



Webfirm Group Limited
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11 January 2010

The Manager
Company Notices Section
ASX Limited
Level 45, 525 Collins Street
MELBOURNE VIC 3000

NOTICE TO SHAREHOLDERS: NON-RENOUNCEABLE ENTITLEMENT ISSUE

On 21 December 2009 Webfirm Group Limited (**Webfirm**) (ASX: WFM) announced its intention to make a pro-rata, non-renounceable entitlement issue of new securities to eligible shareholders (**'the Issue'**).

Following are two letters being mailed to all Webfirm shareholders today, giving formal notice of the entitlement issue:

- A. Letter to eligible shareholders, including a copy of the announcement lodged 21 December 2009
- B. Letter to in-eligible shareholders

Webfirm will also mail all eligible shareholders an offer document detailing the entitlement offer on Tuesday 22 January 2010.

Please visit webfirmgroup.com for more details.

Yours sincerely

A handwritten signature in black ink, appearing to read "Damian Element". The signature is stylized and cursive.

Damian Element
Chief Financial Officer &
Company Secretary



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11 January 2010

Dear Shareholder

WEBFIRM GROUP LIMITED – ENTITLEMENT OFFER

On 21 December 2009, Webfirm Group Limited (Webfirm) announced a capital raising of approximately \$4.2 million to be undertaken by way of an undocumented, non-renounceable pro-rata entitlement offer (Entitlement Offer) of 3 fully paid ordinary shares in Webfirm (New Share) for every 5 Webfirm shares held at the record date of 7.00pm on 18 January 2010. The New Shares will be issued at A\$0.035 per share. The Entitlement Offer, to be implemented under section 708AA of the Corporations Act, is fully underwritten.

Attached is a copy of the announcement made by Webfirm to ASX on 21 December 2009.

The Entitlement Offer is being undertaken in conjunction with, and to support, Webfirm's acquisition of Adslot Pty Ltd (Adslot), which was also announced to the market on 21 December 2009. The acquisition of all the issued shares in Adslot (for a total consideration of \$6million to be satisfied by the issue of 171,428,571 Webfirm shares at \$0.035 per share) is subject to the approval of the Webfirm shareholders at a general meeting to be convened on 28 January 2009.

The Entitlement Offer is open to all Webfirm shareholders on the share register as at 7.00pm (AEST) on 18 January 2010 who have registered addresses in Australia or New Zealand. All other Webfirm shareholders (i.e. those with registered addresses outside Australia and New Zealand) will not be eligible to participate in the Entitlement Offer.

Entitlements to New Shares pursuant to the Entitlement Offer are non-renounceable and cannot be traded on the ASX. Under the Entitlement Offer, eligible shareholders can choose whether or not to take up their entitlement in whole or in part. If shareholders take no action, they will not be allocated New Shares and their entitlements will lapse.

The New Shares will rank equally with the existing ordinary shares from the date of issue. The current number of ordinary shares on issue in Webfirm is 198,558,520. On completion of the acquisition of Adslot, if approved by the shareholders, a total of 171,428,571 shares will be issued to the Adslot shareholders. Subject to rounding of fractions, on completion of the Entitlement Offer (which is fully underwritten), approximately 119,135,110 shares will be issued which will have the effect of increasing the total number of Webfirm shares on issue (on completion of the Adslot acquisition and the Entitlement Offer) to approximately 489,122,201.

Webfirm will not issue a prospectus for the Entitlement Offer. Instead, an offer document detailing the Entitlement Offer will be sent to eligible Webfirm shareholders shortly and will be made available on Webfirm's website at www.webfirmgroup.com.

The indicative timetable for the Entitlement Offer is as follows:

Event	Date
Record Date for the Entitlement Offer	7:00pm (AEST) on 18 January 2010
Mailing of Offer Document and Entitlement and Acceptance Form to Shareholders	22 January 2010
Closing Date	5:00pm (AEST) on 9 February 2010
Dispatch of holding statements	17 February 2010

The dates and times set out above are indicative only and subject to change.

Before making a decision whether to subscribe for New Shares, please read the offer document carefully in its entirety when you receive it.

The Entitlement Offer closes at 5.00pm (AEDT) on 9 February 2010.

If you have any queries regarding the Entitlement Offer please call Damian Element, on +61 3 8695 9104 or by email on damian.element@webfirmgroup.com.

Further information in relation to Webfirm's activities and the Entitlement Offer is available on the Company's website at www.webfirmgroup.com.

Yours sincerely

Webfirm Group Limited



Damian Element

**Chief Financial Officer &
Company Secretary**

This notice does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of, any "U.S. Person" (as defined in Regulation S under the United States Securities Act of 1933, as amended ("Securities Act") ("U.S. Person")). Neither the entitlements nor the New Shares have been or will be registered under the Securities Act and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. Persons, absent registration or an exemption from registration under the Securities Act or pursuant to a transaction not subject to the registration requirements of the Securities Act.

The provision of this document is not, and should not be considered as, financial product advice. The information in this document is general information only, and does not take into account your individual objectives, taxation position, financial situation or needs. If you are unsure of your position, please contact your accountant, tax advisor, stockbroker or other professional advisor.



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ASX ANNOUNCEMENT / NEWS RELEASE

21 December 2009

Webfirm Group and Adslot to merge

- ***Creates groundbreaking automation platform for US\$420 billion¹ global advertising market***
- ***Fully underwritten \$4.2 million Entitlements Offer to facilitate commercialisation of Adslot's unique-in-market technology***

Webfirm Group Limited (ASX: WFM) (Webfirm) today executed an agreement to merge with Adslot Pty Ltd (Adslot).

Under the agreement, and subject to Webfirm shareholder approval, Webfirm will acquire all of the shares in Adslot for a total consideration of \$6 million to be paid in the form of Webfirm shares (issued at 3.5 cents per share) to Adslot shareholders.

The merger will deliver Webfirm unfettered global rights within the media space to commercialise the patented combinatorial auction technology underpinning the Adslot platform.

Adslot automates the media sales process and significantly improves yields of premium advertising inventory.

To support Adslot's growth strategy, Webfirm today also announced plans to raise \$4.2 million through a fully underwritten, non-renounceable Entitlements Offer to Webfirm shareholders.

The proposed merger supersedes the announcements the two companies made in September and October of 2009 outlining plans for a 20 per cent investment and joint venture, respectively.

Webfirm Chairman Adrian Giles said: "The merger with Adslot represents a strong addition to the Company's existing businesses. This technology refocuses Webfirm as a key solution provider to the US\$420 billion global advertising market with an initial focus on the A\$433 million Australian classifieds industry. Adslot will become a major pillar of our future strategy."

"Webfirm and Adslot together create an independent player offering publishers an automated ad sales platform that uses the latest auction technology to strengthen their position against competitors such as Google," Mr Giles said.

Andrew Barlow, Chairman of Adslot, said: "Publishers' yields are under pressure as new inventory, competition from Google and cost-per-click models steadily erode their ability to sell premium ad space optimally.

"The unique patented technology powering Adslot is the only framework that overcomes the issues of discounting and falling yields by providing transparency, competitive tension and limitless combinations of variables that allow the bidder to determine and pay for exactly those elements they believe will deliver maximum return from their online advertising spend."

1: Worldwide Advertising Spending 2009 – Pricewaterhouse Coopers.

Overview of the proposed merger and Entitlements Offer

- Under the merger agreement, and subject to Webfirm shareholder approval, Adslot shareholders will receive a total of \$6 million in the form of 171,428,571 Webfirm ordinary shares issued at 3.5 cents per share.
- Webfirm will issue 122 Webfirm shares for every one (1) Adslot share. Webfirm post-merger, and prior to the Entitlements Offer, will be owned approximately 54 per cent by current Webfirm shareholders and 46 per cent by Adslot shareholders.
- Two Adslot directors, Andrew Barlow (Chairman) and Anthony Du Preez (Chief Technology Officer) will join the Webfirm Board and retain executive roles in the merged business.
- Webfirm will raise \$4.2 million through a fully underwritten non-renounceable Entitlements Offer, under which Webfirm and Adslot shareholders as at 18 January 2010 will be entitled to purchase 0.6 of a share in the combined entity for every Webfirm share they own.
- The Entitlements Offer is priced at 3.5 cents per share, the same price at which new Webfirm shares will be issued to Adslot shareholders.
- The Entitlements Offer has been fully underwritten by E. L. & C. Baillieu Stockbroking Ltd, with the sub underwriters including Chris Morris (Executive Chairman of Computershare) and Adrian Giles (Chairman of Webfirm Group).
- The Entitlements Offer will open on 19 January 2010, and close on 4 February 2010.
- The proposed merger and Entitlements Offer are conditional on a Webfirm shareholder vote to be held at an Extraordinary General Meeting (EGM) on 28 January 2010. Grant Thornton has been engaged to provide an Independent Expert's Report on the proposed merger. A copy of this report will be dispatched to Webfirm shareholders with the Notice of Extraordinary General Meeting (EGM) and also lodged with the Australian Securities Exchange.

Background on the Adslot platform and advertising market

The technology underpinning the Adslot platform was recently awarded a US patent for its unique methodology that addresses the limitations of commonly used sealed bid auctioning of key words. Sealed bid auctions lack transparency and the absence of competitive tension lowers revenue outcomes.

Adslot achieves better results for the seller – and increases transparency and trust among bidders – by giving bidders real time feedback on the exact bid each needs to make to win while also taking into account relevant 'quality scores' that weight bids accordingly. Quality scores ensure that the most relevant ads appear to consumers and are the basis for measuring the quality of keywords and determining minimum bids.

Adslot uses the Microsoft Azure 'cloud computing' platform, offering clients a highly scalable solution to deliver the extraordinary amount of computer processing power Adslot requires at very low cost.

The global advertising market is worth an estimated US\$420 billion according to Pricewaterhouse Coopers and is set to continue to grow. In Australia alone, Interactive Advertising Bureau Australia figures show total online advertising expenditure for classifieds advertising (Adslot's initial commercialisation focus) for the three months to 30 September 2009 was A\$108.25 million. Expenditure in this sector has increased in 25 of the past 30 consecutive quarters.

- ends -

Contacts:**Media:**

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Investor Relations:

Damian Element
Company Secretary
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About the Webfirm Group

Webfirm Group Limited (ASX: WFM) is a full service digital media company with three divisions. **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. **Searchworld** powers publishers' profits with premium quality search monetisation solutions. **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. With more than 60 staff across Melbourne, Sydney and Perth Webfirm continues to develop products and services aimed at helping customers do better business on the Internet. More information at www.webfirmgroup.com

About Adslot

Adslot builds and operates large scale 'private electronic marketplaces' for media publishers to sell premium ad inventory to agencies and self-serve advertisers. The Adslot sales platform uses proprietary mathematical algorithms to maximise yield for TV, video, display and text ads using a patented Book & Bid® sales methodology. Book & Bid® reduces the amount of inventory sold as remnant and maximises the yield by blending true market-based pricing with a fixed rate card. Adslot was established and is managed by a team of world class experts, including Chairman Andrew Barlow – one of the founders of Hitwise – and fellow Director, Anthony Du Preez, who co-founded Tradeslot Pty Ltd, which specialises in the design of sophisticated combinatorial monetization platforms in the supply chain space. For more information visit: adslot.com



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11 January 2010

Dear Shareholder

ENTITLEMENT OFFER – NOTIFICATION TO INELIGIBLE SHAREHOLDERS

On 21 December 2009, Webfirm Group Limited (**Webfirm**) announced a capital raising of approximately \$4.2 million by way of an undocumented, non-renounceable pro-rata entitlement offer (**Entitlement Offer**) of 3 fully paid ordinary shares in Webfirm (**New Shares**) for every 5 Webfirm shares held at the record date of 7.00pm on 18 January 2010. The New Shares will be issued at A\$0.035 per share. The Entitlement Offer, to be implemented under section 708AA of the Corporations Act, is fully underwritten.

Documents relating to the Entitlement Offer were lodged with the ASX today and will be mailed to all Eligible Shareholders.

DETAILS OF THE ENTITLEMENT OFFER

The Entitlement Offer is being made to Eligible Shareholders (as defined below), on the basis of 3 New Shares for every existing 5 shares held at 7.00pm (AEST) on Monday, 18 January 2010.

ELIGIBILITY CRITERIA

Shareholders who are eligible to participate in the Entitlement Offer (**Eligible Shareholders**) are shareholders who:

- (a) are registered as a holder of Webfirm shares as at 7.00pm (AEST) on Monday, 18 January 2010;
- (b) have a registered address in Australia or New Zealand;
- (c) are not in the United States and are not "U.S. persons" (as defined under Regulation S under the United States Securities Act of 1933, as amended) ("U.S. Persons") and are not acting for the account or benefit of U.S. Persons; and
- (d) are eligible under all applicable securities laws to receive an offer under the Entitlement Offer.

For shareholders with registered addresses outside Australia or New Zealand, Webfirm has determined under Listing Rule 7.7.1(a) of the ASX Listing Rules that:

- (a) given the number and value of the securities that would be offered; and
- (b) the costs of complying with the legal and regulatory requirements outside of Australia or New Zealand,

it would be unreasonable to make offers in connection with the Entitlement Offer to shareholders outside of those shareholders with registered addresses in Australia or New Zealand.

Unfortunately, as you do not satisfy the eligibility criteria for an Eligible Shareholder stated above, you will not be able to subscribe for New Shares under the Entitlement Offer and, in compliance with ASX Listing Rule 7.7.1(b), Webfirm advises you that it will not be extending the Entitlement Offer to you.

As the Entitlement Offer is non-renounceable, you will not receive any payment or value for your entitlement in respect of any New Shares that would have been offered to you if you were eligible.

This notice is to inform you about the Entitlement Offer. This letter is not an offer to issue New Shares to you, nor an invitation for you to apply for New Shares. **You are not required to do anything in response to this letter.**

If you have any questions in relation to any of the above matters, please contact the company secretary, Mr Damian Element, on +61 3 8695 9104 or by email on damian.element@webfirmgroup.com.

On behalf of the Board and management of Webfirm, I thank you for your continued interest in Webfirm.

Yours sincerely

Webfirm Group Limited

A handwritten signature in dark ink, appearing to read 'D. Element', written in a cursive style.

Damian Element

**Chief Financial Officer &
Company Secretary**

This notice does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of, any "U.S. Person" (as defined in Regulation S under the United States Securities Act of 1933, as amended ("Securities Act") ("U.S. Person")). Neither the entitlements nor the New Shares have been or will be registered under the Securities Act and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. Persons, absent registration or an exemption from registration under the Securities Act or pursuant to a transaction not subject to the registration requirements of the Securities Act.

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