



**PRESS RELEASE  
For Immediate Publication**

## **ICEWEB REPORTS FISCAL 2011 SECOND QUARTER FINANCIAL RESULTS**

- ***Quarter-Over-Quarter Revenues Increased 65%***
- ***Year-Over-Year Revenues Increased 11%***

**STERLING, VA – (PR NEWSWIRE) – May 16, 2011** – IceWEB™, Inc., (OTC BB: IWEB), a leading provider of unified data storage and building blocks for cloud storage, announced today results for the fiscal 2011 second quarter period ended March 31, 2010.

### Quarterly Highlights and Recent Developments

- Revenue increased 65% quarter-over-quarter; 11% year-over-year
- Operating expenses decreased 54% for the quarter compared to same quarter in fiscal 2010 and 36% year to date over the prior fiscal year to date period.
- Net loss of \$0.01/share current year to date compared to a net loss of \$0.04/share in prior year
- Company announced definitive merger agreement with Promark Technology, one of the premier value-added storage distributors in the United States
- Received reorder for geospatial storage appliance from BP for Gulf oil spill monitoring and analysis
- Received add-on order from Fortune 500 Telecommunications Company
- Company partners with Thermopylae Science and Technology to offer the Enterprise visualization appliance powered by Google Earth on GSA contract

For the three months ended March 31, 2011, we reported revenues of \$1,116,585 as compared to revenues of \$1,011,205 for the three months ended March 31, 2010, an increase of \$105,380 or approximately 10%. The increase is primarily due to the Company's focus on our high margin data storage business unit.

Operating expenses decreased approximately 54% to \$1,064,568 for the three months ended March 31, 2011 as compared to \$2,301,431 for the three months ended March 31, 2010.

John R. Signorello, Chairman and CEO, stated, "In the second quarter, 2011, we reduced operating expenses by more than 50 percent, yet we were still able to increase revenues and reduce the Company's operating loss. Our unified storage line has started to gain serious traction for three primary reasons; one, they have been priced and positioned into niche markets where end users realize immediate, measurable and meaningful ROI; two, we are working with experienced partners like Thermopylae Science and Technology and; three, Promark's nationwide network of over 1,200 value-added resellers are building our new business pipeline.

"Both Dale Foster, President of Promark Technology, and I are looking forward to the pending merger between our two companies. The merger will transform our companies into a data storage/technology company with revenues in excess of \$100 million annually, led by an industry-experienced management team. In addition, the Company will continue to expand its intellectual property portfolio, nationwide distribution and proprietary products in some of the fastest growing markets in the world. We expect the planned merger to close during IceWEB's fiscal third quarter which ends June 30, 2011."

### **About IceWEB, Inc.**

Headquartered just outside of Washington, D.C., IceWEB manufactures and markets data storage products. For more information, please visit [www.IceWEB.com](http://www.IceWEB.com).

*This press release may contain forward-looking statements, which are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. In some cases you can identify those so-called "forward looking statements" by words such as "may," "will," "should," "expects," "plans," "targets," "believes," "anticipates," "estimates," "predicts," "potential," or "continue" or the negative of those words and other comparable words. These forward looking statements are subject to risks and uncertainties, product tests, commercialization risks, availability of financing and results of financing efforts that could cause actual results to differ materially from historical results or those anticipated. Further information regarding these and other risks is described from time to time in the Company's filings with the SEC, which are available on its website at: <http://www.sec.gov>. We assume no obligation to update or alter our forward-looking statements made in this release or in any periodic report filed by us under the Securities Exchange Act of 1934, as amended, or any other document, whether as a result of new information, future events or otherwise, except as otherwise required by applicable federal securities laws.*

**- Tables to Follow -**

**ICEWEB, Inc.**  
**Consolidated Balance Sheets**

|  | <b>March 31, 2011</b><br><b>(Unaudited)</b> | <b>September 30,</b><br><b>2010<sup>(1)</sup></b> |
|--|---|---|
| <b>CURRENT ASSETS:</b>   |   |   |
| Cash   | \$ 42,259                                   | \$ 540,156  |
| Accounts receivable, net   | 2,173,588                                   | 1,529,852   |
| Inventory  | 84,252                                      | 62,197  |
| Other current assets   | 20,624                                      | 6,875   |
| Prepaid expenses   | 40,150                                      | 31,230  |
|  | <u>2,360,875</u>                            | <u>2,170,310</u>                                  |
| <b>OTHER ASSETS:</b>   |   |   |
| Property and equipment, net  | 262,344                                     | 418,873   |
| Deposits   | 13,320                                      | 13,320  |
| Marketable Securities  | 172,800                                     | 524,800   |
| Intangible assets, net   | 425,407                                     | 546,952   |
| Total Assets   | <u>\$ 3,234,745</u>                         | <u>\$ 3,674,255</u>                               |
| <b>CURRENT LIABILITIES:</b>  |   |   |
| Accounts payable and accrued liabilities   | \$ 2,173,786                                | \$ 1,711,621                                      |
| Notes payable  | 1,776,133                                   | 1,649,140   |
| Deferred revenue   | 27,124                                      | 59,582  |
|  | <u>3,977,043</u>                            | <u>3,420,343</u>                                  |
| Total Liabilities  | <u>3,977,043</u>                            | <u>3,420,343</u>                                  |
| <b>Stockholders' Equity (Deficit)</b>  |   |   |
| Series B convertible preferred stock (\$.001 par value; 626,667 shares issued and outstanding)                                 | 626   | 626   |
| Common stock (\$.001 par value; 1,000,000,000 shares authorized; 142,912,886 shares issued and 142,750,386 shares outstanding) | 142,752                                     | 134,445   |
| Additional paid in capital   | 30,598,377                                  | 29,360,833  |
| Accumulated deficit  | (31,512,853 )                               | (29,622,792)                                      |
| Accumulated other comprehensive income   | 124,800                                     | 476,800   |
| Subscription receivable  | (83,000 )                                   | (83,000)  |
| Treasury stock, at cost, (162,500 shares)  | (13,000 )                                   | (13,000)  |
| Total stockholders' equity (deficit)   | <u>(742,298 )</u>                           | <u>253,912</u>                                    |
| Total Liabilities and Stockholders' Equity (Deficit)   | <u>\$ 3,234,745</u>                         | <u>\$ 3,674,255</u>                               |

(1) Derived from audited financial statements

- More -

**ICEWEB, Inc.**  
**Consolidated Statements of Operations**  
(Unaudited)

|  | Three Months Ended<br>March 31, |                        | Six Months Ended<br>March 31, |                        |
|--|---------------------------------|------------------------|-------------------------------|------------------------|
|  | 2011                            | 2010                   | 2011                          | 2010                   |
| <b>Sales</b>   | \$ 1,116,585                    | \$ 1,011,205           | \$ 1,794,437                  | \$ 1,612,022           |
| <b>Cost of sales</b>   | 585,858                         | 456,094                | 936,515                       | 729,718                |
| <b>Gross profit</b>  | <u>530,727</u>                  | <u>555,111</u>         | <u>857,922</u>                | <u>882,304</u>         |
| <b>Operating expenses:</b>                                   |                                 |                        |                               |                        |
| Sales and marketing  | 319,322                         | 472,359                | 774,344                       | 785,217                |
| Depreciation and amortization expense                        | 127,177                         | 162,926                | 293,794                       | 330,399                |
| Research and development expense                             | 153,642                         | 105,745                | 359,768                       | 185,311                |
| General and administrative                                   | 464,457                         | 1,560,401              | 1,121,823                     | 2,654,370              |
| <b>Total Operating Expenses</b>                              | <u>1,064,598</u>                | <u>2,301,431</u>       | <u>2,549,729</u>              | <u>3,955,297</u>       |
| <b>Loss from operations</b>                                  | <u>(533,871 )</u>               | <u>(1,746,320 )</u>    | <u>(1,691,806 )</u>           | <u>(3,072,993 )</u>    |
| <b>Other income (expenses):</b>                              |                                 |                        |                               |                        |
| Interest expense   | (100,376 )                      | (141,995 )             | (198,256 )                    | (274,956 )             |
| <b>Total other expenses:</b>                                 | <u>(100,376 )</u>               | <u>(141,995 )</u>      | <u>(198,256 )</u>             | <u>(274,956 )</u>      |
| <b>Net loss</b>  | <u>\$ (634,247 )</u>            | <u>\$ (1,888,315 )</u> | <u>\$ (1,890,063 )</u>        | <u>\$ (3,347,949 )</u> |
| Basic and diluted loss per common share                      | \$ (0.00 )                      | \$ (0.02 )             | \$ (0.01 )                    | \$ (0.04 )             |
| Basic and diluted weighted average common shares outstanding | 140,456,142                     | 88,205,555             | 138,429,677                   | 83,652,224             |

- More -

**ICEWEB, Inc.**  
**Consolidated Statements of Cash Flows**  
**(Unaudited)**

|   | Six Months Ended<br>March 31, |                  |
|---|-------------------------------|------------------|
|   | 2011                          | 2010             |
| <b>NET CASH USED IN OPERATING ACTIVITIES</b>      | \$ (1,456,279 )               | \$ (1,431,078 )  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>      |                               |                  |
| Investment in marketable securities               | —                             | (48,000 )        |
| Purchase of property and equipment                | (15,720 )                     | (37,444 )        |
| <b>NET CASH USED IN INVESTING ACTIVITIES</b>      | <b>(15,720 )</b>              | <b>(85,444 )</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>      |                               |                  |
| Proceeds from the sale of restricted common stock | 225,000                       | 490,000          |
| Proceeds from notes payable                       | 628,428                       | 799,460          |
| Proceeds from exercise of common stock options    | 622,109                       | 1,122,134        |
| Payments on notes payable                         | (501,435 )                    | (811,082 )       |
| <b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>  | <b>974,102</b>                | <b>1,600,512</b> |
| <b>NET INCREASE (DECREASE) IN CASH</b>            | <b>(497,897 )</b>             | <b>83,990</b>    |
| CASH - beginning of period                        | 540,156                       | 63,310           |
| CASH - end of period                              | \$ 42,259                     | \$ 147,300       |
| Supplemental disclosure of cash flow information: |                               |                  |
| Cash paid for:                                    |                               |                  |
| Interest  | \$ 198,225                    | \$ 274,956       |
| Income taxes                                      | —                             | —                |

###

**Contact:**  
IceWEB, Inc.  
Investor Relations, 571.287.2400  
[investor@iceweb.com](mailto:investor@iceweb.com)  
or  
Stephen D. Axelrod, CFA, 212.370.4500  
[steve@wolfeaxelrod.com](mailto:steve@wolfeaxelrod.com)  
Wolfe Axelrod Weinberger Associates, LLC.