

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Company Commentary on activities during the quarter

1. Webfirm Group:

- Resignation of CEO (David Burden) in August and appointment of acting CEO (Adslot Co Founder and largest shareholder, Andrew Barlow);
- Investor Update released to the market on 15 September 2011;
- Strategically shifting from being a bespoke software solutions developer to a product-driven sales organisation.

2. Webfirm Division:

- The focus on Search Engine Marketing services and reduction in web development work, is starting to reap rewards; and
- We continue our strategic review of this division, and plan to finalise this review during the next quarter.

3. Adslot Division:

Adslot achieved two significant milestones for the quarter:

- SeLogger Launch - announced on 4 October 2011, demonstrates Adslot's capability to:
 - Integrate the three different technologies acquired by Webfirm in the past 18 months, thereby, delivering a fully-automated, end-to-end, self-serve ad sales platform to a major classifieds publisher;
 - Deliver the product to an international customer in a foreign language; and
 - Create a platform for SeLogger, which underpins the commercial product focus moving forward.
- Carsales Contract – announced on 11 October 2011:
 - Provides further commercial endorsement of the new end-to-end, self-serve product; and
 - Carsales is the first Asia Pacific customer to buy the platform, following the launch of the platform for SeLogger in Europe.

4. Financials

- This Appendix 4C is consistent with management expectations;
- Cash at bank is \$17.1M; and
- We anticipate further net operating cash outflows for the next 3 quarters.

+ See chapter 19 for defined terms.

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Name of entity

WEBFIRM GROUP LIMITED

ABN

70 001 287 510

Quarter ended ("current quarter")

30 SEPTEMBER 2011

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from customers	983	983
1.2 Payments for:		
(a) staff costs	(1,520)	(1,520)
(b) advertising and marketing	(22)	(22)
(c) research and development	-	-
(d) leased assets	(2)	(2)
(e) website publisher payments	(76)	(76)
(f) other cost of sales	(292)	(292)
(g) other working capital/overheads	(728)	(728)
1.3 Dividends received	-	
1.4 Interest and other items of a similar nature received	402	402
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	(3)	(3)
1.7 Other – Government grants	22	22
Net operating cash flows	(1,236)	(1,236)

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	Current quarter \$A'000	Year to date (3 months) \$A'000
1.8 Net operating cash flows (carried forward)	(1,236)	(1,236)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	(75)	(75)
1.10 Proceeds from disposal of:		
(a) businesses	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	18	18
(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	(57)	(57)
1.14 Total operating and investing cash flows	(1,293)	(1,293)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	-
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 – Costs relating to issues of shares	-	-
Net financing cash flows	-	-
Net increase (decrease) in cash held	(1,293)	(1,293)
1.21 Cash at beginning of quarter/year to date	18,353	18,353
1.22 Exchange rate adjustments – Note 2	32	32
1.23 Cash at end of quarter	17,092	17,092

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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	116
1.25	Aggregate amount of loans to the parties included in item 1.11	-
1.26	Explanation necessary for an understanding of the transactions Directors Fees of \$97k Consultancy Fees paid to entity associated with Director of \$19k In addition, item 1.1 includes receipts from trading with entity associated with Director of \$14k	

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

N/A

- 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

N/A

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	-	-
3.2	Credit standby arrangements	-	-

+ See chapter 19 for defined terms.

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	2,084	1,545
4.2 Deposits at call	15,008	16,808
4.3 Bank overdraft	-	-
4.4 Other – Held in solicitor's trust account	-	-
Total: cash at end of quarter (item 1.23)	17,092	18,353

Acquisitions and disposals of business entities

	Acquisitions <i>(Item 1.9(a))</i>	Disposals <i>(Item 1.10(a))</i>
5.1 Name of entity	N/A	N/A
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.

Sign here: Date: 28 October 2011
Company Secretary

Print name: Brendan Maher

+ See chapter 19 for defined terms.

Notes

1. 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

2. **Exchange Rate Adjustment.** Represents accounting adjustment related to conversion of US dollar and GB pound bank account balances to local currency.

+ See chapter 19 for defined terms.