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

**Appendix 4 D Report**

**For the six months ended**

**31 December 2008**

**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 2008 and 31 December 2007

**(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 59.8% versus the same 6 month period last year, from \$1,721,418 to \$2,748,235 or by \$1,026,817.

**(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, increased from \$1,106,490 to \$2,093,216 or (89.2%)

**(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, increased from \$141,587 to \$9,072,507 or (6,307.7%).

**(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.**

Negotiations for the disposal of the Impact Data Group are well advanced, therefore the Impact Data Group has been classified in the company's accounts as discontinuing operations.

The loss from the continuing operations of the Group, before providing for income tax amounted to \$699,724 as compared to a loss of \$1,106,490 for the corresponding 2007 period an improvement of 37%.

The consolidated loss for the group (including discontinuing operations) included an amount of \$6,902,167, 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.

Notwithstanding the group's loss, the underlying operations of group continue to strengthen with the loss before interest, tax, depreciation and amortisation improved by 85.7% from a loss of \$790,122 in 2007 to a loss of \$112,442 for the 2008 period.

Revenue from the overseas operations increased to 29.6% of total revenue for 2008 as compared to 9.0% for the 2007 half-year period.

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

2008: \$0.01077 per share, 2007: (\$0.11042) 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.**

1. Facilitate Digital Europe Marketing Technology Limited, 100%
2. Facilitate Digital LLC (US), 100%

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

1. Gained control on 1 September 2008 (effective date, from 1 September 2008 acquisition of the remaining 50% of the equity)
2. Incorporated on 16 October 2008.

**(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.**

Facilitate Digital Marketing Europe Limited was owned 50% by the Company as a 50:50 joint venture. The results from the joint venture were incorporated into group's result using the proportionate method. On 31 August 2008 Facilitate Digital Holdings Limited acquired the remaining 50% of the equity of the joint venture company. The net contribution of the joint venture for the above period was a loss of \$23,764, the joint venture's contribution for the half-year 2007 results was a loss of \$16,347.

Effective from 1 September 2008, Facilitate Digital Holdings Limited was entitled to the full profits of the Facilitate Digital Europe Marketing Technology Limited, and contributed a profit of \$59,687 to the Company's results.

Facilitate Digital LLC was incorporated on 16 October, 2008 in the State of Georgia within the United States of America. The net contribution of the period was a \$6,705.

**(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	2008 \$ Profit / (loss) before tax	2007 \$ Profit / (loss) before tax	Percentage Owned %	
			2008	2007
<b>Parent Entity</b>				
Facilitate Digital Holdings Limited			100	100
<b>Controlled Entities</b>				
Facilitate Digital Pty Ltd – Asia/Pacific	(588,691)	(994,680)	100	100
Facilitate Digital Limited - NZ	107,889	81,009	100	100
Facilitate Digital UK Limited	(325,264)	(176,473)	100	NA

# FACILITATE DIGITAL HOLDINGS LIMITED (ASX: FAC)

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Facilitate Digital Europe Marketing Technology Limited JV	(23,764)	(16,346)	50	50
Facilitate Digital Europe Marketing Technology Limited	59,687	-	100	NA
Facilitate Digital LLC (US)	(6,705)	-	100	NA
Impact Data Group	(6,902,167)	964,903	100	100

**(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.

## Audit Report

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

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**FACILITATE DIGITAL HOLDINGS LIMITED  
(FAC) AND CONTROLLED ENTITIES  
ABN 84 093 823 253**

**HALF YEAR FINANCIAL REPORT  
FOR THE PERIOD ENDED  
31 DECEMBER 2008**

Table of Contents	Page No.
CORPORATE INFORMATION .....	2
DIRECTORS' REPORT .....	3
FINANCIAL STATEMENTS.....	8
NOTES TO THE FINANCIAL STATEMENTS.....	13
DIRECTORS' DECLARATION .....	22
INDEPENDENT REVIEW REPORT.....	23

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. Ian Lowe (Chief Executive Officer and Executive Director)

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

Mr. Charles Sweeney (Non Executive Director)

Company Secretary

Mr. Jim Story

Share Registry

Link Market Services Limited

Level 12, 680 George Street,

Sydney, NSW. Australia, 2000

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

## Directors' Report

Your directors submit their report on the Company and its controlled entities for the half-year ended 31 December 2008.

### 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. Charles Sweeney (Non Executive Director) (Acting Chairman)
- Mr. Ian Lowe (Chief Executive Officer)
- Mr. Ben Dixon (Chief Operating Officer)
- Mr. Robert Hunwick (Non Executive Chairman) (Resigned 11 August, 2008)
- Mr. Peter Vial (Non Executive Director) (Resigned 11 August, 2008)
- Mr Timothy Stroh (Alternate Director) (Retired 11 August, 2008)
- Mr. Tim Norton (Non Executive Director) (Resigned 12 September, 2008)

### 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, email marketing, wireless 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 Facilitate Group's principal activities during the financial half-year, except for those items stated within this report.

### Operating Results

The loss, for the half-year from the continuing operations of the Group, after providing for income tax amounted to \$2,093,216, after allowing for a \$1,393,492 de-recognition of net deferred tax assets, due to the poor performance of Impact Data. The consolidated loss for the group (including discontinuing operations) was \$9,072,507 which included an amount of \$6,211,886, being the impairment costs associated with an asset held for disposal.

	31 Dec 2008	31 Dec 2007	MOVEMENT	
	\$	\$	\$	%
Revenue related to the continuing operations	2,748,235	1,721,418	1,026,817	59.6
Earnings/(loss) before interest, tax, depreciation amortisation and option expense from continuing operations	(112,442)	(790,122)	677,680	85.7

# FACILITATE DIGITAL HOLDINGS LIMITED

ABN 84 093 823 253

	31 Dec 2008	31 Dec 2007	MOVEMENT	
	\$	\$	\$	%
Net loss after tax attributable to members	(2,093,216)	(1,106,490)	(986,726)	(89.2)
Net loss for the period attributable to members (including discontinuing operations)	(9,072,507)	(141,587)	(8,930,920)	(6,307.7)

## Review of Operations

### Half Year FY09 Results

Highlights for continuing operations (excluding Impact Data – see ASX release 'Resolution of Impact Data') for the half-year to 31 December 2008 include:

- 60% revenue growth versus the same half year period last year from \$1.72M to \$2.75M
- Expenses, excluding depreciation and amortisation, increased by only 11% over the corresponding period
- EBITDA improvement of 86% versus the same period last year, from (\$790k) to (\$112k)
- NPBT improvement of 37% versus the same period last year, from (\$1,106K) to (\$700K)

With revenue growth expected to continue at the current rate, management is committed to further cost reductions in order to secure a second half net profit; and positive cash flow for the fourth quarter.

### International Operations

Much of Facilitate Digital's growth over the last six months is attributable to offshore operations, with major client wins in Europe, and United States of America which is in the implementation phase.

Further to this, client contracts were secured that encompass multiple countries. This is an objective around which key supporting elements of the 2009 financial year operating plan were crafted, and an achievement that evidences Facilitate Digital's unique offering is meeting industry needs. In particular, the company's independence is being viewed as increasingly valuable by agency clients and prospects.

Further to this, the United States business is now up and running, with a dedicated hub installed in the second quarter. The strategic partnership with leading US provider EyeWonder, incorporating shared sales initiatives across United States and across the Asia-Pacific region, has resulted in first American clients being signed.

In recognition of immediate opportunities available in Europe and United States, resources are being realigned accordingly, with the dual effect of reducing cash burn from slower sales cycle markets such as United Kingdom and South East Asia.

### EyeWonder Partnership: Investment & US Market Entry

In September 2008, Facilitate Digital announced it had established a partnership with leading United States based technology firm EyeWonder Inc. The partnership includes shared sales initiatives in territories such as United States, Europe and the Asia-Pacific region, and an upfront investment in Facilitate Digital from EyeWonder of AUD \$500K at \$0.15 per share. EyeWonder shares rank the same as ordinary shareholders and EyeWonder is not entitled to a share of profits other than the receipt of dividends like any other shareholder. EyeWonder see the arrangement with Facilitate Digital as playing an important role in their global development, in particular the combined footprint of the two companies provides an operational platform through which multi-national agency group contracts can be won and



# FACILITATE DIGITAL HOLDINGS LIMITED

ABN 84 093 823 253

served.

Reflective of this, and in accordance with the terms agreed between the two companies, in February 2009 EyeWonder invested a further AUD \$447K in Facilitate Digital, for which shares were issued at \$0.035 per share, a price premium of 133% to the Facilitate Digital Group (FAC) share price of \$0.015 at the time of issue.

This clearly demonstrates the confidence EyeWonder have in Facilitate Digital's people and technology, and further aligns and strengthens the relationship.

## **Subsidiary Impact Data**

Facilitate Digital continues to seek terms of agreement with the vendors of Impact Data that would see the subsidiary separated from the FAC Group.

## **Dividends Paid or Recommended**

The Directors do not recommend the payment of a dividend and no dividend has been paid or declared during the half-year.

## **Financial Position**

The net assets of the Facilitate Group have decreased by \$8,456,875 from \$12,620,012 at 30 June 2008 to \$4,163,137 at 31 December 2008. This decrease has largely resulted from the pending disposal of and impairment of an asset classified as being held for disposal, being the Impact Data Group.

The Facilitate Group has a strong financial position, with the current ratio increasing from 52% at 30 June 2008 to 114% as at 31 December 2008.

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

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:

### **(a) Capital Raising**

On 17 September, 2008, 3,333,333 fully paid ordinary shares, at \$0.15 per share, were issued to EyeWonder. The proceeds from the placement was utilised for working capital purposes.

### **(b) Acquisition**

On 30 September 2008, the Company reached an agreement to acquire remaining 50% of Facilitate Digital Europe Marketing Technology Limited, as at 31 August, 2008. The Company issued \$75,334 worth of fully paid ordinary shares, at a price of 20 cents per share to fund the acquisition.

## **After Balance Date Events**

### **EyeWonder Australia Pty Ltd**

On 6 February, 2009 a further 12,124,283 fully paid ordinary shares, at \$0.035 per share were issued; the proceeds from the placement are to be used for working capital purposes. The terms of the investment include a further option to subscribe for up to \$500,000 worth of fully paid ordinary shares with the total shareholding of EyeWonder after the

# FACILITATE DIGITAL HOLDINGS LIMITED

ABN 84 093 823 253

subscription not to exceed 19.999% of the issued capital of Facilitate Digital Holdings Limited. This option will not be granted until the shareholders approve its issue.

## Impact Data Group

Negotiations for the disposal of the Impact Data Group are well advanced, which will result in the original vendors resuming control of the Impact Data Group, whereupon the Facilitate Digital Group will be released from all liabilities relating to the Impact Data Group. The contingent consideration owing under the original share sale deed and deed of amendments are no longer due and payable.

## Auditor's Independence Declaration

The lead Auditor's independence declaration for the half-year ended 31 December 2008 has been received and can be found below.

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

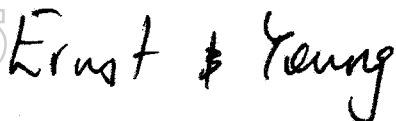


Charles Sweeney  
Acting Chairman


Dated this 27th day of February, 2009

## 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 and its subsidiaries for the half-year ended 31 December 2008, 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.

A stylized, handwritten signature of 'Ernst & Young' in black ink.

Ernst & Young

A handwritten signature in black ink, appearing to read 'David Petersen'.

David Petersen  
Partner  
Melbourne  
27 February 2009

Financial Statements for the half-year ended 31 December 2008

INDEX

Balance Sheet	9
Income statement	10
• Earnings/(loss) per share	10
Statement of changes in equity	11
Cash flow statement	12
Notes to the Financial Statements	13
• Basis of preparation and accounting policies	13
• Revenue	14
• Discontinuing operations	15
• Cash and cash equivalents	16
• Dividends paid	17
• Commitments and contingencies	17
• Prior year adjustment	17
• Tax	18
• Joint venture	18
• Business combination	19
• Events after the balance sheet date	20
• Controlled entities	20
• Segment reporting	21
Directors' Declaration	22
Independent Review Report	23

# FACILITATE DIGITAL HOLDINGS LIMITED

ABN 84 093 823 253

## Balance Sheet as at 31 December 2008

	Notes	Consolidated	
		31 Dec 2008	30 June 2008
		\$	\$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	4	628,411	1,628,011
Trade and other receivables		1,439,603	1,995,848
Assets of disposal group classified as held for sale	3	2,901,610	-
Other current assets		38,045	39,705
<b>Total Current Assets</b>		<b>5,007,669</b>	<b>3,663,564</b>
<b>Non Current Assets</b>			
Property, plant and equipment		262,597	331,899
Deferred tax assets	8	-	1,306,411
Goodwill		135,966	19,582,804
Intangible assets		2,792,777	3,975,528
Other non-current assets		105,495	133,265
<b>Total Non Current Assets</b>		<b>3,296,835</b>	<b>25,329,907</b>
<b>Total Assets</b>		<b>8,304,504</b>	<b>28,993,471</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		1,648,541	6,632,603
Liabilities of disposal group classified as held for sale	3	2,002,023	-
Finance lease liabilities	6	41,488	-
Current tax liabilities		14,386	16,390
Provisions		267,953	335,963
<b>Total Current Liabilities</b>		<b>3,974,392</b>	<b>6,984,956</b>
<b>Non Current Liabilities</b>			
Trade and other payables		-	9,325,428
Finance lease liabilities	6	84,234	-
Provisions		82,741	63,075
<b>Total Non Current Liabilities</b>		<b>166,975</b>	<b>9,388,503</b>
<b>Total Liabilities</b>		<b>4,141,367</b>	<b>16,373,459</b>
<b>Net Assets</b>		<b>4,163,137</b>	<b>12,620,012</b>
<b>EQUITY</b>			
Issued Capital		13,274,167	12,698,833
Other Reserves		221,535	181,237
Retained losses	7	(9,332,565)	(260,058)
<b>Total Equity</b>		<b>4,163,137</b>	<b>12,620,012</b>

## Income Statement for the half-year ended 31 December 2008

Facilitate Group			
	Notes	31 Dec 2008	31 Dec 2007
		\$	\$
Revenue from continuing operations	2	2,748,235	1,721,418
Cost of Sales		(539,381)	(381,134)
Administrative expenses		(86,614)	(73,077)
Marketing expenses		(54,229)	(208,261)
Occupancy expenses		(260,689)	(150,400)
Employee expense		(1,549,322)	(1,297,228)
Depreciation and amortisation expense		(544,976)	(219,929)
Other expenses		(352,820)	(392,939)
Finance costs		(8,192)	(4,003)
Employee Share Option Plan		(51,736)	(100,937)
<b>Loss before income tax</b>		<b>(699,724)</b>	<b>(1,106,490)</b>
Income tax expense	8	(1,393,492)	-
<b>Loss from continuing operations</b>		<b>(2,093,216)</b>	<b>(1,106,490)</b>
<b>(Loss)/Profit from discontinuing operations</b>	3	<b>(6,979,291)</b>	<b>964,903</b>
<b>Net loss</b>		<b>(9,072,507)</b>	<b>(141,587)</b>

Consolidated		
	31 Dec 2008	31 Dec 2007
	Cents	Cents

### EARNINGS/(LOSS) PER SHARE

#### Loss per share attributable to members of Facilitate Digital

Basic loss per share from continuing operations	(1.870)	(1.156)
Basic loss per share including discontinuing operations	(8.104)	(0.148)
Diluted loss per share from continuing operations	(1.870)	(1.156)
Diluted loss per share including discontinuing operations	(8.104)	(0.148)

## Statement of Changes in Equity

for the half-year ended 31 December 2008

Consolidated	Note	Ordinary	Retained Losses	ESOP Reserve	Total
		\$	\$	\$	\$
Balance at 30 June 2008		12,698,833	(260,058)	181,237	12,620,012
Shares issued during the year		575,334	-	-	575,334
Loss attributable to members of continuing entity		-	(2,093,216)	-	(2,093,216)
Loss attributable to the discontinuing entities	3	-	(6,979,291)	-	(6,979,291)
Dividends paid		-	-	-	-
Share based payments expense		-	-	40,298	40,298
Sub-total		575,334	(9,072,507)	40,298	(8,456,875)
Balance at 31 December 2008		13,274,167	(9,332,565)	221,535	4,163,137

Consolidated	Note	Ordinary	Retained Losses	ESOP Reserve	Total
Balance at 30 June 2007		4,787,209	(135,494)	-	4,651,715
Shares issued during the year		8,174,966			8,174,966
Transaction costs		(263,342)	-	-	(263,342)
Loss attributable to members of parent entity	7	-	(141,587)	-	(141,587)
Dividends paid	5	-	(65,000)	-	(65,000)
Share based payments expense		-	-	94,014	94,014
Sub-total		7,911,624	(206,587)	94,014	7,799,051
Balance at 31 December 2007		12,698,833	(342,081)	94,014	12,450,766

## Cash Flow Statement for the half-year ended 31 December 2008

		Consolidated	
	Note	2008	2007
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		4,835,463	3,894,470
Payments to suppliers and employees		(5,188,481)	(4,323,247)
Capitalised development costs		(980,629)	(955,739)
Interest received		24,737	81,969
Finance costs		(2,089)	(1,058)
Income tax paid		(5,893)	(143,525)
Other - R&D Concession/Tax Refund		-	109,345
Net cash used in operating activities		(1,316,892)	(1,337,785)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(36,927)	(221,777)
Part acquisition of Impact Data Pty Ltd		-	(3,187,089)
Opening cash received - Impact Data Pty Ltd		-	159,312
Opening cash received – Facilitate Europe	10	9,727	-
Net cash used in investing activities		(27,200)	(3,249,554)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		500,000	5,000,000
Repayment of Borrowings		-	(93,219)
Dividends Paid	5	-	(65,000)
Cost of equity raising		-	(235,522)
Net cash provided by financing activities		500,000	4,606,259
Net increase (decrease) in cash held		(844,092)	18,920
Cash at beginning of financial year		1,628,011	2,588,520
Cash at end of financial half-year	4	783,919	2,607,440
Less cash attributable to discontinuing operations	4	155,508	
Net Cash held at end of financial half-year	4	628,411	



## Notes to the Financial Statements

for the half-year ended 31 December 2008

### Note 1: Basis of preparation and accounting policies

#### Basis of Preparation

This general purpose financial report for the half-year ended 31 December 2008 has been prepared in accordance with A ASB 134 Interim Financial Reporting and the Corporations Act 2001.

Unless stated otherwise the comparatives used for 2007 are: for the "Consolidated" Group, Facilitate Digital Holdings Ltd and controlled entities, i.e., the group of companies which includes the Impact Data Group. Reference to the "Facilitate" Group, includes Facilitate Digital Holdings Ltd and its controlled entities excluding the Impact Data Group of companies as identified per note 12.

Similarly, unless stated otherwise the results of the Group are those of Facilitate Digital Holdings Limited and controlled entities. The results of the Impact Data Group appear as under the heading of "Discontinuing operations" in the income statement.

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 a full understanding of the financial performance, financial position and financing and investing activities of Facilitate Digital Holdings Limited and its controlled entities as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2008 and considered together with any public announcements made by Facilitate Digital Holdings Limited during the half-year ended 31 December 2008 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 where stated elsewhere in this report.

#### Continuation as a going concern

The group has recorded an operating loss of \$9,072,507 for the period of which \$6,902,167 relates to the operating loss of its subsidiary Impact Data and the impairment of the group's investment in Impact Data.

Notwithstanding the significant loss for the period, the directors are satisfied that the group can continue as a going concern for the following reasons;

- The group has commenced litigation against the vendors of Impact Data and is satisfied that if the matter proceeds to judgement that the group will succeed with its claims against the vendors,
- Unrelated to any potential settlement of the group's claims against the vendors of Impact Data (which may or may not occur), the group will shortly dispose of Impact Data which will remove the operating cash outflows and operating losses related to Impact Data from the group,

- The group has forecast positive operating profit and cash from operations for the period 1 January 2009 to 30 June 2009 and then significantly increased operating profit in 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 and is evidenced by the recent additional equity injected by EyeWonder Australia in February 2009.

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.

However, it is recognized that the ability of the group to continue as a going concern is dependent upon the production of sufficient future operating profits and cash from operations for the next 12 months and should the group be unable to produce sufficient operating profits and cash from operations there is some uncertainty about whether the group can continue as a going concern. Should the group be unable to continue it may be required to realise assets and extinguish liabilities other than in the normal course of business and at amounts different from those stated in the financial statements. The financial statements do not include any adjustment relating to the recoverability and classification of recorded asset amounts nor to the amount and classification of liabilities that might be necessary should the group not continue as a going concern.

Rounding

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

Note 2: Revenue

	Facilitate Group	
	31 Dec 2008	31 Dec 2007
	\$	\$
Revenue		
Operating activities of continuing operations		
- operational revenue	2,707,945	1,644,254
- interest received	16,290	77,164
- Export Markets Development Grant	24,000	-
Total Revenue	2,748,235	1,721,418

# FACILITATE DIGITAL HOLDINGS LIMITED

ABN 84 093 823 253

## Note 3: Discontinuing operations

	Impact Data	
	31 Dec 2008	31 Dec 2007
	\$	\$

### (a) Income Statement

Revenue	1,923,873	2,729,643
Expenses	(2,688,379)	(1,764,740)
Loss from discontinuing operations before tax	(764,506)	964,903
Income Tax	(2,899)	-
Loss from discontinuing operations after tax	(767,405)	964,903
Loss recognised on re-measurement to fair value	(6,211,886)	-
Loss from discontinuing operations after tax	(6,979,291)	964,903

### (b) Cash Flow Statement

The net cash flows of the discontinuing operations of the Impact Data Group which have been incorporated into the statement of cash flows are as follows:

Net cash inflow/(outflow) from operating activities	(336,359)	112,352
Net cash inflow/(outflow) from investing activities	(15,002)	93,312
Net cash inflow/(outflow) from financing activities	-	(158,219)
Net cash (decrease)/increase in cash generated by the discontinuing entities	(351,361)	47,445

### (c) Impairment Loss

	31 Dec 2008
	\$
Opening balance of goodwill 1 July, 2008	19,582,804
Reduction of current liability to original vendors (i)	(4,000,000)
Reduction of non-current liability to original vendors (ii)	(9,320,633)
	6,262,171
Recoverable amount of goodwill (note 3(e))	(196,678)
Impairment loss relating to Impact Data and Purus Energy goodwill	6,065,493
Professional fees related to disposal	146,393
Loss recognised on re-measurement to fair value	6,211,886

- (i) The liability for the \$4m interim cash consideration arising from the Deed of Amendment as part of the acquisition of Impact Data Group has been de-recognised with a corresponding reduction in the goodwill balance. Based on legal advice the Directors are satisfied that Facilitate is not required to pay the interim cash consideration of \$4m to the prior vendors of Impact Data. Facilitate also has taken legal action against the prior vendors of Impact Data for misleading or deceptive conduct and are seeking damages. Refer to note 6 for further information.
- (ii) The liability for the final consideration amounts owing as part of the Impact Data Group acquisition have been de-recognised with a corresponding reduction in goodwill. The acquisition of Impact Data Group was based on a multiple of Impact Data's earnings which has not been achieved. Based on the Impact Data's earnings no further amounts are expected to be paid under the Share

# FACILITATE DIGITAL HOLDINGS LIMITED

ABN 84 093 823 253

Sale Deed.

## (d) Assets and liabilities – held for sale operations

The major classes of assets and liabilities of the Impact Data Group at 31 December 2008 are as follows:

	31 Dec 2008
	\$
<b>Assets</b>	
Intangibles	1,562,370
Property, plant & equipment	160,155
Trade and other receivables	695,300
Cash and equivalents	155,508
Other Assets	131,599
Goodwill on disposal	196,678
Assets directly associated with assets classified as held for sale	2,901,610
<b>Liabilities</b>	
Trade and other payables	1,700,758
Net deferred tax liabilities	88,359
Provisions	212,906
Liabilities directly associated with assets classified as held for sale	2,002,023
<b>Net assets attributable to discontinuing operations</b>	<b>899,587</b>

The assets and liabilities have been adjusted based on the Director's best estimate of recoverable amount.

## Purus Energy Limited

On 12 April 2007, Purus Energy Ltd discontinued its exploration activities, upon its merger with Facilitate Digital Group, the merger resulted in an amount of \$77,124 being raised as goodwill within intangibles assets. As this relates to a discontinued operation from a prior year, it is now prudent that this amount be written down to nil value and is reflected in the loss recognised on re-measurement to fair value.

## Note 4: Cash and Cash Equivalents

	Consolidated	
	31 Dec 2008	31 Dec 2007
	\$	\$
<b>Cash at bank and in hand</b>		
Facilitate Group	628,411	2,280,259
Discontinuing operations	155,508	327,181
	<b>783,919</b>	<b>2,607,440</b>

## Reconciliation of cash

Cash at the end of the financial half-year as shown in the cash flow statement is reconciled to items in the balance sheet as at 31 December 2008 as follows:

Cash and cash equivalents	783,919	2,607,440
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# FACILITATE DIGITAL HOLDINGS LIMITED

ABN 84 093 823 253

## Note 5: Dividends paid

	Consolidated	
	2008	2007
	\$	\$
Dividends paid #	-	65,000
Dividends proposed	-	-
	-	65,000

# Impact Data paid a dividend to the vendors as part of Facilitate Digital's acquisition of Impact Data.

## Note 6: Commitments and contingencies

The only changes to the commitments and contingencies disclosed in the most recent annual financial report are specified below:

### Financial Lease Commitments

- Finance leases are capitalised in the financial statements:
- An equipment lease to the value of \$125,722 has been entered into in the United States, with a term of three years with rentals payable monthly, is still to be formalised although the equipment has been installed. Therefore the leased asset has been capitalised in the financial statements and included under "Property, plant and equipment" and the associated lease liability has been included in current and non-current liabilities.

### Litigation

A claim for specific and unspecific damages was lodged by Facilitate Digital Holdings Limited during the period against the vendors of Impact Data Pty Ltd and certain individuals associated with the vendors in relation to alleged conduct which was misleading or deceptive or likely to mislead or deceive. At the time of issuance of this report the matter is still pending. Negotiations are well advanced in relation to this matter and the anticipated outcome is reflected in this report, as the impairment loss related to discontinuing operations.

As part of the acquisition of Impact Data Pty Ltd the share sale deed and deed of amendment required Facilitate to pay an interim cash consideration of \$4m to the sellers of Impact Data on 31<sup>st</sup> October 2008. Based on legal advice the Directors are satisfied that Facilitate is not required to pay the interim cash consideration of \$4m to the prior vendors of Impact Data. Facilitate also has taken legal action against the prior vendors of Impact Data for misleading or deceptive conduct and are seeking damages.

## Note 7: Prior year adjustment

The Balance Sheet at 30 June 2008 and Income Statement for the half- year ending 31 December 2007, have been restated as a customer database licence included in Impact Data's Balance Sheet under intangible assets for \$1,411,952 should have been amortised over 4 years from the date of purchase being 1 July 2007. The effect of this change is as follows:

### Balance Sheet – 30 June 2008

Intangible assets were reduced by an amount of \$352,988 and retained earnings of \$92,930, shown in the 2008 annual report was reduced to a retained loss of \$260,058. This restatement is reflected in the opening balance of retained earnings in the December 2008 Balance Sheet and the Statement of Changes in Equity.

# FACILITATE DIGITAL HOLDINGS LIMITED

ABN 84 093 823 253

## Income statement for the half-year ended 31 December 2007

Amortisation expense in relation to intangible assets was increased by an amount of \$176,494 and the profit for the half-year of \$34,907 was reduced to a loss of \$141,587. This change has been reflected in loss attributable to members of parent entity in the 31 December 2007 Income Statement and the Statement of Changes in Equity.

## Note 8: Tax

The deferred tax assets and liabilities reflected in the accounts as 30 June, 2008 were reassessed 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 in continuing operations at 31 December 2008.

## 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 Aug 2008	30 June 2008
	\$	\$
<b>Assets</b>		
Plant and equipment	9,157	9,508
Deferred tax assets	29,404	28,578
Cash and cash equivalents	10,925	12,936
Trade and other receivables	32,717	32,582
Intangible assets	27,575	26,799
Total assets	109,778	110,404
<b>Liabilities</b>		
Trade and other payables	151,737	141,320
Provision for annual leave	4,644	6,584
Other creditors	15,744	-
Total Liabilities	172,125	147,904
<b>Net assets</b>	(62,347)	(37,500)
<b>Equity</b>		
Issued Capital	51,587	51,587
Currency Reserve	1,492	-
Retained Earnings	(91,662)	(9,737)
Loss after tax	(23,764)	(79,349)
Total equity	(62,347)	(37,500)

# FACILITATE DIGITAL HOLDINGS LIMITED

ABN 84 093 823 253

INCOME STATEMENT	Facilitate	
	2008	2007
For the period 1 July 2008 to 31 August, 2008		
	\$	\$
Revenue	17,315	90,417
Expenses	(41,079)	(106,764)
(Loss) before income tax	(23,764)	(16,347)
Income tax expense	-	-
<b>Profit/(Loss) for period</b>	<b>(23,764)</b>	<b>(16,347)</b>

## 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	9,157	9,157
Deferred tax assets	29,404	29,404
Cash and cash equivalents	10,925	10,925
Trade and other receivables	32,717	32,717
Intangible assets	27,575	27,575
	109,778	109,778
Trade and other payables	151,737	151,737
Provision for annual leave	4,644	4,644
Other creditors	15,744	15,744
	172,125	172,125
Fair value of identifiable net assets	(62,347)	(62,347)
Foreign Currency Adjustment	1,715	
Goodwill arising on acquisition	135,966	
<b>Cost of combination</b>	<b>75,334</b>	
<b>Cost of acquisition</b>		
Issue of shares	75,334	
<b>Total cost of acquisition</b>	<b>75,334</b>	

The cash outflow on acquisition to date is as follows:

Cash acquired with the joint venture	10,925
Currency adjustment	(1,198)
<b>Net cash outflow</b>	<b>9,727</b>

# FACILITATE DIGITAL HOLDINGS LIMITED

ABN 84 093 823 253

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

If the combination had taken place at the beginning of the half-year, the net loss for continuing operations of the Group would have been \$2,116,980 and revenue from the operations would have been \$2,735,426.

## Note 11: Events after the balance sheet date

On 6 February, 2009 a further 12,124,283 fully paid ordinary shares, at \$0.035 per share were issued to EyeWonder Australia Pty Ltd; the proceeds from the placement are to be used for working capital purposes.

## Note 12: Controlled entities

### Controlled Entities

Name	Impact Data Group	Country of Incorporation	Percentage Owned %	
			2008	2007
<b>Parent Entity</b>				
Facilitate Digital Holdings Limited		Australia	100	100
<b>Controlled Entities</b>				
Facilitate Digital Pty Ltd		Australia	100	100
Symphony Media Pty Ltd		Australia	100	100
Facilitate Digital Limited		New Zealand	100	100
Facilitate Digital UK Limited		United Kingdom	100	NA
Facilitate Digital Europe Marketing Technology Limited		Ireland	100	50
Facilitate Digital LLC		United States	100	NA
Impact Data Pty Ltd	#	Australia	100	100
Look Outside The Square Pty Ltd	#	Australia	100	100
Impact Data UK Limited	#	United Kingdom	100	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.

The acquisition price for Impact Data was based on an earn-out valuation, on a multiple of to 7.50 times the adjusted NPBT averaged over two years, plus net assets of \$134k and acquisition costs of \$70k, with \$6.5m paid up front (in equal shares and cash), \$4m was due in October 2008 but is unpaid at the time of issuance of this report, with the balance due in October 2009, in either cash or shares (at Facilitate Digital's option), after the 2009 financial year accounts for Impact Data have been finalised. The \$4m due in October 2008 and the final payment for the acquisition has not been provided based on the underperformance of Impact Data for which the Directors have assessed that based on expected NPBT results for the two years no further payments will be required.

Net Assets taken up at the time of acquisition were \$134k which included \$158k in cash and \$778k of trade debtors and assets, of which \$93k were intangible assets, less liabilities of \$802k.



# FACILITATE DIGITAL HOLDINGS LIMITED

ABN 84 093 823 253

Negotiations are currently underway for the disposal of the Impact Data Group to the original vendors. Upon agreement with the vendors, the Facilitate Group will have no further liabilities in relation to the original acquisition of the Impact Data Group.

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.

## Note 13: Segment Reporting

### Business segments

The consolidated entity operates in one business segment, the results of which are disclosed in this financial report.

### Geographical operations

The economic entity's business is located in Australia, New Zealand, Asia, United Kingdom, Europe and the United States of America.

Segment revenues from external customers, related to the continuing operations of the Group

Country	31 Dec 2008	31 Dec 2007
	\$	\$
Australia	1,934,136	1,565,134
New Zealand	209,230	124,736
Asia	52,453	-
United Kingdom	242,259	449
Europe	246,954	31,099
United States of America	63,203	-
Total revenue from continuing operations	2,748,235	1,721,418

Country	31 Dec 2008	31 Dec 2007	Movement
	%	%	%
Australia	70.4	90.9	23.6
Overseas operations	29.6	9.0	420.9

## 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 2008, 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



Charles Sweeney  
Acting Chairman

Dated this 27th day of February, 2009

## Independent Review Report

To the members of Facilitate Digital Holdings Limited

### Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Facilitate Digital Holdings Limited, which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement 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 an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 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 and other mandatory financial reporting requirements in Australia. 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

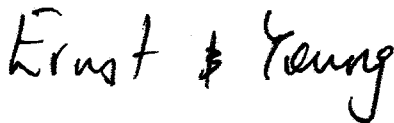
Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Facilitate Digital Holdings Limited is not in accordance with the *Corporations Act 2001*, including:

- i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 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*.

## Inherent Uncertainty Regarding Going Concern

Without qualification to the opinion expressed above which includes the ability of the company to continue as a going concern, attention is drawn to the following matter:

As set out in Note 1 to the financial report, the ability of the group to continue as a going concern is dependent on the production of sufficient operating profits and cash from operations for the next 12 months. Accordingly, should the group be unable to produce sufficient operating profits and cash from operations there is a material uncertainty whether the group will continue as a going concern and, therefore, whether the group will be able to pay its debts as they fall due and whether it will realise assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts and classification of liabilities that might be necessary should the group not be able to continue as a going concern.

A stylized, handwritten signature of 'Ernst & Young' in a cursive script.

Ernst & Young

A handwritten signature of David Petersen, consisting of a stylized 'D' followed by a long horizontal line.

David Petersen  
Partner  
Melbourne  
27 February 2009