



PRESS RELEASE
For Immediate Publication

ICEWEB REPORTS FISCAL THIRD QUARTER FINANCIAL RESULTS

STERLING, VA – (PR NEWSWIRE) – August 15, 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 third quarter period ended June 30, 2011.

Quarterly Highlights and Recent Developments

- IceWEB's NAS (Network Attached Storage) systems received official VMware Ready certification - *IceWEB NAS Solutions Certified as Fully Compatible with VMware Environments and Applications*
- IceWEB expanded its Model 3000 and 5000 storage platforms with New Hybrid (HB) models - *Both Models are turnkey, ready-to-deploy and include IceWEB's all inclusive Storage Operating system which supports both SAN/block and NAS/file requirements in both data center and cloud environments starting under \$30,000*
- IceWEB expanded its storage line with its new, top-of-the-line, highly-redundant 6000-HR series of Unified Storage Systems - *New Feature-Rich 6000-HR (High Reliability) series gives IceWEB significant competitive advantages in the fastest growing, mid- to high-end enterprise storage market*
- IceWEB's entire line of storage products is available to Federal, State and Local Governments through Promark Technology's two-tier GSA Services Agreement

Financial Highlights

In the quarter ending June 30, 2011, the Company reported revenue of \$719,727, as compared to quarterly revenue of \$1,203,878 for the year-ago period. The year over year revenue was directly impacted by delayed and reduced Federal Government spending. While there continues to be growing interest and demand for IceWEB's data storage products many of our channel partners' customers in the public and private sectors have delayed purchasing during the fiscal third quarter that ended June 30, 2011. Historically, the fiscal fourth quarter for the government sector is the strongest for our channel partners and we are hopeful this trend continues.

Gross margin was 47% for the three months ending December 31, 2010, down slightly from 49% in the year earlier period.

The Company reports results on both a GAAP and a non-GAAP basis. Non-GAAP results exclude the impact of equity-based compensation, depreciation and amortization and the expense of common stock issued for services.

For the three month period ending June 30, 2011 the Company reported a non-GAAP loss of \$404,935 and a GAAP loss of \$698,269, versus a non-GAAP and GAAP loss of \$695,512 and \$1,423,743, respectively, for the year-ago period. The improved net loss was attributable to significant cost-cutting measures undertaken by the company, in anticipation of the merger with Promark. Operating expenses for the quarter was \$932,559, as compared to \$1,867,094 in the year ago period, a decrease of 50%. On a non-GAAP basis operating expenses for the quarter was \$639,225 versus \$1,034,051 for the same period in the prior year.

Non-GAAP Financial Measures

In this release, the Company's adjusted net income is not presented in accordance with generally accepted accounting principles (GAAP) and is not intended to be used in lieu of GAAP presentations of results of operations. This measure is presented because management believes it provides additional information to investors with respect to the performance of our fundamental business activities. Adjusted net income is a Non-GAAP financial measure and should not be viewed as an alternative to GAAP measures of performance. Management believes the most directly comparable GAAP financial measure for adjusted net income is net income and has provided a reconciliation of adjusted net income to net income at the end of this release. GAAP net loss for the fiscal third quarter was \$698,269 or (\$0.00) per share based on 143.55 million weighted average shares outstanding. This compares to a GAAP net loss of \$1,423,743 or (\$0.01) per share for the third quarter of fiscal 2010.

Reconciliation of GAAP Net Loss to Non-GAAP Net Loss

(Unaudited)

	Three Months Ended		Nine Months Ended	
	June 30		June 30	
	2011	2010	2011	2010
Net income (loss)	\$ (698,269)	\$ (1,423,743)	\$ (2,588,332)	\$ (4,771,693)
Depreciation and amortization	124,831	165,585	418,625	182,318
Stock-based compensation	152,385	357,173	489,659	2,229,445
Common stock issued for services	16,118	310,285	77,585	480,285
Adjustments to GAAP loss	293,334	833,043	985,869	2,892,048
Adjusted earnings (loss)	\$ (404,935)	\$ (590,700)	\$ (1,602,463)	\$ (1,879,645)
Adjusted EPS	\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.02)

For the nine months fiscal year to date our total operating expenses decreased approximately 40% to \$3,482,289 as compared to \$5,822,391 for the nine months ended June 30, 2010.

Acquisition of USI/Promark Technology

As previously announced, IceWEB and Promark Technology continue to work in tandem with its team of consultants, bankers and legal teams to complete the merger initially announced in March 2011. The Company anticipates that the merger with Promark will be completed by the end of this fiscal year and will host a conference call to provide shareholders details of the merger and allow shareholders the opportunity to speak directly to the combined management team. The combined company's revenue would have exceeded \$23m for the quarter ended June 30th. Typically, the September quarter tends to be the largest quarter for both companies due to year-end Government spending.

John R. Signorello, Chairman and CEO, stated, "IceWEB continued its significant product development and R&D efforts during the quarter as we prepare to close the transaction with Promark. We are especially encouraged by our progress in product development, as we expect to see revenue growth from the recent VMWare certifications, as well as the launch of the 6000 series family of products. These developments demonstrate the effectiveness of our continued product line expansion, technology developments, and our calculated decision to invest in R&D and engineering support to spur present and future growth."

About IceWEB, Inc.

IceWEB, Inc., headquartered just outside of Washington, D.C. manufactures and markets unified data storage products. For more information, please visit 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

	June 30, 2011	September 30, 2010
	<u>(Unaudited)</u>	<u>(1)</u>
CURRENT ASSETS:		
Cash	\$ 4,184	\$ 540,156
Accounts receivable, net	1,777,160	1,466,483
Inventory	73,163	62,197
Other current assets	15,650	6,875
Prepaid expenses	36,046	31,230
Total Current Assets	<u>1,906,203</u>	<u>2,106,941</u>
OTHER ASSETS:		
Property and equipment, net	242,628	418,873
Deposits	13,320	13,320
Marketable securities	140,800	524,800
Intangible assets, net	364,632	546,952
Total Assets	<u>\$ 2,667,583</u>	<u>\$ 3,610,886</u>
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 1,587,217	\$ 1,648,252
Notes payable	1,871,408	1,649,140
Deferred revenue	14,904	59,582
Total Liabilities	<u>3,473,529</u>	<u>3,356,974</u>

Stockholders' Equity (Deficit)

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; 146,661,939 shares issued and 146,499,439 shares outstanding and 134,443,725 and 134,281,225 issued and outstanding, respectively)	146,501	134,445
Additional paid in capital	31,261,249	29,360,833
Accumulated deficit	(32,211,122)	(29,622,792)
Accumulated other comprehensive income	92,800	476,800
Subscription receivable	(83,000)	(83,000)
Treasury stock, at cost, (162,500 shares)	(13,000)	(13,000)
Total stockholders' equity (deficit)	<u>(805,946)</u>	<u>253,912</u>
Total Liabilities and stockholders' Equity (Deficit)	<u>\$ 2,667,583</u>	<u>\$ 3,610,886</u>

(1) Derived from audited financial statements

See accompanying notes to unaudited consolidated financial statements

IceWEB, Inc.

Consolidated Statements of Operations

(Unaudited)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2011	2010	2011	2010
Sales	\$ 719,727	\$ 1,203,878	\$ 2,514,164	\$ 2,815,900
Cost of sales	380,784	613,287	1,317,299	1,343,006
Gross profit	338,943	590,591	1,196,865	1,472,894
Operating expenses:				
Sales and marketing	123,955	404,443	898,299	1,189,661
Depreciation and amortization expense	124,831	165,585	418,625	495,984
Research and development expense	187,810	167,061	547,579	353,092
General and administrative	495,963	1,130,005	1,617,786	3,783,654
Total Operating Expenses	932,559	1,867,094	3,482,289	5,822,391
Loss from operations	(593,616)	(1,276,503)	(2,285,424)	(4,349,497)
Other expense:				
Interest expense	(104,653)	(147,240)	(302,908)	(422,196)
Total other expenses:	(104,653)	(147,240)	(302,908)	(422,196)

Net loss	\$ (698,269)	\$ (1,423,743)	\$ (2,588,332)	\$ (4,771,693)
Basic and diluted loss per common share	\$ (0.00)	\$ (0.01)	\$ (0.02)	\$ (0.05)
Basic and diluted weighted average common shares outstanding	143,553,735	110,570,437	140,673,273	92,635,584

IceWEB, Inc.
Consolidated Statements of Cash Flows
(Unaudited)

	Nine Months Ended June 30,	
	2011	2010
NET CASH USED IN OPERATING ACTIVITIES	\$ (1,827,791)	\$ (2,900,065)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment in marketable securities	—	(48,000)
Purchase of property and equipment	(60,061)	(85,624)
NET CASH USED IN INVESTING ACTIVITIES	(60,061)	(133,624)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from the sale of restricted common stock	409,464	2,320,630
Proceeds from notes payable	818,481	985,900
Proceeds from exercise of common stock options	720,148	1,898,374
Payments on notes payable	(596,213)	(957,662)
NET CASH PROVIDED BY FINANCING ACTIVITIES	1,351,880	4,247,242
NET INCREASE (DECREASE) IN CASH	(535,972)	1,213,553
CASH - beginning of period	540,156	63,310
CASH - end of period	\$ 4,184	\$ 1,276,863

Supplemental disclosure of cash flow information:

Cash paid for :

Interest	\$	198,225	\$	402,056
Income taxes		—		—

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