

**Ansearch Limited ABN 70 001 287 510
and controlled entities**

**Half-Year Financial Report
31 December 2008**

Lodged with the ASX under Listing Rule 4.2A

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The half-year financial report does not include full disclosures of the type normally included in an Annual Financial Report. Accordingly, this financial report should be read in conjunction with the Annual Financial Report for the year ended 30 June 2008 and any public announcements made by Ansearch Limited during the interim reporting period in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

HALF-YEAR INFORMATION – 31 DECEMBER 2008
APPENDIX 4D (Rule 4.2A.3)
RESULTS FOR ANNOUNCEMENT TO THE MARKET

The 31 December 2008 half-year has seen a sizeable reduction in losses on the previous corresponding period despite a reduction in revenue. Net earnings after tax increased 26% through increased revenue margins and a range of cost cutting programs that have been previously announced.

The revenue variance is the consequence of a large but unsustainable spike in revenue that occurred in the first quarter of the previous corresponding period, generated by customers whose activities were putting at risk the Company's supply agreements with Google and Yahoo. The Company took a decision to terminate these customer contracts in order to preserve the integrity of the underlying operations.

These customers have now been replaced and after a slow first quarter, revenues have recovered in the second quarter of 2009.

Please refer to the Directors' report for additional information relating to the results for the period.

	December 2008	December 2007	Movement	
	\$	\$	\$	%
Total revenue	5,514,876	7,430,620	(1,915,744)	(26%)
Net loss attributable to members of the parent entity after tax	(1,620,219)	(2,202,408)	582,189	26%
Net loss attributable to members of the parent entity	(1,620,219)	(2,202,408)	582,189	26%

Dividends

The Company has not proposed or declared to pay dividends.

Earnings Per Share

	31-Dec-2008	31-Dec-2007
Weighted average number of ordinary shares on issue used in the calculation of earnings per share (1)	129,278,902	108,402,792
Basic loss per share (cents)	(1.25)	(2.03)
Diluted loss per share (cents)	(1.25)	(2.03)

Net Tangible Assets per share

	31-Dec-2008	30-Jun-2008
Number of ordinary shares on issue used in the calculation of net tangible assets per share (1)	138,158,136	111,662,809
Net tangible assets per share (cents)	0.63	0.55

(1) Following shareholder approval at Annual General Meeting held on Friday, 28 November 2008 a reorganisation of capital of Ansearch Limited ("the Company") was effected by way of a share consolidation whereby every 5 fully paid ordinary shares were consolidated into 1 fully paid ordinary share.

The options on issue were consolidated on the same ratio as the ordinary shares with the exercise price amended in inverse proportion to that ratio.

Audit

The Half-Year Financial Report has been subject to review by BDO Kendalls Audit & Assurance (NSW-VIC) Pty Ltd and is not subject to dispute or qualification.

Directors' Report

Your Directors submit the financial report of the Company for the half-year ended 31 December 2008.

Directors

The names of Directors who held office during or since the end of the half-year:

Mr Andrew Barlow:	Non-Executive Chairman
Mr David Burden:	Managing Director and CEO
Mr Adrian Giles:	Non-Executive Director
Mr Adrian Vanzyl:	Non-Executive Director

Result of Operations

The net loss of the Company after providing for income tax for the half-year ended 31 December 2008 amounted to \$1,620,219 (31 December 2007, loss \$2,202,408).

Dividends

The Directors do not recommend the declaration of a dividend. No dividend has been declared or paid during the half-year.

Review of Operations

Ansearch Limited achieved a significant and pleasing reduction in losses for the half-year to December 2008 compared to the previous corresponding half.

Since the appointment of Mr David Burden as CEO in February 2008, a cost reduction program has seen a number of loss-making projects abandoned, a 25% reduction in the size of the workforce, and a decrease in general overhead expenses. This program has led to considerable employment cost savings and overhead cost savings of 29.8% over the previous corresponding half-year.

Ansearch posted an operating profit in December 2008, and followed this up with a small profit in January 2009. Earnings before tax are well-ahead of budget as at end January 2009, and directors expect the result for the second half of 2009 to show a significant improvement on the first half.

As reported in the December 2007 half-year report, the Company took a decision to terminate contracts with customers whose activities were putting the Company's supply agreements at risk, causing a 26% decline in Company revenue in the December 2008 half when compared with the previous corresponding half.

This trend has subsequently been reversed, and the discontinued revenue has now been replaced. The Company is taking active steps to ensure the quality of our business relationships are maintained. Ansearch recently announced that it achieved its second highest revenue month on record in December, and January revenues were marginally higher again. December and January revenues have exceeded budget notwithstanding seasonal factors that ordinarily affect sales over the summer months.

The majority of the gains come from the Searchworld division, and in particular from the relaunch of the business in the United States, which is exceeding expectations. The Searchworld operation is focussed on the development of building out a Global search syndication business, where through our direct relationships with tier one search providers, such as Google, Yahoo and Infospace, we provide these feeds to publishers with organic traffic. In addition Searchworld is building out a new monetisation platform for parked domains.

The Webfirm division has not been significantly impacted by the economic conditions to date although this business is most affected by the seasonal factors over the summer months. Webfirm continues to develop new tools to cost effectively help SME's achieve better results from their online marketing activities. As more small businesses realise the cost benefits and high return on investment from building out a quality internet presence and marketing directly to customers looking to purchase their

Directors' Report (Continued)

their products, Webfirm has the solutions to make the internet dream a reality. Over the past 6 months a lot of effort has been input into streamlining the sales and production process and improving our levels of customer service and we are starting to see the tangible benefits of these actions.

As reported earlier, the Media division remains a key plank of the business but has been wound back to preserve the business in response to the economic slowdown and its impact on advertising spend in Australia. Despite this the team continue to win new publishers to represent and over the past two months there has been significant interest in the Navteq navigational advertising product and shortly we will be naming our newest customers on this platform.

The Company's efforts were recognised several times throughout the year, being awarded 7th place in the BRW Fast 100; 5th place in the Deloitte Technology Fast 50; and 8th place in the Deloitte Asia Pacific Technology Fast 500.

Cash on hand at 31 December 2008 was \$1.60 million. Following the capital raising program undertaken during the half year, the Company raised \$1.42 million before costs. The Company has no net debt other than some minor leasing commitments which will be allowed to run their course.

In addition to the small capital raising, during the December half the Company undertook a reorganisation of capital, whereby securities were consolidated on a one for five basis. This process concluded in December 2008 and at the close of trading on the day prior to the date of this report Ansearch shares closed above the pro-rated share price at the time of the consolidation.

The Company sought and gained shareholder approval to change the name of the Company to Webfirm Group Limited. This change is anticipated to occur in March.

Proceedings on behalf of the Company

Default on sale by Wavtech Pty Ltd

Ansearch Limited successfully pleaded a claim for summary judgement against Wavtech Pty Ltd for its default on settling the sale of 650 shares in Optum ES Pty Ltd for \$800,000, however the judgement required the Company to seek specific performance which it is now doing. Whilst it is unlikely that there are sufficient funds in Wavtech to meet the judgement amount, action against the individual Directors may follow a successful action to wind up the defaulting Company. Costs of this matter, should it proceed to trial are estimated at \$40,000 - \$90,000.

Statement of Claim

AtOnce Pty Ltd have lodged against Ansearch a total claim for \$115,500 as debt or damages in respect to services provided. The Company is vigorously contesting this claim. Total costs of this matter should it proceed to trial are estimated at \$30,000 - \$40,000.

Auditor's Independence Declaration

The lead auditor's independence declaration for the half-year ended 31 December 2008 under Section 307C of the *Corporations Act 2001* is set out on page 16.

This report is signed in accordance with a resolution of the Board of Directors.

On behalf of the Directors.



Director:
Andrew Barlow

Melbourne

Dated this 25th day of February, 2009

Consolidated Income Statement
For the Half-Year Ended 31 December 2008

	Note	31-Dec-2008 \$	31-Dec-2007 \$
Revenue	2	5,514,876	7,430,620
Direct costs of revenue generation		(1,994,075)	(3,171,475)
Depreciation and amortisation expenses		(118,307)	(90,660)
Finance costs		(3,157)	(830)
Salaries and employment related costs		(3,465,618)	(3,891,506)
Telephone and internet		(132,989)	(77,814)
Share based payment expense		(255,222)	(754,667)
Advertising and marketing expenses		(153,123)	(80,178)
Lease - rental premises		(257,221)	(237,600)
Provision for impairment of trade receivables		(50,837)	(186,773)
ASX fees		(113,136)	(119,592)
Legal fees		(60,320)	(147,779)
Travel expenses		(128,522)	(278,600)
Domain names and licences		-	(27,982)
Audit and accountancy fees		(104,996)	(162,439)
Other expenses		(209,175)	(405,133)
Loss before income tax		(1,531,822)	(2,202,408)
Income tax expense		(88,397)	-
Loss after income tax expense		(1,620,219)	(2,202,408)
Net loss attributable to minority interests		-	-
Net loss attributable to members of Ansearch Limited		(1,620,219)	(2,202,408)
Basic loss per share (cents)		(1.25)	(2.03)
Diluted loss per share (cents)		(1.25)	(2.03)

During the period under review a reorganisation of capital of Ansearch Limited ("the Company") was effected by way of a share consolidation whereby every 5 fully paid ordinary shares were consolidated into 1 fully paid ordinary share. The Basic loss per share and Diluted loss per share in for the period to 31 Dec 2007 in the table above has been restated accordingly.

The above Income Statement should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet
As at 31 December 2008

	Note	31-Dec-2008	30-Jun-2008
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		1,600,732	1,443,689
Trade receivables		2,250,414	1,250,855
Other		307,520	183,021
TOTAL CURRENT ASSETS		4,158,666	2,877,565
NON-CURRENT ASSETS			
Property, plant and equipment		545,077	647,310
Intangible assets		3,150,000	3,150,000
TOTAL NON-CURRENT ASSETS		3,695,077	3,797,310
TOTAL ASSETS		7,853,743	6,674,875
CURRENT LIABILITIES			
Payables		3,074,563	2,215,590
Other		760,575	692,894
TOTAL CURRENT LIABILITIES		3,835,138	2,908,484
TOTAL LIABILITIES		3,835,138	2,908,484
NET ASSETS		4,018,605	3,766,391
EQUITY			
Issued capital		37,332,148	35,714,937
Reserves		3,885,942	3,630,720
Retained losses		(37,199,485)	(35,579,266)
TOTAL EQUITY		4,018,605	3,766,391

The above Balance Sheet should be read in conjunction with the accompanying notes.

**Consolidated Statement of Changes in Equity
For the Half-Year Ended 31 December 2008**

	Note	31-Dec-2008 \$	31-Dec-2007 \$
Total equity at the beginning of the half-year		3,766,391	6,217,520
Increase in employee share based payments reserve		255,222	754,667
Net expenses recognised directly in equity		255,222	754,667
Loss for the half-year attributable to members of the company		(1,620,219)	(2,202,408)
Loss attributable to minority interests		-	-
Total recognised income and expense for the half-year		(1,620,219)	(2,202,408)
Transactions with equity holders in their capacity as equity holders:			
Contributions of equity, net of transaction costs		1,617,211	3,974,370
Changes in minority interest from disposals		-	-
		1,617,211	3,974,370
Total equity at the end of the half-year attributable to members of Ansearch Limited		4,018,605	8,744,149

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Cash Flow Statement
For the Half-Year Ended 31 December 2008

	Note	31-Dec-2008	31-Dec-2007
		\$	\$
Cash flows from operating activities			
Receipts from trade and other debtors (inclusive of GST)		3,841,591	9,202,560
Interest received		56,718	67,749
R&D Tax Offset Grant		225,878	-
Payments to trade creditors, other creditors and employees (inclusive of GST)		(5,507,124)	(9,365,415)
Interest paid		(3,157)	(830)
Net cash outflows from operating activities		(1,386,094)	(95,936)
Cash flows from investing activities			
Payments for property, plant and equipment		(16,074)	(307,836)
Payments for controlled entities, net of cash acquired		-	(2,729,251)
Net cash outflows from investing activities		(16,074)	(3,037,087)
Cash flows from financing activities			
Proceeds from issue of shares		1,559,211	3,974,370
Net cash inflows from financing activities		1,559,211	3,974,370
Net increase in cash held		157,043	841,347
Cash at the beginning of the half-year		1,443,689	3,109,520
Cash at the end of the half-year		1,600,732	3,950,867

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

Notes to the Financial Statements for the Half-Year ended 31 December 2008

Note 1: Basis of preparation of half-year financial report

This general purpose financial report for the interim half-year reporting period ended 31 December 2008 has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2008 and any public announcements made by Ansearch Limited during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

a) Reporting Bases and Conventions

The half-year financial report has been prepared on an accruals basis and is based upon historical costs.

b) Going Concern

The half-year financial report for the six months ended 31 December 2008 has been prepared on a going concern basis which contemplates the Company being able to pay its debts as and when they fall due in the normal course of business. In reaching this conclusion, the directors have given consideration to the following matters:

- i. The group has net tangible assets of \$868,605 and a surplus of current assets over current liabilities of \$323,528.
- ii. Revenues have increased substantially in the second quarter of the 2009 financial year. Revenue increased again in January and is forecast to continue growing in the second half of the financial year.
- iii. Cost reduction programs implemented in the first half of the financial year have taken effect resulting in a significant reduction in the groups monthly cash outflows.
- iv. Management forecasts indicate that in the absence of any substantial worsening of economic conditions in the Australian or United States market, the company has sufficient cash to fund operating costs.

Accordingly, no adjustments have been made to financial report relating to the recoverability and classification of the asset carrying amounts or the amount and classification of liabilities that might be necessary should the Company not continue as a going concern.

Note 2: Revenue Information

	31-Dec-2008	31-Dec-2007
	\$	\$
Revenue		
Sales revenue	5,219,914	7,361,598
Interest revenue	56,718	67,749
R&D tax offset grant	225,878	-
Other income	12,366	1,273
Total revenue	5,514,876	7,430,620

Notes to the Financial Statements for the Half-Year ended 31 December 2008 (Continued)

Note 3: Equity Securities Issued

	31-Dec-2008	31-Dec-2007
Issues of Ordinary Shares during the half-year	\$	\$
Ordinary Shares issued – value \$	<u>1,617,211</u>	<u>3,974,370</u>
Ordinary Shares issued – number (1)	<u>26,495,232</u>	<u>6,068,002</u>

(1) The number of ordinary shares issued in the table above for half year periods ended 31 December 2008 and 31 December 2007 have been restated to represent reorganisation of capital on 5 December 2008, whereby every 5 fully paid ordinary shares were consolidated into 1 fully paid ordinary share.

Note 4: Segment Information

Primary Reporting – Business Segments

	Display Media	Search Media	Web Development & Hosting	Ansearch Head Office	Eliminations	Consolidated
	\$	\$	\$	\$	\$	\$
Half-year ended 31 December 2008						
Segment revenue - external customers	650,686	2,277,023	2,292,205	-	-	5,219,914
Segment result	(216,762)	(70,909)	(539,027)	(725,709)	-	(1,552,407)
Half-year ended 31 December 2007						
Segment revenue – external customers	1,054,041	4,809,593	1,497,964	-	-	7,361,598
Segment result	(239,048)	1,239,262	(330,998)	(2,143,847)	328	(1,474,303)
Total segment assets:						
31 December 2008	621,284	11,184,733	3,167,006	6,449,839	(13,569,119)	7,853,743
30 June 2008	965,548	9,593,084	3,513,169	13,582,591	(20,979,517)	6,674,875

Notes to the Financial Statements for the Half-Year ended 31 December 2008 (Continued)

Note 4: Segment Information (continued)

Total segment liabilities:

	Display Media	Search Media	Web Development & Hosting	Ansearch Head Office	Eliminations	Consolidated
	\$	\$	\$	\$	\$	\$
31 December 2008	(2,677,935)	(12,512,405)	(5,594,931)	(2,839,807)	19,789,940	(3,835,138)
30 June 2008	(2,805,589)	(10,847,291)	(5,321,440)	(11,134,502)	27,200,338	(2,908,484)

A reconciliation of adjusted segment result to operating profit before income tax is provided as follows:

	31-Dec-2008	31-Dec-2007
	\$	\$
Segment result	(1,552,407)	(1,474,303)
Interest revenue	56,718	67,749
Interest expenses	(3,157)	(830)
Other Income	238,244	1,273
Share based and other expenses	(271,220)	(796,297)
Profit before tax from continuing operations	(1,531,822)	(2,202,408)

Note 5: Business Combinations

Half-Year ended 31 December 2008

There were no business acquisitions in the half-year ended 31 December 2008.

Half-Year ended 31 December 2007

Cash payments of \$2,729,251 were made during the half-year ended 31 December 2007 pertaining to a transaction that occurred in May 2007. There were no business acquisitions in the half-year ended 31 December 2007.

**Notes to the Financial Statements for the Half-Year ended 31 December 2008
(Continued)****Note 6: Contingencies**

As disclosed in Note 22 of the 30 June 2008 Annual Report, 65% of Optum E S Pty Ltd was disposed of for an amount of \$800,000 due under the terms of a Sale and Purchase Agreement, however this amount was not paid. Ansearch Limited successfully pleaded a claim for summary judgement against Wavtech Pty Ltd for its default on settling the sale, however the judgement required the Company to seek specific performance and so the Company has commenced legal action in the Supreme Court of Western Australia. A full provision has been made against this amount. Whilst it is unlikely that there are sufficient funds in Wavtech to meet the judgement amount, action against the individual Directors may follow a successful action to wind up the defaulting Company. Should there be a successful outcome to the legal action, the Company may recognise additional income of \$800,000.

Note 7: Events subsequent to reporting date

There have been no significant events after reporting date that would have a material effect on the accounts of the Company.

Directors' Declaration

In the Directors' opinion:

- (a) The financial statements and notes set out on pages 5 to 12 are in accordance with the *Corporations Act 2001*, including:
- i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that Ansearch Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

On behalf of the Directors.



Director:
Andrew Barlow

Melbourne

Dated this 25th day of February, 2009

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Ansearch Limited and Controlled Entities

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Ansearch Limited and controlled entities ("Ansearch Limited"), which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement or description of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year end or from time to time during the half-year (in order for the disclosing entity to lodge the half-year financial report with the Australian Securities and Investments Commission).

Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Ansearch Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Ansearch Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and Corporations Regulations 2001.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our opinion, we draw attention that the consolidated entity incurred a net loss of \$1,620,219 during the half year ended 31 December 2008 and had net cash outflows from operating activities of \$1,386,094. These conditions along with other matters as set forth in Note 1(b), indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of the liabilities that might be necessary if the consolidated entity does not continue as a going concern.



BDO Kendalls Audit & Assurance (NSW-VIC) Pty Ltd

Chartered Accountants



Michael Climpson

Director

Melbourne, 25th February 2009

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DECLARATION OF INDEPENDENCE BY MICHAEL CLIMPSON TO THE DIRECTORS OF ANSEARCH LIMITED AND CONTROLLED ENTITIES

As lead auditor for the review of Ansearch Limited and controlled entities for the half-year ended 31 December 2008, I declare that to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Ansearch Limited and the entities it controlled during the period.



Michael Climpson
Director



BDO Kendalls Audit & Assurance (NSW-VIC) Pty Ltd
Chartered Accountants

Melbourne, 25th February 2009

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