



**ADEFFECTIVE LIMITED
(ASX: ABN)**

ASX and Media Release

28 November 2012

**2012 Annual General Meeting
Chairman's Address to Shareholders**

The financial year ended 30 June 2012 has been a year of restructure, consolidation and recapitalisation for the Company on a number of levels. During the year, our strategic focus was on recapitalising the Company with the aim of eliminating debt, stabilising the Company's business and generating a sustainable future for AdEffective.

At an operating level, the Company successfully completed the reconstruction of its business around online advertising, settled several outstanding matters, ceased work on non-performing business units and undertook initiatives to reduce operating costs.

In December 2011, the Company undertook a recapitalisation process, under which the AdEffective raised \$300,000 through a convertible loan; completed a share consolidation on a 1 for 50 basis; and successfully completed a renounceable rights issue raising approximately \$1.5 million before costs.

With the Company's restructuring and recapitalisation complete, our focus returned to the key businesses of the Company, being the traditional AdFeed business together with the newly developed Footar business.

The Group's results for FY12 reflect revenues predominantly generated from the AdFeed business with some revenue generated by the Footar division in the second half. Revenue for the year was \$2,620,459 as compared to the prior year of \$2,132,559. Whilst the Company made a net loss for the year of \$1,650,000, which included an impairment of goodwill and intangible assets of \$983,000, the Company is encouraged by the solid results of Q4 FY12 and we are accordingly optimistic about achieving and maintaining profitability in FY13.

Although AdFeed continues to provide steady revenues for the Company, we do not expect significant growth from this channel in the short to medium term due to a number of challenges within this industry. As a result, we have shifted our focus to developing new platforms, such as Footar, which has signed with a number of major US website publishers and advertising partners since July 2011. We are pleased to report that Footar generated its first significant revenues of \$748,000 in the second half of FY12, and expect that Footar will be the Company's main source of revenue growth in FY13. In line with this expectation, the Company has commenced additional development of the Footar technology to further expand this product offering.

We remain committed to organic growth of AdEffective's existing core businesses by focusing our attention on signing up additional partners and clients to the Company's range of online advertising offerings.

In addition to focusing on organic growth, we are also seeking new business opportunities to diversify AdEffective's current business offerings, including acquisition opportunities in sectors both within and beyond the digital media industry in which the Company currently operates. Where suitable business opportunities are identified, we assess them for technical, legal and commercial suitability. The Directors believe the Company is well placed to leverage a number of opportunities and we look forward to being in a position to provide shareholders with further updates on our progress shortly.

Finally, I would like to take this opportunity to welcome Mark Goulopoulos to the Board. Mark, who was appointed as Non-Executive Director on 1 November, is an Associate Director of the Private Clients division of Patersons Securities Limited and a long-standing shareholder of AdEffective. In both his capacity as a shareholder, as well as being part of the Patersons' corporate team, Mark's support of the Company has been much appreciated and we look forward to his continued support and contribution, now as a Non-Executive Director of the Board, as we continue to execute our strategic plan to grow the Company and to create value for all shareholders.

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