

ASX ANNOUNCEMENT

25 February 2011

Webfirm Group (ASX:WFM) Market update

- Initial customer results out perform our expectations.
- London office established to hasten product rollout in the EU.

The Webfirm Group subsidiary Adslot licenses a web-based platform to Internet publishers enabling them to sell their premium advertising inventory more effectively. This unique and patented platform provides sales automation services to the publisher which reduces their selling costs and increases their revenue.

Adslot provides its clients with the opportunity to increase their participation in the global online advertising market which currently turns over US\$420 billion. Adslot's initial products have been aimed at the A\$433 million Australian classifieds industry to prove out the technology and business model.

At the beginning of the FY2011 we announced our goals for the year to be to secure two classified publishers in the first half of the year as well as to develop the Adslot Direct platform in the second half of the year. We successfully achieved our first goal with the recent announcements of our first two clients, realestate.com.au and carsales.com.au.

carsales.com.au commenced the first phase of their roll out of the Adslot Direct platform in December 2010. The results achieved during that first phase have so far exceeded our expectations. The realestate.com.au platform will commence operation in Q4 FY11, slightly behind our initial forecast, however, the delay has been a solid outcome for Adslot with the scope of the products on the platform now larger than we originally planned.

Due to the early success of the Adslot Direct platform in Australia, as well as strong interest expressed from publishers during recent market development trips to Europe, Adslot has brought forward its expansion into Europe and will open an office in London during April. Mr. Anthony Du Preez will relocate to London and a London based EU Sales Director will be appointed in the coming months to capitalise on the strong interest from that region.

As indicated our second half goal was to develop the Adslot Direct platform. The Adslot Direct platform aims to completely automate the sale of advertising to smaller advertisers through a self serve process of buy, build, pay and report on advertising campaigns. Development of the Direct platform is progressing and we look forward to demonstrating the platform to customers and shareholders in the final quarter of FY11.

Webfirm Group Executive Chairman, Adrian Giles commented, "We are very encouraged by the initial success of the Adslot product in the Australian market. As I have regularly said to investors, Webfirm Group is an early stage technology company and as such it will take time to generate traction and scale, however the good news is that we now know the Adslot technology works, and in fact works very well, even better than we expected."

“As a business we are now in a very fortunate position with the right ingredients for success. We have a very unique and patent-protected technology that we now know works very effectively at increasing revenue and lowering sales costs for customers – in other words - it does what it says on the box. We also have sufficient cash to commercialise this technology internationally, and we have an experienced board and executive who have successfully done it before.”

“With the continued support and patience from shareholders I have never been more confident that over the months and years ahead we will build a significant global business that will play a key role in the efficient sale of premium advertising across many markets and verticals.”

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About the Webfirm Group

Webfirm Group Limited (ASX: WFM) is an innovative Internet technology and marketing company that maximises online profitability for its customers. The company operates two main divisions.

The Adslot division provides patented advertising sales automation services that reduce selling costs and increase premium advertising revenue for its publisher clients.

The company's Webfirm division offers the complete spectrum of online marketing services including web design and development, website optimisation, hosting, search and social marketing and e-commerce services; the division also delivers premium quality search monetisation solutions.

With more than 60 staff across Melbourne, Sydney and Perth, the Webfirm Group continues to develop innovative products and services aimed at helping customers maximise their online investment.

More information at www.webfirmgroup.com

