



ADEFFECTIVE LIMITED
(ASX: ABN)

ASX and Media Release

25 January 2011

AdEffective Limited – Quarterly Cash Flow Statement (Appendix 4C) for quarter ended 31 December 2010

AdEffective Limited (ABN or the Company) presents its consolidated Quarterly Report for the period ended 31 December 2010.

During the period, the Company successfully launched Footar, the first of three significant new on-line advertising based businesses. The second of these initiatives, Yieldom, was previewed late last week and is scheduled for formal launch on 2 February 2011 in the US at DomainsFEST.

The Company also successfully completed its name change to AdEffective during the quarter and raised \$500,000 through a private placement with clients of Patersons Securities Limited (for \$300,000) and the Company's Managing Director, Dean Jones (for \$200,000).

Total cash received for the period was approximately \$731,000 highlighting the growth achieved in revenue from customers. The Company's sales revenue for the quarter has increased by 8.5% from the previous quarter.

Total operating cash outflows were approximately \$921,000, which is marginally higher than the prior quarter (\$771,000). The quarter's cash outflows include higher costs as a direct result of higher revenue, payments to reduce outstanding creditors and non-recurring payments associated with the termination of a retiring director. The components of the cash flows which are related to the Company's operating and overhead costs have been substantially reduced with net operating cash flows for the current quarter of approximately negative \$190,000. These cost reductions are a result of the restructure of the Company (which is now complete) and are expected to be maintained at current levels from the next quarter.

Working capital available to the Company as at 25 January 2011 is approximately \$380,000.

In light of the above, the Company is confident that it will meet its current and future financial obligations as and when they fall due whilst generating future cash flows.

During the reporting period, the Company continued to commit to a high level of capital expenditure on the ongoing development of 3 significant new on-line advertising based

businesses, including the completion of development on Footar & Yieldom as previously announced.

It is expected that revenue generated from the newly launched on-line advertising based business Footar, together with Yieldom which is scheduled for release on 2 February 2011, will be reflected in the Appendix 4C for the quarter 31 March 2011.

A further market update on these new activities and broader plans for 2011 and beyond is expected to be released later this week prior to Managing Director, Dean Jones leaving for a short trip to the US to meet with partners and potential partners for the recently announced new platforms the Company has launched to market.

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Dean Jones
Managing Director

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About AdEffective Limited

AdEffective is an online advertising business focusing on the distribution of search 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.

<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")

31 December 2010

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from customers	731	1,185
1.2 Payments for		
(a) staff costs	(383)	(696)
(b) advertising and marketing	(20)	(30)
(c) research and development	-	-
(d) leased assets	-	-
(e) other working capital	(518)	(1,149)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	1	2
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	(9)
Net operating cash flows	(189)	(697)

+ See chapter 19 for defined terms.

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Quarterly report for entities
admitted on the basis of commitments

	Current quarter \$A'000	Year to date (6 months) \$A'000
1.8 Net operating cash flows (carried forward)	(189)	(697)
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	(189)	(697)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	300	300
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	-	(61)
Net financing cash flows	300	239
Net increase (decrease) in cash held	111	(458)
1.21 Cash at beginning of quarter/year to date	7	576
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	118	118

+ 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	178
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

Amount includes settlement payment to past director Cary Stynes for \$112k.

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

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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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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	118	7
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)	118	7

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.

Dean Jones
 Managing Director
 25 January 2011

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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.

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