 |
| Fair value of identifiable net assets | (179,844) | (179,844) |
| Fair value of 50% interest acquired | (89,922) | |
| Foreign Currency Adjustment | 4,929 | |
| Goodwill arising on acquisition | 160,327 | |
| Cost of combination | 75,334 | |
| Cost of acquisition | | |
| Issue of shares | 75,334 | |
| Total cost of acquisition | 75,334 | |

The cash outflow on acquisition to date is as follows:

| | |
|--------------------------------------|---------|
| Cash acquired with the joint venture | 10,925 |
| Currency adjustment | (1,198) |
| Net cash outflow | 9,727 |

From the date of acquisition to 31 December 2008, Facilitate Digital Marketing Technology Europe Ltd has contributed a profit of \$59,687 to the net loss of the Group.

Note 11: Events after the balance sheet date

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

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Note 12: Controlled entities

Controlled Entities

| | Impact Data Group | Country of Incorporation | Percentage Owned % | |
|--------------------------------------------------------|-------------------|--------------------------|--------------------|------|
| Name | | | 2009 | 2008 |
| Parent Entity | | | | |
| Facilitate Digital Holdings Limited | | Australia | 100 | 100 |
| Controlled Entities | | | | |
| Facilitate Digital Pty Ltd | | Australia | 100 | 100 |
| Symphony Media Pty Ltd | | Australia | 100 | 100 |
| Ironbark Mineral Sands Pty Ltd | | Australia | 100 | 100 |
| Facilitate Digital Limited | | New Zealand | 100 | 100 |
| Facilitate Digital UK Limited | | United Kingdom | 100 | 100 |
| Facilitate Digital Europe Marketing Technology Limited | | Ireland | 100 | 100 |
| Facilitate Digital Deutschland GmbH | | Germany | 100 | NA |
| Facilitate Digital LLC | | United States | 100 | 100 |
| Impact Data Pty Ltd | # | Australia | NA | 100 |
| Look Outside The Square Pty Ltd | # | Australia | NA | 100 |
| Impact Data UK Limited | # | United Kingdom | NA | 100 |

Note: # designates the companies which form the Impact Data Group.

On 31 August 2008 Facilitate Digital Holdings Limited acquired the remaining 50% of the equity of the joint venture company, Facilitate Digital Europe Marketing Technology Limited. The deal was effective 1 September 2008 and Facilitate Digital Holdings Limited is therefore entitled to the full profits of the Facilitate Digital Europe Marketing Technology Limited from that date.

On 15 June 2009, the Company announced it had reached an agreement, effective 12 June 2009, to sell the Impact Data Group to IMDA Holdings Pty Ltd (an entity controlled by the original vendors of Impact Data).

Facilitate Digital LLC was incorporated on October 16, 2008 in the State of Georgia within the United States of America. The company was incorporated to support the partnership between Facilitate Digital and EyeWonder Inc.

Facilitate Digital Deutschland GmbH was incorporated on November 23, 2009 in Germany. The company was incorporated to support the relationship with GroupM GmbH in Europe.

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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 2009, 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 24th day of February, 2010

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, which comprises the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising 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 and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 Interim and Other Financial Reports 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 2009 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 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:

- i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Ernst & Young

Ernst & Young

A handwritten signature in dark ink, appearing to read 'David Petersen', with a long horizontal stroke extending to the right.

David Petersen
Partner
Melbourne
24 February 2010