ADEFFECTIVE LIMITED
(ASX: ABN)

ASX and Media Release

30 August 2012

- **Company results strong in second half of FY2012**
- **Results Reflect Focus on core products**
- **Company well positioned to pursue future growth opportunities**

Company results strong in second half of FY2012

The Directors of AdEffective Limited (ABN or the Company) report that results in the second half of FY2012 were in line with expectations. FY2012 Q4 sales were $1,018,434 which was significantly higher than any other quarter during the year and higher than the previous best quarter sales in FY2012 Q3 of $588,856.

The Group's results for the year ended 30 June 2012 resulted in a loss of $1,649,942. Although higher than 2011, the figure includes impairment, depreciation and amortisation expenses totalling $1,339,003 and finance costs of $124,838 associated with the convertible notes and loan from the directors incurred during the year. In effect, the overall loss if measured excluding impairment, depreciation and amortisation expenses was $310,939, significantly less compared to 2011 (2011: loss less impairment, depreciation and amortisation was $896,282).

The Company's cash balance as at 30 August 2012 was $488,787 (30 June 2012: $353,999).

During 2012, staff costs were reduced dramatically as part of the Company's stabilisation and restructuring initiatives with total employment benefits being reduced to $590,224 in 2012 from $1,086,146 in 2011. These reductions did not adversely impact Company revenues, which increased to $2,620,459 in 2012 (2011: $2,132,559).

Footar Division revenues in Q4 commenced meeting budgeted expectations and are expected to remain in line with projections in FY2013. AdFeed Division sales also remained steady and have provided the Company with significant revenue since being acquired in 2010.

The Company announced in April 2012 that its in-house proprietary software associated with the management of both XML advertising feeds and Footar Display ads was further developed to allow the Company to license both platforms. The first Technology Licensing Agreement (TLA) was signed with EuroRSCG 4DMatrix (EuroRSCG) in June 2012 and further agreements are expected to be signed in FY2013.

Results Reflect Focus on Core Products

The Group's results for the year ended 30 June 2012 reflect the Group's focus on its core AdFeed and Footar divisions. Following its restructure, the Group grew revenues quarter on quarter for the year, decreased staff costs and achieved month on month profitability in April to June 2012.

Positioned for Future Growth Opportunities - Outlook

Footar has been very well received globally by ABN's clients and partners and has now commenced providing significant revenues for the Company. Footar continues to sign new partners to the Footar platform and earnings remain in line with budgeted expectations.

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 a stable source of revenue and the Company expects that this will continue into FY2013, although the Directors remain cautious about the online search syndication market outlook with changes expected due to Microsoft's alliance with Yahoo.

The Board continues to explore options for strategic growth, either through acquisition or partnership and expects to see further growth in revenues through FY2013, with the core aim of achieving profitability for the FY2013 year.

ADEFFECTIVE LIMITED
and Controlled Entities
ABN 93 085 545 973

ASX APPENDIX 4E – PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 30 JUNE 2012

Lodged with ASX under Listing Rule 4.3A

ASX Announcement - Appendix 4E
PRELIMINARY FINAL REPORT FOR YEAR ENDED 30 JUNE 2012

Name of Entity	**AdEffective Limited**
Australian Business Number	93 085 545 973
Current reporting period:	1 July 2011 to 30 June 2012
Previous corresponding reporting period:	1 July 2010 to 30 June 2011

RESULTS FOR ANNOUNCEMENT TO THE MARKET

		% Change		$
Revenues from ordinary activities	up	22.9	to	2,620,459
Loss from ordinary activities after tax attributable to members	up	49.2	to	(1,649,942)
Net loss for the year attributable to members	up	49.2	to	(1,649,942)

Dividends (distributions)	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	N/A	

ADEFFECTIVE LIMITED & CONTROLLED ENTITIES

APPENDIX 4E PRELIMINARY FINAL REPORT FOR YEAR ENDED 30 JUNE 2012

REVIEW OF OPERATIONS

In 2012 AdEffective committed to focusing on the further development of the Footar Division and continual operations of the AdFeed Division. AdEffective achieved three solid months of results in Q4 2012 resulting in a $59,657 net profit excluding the impairment of intangible assets and plant & equipment and finance cost in Q4 quarter for the Company.

With Footar Division revenues continually improving on a quarterly basis since Q2 2012 and AdFeed Division revenues remaining in line with budgeted expectations, the Company is positioned well to ensure future growth in FY2013.

The Company intends to undertake further development of its Footar Technology in FY2013 and continues to seek additional Advertising suppliers and Publishing partners to grow revenues.

The Group’s results for the year ended 30 June 2012 resulted in a loss of $1,649,942. Although higher than 2011, the figure includes impairment, depreciation and amortisation expenses totalling $1,339,003 and finance costs of $124,838 associated with the convertible notes and loan from the directors incurred during the year.

The Group employment expenses in 2012 decreased to $590,224 (2011:$1,086,146). Although this was a significant decrease, it did not have an impact on sales revenues.

Revenues were predominantly generated in Q1 and Q2 from the AdFeed business, whilst Q3 and Q4 saw a significant increase in Footar revenues. Overall revenues increased by around $487,900 to $2,620,459 in 2012 (2011: $2,132,559) which can be attributed to better results in the Footar Division in Q3 and Q4.

Financial Performance

Revenue for the year ended 30 June 2012 was $2,620,459 (2011: $2,132,559). Loss from continuing operations was $1,649,942 (2011: $1,105,827). This result includes the impairment of the goodwill and intangibles assets associated with the Planet W business, together with the write-off of the consolidated entity’s finance facility fee which was previously being amortised over a 5 year period.

	Consolidated 2012	Consolidated 2011
Earnings per share		
Basic and diluted loss per share (cents)	**(1.35)**	(1.12)

Financial position

The Group had net assets of $593,492 as at 30 June 2012 (2011: $828,979).

The Group had receivables of $946,821 as at 30 June 2012 (2011: $513,345).

The Group had payables of $707,328 at 30 June 2012 (2011: $626,995). The Group had paid off the convertible notes as at 30 June 2012 (2011: $531,397).

Cash flows

The Group incurred net operating cash outflows of $424,440 during the year ended 30 June 2012 (2011: net outflow $973,661). Net investing cash outflows were $nil in the year ended 30 June 2012 (2011: $nil).

Net financing cash inflows were $643,416 in the year ended 30 June 2012 (2011: Net inflow $532,732).

There was a cash balance at 30 June 2012 of $353,999 (2011: $135,023).

NET TANGIBLE ASSET BACKING PER SHARE

Net tangible asset backing per ordinary share at 30 June 2012 was 0.2 cents (2011: 0.3 cents).

STATUS OF AUDIT

The financial report is currently in the process of being audited.

ADEFFECTIVE LIMITED & CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2012

	Notes	**Consolidated 30 June 2012 $**	Consolidated 30 June 2011 $
Revenue			
Sales revenue		**2,620,459**	2,132,559
Other income		**11,376**	6,055
		2,631,835	2,138,614
Direct costs		**(1,696,356)**	(1,321,464)
Gross profit		**935,479**	817,150
Employee benefits expense		**(590,224)**	(1,086,046)
Administrative expenses		**(531,356)**	(593,300)
Depreciation and amortisation expenses		**(180,915)**	(209,545)
Impairment of goodwill, intangibles and plant & equipment expense	5,6	**(983,088)**	-
Write off of Furneaux facility fee		**(175,000)**	-
Finance costs		**(124,838)**	(34,086)
Loss before income tax		**(1,649,942)**	(1,105,827)
Income tax benefit		**-**	-
Loss for the year attributable to members		**(1,649,942)**	(1,105,827)
Other Comprehensive Income		**-**	-
Total Comprehensive loss for the year		**(1,649,942)**	(1,105,827)
Earnings per share (cents per share)	3		
- Basic and diluted loss per share		**(1.35)**	(1.12)

ADEFFECTIVE LIMITED AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012

	Note	**Consolidated 30 June 2012 $**	Consolidated 30 Jun 2011 $
Current Assets			
Cash and cash equivalents		**353,999**	135,023
Trade and other receivables		**946,821**	513,345
Pre-payments		**-**	50,000
Total Current Assets		**1,300,820**	698,368
Non-current Assets			
Prepayments		**-**	150,000
Plant and equipment	5	**-**	121,172
Goodwill and intangible assets	6	**-**	1,017,831
Total Non-current Assets		**-**	1,289,003
Total Assets		**1,300,820**	1,987,371
Current Liabilities			
Trade and other payables		**707,328**	626,995
Convertible Notes	7	**-**	531,397
Total Current Liabilities		**707,328**	1,158,392
Total Liabilities		**707,328**	1,158,392
Net Assets		**593,492**	828,979
Equity			
Contributed equity	8	**26,404,522**	25,430,399
Reserves		**24,000**	112,842
Accumulated losses		**(25,835,030)**	(24,714,262)
Total Equity		**593,492**	828,979

ADEFFECTIVE LIMITED & CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2012

	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	**-**	**-**	**(1,649,942)**	**(1,649,942)**
Other comprehensive income	**-**	**-**	**-**	**-**
Total comprehensive income	**-**	**-**	**(1,649,942)**	**(1,649,942)**
Transactions with owners in their capacity as owners				
Rights issued	**1,487,843**	**-**	**-**	**1,487,843**
PlanetW deferred consideration	**142,780**	**-**	**-**	**142,780**
Cash on exercise of share options	**63**	**-**	**-**	**63**
Listed options valued	**117,720**	**-**	**-**	**117,720**
Transaction costs	**(333,678)**	**-**	**(273)**	**(333,951)**
Transferred to accumulated losses	**(440,605)**	**(88,842)**	**529,447**	**-**
At 30 June 2012	**26,404,522**	**24,000**	**(25,835,030)**	**593,492**
At 1 July 2010	25,392,930	111,507	(23,608,435)	1,896,002
Loss for the year	-	-	(1,105,827)	(1,105,827)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	(1,105,827)	(1,105,827)
Transactions with owners in their capacity as owners	-	-	-	-
Share based payments	37,469	16,335	-	53,804
Transaction costs		(15,000)	-	(15,000)
At 30 June 2011	25,430,399	112,842	(24,714,262)	828,979

ADEFFECTIVE LIMITED & CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2012

	Consolidated 30 June 2012 $	Consolidated 30 June 2011 $
Cash Flow From Operating Activities		
Receipts from customers	**2,410,779**	2,102,655
Payments to suppliers and employees	**(2,818,619)**	(3,048,286)
Interest received	**11,376**	6,055
Borrowing costs	**(27,976)**	(34,085)
Net cash used in operating activities	**(424,440)**	(973,661)
Cash Flow From Investing Activities	**-**	-
Cash Flow From Financing Activities		
Proceeds from option issued	**-**	1,335
Proceeds from rights issued	**1,487,843**	-
Cash from exercise of share options	**63**	-
Proceeds from convertible notes	**400,000**	531,397
Repayment of convertible notes	**(991,520)**	-
Capital raising costs	**(252,970)**	-
Net cash flows provided by financing activities	**643,416**	532,732
Net (decrease) / increase in cash and cash equivalents	**218,976**	(440,929)
Cash and cash equivalents at the beginning of financial year	**135,023**	575,952
Cash and cash equivalents at the end of financial year	**353,999**	135,023

ADEFFECTIVE LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

1. Basis of preparation

(a) Basis of preparation

This financial report covers AdEffective Limited (the **Company**) and controlled entities (the **Group**) as a consolidated entity. AdEffective Limited is a listed public company, limited by shares, incorporated and domiciled in Australia.

The financial report has been prepared in accordance with the historical cost convention and, except where stated, does not take into account changing money values or current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets. The financial report is presented in Australia dollars.

Comparatives have been restated where appropriate to ensure consistency and comparability with the current year.

(b) Going concern basis of accounting

Notwithstanding the loss for the year of $1,649,942 (2011: $1,105,827) and net cash outflows used in operations of $424,440 (2011: $973,661) for the year ended 30 June 2012, the financial report has been prepared on a going concern basis. Although the loss is greater than the loss recorded for the previous corresponding period, it should be noted that the 30 June 2012 result includes impairment, depreciation and amortisation expenses totalling $1,339,003 and finance costs of $124,838 associated with the convertible notes and loan from the directors incurred during the year. In effect, the overall loss if measured excluding impairment, depreciation and amortisation expenses was $310,939, significantly less than compared to 2011 (2011: loss less impairment, depreciation and amortisation was $896,282).

The directors are confident that the combination of careful management of overheads, the continuation of its revenue growth from the Footer Division and sustaining AdFeed Division, 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 Group not continue as a going concern.

2. Dividends

The Group does not intend to pay a dividend in respect of the year ended 30 June 2012 (2011: nil). The Group does not have any dividend or distribution reinvestment plans in operation.

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

Basic loss per share: 1.35 cents (2011: Basic loss1.12 cents)

Net loss:$1,649,942 (2011: Net loss $1,105,827)

Weighted average number of shares used in calculating basic earnings per share: 121,825,174 (2011: 98,843,523)

Diluted loss per share: 1.35 cents (2011: Diluted loss 1.12 cents)

Weighted average number of shares used in calculating diluted earnings per share: 121,825,174 (2011: 98,843,523)

As the Group has made a loss in the current year, 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 30 June 2012 was 0.2 cents (2011: 0.3 cents).

5. Plant and Equipment

	Consolidated 2012 $	Consolidated 2011 $
(a) Carrying values		
Plant and equipment:		
At cost	**158,051**	158,051
Accumulated depreciation	**(68,489)**	(36,879)
Impairment	**(89,562)**	-
Net carrying amount	**-**	121,172

As at 30 June 2012, the Group wrote off the net carrying amount of the PlanetW assets in conjunction with the impairment of goodwill and intangible assets write off. Refer to Note 6 for further explanation.

6. Goodwill and Intangible assets

	Consolidated 30 June 2012 $	Consolidated 30 Jun 2011 $
(a) Carrying values		
Goodwill	**789,789**	789,789
Intangible assets	**373,160**	373,160
Accumulated amortisation	**(269,423)**	(145,118)
Impairment of goodwill and intangible assets	**(893,526)**	-
Net carrying amount	**-**	1,017,831

6. Goodwill and Intangible assets (continued)

During the year, the Group tested goodwill for impairment. Due to the difficulty economic conditions affecting the Group's industry, and changes to the Group's operating results and forecasts, the Group recognised an impairment loss of $789,789 as a result of a material decline in the budgeted financial performance of the Group over the first six months and lower growth expectations.

After the impairment loss, no goodwill remains as at 30 June 2012.

As at 30 June 2012, the Group also wrote off the intangible assets, mainly those associated with the acquired PlanetW Pty Ltd advertising assets. The group wrote off these intangible assets due to revenues for the AdFeed Division decreasing compared to previous financial years and expected future challenges faced in the Global online advertising search syndication marketplace. As such the Group was not expecting significant growth from this Division and accordingly the Directors consider it prudent to write down the carrying value of the intangible assets associated with this business.

7. Convertible notes (Current)

	Consolidated 30 June 2012 $	Consolidated 30 Jun 2011 $
Convertible Notes	**-**	531,397
	-	531,397

Reconciliations

Reconciliations of the carrying amounts at the beginning and end of the period:-

Balance at the beginning of the year	**531,397**	-
Issued of Convertible Notes	**400,000**	500,000
Interest payable	**60,123**	31,397
Repayment of Convertible Notes including interest	**(991,520)**	-
Balance at the end of the year	**-**	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 total convertible notes of $700,000 with interest of $60,123 as at 11 April 2012 were repaid on 14 April 2012.

ADEFFECTIVE LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

8. Contributed Equity

	Consolidated 2012 $	Consolidated 2011 $
Ordinary shares fully paid	**26,620,480**	24,989,794
Listed options	**117,720**	440,605
Share issue costs	**(333,678)**	-
Contributed equity	**26,404,522**	25,430,399

Movements in ordinary shares on issue	**Number of Shares**	Number of Shares
Opening balance	**4,959,473,337**	4,922,004,599
Shares issued during the year:		
Issue of shares on 20 December 2010	**-**	37,468,738
Share consolidation on 17 Feb 2012	**(4,860,283,817)**	
Issue of rights issue on 14 April 2012	**99,189,520**	-
PlanetW deferred consideration on 18 April 2012	**9,518,667**	-
Cash on exercise of share options	**4,214**	-
Closing balance	**207,901,921**	4,959,473,337

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

Control gained over entities

During the year ended 30 June 2012, the Group did not acquire any subsidiary entities.

Loss of control of entities

There was no disposal of subsidiary entities in the year ended 30 June 2012.

10. Associates and joint venture entities

The Group did not have any interests in associates or joint venture entities during the year ended 30 June 2012 (2011: nil).

11. Subsequent events

No material matters have occurred since 30 June 2012.

On behalf of the board

Andrew Plympton
Chairman

30 August 2012