ADEFFECTIVE LIMITED
and Controlled Entities
ABN 93 085 545 973

ASX APPENDIX 4D - FINANCIAL REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2011

Lodged with ASX under Listing Rule 4.2A
This information should be read in conjunction with 30 June 2011 Annual report

ADEFFECTIVE LIMITED AND CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE HALF-YEAR ENDED

31 DECEMBER 2011

TABLE OF CONTENTS

ASX Announcement - Appendix 4D
HALF YEARLY REPORT FOR THE SIX MONTHS TO 31 DECEMBER 2011

Name of Entity	AdEffective Limited
Australian Business Number	93 085 545 973
Report for Half Year Ended:	31 December 2011
Previous corresponding Financial Year ended:	30 June 2011
And Half Year Ended:	31 December 2010

RESULTS FOR ANNOUNCEMENT TO THE MARKET

		% Change		$
Revenues from ordinary activities *(item 2.1)*	down	3%	to	1,013,169
Loss from ordinary activities after tax attributable to members *(item 2.2)*	up	41%	to	1,354,418
Net loss for the period attributable to members *(item 2.3)*	up	41%	to	1,354,418

Dividends (distributions) *(item 2.4)*	Amount per share	Franked amount per share
Final dividend Interim dividend	Nil ¢	Nil ¢
Previous corresponding period	Nil ¢	Nil ¢
Record date for determining entitlements to the dividends *(item 2.5)*	N/A	

Brief explanation of any of the figures reported above necessary to enable the figures to be understood *(item 2.6)*:

Revenue for the half-year ended 31 December 2011 was $1,013,619 (2010: $1,044,932). Loss from continuing operation was $1,354,418 (2010: $960,464).The consolidated entity had net liabilities of $525,439 at 31 December 2011(30 June 2011: net assets $828,979). During the six months to 31 December 2011, the consolidated entity incurred net operating cash outflows of $222,349 (2010:$691,334).

Net tangible asset backing per ordinary share at 31 December 2011 was 0.0 cents (2010: 0.0cents).

There was no gain or loss of control over any entities during the half-year ended 31 December 2011.

The Company does not propose to pay a dividend. No dividend or distribution plans are in operation.

ADEFFECTIVE LIMITED & CONTROLLED ENTITIES

DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2011

The Directors present their report together with the condensed financial report of the consolidated entity of AdEffective Limited (formerly the Swish Group Limited) and the entities it controlled for the half-year ended 31 December 2011 and independent review report thereon. This financial report has been prepared in accordance with AASB 134 *'Interim Financial Reporting'* and the *Corporations Act 2001*.

DIRECTORS

The names of the Directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Andrew Plympton	Non-Executive Chairman
Damian London	Chief Executive Officer
Barry Green	Non-Executive Director

REVIEW AND RESULTS OF OPERATIONS

The Group's results for the year ended 31 December 2011 reflect revenues predominantly generated from the acquired AdFeed business in FY 2010. No other divisions of the Company generated any significant revenue, however there were encouraging signs for the Footar division which generated promising revenues for the second quarter of the FY 2012 ($117K). Revenues for the half year ended 31 December 2011 was $1,013,619 as compared to the prior half year of $1,044,932.

At the commencement of the half year ended 31 December 2011, the Company had successfully completed the reconstruction of its business around online advertising, settled several outstanding matters, and undertaken initiatives to reduce operating costs.

During the period, the Directors determined to place a strategic focus on recapitalising the Company with the aim of eliminating debt, stabilising its business and generating a sustainable future for AdEffective. The Directors are confident that a recapitalised AdEffective will be well placed to examine opportunities to diversify current business offerings.

In December 2011, the Company was presented an opportunity by Patersons Securities Limited (**Patersons**), under which Patersons proposed to assist in the recapitalisation of the Company. As part of this recapitalisation process, Patersons assisted the Company in obtaining an immediate capital injection of $300,000 via a convertible loan, of which $100,000 was applied to enable the Company to redeem a number of convertible notes then on issue in the Company. The balance of $200,000 was utilised for the Company's working capital purposes.

Further, Patersons agreed to assist in the Company's proposed share consolidation on a 1 for 50 basis, and act as lead manager and underwriter to the Company's proposed renounceable rights issue to raise approximately $1.5 million, to occur post-consolidation.

As advised to the market on 2 November 2011, the Company entered into a memorandum of understanding (**MOU**) with HCMI (S) Pte Ltd (**HCMI**) to establish a joint venture for the purpose of recruiting and managing skilled international workers to meet labour shortages in the mining, extraction, infrastructure, communications and transport industries in Australia (**MANCO Proposal**).

MANCO International Pty Ltd (**MANCO**) was subsequently incorporated by the parties with the intention of it becoming the entity through which the joint venture would be conducted.

Subsequent to receiving the proposal for the recapitalisation of the Company from Patersons in December 2011, the Board determined that it would not be in the best interests of the Company or its shareholders to proceed with both the MANCO Proposal and Patersons' proposal.

The Board considered the merits of both proposals, and determined that Patersons' proposal presented a relatively more attractive recapitalisation opportunity to the Company, particularly as it appeared to have the support of several major shareholders of the Company, and would allow the Company to obtain an immediate capital injection to allow it to meet current liabilities. Accordingly, the Board determined and that it would be in the best interests of shareholders to accept Patersons' proposal, decline to proceed with the MANCO Proposal and effectively terminate the MOU

Forward Strategy

The syndicated online advertising business (AdFeed) in which the Company has a partnership with Yahoo globally in 16 countries across four continents, continues to provide steady revenues for the organization. However, due to a number of challenges within this industry the Company does not expect significant growth from this channel in the short to medium term.

Accordingly, the Company has shifted its focus to developing new platforms, such as Footar, and to looking to other opportunities to diversify its business content.

Since the commencement of the Platform Publisher Agreement (PPA) with The Rubicon Project Incorporated (**Rubicon**) in July 2011, Footar has signed with a number of major US website publishers and US advertising partners. Footar generated its first significant revenues in Q2 2012 ($117K). The Company, although satisfied with results to date, believes that further marketing and development will be required to ensure the success of the Footar division and ensure increased revenues for the remainder of the current financial year. To this end, AdEffective continues to explore multiple avenues to ensure a steady increase in sales for its Footar division. The Company did expect revenues associated with the Footar division to be on par with the AdFeed division in Q2 2012 however numbers are yet to meet those of the AdFeed division.

In order to further grow and provide further stability to the business, the Company intends to actively pursue new business opportunities, possibly including opportunities in sectors other than the digital media industry in which it currently operates. Should suitable business opportunities be identified, the Company will assess them for technical, legal and commercial suitability.

Outlook

The Company remains cautiously optimistic about the outlook for AdEffective, and the Directors are encouraged by the significant savings already made by the Company through its process of stabilisation and systematic reduction in expenses.

In particular, the Board is confident that the share consolidation and recapitalisation of AdEffective with the assistance and support of Patersons will improve liquidity of the Company's shares, enable the Company to better execute its business development objectives, and progress the AdFeed and Footar divisions of the Company's business. Significantly, the Company, once recapitalised and debt free with a strengthened balance sheet, will be in a position to leverage opportunities for strategic growth with the key objective of generating shareholder value.

The Company remains committed to organic growth of its existing core businesses by focusing its attention on signing up additional partners and clients to its range of online advertising offerings.

In addition to focusing on organic growth, the Company intends to actively pursue acquisition opportunities to diversify its current business offerings.

Financial performance

Revenue for the half-year ended 31 December 2011 was $1,013,619 (2010: $1,044,932). Loss from continuing operation was $1,354,418 (2010: $960,464). This result includes the impairment of the goodwill recorded for the Planet W business, together with the write-off of the Company's finance facility fee which was previously being amortised over a 5 year period.

Financial position

The consolidated entity had net liabilities of $525,439 at 31 December 2011(30 June 2011: net assets $828,979).

Cash flows

During the six months to 31 December 2011, the consolidated entity incurred net operating cash outflows of $222,349 (2010: $691,334). The consolidated entity had cash of $174,954 at 31 December 2011(30 June 2011: $135,023).

Auditor's Independence Declaration

The Auditor's Independence Declaration under section 307C of the Corporation Act 2001 is included on page 7 and forms part of AdEffective Limited's Directors' report for the period from 1 July 2011 to 31 December 2011.

Signed for and on behalf of the Directors in accordance with a resolution of the Board.

Andrew Plympton
Chairman
23 February 2012

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Auditor's Independence Declaration to the Directors of AdEffective Limited

In relation to our review of the financial report of AdEffective Limited for the half-year ended 31 December 2011, 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

Robert Dalton
Partner
23 February 2012

ADEFFECTIVE LIMITED & CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Notes	**Half Year to 31 Dec 2011 $**	Half Year to 31 Dec 2010 $
Continuing operations			
Revenue			
Sales revenue		**1,013,169**	1,044,932
Other income		**965**	3,157
		1,014,134	1,048,089
Direct costs		**(639,442)**	(618,454)
Gross profit		**374,692**	429,635
Employee benefits expense		**(288,509)**	(683,019)
Occupancy costs		**(3,888)**	(55,962)
Professional fees		**(210,573)**	(151,178)
Impairment expense	5	**(789,789)**	(244,871)
Depreciation and amortisation expenses		**(77,971)**	(77,998)
Other expenses		**(296,974)**	(175,024)
Finance costs		**(61,406)**	(2,047)
Loss before income tax		**(1,354,418)**	(960,464)
Income tax benefit		**-**	-
Loss from continuing operations		**(1,354,418)**	(960,464)
Other Comprehensive Income		**-**	-
Total Comprehensive loss for the period		**(1,354,418)**	(960,464)
Loss per share from continuing operations (cents per share)	3		
- Basic loss per share		**(0.0)**	(0.0)
- Diluted loss per share		**(0.0)**	(0.0)

The accompanying notes form part of these financial statements.

ADEFFECTIVE LIMITED AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011

	Note	**Consolidated 31 Dec 2011 $**	Consolidated 30 Jun 2011 $
Current Assets			
Cash and cash equivalents		**174,954**	135,023
Trade and other receivables		**454,721**	513,345
Pre-payments		**9,706**	50,000
Total Current Assets		**639,381**	698,368
Non-current Assets			
Prepayments		**-**	150,000
Plant and equipment		**105,367**	121,172
Goodwill and intangible assets	5	**165,876**	1,017,831
Total Non-current Assets		**271,243**	1,289,003
Total Assets		**910,624**	1,987,371
Current Liabilities			
Trade and other payables		**641,754**	626,995
Interest-bearing loan	7	**50,632**	-
Convertible Notes	6	**743,677**	531,397
Total Current Liabilities		**1,436,063**	1,158,392
Total Liabilities		**1,436,063**	1,158,392
Net Assets/(Liabilities)		**(525,439)**	828,979
Equity			
Contributed equity		**25,430,399**	25,430,399
Reserves		**112,842**	112,842
Accumulated losses		**(26,068,680)**	(24,714,262)
Total Equity		**(525,439)**	828,979

The accompanying notes form part of these financial statements.

ADEFFECTIVE LIMITED & CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Share Capital $	Reserves $	Accumulated Losses $	Total Equity $
At 1 July 2011	**25,430,399**	**112,842**	**(24,714,262)**	**828,979**
Loss for the year	**-**	**-**	**(1,354,418)**	**(1,354,418)**
Other comprehensive income	**-**	**-**	**-**	**-**
Total comprehensive income	**-**	**-**	**(1,354,418)**	**(1,354,418)**
Transactions with owners in their capacity as owners				
At 31 December 2011	**25,430,399**	**112,842**	**(26,068,680)**	**(525,439)**
At 1 July 2010	25,392,930	111,507	(23,486,220)	2,018,217
Loss for the year	-	-	(960,464)	(960,464)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	(960,464)	(960,464)
Transactions with owners in their capacity as owners	-	-	-	-
Share based payments	37,469	16,335	-	53,804
Convertible notes	-	300,705	-	300,705
Transaction costs		(15,000)	-	(15,000)
At 31 December 2010	25,430,399	413,547	(24,446,684)	1,397,262

The accompanying notes form part of these financial statements.

ADEFFECTIVE LIMITED & CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Half Year to 31 Dec 2011 $	Half Year to 31 Dec 2010 $
Cash Flow From Operating Activities		
Receipts from customers	**1,184,068**	907,965
Payments to suppliers and employees	**(1,346,608)**	(1,600,409)
Interest received	**965**	3,157
Borrowing costs	**(60,774)**	(2,047)
Net cash used in operating activities	**(222,349)**	(691,334)
Cash Flow From Investing Activities	**-**	-
Cash Flow From Financing Activities		
Proceeds from interest bearing loan	**50,000**	-
Proceeds from issue of convertible notes	**436,521**	300,702
Repayment of convertible notes	**(224,241)**	-
Net cash flows provided by financing activities	**262,280**	300,702
Net (decrease) / increase in cash and cash equivalents	**39,931**	(390,632)
Cash and cash equivalents at beginning of half-year	**135,023**	575,952
Cash and cash equivalents at end of the half-year	**174,954**	185,320

The accompanying notes form part of these financial statements.

ADEFFECTIVE LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

1. Basis of preparation of the half-year financial report

(a) Basis of preparation

This condensed half-year financial report has been prepared in accordance with Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001.

This half-year financial report does not include all the notes of the type usually included in an 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 the consolidated entity as the full financial report.

It is recommended that this financial report be read in conjunction with the financial report for the year ended 30 June 2011 and any public announcements made by AdEffective Limited during the half-year ended 31 December 2011 in accordance with any continuous disclosure obligations arising under the Corporations Act 2001.

This condensed half-year financial report has been prepared in accordance with Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001.

Apart from the changes in accounting policy noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

(b) Changes in accounting policy

The accounting policies and methods of computation are consistent with those of the most recent annual financial report.

Accounting standards and interpretations that are applicable to the next annual financial statements of the Company are not expected to result in changes to accounting policies.

(c) Going concern basis of accounting

Notwithstanding the loss for the period of $1,354,418 (2010: $960,464) and net cash outflows used in operations of $222,349 (2010: $691,334) for the half year ended 31 December 2011, the financial report has been prepared on a going concern basis. The directors are confident that the combination of careful management of overheads, the continuation of its revenue growth from the online search advertising operations, and the potential to raise capital should circumstances require, provides sufficient funds to meet ongoing capital requirements of the Group and the Company for the foreseeable future.

Whilst there is significant uncertainty, the directors consider it appropriate to prepare the accounts on a going concern basis as they are satisfied that based on the factors outlined, the Group will be able to meet its debts as and when they become due and payable for a period of at least 12 months from the date of this report.

Accordingly without funding from positive operating cash flows and ability to raise capital if required, there would be a material uncertainty as to whether the consolidated entity would be able to continue as a going concern and therefore whether it would be able to realise its 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 assets amounts or to the amounts or classifications of liabilities that might be necessary should the consolidated entity not continue as a going concern.

(c) Goodwill and Intangibles

Goodwill

Goodwill on consolidation represents the excess of the cost of an acquisition over the fair value of the Group's share of net identifiable assets of the acquired entities at the date of acquisition.

Goodwill is not amortised but is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses.

2. Dividends

The Company does not intend to pay a dividend in respect of the period ended 31 December 2011 (2010: nil). The Company does not have any dividend or distribution reinvestment plans in operation.

3. Earnings per share and the nature of any dilution aspects

Basic earnings/(loss) per share: (0.0) cents (2010: (0.0) cents)

Net loss: $1,354,418 (2010: Net loss $960,464)

Weighted average number of shares used in calculating basic earnings per share:
4,959,473,337 (2010: 1,640,879,761)

Diluted earnings/(loss) per share: (0.0) cents (2010: (0.0) cents)

Weighted average number of shares used in calculating diluted earnings per share:
5,089,473,337 (2010: 1,640,879,761)

As the consolidated entity has made a loss in the current and prior periods, the impact of options is anti-dilutive, and as such has not been included in the calculation of diluted EPS.

4. Net tangible assets per share

Net tangible asset backing per ordinary share at 31 December 2011 was 0.0 cents (2010: 0.0 cents).

5. Intangible assets

	Consolidated 31 Dec 2011 $	Consolidated 30 Jun 2011 $
(a) Carrying values		
Goodwill	**789,789**	789,789
Intangible assets	**373,160**	373,160
Accumulated amortisation	**(207,284)**	(145,118)
Impairment of goodwill	**(789,789)**	-
Net carrying amount	**165,876**	1,017,831

ADEFFECTIVE LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

5. Intangible assets (continued)

At 31 December 2011, the Group tested goodwill for impairment. Due to the difficult economic conditions affecting the Group's industry, and changes to the Group's operating results and forecasts, the Group recognised impairment loss of $789,789 resulted from a material decline in the budgeted financial performance of the Group over the past six months and lower growth expectations.

The impairment loss was due to continued operating losses. As a result, the carrying value of goodwill exceeded its recoverable amount. After the impairment loss, no goodwill remains.

The recoverable amount of the goodwill has been determined based on value in use basis, using cash flow projections for a five year period, based on a financial budget prepared by senior management for Year 1 and financial projections for a further four year period, The discount rate applied to the cash flow projections was 15% (2010:15%) with an expected growth rate of 3% for Years 2-5.

6. Convertible notes (Current)

	Consolidated 31 Dec 2011 $	Consolidated 30 Jun 2011 $
Convertible Notes	**743,677**	531,397
	743,677	531,397

In December 2011, $200,000 convertible notes with interest of $24,241 were redeemed by a Note-holder. At the same time, $400,000 convertible notes were issued to new Note-holders. Each note has a face value of $25,000 and the notes bear interest at a rate of 12% per annum on the face value of the notes. The convertible notes are redeemable on 31 March 2012 and are convertible into fully paid ordinary shares in the Group at a price of $0.015 per share at the Note-holders discretion.

7. Interest-bearing loan (Related Party Disclosures)

During the half -year period, Mr Damian London who is a Director of AdEffective Limited, provided a loan of $50,000 at an interest rate of 10% per annum to AdEffective Limited under his company called DL Consulting Group Pty Ltd.

The above transactions were entered into on normal commercial terms.

8. Details of entities over which control has been gained or lost during the period

Control gained over entities

During the half year ended 31 December 2011, the Company did not acquire any subsidiary entities.

Loss of control of entities

There was no disposal of subsidiary entities in the half-year ended 31 December 2011.

9. Associates and joint venture entities

The Company did not have any interests in associates or joint venture entities during the period ended 31 December 2011 (2010: nil).

ADEFFECTIVE LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

10. Subsequent events

On 9 February 2012 the Company convened an extraordinary general meeting of shareholders (**EGM**), at which approval was obtained for the Company to undertake a consolidation of every fifty (50) shares or options on issue into one ordinary share or option. The record date of the consolidation was 17 February 2012 and shares began trading on a post consolidation basis on 27 February 2012. Accordingly, the Company's issued share capital is now as follows:

Security Description	Pre Consolidation	Post Consolidation
FULLY PAID ORDINARY SHARES	4,959,473,336	99,189,520

In addition, at the EGM, shareholder approval was obtained for the Company to pay by way of issuing shares instead of cash an earn-out amount owing to Planet W Pty Ltd under an acquisition agreement previously entered into. As a result, the Company will issue to Planet W Pty Ltd a total of 9,518,667 ordinary shares on a post consolidation basis after the rights issue, in lieu of the $142,780 due to Planet W Pty Ltd under the acquisition agreement.

Shareholder approval was also obtained in relation to the conversion into fully paid ordinary shares of the Company of Convertible Loans issued by the Company in December 2011 to various clients of Patersons Securities Limited (**Patersons**) for an aggregate value of $300,000 for the purposes of supplying immediate working capital for the Company. Shareholder approval was obtained for the Convertible Loans to be able to be converted (at each Lender's election) into:

- 20,000,000 shares at the lesser of 1.5 cents per share and the issue price of the Company's upcoming Rights Issue; together with
- 15,000,000 options exercisable at 1.5 cents each (on a post-Consolidation basis) on or before 30 June 2014.

As a result the Company will either issue these shares and options to each lender of the Convertible Loans in conversion of same, or will procure that the Convertible Loans be redeemed on the condition that the funds are used by the lenders for the purposes of sub-underwriting the proposed Rights Issue.

The Company is well progressed in its preparations of a prospectus for its fully underwritten renounceable rights issue of which Patersons is acting as lead manager and underwriter. The Company anticipates that the prospectus will be lodged with the Australian Securities and Investments Commission on 29 February 2012, and that new shares under the rights issue will be allotted by 30 March 2012.

On 20 January 2012, Mr Barry Green resigned as Non-Executive Director of the Company to focus on other interests. On the same day, the Board appointed Ms Sophie Karzis as Non-Executive Director of the Company. Ms Karzis concurrently continues in her role as AdEffective's Company Secretary.

11. Segment reporting

Disclosures are not provided because they are consistent with the financial statements and there is only one operating segment.

ADEFFECTIVE LIMITED AND CONTROLLED ENTITIES
DIRECTORS' DECLARATION
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

In accordance with a resolution of Directors of AdEffective Limited, the Directors declare that:

In the opinion of the Directors:

(a) the financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:

   i. giving a true and fair view of the financial position as at 31 December 2011 and of the performance for the half-year ended on that date; and
   ii. complying with Accounting Standard AASB 134 "Interim Financial Reporting" and Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the AdEffective Limited will be able to pay its debts as and when they become due and payable. This declaration is made in accordance with a resolution of the Directors.

This declaration is made in accordance with a resolution of the Directors.

On behalf of the board

Andrew Plympton
Chairman

23 February 2012

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To the members of AdEffective Limited

Report on the Half Year Financial Report

We have reviewed the accompanying half-year financial report of AdEffective Limited, which comprises the condensed statement of financial position as at 31 December 2011, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, 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 of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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 a 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 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 2011 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 AdEffective Limited and the entities it controlled during the half year ended 31 December 2011, 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. We confirm that the Auditor's Independence Declaration would be in the same terms if given to the directors as at the time of this auditor's 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 AdEffective Limited is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated entity's financial position as at [period date] and of its performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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Material Uncertainty Regarding Continuation as a Going Concern

Without qualification to the conclusion expressed above, attention is drawn to the following matter. As indicated in Note 1 (b) to the interim financial statements, the consolidated entity's ability to continue as a going concern is dependent on the consolidated entity being successful in generating positive operating cashflows, and if required, its capacity to raise capital to fund the Company's operations and growth plans.

Accordingly without funding from positive operating cashflows and ability to raise capital if required, there would be a material uncertainty as to whether the consolidated entity would be able to continue as a going concern and therefore whether it would be able to realise its 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 assets amounts or to the amounts or classifications of liabilities that might be necessary should the consolidated entity not continue as a going concern.

Ernst & Young

Ernst & Young

Robert Dalton
Partner
Melbourne
23 February 2012