



ADEFFECTIVE LIMITED

(ASX: ABN)

ASX and Media Release

23 October 2012

AdEffective Limited – Quarterly Cash Flow Statement (Appendix 4C) for quarter ended 31 September 2012

- **Total Cash received \$1.18 Million, double previous quarter**
- **Cash inflow of \$120,000**
- **Significant improvement on previous quarter**
- **Display Advertising Syndication commences**

AdEffective Limited (**ABN** or the **Company**) presents its consolidated Quarterly Cash Flow Report for the period ended 31 September 2012.

The Company previously announced a significant increase in total income in Q4 of FY12 which is reflected in the September 2012 Quarterly Cash Flow Statement.

Total cash received for the September 2012 Quarter was \$1.18 million, nearly double the previous quarter (\$0.6 million in Q4 of FY12), representing a significant increase. The increase was predominantly due to higher than budgeted results for the Footar Division in Q4 of FY12.

Total operating cash inflows were \$120,000, which is also a significant improvement on the previous quarter's results (cash outflow of \$326K), representing an improvement of close to \$0.5 million.

Working capital available to the Company as at 31 September 2012 was \$475,000 (\$355,000 as at 1 July 2012).

The Company previously announced plans to expand the Footar offering and has now completed the first phase of the redevelopment of the Footar advertising platform; this first phase involved bringing all external Footar ad serving requirements in house.

The Company plans to continue the redevelopment of the Footar technology over the next three months. Due to significant changes being made to the underlying core technology, the Company has suspended signing up any further White Label partners for its Footar technology until all development is completed.

The change in the ad serving provisions for Footar provides greater flexibility for the rollout of different variations of the Footar ad unit, delivers significant savings in ad serving costs and allows greater flexibility in ad delivery.

The upgrade in the Footar technology has allowed the Company to recommence Display Advertising Syndication external to the Footar ad unit. Display Advertising is one of the most common forms of online advertising and can be located on web pages in many forms, such as commonly known 'Banner Ads'. The Company has signed its first new Display Advertising partner and will commence syndication of Display Ad Units in the coming weeks.

The Company over the past six months has actively pursued acquisition opportunities and recently contracted an independent expert to assist with expected due diligence requirements over the coming months. The Company has completed initial reviews in relation to a number of acquisition opportunities and believes it is closer to finding suitable acquisition targets to compliment current business offerings.

In the last 18 months the Company has successfully completed the reconstruction of its business around online advertising, settled several outstanding matters, recapitalised the Company, eliminated debt, remained debt free, and completed initiatives to reduce operating costs.

The Company remains cautiously optimistic about the outlook for AdEffective, and the Directors are encouraged by improvements in earnings this calendar year. The Company remains committed to organic growth of its existing core businesses and continues to look for diversification opportunities in the current business, whether that be via in house development projects or acquisitions.

-ENDS

For further information contact:

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About AdEffective Limited

AdEffective is an online advertising business focusing on the distribution of advertising to publishers and publisher networks and more recently, on the design and development of innovative new platforms and technologies in the online advertising space to help improve advertiser ROI and generate more revenue for its publisher partners. AdEffective served 926 Million Ad Units in August 2012 through its Advertising Partner Network.

Ad units served through AdEffective's Partner Network include search (ads based on keyword input), contextual (ads based on the content of a page), Display Ads (Banner Ads) and Footar ads (ads which appear fixed to the bottom of a web page).

<http://www.adeffective.com>

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005.

Name of entity

AdEffective Limited

ABN

93 085 545 973

Quarter ended ("current quarter")

30 September 2012

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (3 months) \$A'000
1.1	Receipts from customers	1,118	1,118
1.2	Payments for		
	(a) staff costs	(166)	(166)
	(b) advertising and marketing	-	-
	(c) research and development	-	-
	(d) leased assets	-	-
	(e) other working capital	(833)	(833)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	2	2
1.5	Interest and other costs of finance paid	(1)	(1)
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
Net operating cash flows		120	120

+ See chapter 19 for defined terms.

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

	Current quarter \$A'000	Year to date (3 months) \$A'000
1.8 Net operating cash flows (carried forward)	120	120
1.9 Cash flows related to investing activities		
Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	-
Net investing cash flows	-	-
1.14 Total operating and investing cash flows	120	120
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	-
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other (provide details if material)	-	-
Capital raising costs	-	-
Net financing cash flows	-	-
Net increase (decrease) in cash held	120	120
1.21 Cash at beginning of quarter/year to date	355	355
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	475	475

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	51
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

-

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

-

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities: Equity & convertible note facility	5,000	-
3.2	Credit standby arrangements	-	-

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Appendix 4C
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Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	475	355
4.2 Deposits at call	-	-
4.3 Bank overdraft	-	-
4.4 Other (provide details) (cash held in a separate bank account to secure a bank guarantee in respect of leased office accommodation)	-	-
Total: cash at end of quarter (item 1.23)	475	355

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	-	-
5.2 Place of incorporation or registration	-	-
5.3 Consideration for acquisition or disposal	-	-
5.4 Total net assets	-	-
5.5 Nature of business	-	-

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.

Authorised for electronic lodgement by **Damian London, Chief Executive Officer**
23 October 2012

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Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
 - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
 - 9.2 - itemised disclosure relating to acquisitions
 - 9.4 - itemised disclosure relating to disposals
 - 12.1(a)- policy for classification of cash items
 - 12.3 - disclosure of restrictions on use of cash
 - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

+ See chapter 19 for defined terms.