



ADEFFECTIVE LIMITED
(ASX: ABN)

ASX and Media Release

28 July 2011

AdEffective Limited – Quarterly Cash Flow Statement (Appendix 4C) for quarter ended 30 June 2011

AdEffective Limited (**ABN** or the **Company**) presents its consolidated Quarterly Cash Flow Report for the period ended 30 June 2011.

During the period, the Company made a number of significant changes to the structure of business units within AdEffective to ensure that focus was provided to both the Footar and AdFeed businesses.

As part of the strengthened focus on the Footar and AdFeed businesses, the Board announced that it would be deferring further development and marketing of the Yieldom platform and that it was pursuing divestment of the assets of “Mp3.com.au”; “TheScene”; and “NiceShorts” businesses.

AdEffective also announced that a Memorandum of Understanding has been signed with Affinity for the purpose of combining both AdEffective’s “Footar” Advertising and Affinity’s “InFooter” Advertising platforms. An extension has been agreed to by both parties to finalise the formal agreement and the Company will update the market in relation to the finalisation of the formal agreement shortly.

Total cash received for the period was \$503K, slightly up on the previous quarter (\$476K). The Company’s sales revenue for the quarter increased to \$603K, significantly up on the previous quarter (\$476K).

Total operating cash outflows totalled \$145K, which were marginally higher than the prior quarter (\$112K). 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 resignation of Managing Director Dean Jones.

The Directors are focused on ensuring that the Company takes appropriate action to ensure that it is able to meet its current and future financial obligations as and when they fall due.

-ENDS

For further information contact:

Damian London
Chief Executive Officer
M: + 61 419 329 615

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 more than ½ a Billion Ad Units in May 2011 through its partner syndication network.

Ad units served through AdEffective's partner syndication network include search (ads based on keyword input), contextual (ads based on the content of a page) and Footer 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 June 2011

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from customers	503	2,164
1.2 Payments for		
(a) staff costs	(220)	(1,055)
(b) advertising and marketing	(5)	(47)
(c) research and development	-	-
(d) leased assets	-	-
(e) other working capital	(424)	(1,944)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	1	4
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	(145)	(887)

+ See chapter 19 for defined terms.

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Quarterly report for entities
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	Current quarter \$A'000	Year to date (12 months) \$A'000
1.8 Net operating cash flows (carried forward)	(145)	(887)
Cash flows related to investing activities		
1.9 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	(145)	(887)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	507
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	-	446
Net increase (decrease) in cash held	(145)	(441)
1.21 Cash at beginning of quarter/year to date	280	576
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	135	135

+ 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	86
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

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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	135	280
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)	135	280

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**
 28 July 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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