

# Appendix 4C

## Quarterly report for entities admitted on the basis of commitments

### Company Commentary on activities during the Quarter ending 30 September 2012

#### 1. Group Update:

- The Group maintains its focus on:
  - the enhancement and further roll-out of Adslot's existing product **Adslot Premium**;
  - the launch of **Adslot Direct** and acquisition of new Publisher customers throughout the United States, United Kingdom and Australia;
  - the continued development of new Adslot products (**Adslot Create**); and
  - maintaining the profitability of the **Webfirm** division.
- **Ian Lowe** has been appointed as CEO and Managing Director and commenced on 8 October 2012.

#### 2. Adslot Division:

- Adslot officially launched its **Adslot Direct** product in September, enabling website owners (Publishers) of any size to sell advertising space on their websites directly to advertisers.
- In the brief period post-launch, Publishers across the US, Australia and the UK have registered and are implementing the platform on their sites. As the number of Publishers using **Adslot Direct** grows, advertising revenue will build.
- The priority for **Adslot Direct** over the next quarter will continue to be Publisher acquisition, with monetisation of their inventory becoming the priority in calendar 2013.
- The **Adslot Premium** product, which is an enterprise solution for classified Publishers to monetise their advertising inventory, continues to service its five foundation customers.
- The cash receipts for the quarter for Adslot Premium were down slightly on the previous quarter due to some one-off implementation fees being received last quarter, and longer than expected acceptance by clients of recent product roll-outs resulting in deferred invoicing and cash collection.
- Development continues on the **Adslot Create** product, which is in beta testing, and remains on schedule for launch in the December quarter.

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+ See chapter 19 for defined terms.

**3. Webfirm Division:**

- The **Webfirm** division continues to trade profitably despite a small decline in quarter-on-quarter revenues.
- Cash receipts for the quarter were down on the previous quarter as more clients move to monthly direct debit payment plans.

**4. Financials**

- The actual cash outflow for the 3 months to 30 September 2012 was **\$1.4m**, a slight increase on previous quarters due to:
  - prior quarter including one off Adslot Premium implementation fees which were not replicated
  - some non-recurring costs including executive recruitment fees
  - a small decline in Webfirm quarter-on-quarter revenues
- Staff costs include a non recurring payment of \$287k as shown at 1.2(a) to the Webfirm Group Employee Share Trust who used those funds to procure new shares in the Company.
- Cash outflow remains below managements expected cash outflow as we continue to take a conservative approach to cash utilisation.
- Cash at bank as at 30 September 2012 is **\$12.3M**.
- We anticipate further cash outflows for at least the next three quarters, and expect these to be higher than current levels due to the ramp up of costs associated with the global launch of **Adslot Direct**, **Adslot Create** and the investment to establish **North American** operations.
- We expect these cash outflows for the next three quarters to be in the range of \$1.5M to \$2.0M per quarter.

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Name of entity

**WEBFIRM GROUP LIMITED**

ABN

**70 001 287 510**

Quarter ended ("current quarter")

**30 SEPTEMBER 2012**

### 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	854	854
1.2 Payments for:		
(a) staff costs (Note 3)	(1,865)	(1,865)
(b) advertising and marketing	(42)	(42)
(c) research and development	-	-
(d) leased assets	(1)	(1)
(e) website publisher payments	(68)	(68)
(f) other cost of sales	(249)	(249)
(g) other working capital/overheads	(431)	(431)
1.3 Dividends received	-	
1.4 Interest and other items of a similar nature received	154	154
1.5 Interest and other costs of finance paid	-	-
1.6 Income and Other taxes paid	(4)	(4)
1.7 Other – Government grants	-	-
<b>Net operating cash flows</b>	<b>(1,652)</b>	<b>(1,652)</b>

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	Current quarter \$A'000	Year to date (3 months) \$A'000
1.8 Net operating cash flows (carried forward)	(1,652)	(1,652)
<b>Cash flows related to investing activities</b>		
1.9 Payment for acquisition of:		
(a) businesses	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	(7)	(7)
1.10 Proceeds from disposal of:		
(a) businesses	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(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)	-	-
<b>Net investing cash flows</b>	<b>(7)</b>	<b>(7)</b>
<b>1.14 Total operating and investing cash flows</b>	<b>(1,659)</b>	<b>(1,659)</b>
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc. – Note 3	287	287
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	-	-
<b>Net financing cash flows</b>	<b>287</b>	<b>287</b>
<b>Net increase (decrease) in cash held</b>	<b>(1,372)</b>	<b>(1,372)</b>
1.21 Cash at beginning of quarter/year to date	13,746	13,746
1.22 Exchange rate adjustments – Note 2	(30)	(30)
<b>1.23 Cash at end of quarter</b>	<b>12,344</b>	<b>12,344</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	202
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 \$81k. Consultancy Fees paid to entity associated with Directors of \$121k.  In addition, item 1.1 includes receipts from trading with entity associated with a Director of \$23k	

**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	1,337	1,539
4.2 Deposits at call	11,007	12,207
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>12,344</b>	<b>13,746</b>

**Acquisitions and disposals of business entities**

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
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: 24 October 2012  
**Company Secretary**

Print name: Brendan Maher

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## 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 (1.22):** Represents accounting adjustment related to conversion of US dollar, GB pound and Euro bank account balances to local currency.
3. **Proceeds from issue of shares (1.2a & 1.15):** Includes a payment of \$287k in the quarter of Employment Costs (1.2a) to the Webfirm Group Employee Share Trust who used those funds to procure new shares in the Company which is shown at 1.15. These shares are eliminated on consolidation as Treasury Shares in the accounts of the Company.

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