

ASX ANNOUNCEMENT

30 June 2009

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Quarterly Investor Update

The directors of Webfirm Group Limited (ASX: WFM) are pleased to provide investors with an update on events of the June quarter.

Corporate Identity Change

On 4 May 2009, as part of a company-wide rebrand, the Company changed its name to Webfirm Group Limited (formerly Ansearch Limited). The new corporate identity better encapsulates the Group's widening customer base, expanded range of products and services, and the Group's primary objective of helping clients drive better results for their businesses online. The Ansearch Media division has also changed its identity to Webfirm Media. The Searchworld and Webfirm divisions' names remain unchanged. The Group's re-branding also contains a bold new logo representing the evolving digital landscape and our ambitions to be a global brand.

Acquisition of Human Traffic

In May Webfirm entered into a Heads of Agreement to acquire the business and assets of Perth based web development and online marketing company Human Traffic Pty Ltd. The acquisition was completed on June 29 and delivers Webfirm over 100 new customers and a recurring revenue stream. In addition Human Traffic founder Andrew Dalton has joined Webfirm heading up the Digital Strategy division, and senior employee Adam Gray has joined in the capacity of creative director to support the website production team.

Unmarketable Parcel Program

Also in May Webfirm Group Limited announced its intention to implement a forced sale of the shares of those shareholders who hold less than a marketable parcel of shares and who do not inform the Company that they wish to retain their shares. This program was introduced to reduce the considerable expense in administering the share register. The Company will proceed with the sale of the applicable shares soon after 31 July 2009.

Webfirm Division

In addition to the acquisition of Human Traffic, in June the Webfirm division kicked off the Yahoo! Big Bang program – a partnership program with Yahoo! to drive both sales and awareness of search engine marketing services. Sales orders for the Webfirm division in 2009 are forecast to be in line with 2008 (\$4.1m), with sales orders then booked into the accounts as revenue as services are delivered. Booked revenue for the division is expected to exceed that of the previous year as a result of improved production efforts. More than \$800,000 in sales orders received to date will be booked as revenue in FY2010 as services are progressively delivered. The past 12 months have seen the division invest in improving the quality and scalability of the Webfirm sales and production teams. Initiatives include a business restructure and additional management resources, while development of a new customer management system is in progress and on track for delivery in the next quarter. The division has a FY2010 **revenue growth target of 20%** and aims to return to profitability during FY2010.

Searchworld Division

During the quarter the Searchworld division launched the AdFeedEngine at the Ad Tech conference in San Francisco. The AdFeedEngine is a technology platform developed in-house by Searchworld that measures and controls the volume, quality and source of incoming traffic received by advertising distribution partners. Since the introduction of the technology, traffic quality scores have improved

significantly to the satisfaction of our advertising distribution partners, and the AdFeedEngine is receiving considerable attention in the marketplace. As a direct result, Searchworld revenues continue to strengthen and are on the way to reaching the peak levels seen in the December 2008/January 2009 trial period. Searchworld has had strong third and fourth quarters, with second half revenues growing 50 per cent on the previous half and 90 per cent on the previous corresponding period (\$3.4m in the current half year, compared to \$2.3m in the previous half and \$1.8m in the previous corresponding period). Full year revenue will be down on FY2008 as a result of an unusual revenue spike that occurred in July/August 2008 (caused by poor quality, unsustainable traffic). Searchworld heads into FY2010 with monthly net revenues of approximately \$750,000 and further expansion plans, and on current trends FY2010 **Searchworld revenues are forecast to double** to \$11-12m. This division also heads into FY2010 in a profitable position before the application of administrative head office charges.

Webfirm Media Division

With the global financial crisis (GFC) impacting heavily on the Media division, the directors have moved swiftly to reinvent this business. Webfirm Media recently announced the launch of the AdAuctionEngine, a new auction platform and delivery system for online advertising. Powered by the AdSlot auction system, the AdAuctionEngine is designed to significantly lift yields (and margins) of clients' premium digital media inventory. This new platform will be rolled out over the coming months, with strong interest being expressed by potential clients of the system. Webfirm Media is the division most affected by the adverse market conditions, with full year revenues falling 50 per cent on the previous year, from \$1.9m to approximately \$900,000 in FY2009. Costs have been reduced in the division in line with the reduction in revenues, and the division is currently breakeven before charges from head office. The launch of the AdAuctionEngine, along with the greater interest being shown by advertisers wishing to promote their brands on navigation maps via Webfirm Media's exclusive licence deal with Navteq, should see a return to revenue growth in FY2010, with **Media revenue forecast to double** to \$2million over the year.

Group

The GFC has temporarily slowed Webfirm Group's growth aspirations in FY2009. However the Company still has forward momentum with second half revenue of \$5.6million (forecast) exceeding both the previous half (\$5.4million) and the previous corresponding half (\$4.8million). Group revenue for the full year is forecast at approximately \$11m, and the forecast for FY2010 is \$17m, **a 54% revenue increase**. Earnings (both NPAT and normalised EBITDA) for FY2009 will show a significant improvement on the previous year. While management's early forecasts indicated that profitability would be achieved in the 2009 financial year, notwithstanding two profitable months for the Company during the year, deteriorating economic conditions have delayed this target's achievement on a sustainable basis. With the Searchworld division now profitable, Media division at breakeven, and the Webfirm division building towards profitability, **sustainable positive earnings are now anticipated in FY2010**.

Summary

The group heads into next financial year with monthly net revenues of more than \$1.1million and growing. Forecast revenue for FY2010 is expected to be significantly greater than FY2009 and the Company is targeting a profitable result for the full 2010 financial year.

Current reports and research indicate that spending in the online and digital media space will grow rapidly over the next 5-10 years, and the Webfirm Group is well placed in online marketing services. We are benefiting from our geographical and business diversity and the expected continued growth in the online media sector.

Contacts:

Media:

Margaret Fearn
Fearnace Media for Webfirm Group
Phone: 0402 259 642

Investor Relations:

Damian Element
CFO/Company Secretary
Phone: 0416 286 642
Email: damian.element@webfirm.com

About the Webfirm Group

Webfirm Group Limited (ASX: WFM) is a full service digital media company with three divisions. **Searchworld** powers publishers' profits with premium quality search monetisation solutions, delivering effective global and local organic and paid search to search engines, portals, directory publishers, parked domains, downloadable applications and ad networks. **Webfirm Media** represents advertising inventory from third-party Australian, US and UK-based websites and third party advertising networks to Australian advertisers and exclusively represents advertising on all Navteq navigational maps. **Webfirm** offers the full spectrum of web design and development services, including search engine marketing, optimisation, hosting, marketing consultancy, e-commerce, permission-based marketing, content management tools, and domain name management. With more than 60 staff across Melbourne, Sydney, Perth and in the United States of America, Webfirm continues to develop products and services aimed at helping customers do better business on the Internet. More information at www.webfirm.com

