

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Company Commentary on activities during the quarter

1. Group Update:

- The Group continues to make progress with its strategic plans for Adslot and return to profitability of the Webfirm division;
- Andrew Barlow, acting CEO (Adslot Co Founder and major shareholder) who was appointed on 30 August 2011 remains in the role to see out the strategic shift from a bespoke software solutions developer to a product-driven sales organisation;
- Next Investor Update will be released to the market end of February 2012 when the half-year results are announced.

2. Webfirm Division:

- The strategic review of the Webfirm division has been completed. The outcome of the review was to refocus the business to Search Engine Marketing services and significantly reduce its web development offering;
- After restructuring the business to its new focus (and incurring these costs in July and August 2011) the business has been profitable every month from September 2011 through December 2011;
- The sale process of this Division has been terminated.

3. Adslot Division:

- Adslot achieved two significant milestones for the quarter:
 - SeLogger Launch, announced on 4 October 2011, real estate agent use of the SeLogger product continues to grow off a low base; and
 - Carsales 2nd Contract, announced on 11 October 2011, which is due to go live in March 2012.
- The division concentrated on the development of its standardised Adslot Platform which aims to reduce implementation timeframes for clients and access a broader client base;
- Appointment of new Chief Marketing Officer, Julian Sonogo, in January 2012, who left Google after 9 years, most recently as a Global Marketing Lead (SME) for the Google Display Network in New York.

4. Financials

- This Appendix 4C is consistent with management expectations;
- Cash at bank is \$15.9M;
- We anticipate further net operating cash outflows for the remainder of this financial year.

+ See chapter 19 for defined terms.

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Name of entity

WEBFIRM GROUP LIMITED

ABN

70 001 287 510

Quarter ended ("current quarter")

31 DECEMBER 2011

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from customers	1,004	1,987
1.2 Payments for:		
(a) staff costs	(1,443)	(2,963)
(b) advertising and marketing	(4)	(26)
(c) research and development	-	-
(d) leased assets	-	(2)
(e) website publisher payments	(42)	(118)
(f) other cost of sales	(209)	(501)
(g) other working capital/overheads	(752)	(1,480)
1.3 Dividends received	-	
1.4 Interest and other items of a similar nature received	273	675
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	(5)	(8)
1.7 Other – Government grants	-	22
Net operating cash flows	(1,178)	(2,414)

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	Current quarter \$A'000	Year to date (6 months) \$A'000
1.8 Net operating cash flows (carried forward)	(1,178)	(2,414)
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	(5)	(80)
1.10 Proceeds from disposal of:		
(a) businesses	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	8	26
(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	3	(54)
1.14 Total operating and investing cash flows	(1,175)	(2,468)
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	(1,175)	(2,468)
1.21 Cash at beginning of quarter/year to date	17,092	18,353
1.22 Exchange rate adjustments – Note 2	(40)	(8)
1.23 Cash at end of quarter	15,877	15,877

+ 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	126
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 \$48k and Consultancy Fees paid to entity associated with Directors of \$78k In addition, item 1.1 includes receipts from trading with entity associated with Director of \$19k	

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	1,619	2,084
4.2 Deposits at call	14,258	15,008
4.3 Bank overdraft	-	-
4.4 Other – Held in solicitor's trust account	-	-
Total: cash at end of quarter (item 1.23)	15,877	17,092

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: 27 January 2012
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.

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