



APPENDIX 4C QUARTERLY REPORT APRIL – JUNE 2008

Thursday, 31st July 2008 (Perth, Australia): Highlighted activity for the Company during the period and to date has included:

- ❑ Winning the Western Australian iAward in the category of Application & Infrastructure as awarded by the Australian Information Industry Association (AIIA) in April;
- ❑ Named a finalist for a "Best of Tech-Ed 2008 IT Professional Awards" in the Business Intelligence Category at Microsoft's Tech-Ed event in Orlando Florida in June;
- ❑ Completion of the sale of a non-core business unit for \$2 million cash in May, paving the way to a much improved cash position and funding for WebSpy's core product development, marketing and sales activities;
- ❑ The appointment of Mr William Brooks to the Board in May as a non-executive Director; and
- ❑ The appointments of Mr Francis Galbally as a non-executive independent Director and Mr John Chua as a non-executive Director replacing Mr Joseph Chua, in July.

Increased marketing efforts returned an improved product sales quarter for WebSpy products across all regions in May-June 08. WebSpy's attendance and showing of products at Microsoft's Tech-Ed 2008 conference held in June at Orlando, Florida, plus an address to partners at Microsoft's partner conference held in July at Houston, Texas, are likely to produce increased interest and sales of the Company's products over the next six months.

In addition to increased activity in marketing by the addition of marketing staff and the attendance at trade shows in the past few months, WebSpy will also be launching a new web site for early September in preparation for new product releases.

Whilst seasonally the July to September period sees a decline in sales activity due to Northern Hemisphere summer holidays, it is expected that the changes to some aspects of the 'go to market' strategy and other marketing efforts will see increases in sales for the half year July to December.

About WebSpy Ltd

WebSpy, a Microsoft Gold Certified Partner, has been established for 11 years with over 6000 active customers and offices strategically located in the United States, United Kingdom and Australia. An extensive network of appointed Resellers and Distributors are supported by teams based in those regions. WebSpy provides Internet management tools that enable organizations to make informed decisions to help mitigate risk and maximize productivity.

For more information please visit our website at www.WebSpy.com or contact WebSpy Head Office on: +61 8 9321 3322 (Australia)

Jack Andrys
Chief Executive Officer
WebSpy Ltd
Phone: +618 9321 3322

Email: jack@webspy.com

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005.

Name of entity

WEBSPY LTD

ABN

60 066 153 982

Quarter ended ("current quarter")

30 JUNE 2008

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 Months) \$A'000
1.1 Receipts from customers	856	3,482
1.2 Payments for		
(a) staff costs	(541)	(2,067)
(b) advertising and marketing	(316)	(1,112)
(c) research and development	-	-
(d) leased assets	-	-
(e) other working capital	(313)	(939)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	2	10
1.5 Interest and other costs of finance paid	-	-
1.6 Income tax credit received (R&D tax offset)	-	353
1.7 Other	-	-
Net operating cash flows	(312)	(273)

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

	Current quarter \$A'000	Year to date (12 Months) \$A'000
1.8 Net operating cash flows (carried forward)	(312)	(273)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(19)	(63)
(e) other non-current assets	-	-
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	1,988	1,988
(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	-	-
Net investing cash flows	1,969	1,925
1.14 Total operating and investing cash flows	1,657	1,652
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	-
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	-	-
Net financing cash flows	-	-
Net increase (decrease) in cash held	1,657	1,652
1.21 Cash at beginning of quarter/year to date	168	174
1.22 Exchange rate adjustments to item 1.21	(2)	(3)
1.23 Cash at end of quarter	1,823	1,823

+ 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	(140)
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' remuneration		- (140)

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

Nil

- 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

Nil

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	-	-

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

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	1,823	168
4.2 Deposits at call		-
4.3 Bank overdraft		-
4.4 Other (provide details)		-
Total: cash at end of quarter (item 1.22)	1,823	168

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	Nil	Netlink Inspection Pty Ltd
5.2 Place of incorporation or registration		Perth, Western Australia
5.3 Consideration for acquisition or disposal		\$2,000,000
5.4 Total net assets		\$213,500
5.5 Nature of business		Software Products

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: **31 July 2008**
 Chief Executive Officer

Print name: **Jack Andrys**

+ See chapter 19 for defined terms.

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. 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
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

+ See chapter 19 for defined terms.