

# 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 2010**

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from customers	1,199	2,660
1.2 Payments for:		
(a) staff costs	(1,179)	(2,420)
(b) advertising and marketing	(27)	(35)
(c) research and development	-	-
(d) leased assets	(1)	(6)
(e) website publisher payments	(192)	(382)
(f) other cost of sales	(130)	(298)
(g) other working capital/overheads	(1,111)	(1,808)
1.3 Dividends received	-	
1.4 Interest and other items of a similar nature received	140	187
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	(5)
1.7 Other – Government grants	26	221
<b>Net operating cash flows</b>	<b>(1,275)</b>	<b>(1,886)</b>

+ See chapter 19 for defined terms.

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	Current quarter \$A'000	Year to date (6 months) \$A'000
1.8 Net operating cash flows (carried forward)	(1,275)	(1,886)
<b>Cash flows related to investing activities</b>		
1.9 Payment for acquisition of:		
(a) businesses	(802)	(802)
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	(8)	(39)
1.10 Proceeds from disposal of:		
(a) businesses	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	36	36
(e) other non-current assets	-	-
1.11 Loans to other entities <b>Note 7</b>	(100)	(100)
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material) <b>Note 5</b>	1	109
<b>Net investing cash flows</b>	<b>(873)</b>	<b>(796)</b>
<b>1.14 Total operating and investing cash flows</b>	<b>(2,148)</b>	<b>(2,682)</b>
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.	12,364	20,016
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	(320)	(501)
<b>Net financing cash flows</b>	<b>12,044</b>	<b>19,515</b>
<b>Net increase (decrease) in cash held</b>	<b>9,896</b>	<b>16,833</b>
1.21 Cash at beginning of quarter/year to date	10,716	3,803
1.22 Exchange rate adjustments – <b>Note 4</b>	(12)	(36)
<b>1.23 Cash at end of quarter</b>	<b>20,600</b>	<b>20,600</b>

+ 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	94
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	

**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
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- 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
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**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	-	-

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**Reconciliation of cash**

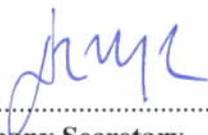
Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	1,865	1,481
4.2 Deposits at call	18,735	9,235
4.3 Bank overdraft	-	-
4.4 Other – Held in solicitor's trust account	-	-
<b>Total: cash at end of quarter (item 1.23)</b>	<b>20,600</b>	<b>10,716</b>

**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	QDC IP Technologies Pty Ltd	N/A
5.2 Place of incorporation or registration	Victoria, Australia	-
5.3 Consideration for acquisition or disposal	\$801.8k in cash & \$2.2m in equity	-
5.4 Total net assets	\$247,124	-
5.5 Nature of business	Online banner advertising module technology <b>Note 6</b>	-

**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 2011  
**Company Secretary**

Print name: Brendan Maher

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## Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. 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
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.
4. **Exchange Rate Adjustment.** Represents accounting adjustment related to conversion of US dollar bank account balance to local currency.
5. **Other - Investing Activities (refer 1.13 above).** This amount relates to bank balances of acquired entities. The previous quarter had these amounts shown in Net operating cash flows.
6. **Acquisition of Business Entities (refer 5.1 above).** The acquisition of QDC IP Technologies Pty Ltd was completed on 7 December 2010. QDC IP Technologies Pty Ltd ('QDC') owns the intellectual property for a key component of the Adslot Direct Platform, the next stage in the development of the Adslot business. Amongst other applications, it will enable advertisers to build a banner advertisement, increasing demand, and subsequently yield, on the Adslot platform. The consideration paid to QDC shareholders was \$801,818.18 and 29,309,091 ordinary shares in Webfirm Group Limited. Please refer to earlier ASX announcements for additional information about QDC.
7. **Loans to Other Entities (refer 1.11 above).** This amount relates to a \$100,000 convertible note issued by a non related entity.

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