INVESTORFIRST LIMITED
(FORMERLY FINDLAY SECURITIES LIMITED)

ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2009
ABN 87 124 891 685

CONTENTS

CORPORATE INFORMATION

Directors
Mr. Otto Buttula (Non-Executive Chairman)
Mr. Brett Spork (Chief Executive Officer and Managing Director)
Mr. Robert Bishop
Mr. Darren Pettiona
Mr. Robert Spano

Company Secretaries
Mr. Mark Zworestine
Ms. Andrea Steele

Registered Office and Principal Place of Business
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Sydney NSW 2000
Telephone: (02) 8274 6000
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Share Registry
Registries Limited
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Sydney NSW 2000

Investorfirst Limited shares are listed on the Australian Securities Exchange (ASX: INQ).

Solicitors
Middletons
Level 25, South Tower
525 Collin Street
Melbourne VIC 3000

Bankers
ANZ Bank
20 Martin Place
Sydney NSW 2000

Auditors
Ernst & Young
Level 33, Ernst & Young Centre
World Square
680 George Street
Sydney NSW 2000

Internet Address:
www.investorfirst.com.au

CHAIRMAN'S AND CEO'S REPORT

Investorfirst Limited (ASX: INQ) incurred a consolidated net loss after income tax of $2.010 million, after including all non-recurring items, impairment charges and provisions. Whilst representing a 44% improvement on the previous corresponding period's loss of $3.576 million (FY'08), the operating results were impacted by significant non-recurring restructuring costs, impairment charges, write downs and provisions, as the new Board and management restructured the old laissez faire Findlay Securities businesses and merged it with the recently acquired Aequs Capital businesses, in addition to commencing several new entities and business initiatives.

Major contributors to the Group's reported loss included:

- Non-recurring items, impairment charges, share based payments expense and provisions of circa $0.952 million;
- The cessation of business activities for Findlay & Co Stockbrokers in late January 2009 and the winding down of corporate activities for Findlay & Co Stockbrokers (Underwriters) within the first half of FY'09;
- The challenges associated with the global financial crisis and the impact this has had on trading activity. The Company's revenue is largely dependent upon solid equity market conditions and hence with much of FY'09 bearing a significant downtrend and increased volatility there was a sizeable deterioration of the Company's brokerage and corporate revenue;
- The departure of high yielding staff from the Aequs Capital business, prior to its acquisition by the Group; and
- A conscious decision by new Directors and management to de-risk the business, previously conducted by Findlay & Co Stockbrokers, which encouraged a team of consultant traders to utilise the firm's capital to day trade shares, without corresponding risk mitigation contingencies. Whilst this activity enlarged business turnover, via the value of equity trades, its sustainability and high risk was not deemed appropriate or in shareholders' long-term interests.

Despite many of these unforeseen challenges, the Group achieved several significant milestones over the period, including:

- the successful acquisition and integration of business activities with Aequs Capital, following an off-market takeover offer, which delivered effective control as of 15 December 2008. This has:
  - partially countered the fall off in discontinued business revenues, whilst adding to client diversity;
  - provided financial and operational synergies, including a stronger capital base; and
  - imparted a more robust operating platform providing for stronger long term earnings potential.
- largely overcoming and settling a myriad of inherited legacy issues from both Companies, all of which are envisaged to be completed / settled during the current financial year;
- a successful name change to Investorfirst Limited (effective 29 June 2009);
- development of stronger systems and processes driven by a reinvigorated and improved compliance culture;
- the successful establishment of a dedicated institutional desk, which is gaining increasing market acceptance;
- the appointment of a strong and experienced executive management team, including Mr. Otto Buttula, Chairman, Ms. Andrea Steele, COO and Mr. Paul Clarke, GM Transaction Services, all of whom were senior executives with IWL, before its' takeover by CBA and subsequent to period end, the twin appointments of Mr. Brett Spork as CEO and Mr. Mark Zworestine as CFO, both of whom established an enviable record at E*TRADE Australia, before its takeover by ANZ in 2007; and
- the cancellation of the Company's share option scheme, which impacted the current year results by some $0.198 million and which would have continued to 2014. This was achieved by Mr. Buttula adopting a Non-Executive Chairman role.

In regard to the Group's current business activities, we remain cautious in our outlook given our intention to continue reinvesting in business systems and supporting collateral. Nonetheless, our primary revenue stream, that of gross brokerage began on a far stronger note, up in excess of 30% in the first two months, compared to last year's monthly run rate.

CHAIRMAN'S AND CEO'S REPORT (CONTINUED)

The primary focus of our strategic plan for FY'10 is to strongly build our revenues (targeting growth of 100%). This is envisaged to be achieved through cementing several selected and current strategic initiatives, including successfully closing targeted acquisitions, recruiting higher yielding personnel, and establishing wholesale broking service relationships leveraging from our highly scalable platform.

Driving these initiatives will be our experienced, reinvigorated and refreshed executive management team in conjunction with a hands-on Chairman and Board. The blueprint for this growth was recently updated, re-examining the industry in which Investorfirst operates and via the establishment of an aggressive strategic plan aimed at building Investorfirst into one of Australia's most respected listed specialist stockbroking houses rewarding all stakeholders with above peer Group returns over the medium term.

On 1 September 2009, the company announced that it had executed a Wholesale Broking Services Agreement with Trader Dealer Online. ANZIEX Limited, a wholly owned subsidiary, had entered into a wholesale broking services agreement with Trader Dealer Online, a subsidiary of MDS Financial Group Limited (ASX: MWS). The agreement will allow Trader Dealer Online to execute and clear ASX market orders through ANZIEX, providing a seamless transaction for shares, warrants and options orders. The execution of the wholesale trading agreement with Trader Dealer Online is evidence of the Investorfirst Group's strategy to leverage the ANZIEX back office administration functions to wholesale clients wishing to utilise their own head brand.

On behalf of the Board, we wish you and your families all the very best for the coming financial year and look forward to reporting on our progress throughout 2010.

Otto Buttula	**Brett Spork**
Chairman	Chief Executive Officer

DIRECTORS' REPORT

Your Directors submit their report for the year ended 30 June 2009.

DIRECTORS

The names and details of the Company's Directors in office during the financial year and until the date of this report are as follows. No Directors were in office for this entire period.

Names, qualifications, experience and special responsibilities

Mr. Otto Buttula
B. Ec., Grad Dip Applied Finance & Investments (SIA), FAICD, (Non-Executive Chairman)

Mr. Buttula has an extensive and successful financial services management history spanning approximately twenty six years.

Before this appointment, Mr. Buttula co-founded and was Chief Executive Officer and Managing Director of IWL Limited (ASX: IWL), a company which listed on the ASX in 1999 at a market capitalisation of $48 million, before its takeover by the Commonwealth Bank of Australia (ASX: CBA) in 2007 at a market capitalisation of $372 million. He also founded Investors Mutual in 1999 and was a significant shareholder and Director of Lonsdale Securities before the sale of its parent company to Zurich Australia.

During the past three years Mr. Buttula has also served as a Director of IWL Limited, a listed company that was taken over by Commonwealth Bank in 2007.

Mr. Buttula was appointed Executive Chairman on 15 August 2008. On 21 August 2009, he resigned as an Executive and was immediately reappointed as Non-Executive Chairman.

Mr. Darren Pettiona
LLB, AICD (Non-executive Director)

Mr. Pettiona's professional background includes over 15 years experience as a founding shareholder and executive Director building various financial services businesses.

Most notable of these have been Online Broker Holdings (Charles Schwab Australia) purchased by Ecorp Limited in 1998, Portfolio Management Systems purchased by Advent Pty Inc. (NASDAQ: ADVS) in 1998, Coin software acquired by Macquarie Bank in 2005 and Hub24 Pty Limited an investment management and self managed superfund platform (current).

Mr. Pettiona is currently an Executive Director with Hub24 Pty Limited and holds non executive Directorships with TOTE Tasmania Pty Limited and TOTE Sports Radio Pty Limited. He is also a Non-Executive Director of Van Eyk Research Limited.

Mr. Pettiona was appointed to the Board on 15 August 2008 and is a member of the Audit, Risk & Compliance Committee.

Mr. Robert Spano
(Non-executive Director)

Mr. Spano is a management specialist with over 25 years experience in the finance industry. He has completed a number of courses in management including hands on experience and holds a Management Diploma. He began his involvement in the finance and banking industry in 1981. He established Integrated Asset Management (IAM) as a dynamic and innovative finance company. The company has formed a joint venture with the Toshiba Corporation to form Toshiba Australia Finance. In 2008 Mr. Spano, with the assistance of CHAMP Private Equity, purchased the Alleasing Group and sold IAM into the same group. He is now a director at the Alleasing Group. Alleasing is the largest independent Operating lease company in Australia, with a portfolio of $1.4 billion in receivables and 24,000 customers ranging from Government clients to small commercial enterprises.

Mr. Spano was Chairman at Aequs Capital Limited from 2004 up until its takeover by Investorfirst. He has assisted management with a smooth transition.

Mr. Spano was appointed to the Board on 12 January 2009.

DIRECTORS' REPORT (CONTINUED)

Mr. Robert Bishop B Ec MAICD (Non-executive Director)	Mr. Bishop has extensive experience in financial services, with a particular expertise in cards, payments, retail banking and distribution having held senior executive positions at National Australia Bank, Westpac and Citibank. Mr Bishop is currently a Director of Keycorp Limited (ASX: KYC) and was previously a Director of IWL Limited from 2001 up until December 2007. Mr. Bishop was appointed to the Board on 8 October 2008 and is the Chairman of the Audit, Risk & Compliance Committee.
Mr. Brett Spork B Bus (Managing Director and Chief Executive Officer)	Mr. Spork was appointed to the Board as a Non-Executive Director on 3 June 2009. On 6 July 2009, he was appointed Managing Director and Chief Executive Officer. Mr. Spork was the Chief Executive Officer of E*TRADE Australia between 2003 and 2007. Following this, he was Managing Director of BTIG Australia Limited to February 2009.

Directors who resigned during the financial year

Mr. Ivor Findlay	Resigned 10 October 2008
Mr. Richard Mollett	Resigned 15 August 2008
Mr. James Beecher	Resigned 10 October 2008
Mr. Robin Armstrong	Resigned 10 October 2008

COMPANY SECRETARIES

The names and details of the Company's Secretaries in office during the financial year and at the date of this report are as follows:

Names, qualifications, experience and special responsibilities

Ms. Andrea Steele LLB B Com LLM	Ms. Steele is the Director of Capital Markets and Strategy for Investorfirst, joining the Company on 18 August 2008. Prior to this position, Ms. Steele held the position of Corporate Strategy Analyst at IWL Limited ("IWL"), where she was closely involved in various acquisitions and divestments. Prior to joining IWL, Ms. Steele spent the previous +8 years as a Strategy Consultant and Project Manager, with the majority of this consulting tenure served in Europe working on detailed strategic business and competitive intelligence projects with major chemical & life science companies. Ms. Steele was appointed Joint Company Secretary on 13 March 2009.
Mr. Mark Zworestine B Com CA	Mr. Zworestine is the Company's Chief Financial Officer, having joined on 22 July 2009. Prior to joining Investorfirst, he was the Group Chief Financial Officer and Company Secretary of E*TRADE Australia between 1999 and its takeover by ANZ in 2007. Subsequent to this, he was the Chief Financial Officer and then Chief Executive Officer of Engin Limited (ASX: ENG). Mr. Zworestine was appointed Joint Company Secretary on 21 August 2009.

Secretaries who resigned during and subsequent to the financial year

Mr. Richard Mollett Resigned 13 March 2009
Mr. Dilash Hargovind Appointed 13 March 2009 and resigned 13 August 2009

As at the date of this report, the interests of the Directors in the shares of Investorfirst Limited were:

Director	Number of ordinary shares
Otto Buttula	22,000,000
Robert Spano	6,581,932

The following ordinary shares of Investorfirst Limited were issued during or since the end of the financial year as a result of exercise of options granted under the Investorfirst Limited Employee Option Plan:

Director	Date options granted	Issue price of shares	Number of ordinary shares issued
Otto Buttula	15 August 2008	$0.12	2,500,000

Principal activities

The principal activities during the year of the entities within the consolidated Group were the provision of financial market services including stockbroking, sponsoring of share issues, secondary placements, stock research and advice, corporate structuring and corporate finance.

There have been no significant changes in the nature of these activities during the year.

Group overview

Investorfirst Limited (the Company or Investorfirst) is a company limited by shares that was incorporated in NSW Australia on 13 April 2007. It has prepared a consolidated financial report incorporating the entities that it controlled during the year. Further details are included in notes 22 and 28.

Operating results for the year

Investorfirst Limited (ASX: INQ) incurred a consolidated net loss after income tax of $2.010 million, after including all non-recurring items, impairment charges and provisions. Whilst representing a 44% improvement on the previous corresponding period's loss of $3.576 million (FY'08), the operating results were impacted by significant non-recurring restructuring costs, impairment charges, write downs and provisions, as the new Board and management restructured the old laissez faire Findlay Securities businesses and merged it with the recently acquired Aequs Capital businesses, in addition to commencing several new entities and business initiatives.

Major contributors to the Group's reported loss included:

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- The cessation of business activities for Findlay & Co Stockbrokers in late January 2009 and the winding down of corporate activities for Findlay & Co Stockbrokers (Underwriters) within the first half of FY'09;

- The challenges associated with the global financial crisis and the impact this has had on trading activity. The Company's revenue is largely dependent upon solid equity market conditions and hence with much of FY'09 bearing a significant downtrend and increased volatility there was a sizeable deterioration of the Company's brokerage and corporate revenue;
- The departure of high yielding staff from the Aequs Capital business, prior to its acquisition by the Group; and
- A conscious decision by new Directors and management to de-risk the business, previously conducted by Findlay & Co Stockbrokers, which encouraged a team of consultant traders to utilise the firm's capital to day trade shares, without corresponding risk mitigation contingencies. Whilst this activity enlarged business turnover, via the value of equity trades, its sustainability and high risk was not deemed appropriate or in shareholders' long-term interests.

RISK MANAGEMENT

Investorfirst Limited takes a proactive approach to risk management. The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the Company's objectives and activities are aligned with the risks and opportunities identified by the Board.

To this end, Investorfirst has an Audit, Risk & Compliance Committee, the Charter of which includes responsibility to identify risk, assess and monitor risk and conduct oversight of internal controls. The Committee is chaired by Robert Bishop who as at 30 June 2009 was an independent, Non-Executive Director. The committee examines issues, risks and opportunities identified and reports back to the Board.

The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board, including the implementation of Board approved operating plans.

More information is provided in the Company's Corporate Governance Statement that follows.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

As noted above, on 15 December 2008, the Company acquired Aequs Securities Limited (ASX: AQE) and its wholly owned subsidiaries.

Subsequent to this, the Company ceased operating the business of Findlay & Co Stockbrokers Limited and moved all of its operations into ANZIEX Limited, formerly Aequs Securities Limited. Furthermore, the corporate advisory and underwriting business that was conducted as Findlay & Co Stockbrokers (Underwriters) Pty Limited was completely wound down.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 7 September 2009, the company issued the following announcement:

> *As reported in the Company's Appendix 4D, Half Yearly Report and Accounts on 24 February 2009, on 3 August 2007 and 13 December 2007, in the Supreme Court of NSW, Justice McDougall delivered judgments (Judgments) in the case of ozEcom & Anor (the Plaintiffs) v Hudson Investment Group & Ors in which ANZIEX Limited (ANZIEX, previously called Aequs Securities Pty Limited (Aequs)) was the Second Defendant. The effect of the Judgment was that all claims against Aequs were dismissed, with an order for the Plaintiffs to pay Aequs' costs.*
>
> *On 20 December 2007, the Plaintiffs filed a Notice of Appeal without Appointment, which together with a prior grant of extension of time, gave the Plaintiffs until 20 March 2008 to lodge a formal appeal with particulars. On 20 March 2008, the Plaintiffs filed a formal Notice of Appeal in the Supreme Court of New South Wales Court of Appeal seeking orders that various components of the Judgment be set aside and replaced with alternative orders in favour of the Plaintiffs.*

ozEcom's appeal against the judgments of Justice McDougall of the Supreme Court of NSW dated 3 August 2007 and 13 December 2007 in the case of ozEcom & Anor v Hudson Investment Group & Ors, in which ANZIEX was the Second Defendant, was heard by the Court of Appeal on 16, 17, 18 and 20 March 2009, and 8 April 2009.

This has now been concluded, with the appeal and cross appeal dismissed by mutual consent and corresponding releases between the parties.

All parties have now released and discharged each other from any and all obligations

On 21 August 2009, Mr. Otto Buttula resigned from his "Senior Executive Employment" agreement with Investorfirst.

Given that the Board and Mr. Buttula did not in any way wish for him to sever his ties or involvement in the Company, he was unanimously and immediately re-elected as Non-Executive Chairman, having previously been duly and separately elected as a Director by members of the Company on 15 August 2008.

Following Mr. Buttula's resignation 5,000,000 performance based options exercisable at $0.12 cents per share that were subject to market and non-market performance based conditions INQ options were forfeited.

Therefore, at the date of this report, there are no unlisted employee share options in existence.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Investorfirst Limited will continue to pursue its principal activities.

The Group continues to work on its 'rejuvenation' program as announced to the ASX on 15 August 2008.The strategy is for the Group to further grow and invest in current operational capabilities and deliver further value added services for stakeholders, potentially capitalising upon aggregation opportunities within the industry as and when they become available.

On 1 September 2009, the company announced that it had executed a Wholesale Broking Services Agreement with Trader Dealer Online. ANZIEX Limited, a wholly owned subsidiary, had entered into a wholesale broking services agreement with Trader Dealer Online, a subsidiary of MDS Financial Group Limited (ASX: MWS). The agreement will allow Trader Dealer Online to execute and clear ASX market orders through ANZIEX, providing a seamless transaction for shares, warrants and options orders.

The execution of the wholesale trading agreement with Trader Dealer Online is evidence of the Investorfirst Group's strategy to leverage the ANZIEX back office administration functions to wholesale clients wishing to utilise their own head brand.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The consolidated entity's operations are not subject to significant environmental regulation under Australian legislation in relation to the conduct of its operations.

DIRECTORS INDEMNITY

During the financial year the Group paid a premium, in respect of a contract, insuring all the Directors and officers against liability, except willful breach of duty, of a nature that is required to be disclosed under section 300(8) of the Corporations Act 2001. In accordance with commercial practice, the amount of the premium has not been disclosed.

CONTINGENT ASSETS AND LIABILITIES

As at reporting date the Group is the subject of ongoing regulatory inquiries in the course of its ordinary business from which it may derive sanctions, including fines. Preliminary provisions for these fines have been made. During the financial year, preliminary findings have been provided by the regulatory agency to the Company and the Company is still finalising its position.

The number of meetings of Directors (including meetings of committees of Directors) held during the year and the number of meetings attended by each Director was as follows:

	Board Meetings		Audit, Risk & Compliance Committee Meetings	
	Attended	Held	Attended	Held
O. Buttula (appointed 15 August 2008)	15	15	1	1
R. Bishop (appointed 8 October 2008)	11	11	1	1
D. Pettiona (appointed 15 August 2008)	15	15	1	1
R. Spano (appointed 12 January 2009)	5	5	1	1
B. Spork (appointed 3 June 2008)	0	0	0	0
Directors that have resigned				
I. Findlay (resigned 10 October 2008)	4	4		
J. Beecher (resigned 10 October 2008)	4	4		
R. Armstrong (resigned 10 October 2008)	4	4		
R. Mollett (resigned 15 August 2008)	4	4		

REMUNERATION REPORT – AUDITED

Policy for determining the nature and amount of key management personnel remuneration

This Remuneration Report outlines the Director and Executive remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 and its Regulations. It also provides the remuneration disclosures required by paragraphs Aus 25.4 to Aus 25.7.2 of AASB 124 Related Party Disclosures, which have been transferred to the Remuneration Report in accordance with Corporations Regulation 2M.6.04. For the purposes of this report Key Management Personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any Director (whether executive or otherwise) of the parent company, and includes the five executives in the Parent and the Group receiving the highest remuneration (where applicable). For the purposes of this report, the terms Company, Group or Investorfirst are interchangeable, unless otherwise specified.

Remuneration philosophy

The performance of the Group depends upon the quality of its Directors and Executives (collectively hereafter 'Key Management Personnel'). To prosper, Investorfirst must attract, motivate and retain highly skilled Key Management Personnel. To this end, the Group embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high calibre individuals; and
- Link rewards to shareholder value.

Remuneration and nomination committee

Investorfirst considers that because of its relatively small size, the remuneration policy is a matter best addressed by the full Board of Directors and as such the Board has not established a separate Remuneration and Nomination Committee. The Board as a whole is responsible for determining and reviewing the performance and compensation arrangements for Key Management Personnel.

In reviewing performance, the Board conducts an evaluation based on specific criteria, including the Group's business performance, whether strategic objectives are being achieved and the development and performance of management and personnel.

In determining compensation arrangements, the Board assesses the appropriateness of the nature and amount of remuneration of the Key Management Personnel on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality team.

Remuneration structure

In accordance with best practice corporate governance, the structure of Non-Executive Director and other key management personnel remuneration is separate and distinct.

Non-Executive Director Remuneration

Objective and Structure
The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Current remuneration consists only of Fixed Remuneration. The amount of fixed remuneration is established for individual Non-Executive Directors by resolution of the full Board, at its discretion. The annual aggregate non executive remuneration may not exceed the amount fixed by the Company in general meeting for that purpose (currently fixed at a maximum of $250,000 per annum).

No additional fees are paid for each Board committee on which a Director sits, however Directors are also entitled to be reimbursed reasonable travelling, accommodation and other expenses incurred as a consequence of their attendance at Board meetings and otherwise in the execution of their duties as Directors.

Share Based Remuneration
Non-Executive Directors may be eligible to participate as recipients in the Employee Share Plan (ESP) of the Company, which was established by the Board during the year ended 30 June 2007.

The remuneration of Non-Executive Directors for the financial years ending 30 June 2009 and 30 June 2008 respectively are detailed in Table 1 of this Report.

The ESP is currently suspended.

Executive Remuneration

Objective
Investorfirst aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities to:

- align the interests of executives with those of shareholders;
- link reward with the strategic goals and performance of the Group; and
- ensure total remuneration is competitive by market standards.

Structure
In determining the level and make-up of executive remuneration, the Board of Directors primarily relies upon internal surveying of prevailing market conditions.

The Board has entered into a detailed contract of employment with the Chief Executive Officer. Details of the contract are provided below.

Remuneration may consist of the following key elements:

- Fixed Salary
- Cash / Equity Bonus – Short Term Incentive Plan ('STIP')
- Ongoing Incentive Plan – ('OIP')
- Long Term Incentive Plan ('LTIP') – not currently in place.

Fixed Salary

Objective and Structure
The level of fixed remuneration / salary is set so as to provide a base level of remuneration, which is both appropriate to the position and is competitive in the market.

Fixed salaries are reviewed annually by the Board of Directors and the process consists of a review of companywide, business unit and individual performance, relevant comparative remuneration in the market and internal and, where appropriate, external advice on policies and practices. Key Management Personnel receive their fixed remuneration / salary in cash.

Cash / Equity Bonus — Short Term Incentive Plan (STIP)

Objective and Structure
The objective of the STIP is to reward Key Management Personnel who are remunerated with fixed remuneration in a manner that focuses them on achieving personal and business goals which contribute to the creation of sustained shareholder value.

Bonus differential reflects performance against these goals.

The STIP facilitates annual cash / equity opportunities that reflect performance. Details of the STIP bonuses earned for each Key Management Personnel (if any) are detailed below.

Cash / Equity Bonus — Ongoing Incentive Plan (OIP)

Objective and Structure
The objective of the OIP is to reward Key Management Personnel who are remunerated with fixed remuneration in a manner that focuses them on achieving personal and business goals which contribute to the creation of sustained shareholder value.

Bonus differential reflects performance against these goals.

The OIP facilitates annual cash / equity opportunities that reflect performance. Details of the OIP bonuses earned for each Key Management Personnel (if any) are detailed below.

Equity Bonus - Long Term Incentive

Objective and Structure
Key Management Personnel may be eligible to participate as recipients in the Employee Share Plan (ESP) of the Company, which was established by the Board during the financial year ended 30 June 2007, for the purposes of issuing ordinary shares. Additionally, the Board of Directors may, at their discretion and with the approval of shareholders, (as required) elect to remunerate Key Management Personnel through the issue of share options.

The ESP is currently suspended.

Share based incentives

Objective
The objective of share based remuneration is to reward Key Management Personnel and staff (where applicable) in a manner that aligns this element of remuneration with the creation of shareholder value. As such ordinary share and share option grants may be made to executive Key Management Personnel that are able to influence the generation of shareholder wealth and thus have an impact on the company's performance.

Structure
Share based remuneration to Key Management Personnel may be delivered in the form of shares, partly-paid shares, or grants under the Employee Share Plan or as share option grants, as the Board recommends in its discretion, on a case by case basis. Recipients of share based remuneration may be required to meet vesting or issue conditions, including length-of-service, and market and non-market performance based criteria, including sustained share price targets.

Change in status of Executive Chairman

On 21 August 2009, Mr. Otto Buttula resigned from his "Senior Executive Employment" agreement with Investorfirst and Findlay & Co Stockbrokers Limited.

Given that the Board and Mr. Buttula did not in any way wish for him to sever his ties or involvement in the Company, he was unanimously and immediately re-elected as Non-Executive Chairman, having previously been duly and separately elected as a Director by members of the Company on 15 August 2008.

Following Mr. Buttula's resignation 5,000,000 performance based options exercisable at $0.12 cents per share that were subject to market and non-market performance based conditions INQ options were forfeited.

Set out below are the details of Mr. Buttula's share options that were in existence during the current financial year.

Tranche 1 – 5,000,000 options granted 29 May 2008

Exercisable from date of issue until 14 July 2009 at a price of $0.12.
On 15 August 2008, 2,500,000 options were exercised,
2,500,000 lapsed on 14 July 2009 and were cancelled.

Tranche 2 – 2,500,000 options granted 29 May 2008

a*) Exercisable from 1 July 2009 until 30 June 2012 if:*

i) the Cash Flow per Share for year ended 30 June 2009 is at least 110% of the Cash Flow Per Share for the year ended 30 June 2008; or

ii) the Volume Weighted Average Share Price daily for the shares in InvestorFirst Limited as reported by the ASX for any distinct 30 trading days is in excess of $0.40 per share in the year to 30 June 2009, or

b) If (a) is not achieved then:

Exercisable from 1 July 2010 to 30 June 2013 if:

i) the Cash Flow per Share for the year ended 30 June 2010 is at least 121% of the Cash Flow per Share for the year ended 30 June 2008; or

ii) the Volume Weighted Average Share Price daily for the shares in InvestorFirst Limited as reported by the ASX for any distinct 30 trading days is in excess of $0.40 per share post 30 June 2009 until 30 June 2013, or

c) If (a) and (b) are not achieved then:

Exercisable from 1 July 2011 to 30 June 2014 if:

i) the Cash Flow per Share for the year ended 30 June 2011 is at least 133.1% of the Cash Flow per Share for the year ended 30 June 2008; or

ii) the Volume Weighted Average Share Price daily for the shares in InvestorFirst Limited is reported by the ASX for any distinct 30 trading days is in excess of $0.40 per share post 30 June 2009 until 30 June 2014.

These options were forfeited on 21 August 2009 following Mr. Buttula's resignation as an executive.

<u>Tranche 3 – 2,500,000 options granted 29 May 2008</u>

a) Exercisable from 1 July 2010 to 30 June 2013 if the Cash Flow per Share for the year ended 30 June 2010 is at least 110% of the Cash Flow per Share for the year ended 30 June 2009; or

b) If (a) is not achieved then:

Exercisable from 1 July 2011 to 30 June 2014 if:

i) the Cash Flow per Share for the year ended 30 June 2011 is at least 133.1% of the Cash Flow per Share for the year ended 30 June 2008; or

ii) the Volume Weighted Average Share Price daily for the shares in InvestorFirst Limited is reported by the ASX for any distinct 30 trading days is in excess of $0.40 per share post 30 June 2009 until 30 June 2014.

These options were forfeited on 21 August 2009 following Mr. Buttula's resignation as an executive.

Summary of Key Terms of Chief Executive Officer's Employment Agreement

Brett Spork's employment arrangement has been established by taking into account the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations as well as industry practice.

(a) Duration of the Contract

Mr. Spork is employed under a continuing contract with no fixed term.

(b) Remuneration

- <u>Fixed Salary</u> - An annual package (including superannuation contributions in line with the Superannuation Guarantee legislation) of $190,000 fixed until 30 June 2010, which will be reviewed by the Board annually thereafter.
- <u>Short Term Incentive</u> – Short Term Incentive Program ("STIP") which is a component of the Executive's benefits and will consist of:
    - 3,500,000 million new partly-paid INQ shares ("STIP Shares"); and

    - These Shares will be paid up to 2.0 cents per share by the Company, with 5.0 cents per share to be paid by the Executive by 30 June 2012.

  The STIP Shares component has no specific performance hurdles (as the Shares are allocated in lieu of a cash incentive payment), however the Executive must be continuously employed by Investorfirst 12 months after the commencement of their Agreement in order to retain and further pay up the STIP Shares.

  Should the employment of the Executive cease for any reason (other than a change of control of the Company) then the Executive agrees he will forfeit all rights to the STIP Shares upon the cessation of his employment.

  Subject to the provisions of the Termination clause in the Employment Agreement, and the requirement for the Executive to be employed by the Employer 12 months after the commencement of this Agreement as set out above, the STIP Shares can be paid-up by the Executive at any time on or before 30 June 2012.

  The Executive can only pay up New Partly-Paid Shares in parcels of no less $25,000 (and otherwise in accordance with the Employment Agreement), at which time the shares will convert to being ordinary INQ shares ranking equally with other shares.

  The allotment and issue of the STIP Shares is subject to the approval of the Company's shareholders. The Employer will arrange for resolutions to be put to shareholders for the approval of the STIP Shares at the 2009 Annual General Meeting, currently scheduled to be held in November 2009. If the Company's shareholders do not approve the issue of the STIP in accordance with the Employment Agreement, then the Directors of the Company will have discretion to pay or allocate to the Executive a cash equivalent compensation.

- <u>Ongoing Incentive</u> – Ongoing Incentive Program ("OIP") which is a component of the Executive's benefits and consists of a bonus of up to 60% (sixty per cent) of the annual Total Base Salary Package (Fixed Salary + STIP) and will be delivered as deferred cash or equity (new INQ fully paid shares), at the Board's discretion.

  The actual OIP benefit payable is to be determined by the Board based on the achievement of agreed performance-based objectives being met by the Executive for each financial year.

  Where the Board decides to remunerate the Executive in the form of equity, the number of shares that will be paid as consideration will be calculated according to the extent of achievement of the agreed objectives (whether met in part or as a whole). Where the OIP is paid out in the form of new INQ shares, the number of shares paid as consideration will be calculated according to the dollar amount achieved and based on the 5 day Volume Weighted Average Price ("VWAP") paid prior to the Executive's appointment and on each anniversary thereof.

The Executive's performance will be assessed by the Board annually after the end of each financial year to determine whether the Executive has met specified performance criteria.

Remuneration of Key Management Personnel

Details of the nature and amount of each element of the emolument of Key Management Personnel of Investorfirst for the financial year, follows. Key Management Personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of Investorfirst, directly or indirectly, including any Director (whether executive or otherwise).

Base remuneration of the current executive team does not presently exceed $170,000 for any executive.

The company is currently in the process of formulating and implementing short term and long term incentive schemes that will be closely tied to the creation of shareholder value and the achievement of individual and corporate key performance measurements.

DIRECTORS' REPORT (CONTINUED)

All executives have rolling contracts. The Company may generally terminate the executive's employment agreement by providing one month's written notice or providing payment in lieu of the notice period (based on the fixed component of the executive's remuneration).

The Company may terminate the contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs the executive is only entitled to that portion of remuneration that is fixed, and only up to the date of termination. On termination with cause any unvested options will immediately be forfeited.

Remuneration for the year ended 30 June 2009 and 30 June 2008		Short term Salary & Fees	Termination payment	Post employment superannuation	Share based payments - Shares	Total
Non-executive directors						
Darren Pettiona	2009	27,829		2,752		30,581
	2008					
Robert Bishop	2009	22,262		2,202		24,464
	2008					
Robert Spano	2009	20,000				20,000
	2008					
James Beecher	2009	35,000				35,000
	2008	70,000			190,000	260,000
Sub-total non-executive directors	2009	**105,091**		**4,954**		**110,045**
	2008	70,000			190,000	260,000
Executive directors						
Otto Buttula	2009	53,082		5,250	198,386	256,718
	2008					
Brett Spork	2009	2,570		253		2,823
	2008					
Ivor Findlay	2009	21,522				21,522
	2008	494,154				494,154
Robin Armstrong	2009	16,011				16,011
	2008	366,431			100,000	466,431
Richard Mollett	2009	164,561	40,000	10,098		214,659
	2008	126,728		11,405	225,000	363,133
Sub-total executive directors	2009	**257,746**	**40,000**	**15,601**	**198,386**	**511,733**
	2008	987,313		11,405	325,000	1,323,718
Key Management Personnel						
Andrea Steele	2009	121,613		12,028		133,641
Chief Operating Officer & Joint Company Secretary	2008					
Paul Clarke	2009	53,100		5,251		58,351
General Manager Transaction Services	2008					
Grant Henderson	2009	48,998		4,846		53,844
Manager Compliance	2008					
Dilash Hargovind	2009	65,000		5,850		70,850
Chief Financial Officer & Joint Company Secretary	2008					
Sub-total key management personnel	2009	**288,711**		**27,975**		**316,687**
	2008					
Total	2009	**651,548**	**40,000**	**48,531**	**198,386**	**938,465**
	2008	1,057,313		11,405	515,000	1,583,718

DIRECTORS' REPORT (CONTINUED)

None of the Directors or key management personnel were in office for the full financial year.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of the Company support and have substantially adhered to the principles of corporate governance. The Company's corporate governance statement is contained in the following section of this Annual Report.

NON-AUDIT SERVICES

Tax, compliance and consulting services of $43,984 (2008: $197,702) were provided by the company's previous auditor, Nexia Court & Co and $5,665 was paid to Ernst & Young. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors as set out in APES 110 Code of Ethics for Professional Accountants as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Group, acting as an advocate for the Group or jointly sharing rights and rewards. Nexia Court & Co received or is due to receive the following amounts for the provision of non-audit services:

Refer to Note 27: Auditors Remuneration of the financial statements for details of the remuneration that the auditors received or are due to receive for the provision of audit and other services.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the Corporations Act 2001.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

The Directors received an Independence Declaration from the auditors of Investorfirst which follows on the following page.

Otto Buttula
Chairman

Sydney, 30 September 2009

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Auditor's Independence Declaration to the Directors of Investorfirst Limited (Formerly Findlay Securities Limited)

In relation to our audit of the financial report of Investorfirst Limited (formerly Findlay Securities Limited) for the financial year ended 30th June 2009 to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Andrew Gilder
Partner
30 September 2009

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CORPORATE GOVERNANCE

The Board of Directors of Investorfirst is responsible for establishing the corporate governance framework of the Group having regard to the ASX Corporate Governance Council (CGC) published guidelines as well as its corporate governance principles and recommendations. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable. The table below summarises the Company's compliance with the CGS's recommendations

	Recommendation	Comply Yes/No
Principle 1 - Lay solid foundations for management and oversight		
1.1	Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions	Yes
1.2	Companies should disclose the process for evaluating the performance of senior executives.	Yes
1.3	Companies should provide the information indicated in the guide to reporting on Principle 1.	Yes
Principle 2 - Structure the Board to add value		
2.1	A majority of the Board should be independent Directors.	Yes
2.2	The chair should be an independent Director. *(Mr. Buttula has a substantial holding of 13.52% in the Company and is technically therefore not classified as independent)*	No
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	Yes
2.4	The Board should establish a nomination committee.	Yes
2.5	Companies should disclose the process for evaluating the performance of the Board, its committees and individual Directors.	Yes
2.6	Companies should provide the information indicated in the guide to reporting on Principle 2.	Yes
Principle 3 - Promote ethical and responsible decision-making		
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: • The practices necessary to maintain confidence in the company's integrity. • The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders. • The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Yes
3.2	Companies should establish a policy concerning trading in company securities by Directors, senior executives and employees, and disclose the policy or a summary of that policy.	Yes
3.3	Companies should provide the information indicated in the guide to reporting on Principle 3.	Yes
Principle 4 - Safeguard integrity in financial reporting		
4.1	The Board should establish an audit committee.	Yes

	Recommendation	Comply Yes/No
4.2	The audit committee should be structured so that it:	
	• Consists only of non-executive Directors	Yes
	• Consists of a majority of independent Directors	Yes
	• Is chaired by an independent chair, who is not chair of the Board.	Yes
	• Has at least 3 members *(The Committee comprises 2 members)*	No
4.3	The audit committee should have a formal charter.	Yes
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4.	Yes
Principle 5 - Make timely and balanced disclosure		
5.1	Companies should establish written policies designed to ensure compliance with ASX listing rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	Yes
5.2	Companies should provide the information indicated in the guide to reporting on Principle 5.	Yes
Principle 6 - Respect the rights of shareholders		
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	Yes
6.2	Companies should provide the information indicated in the guide to reporting on Principle 6.	Yes
Principle 7 - Recognise and manage risk		
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Yes
7.2	The Board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks	Yes
7.3	The Board should disclose whether it has received assurance from the chief executive officer [or equivalent) and the chief financial officer [or equivalent] that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Yes
7.4	Companies should provide the information indicated in the guide to reporting on Principle 7.	Yes
Principle 8 – Remunerate fairly and responsibly		
8.1	The Board should establish a remuneration committee. *(Given the size of the Board and the Company, it has been determined that the Board as a whole shall perform the duties of a Remuneration and nomination committee)*	No
8.2	Companies should clearly distinguish the structure of non-executive Directors' remuneration from that of executive Directors and senior executives.	Yes

CORPORATE GOVERNANCE (CONTINUED)

Board functions

The Board seeks to identify the expectations of the shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks.

To ensure that the Board is well equipped to discharge its responsibilities it has established guidelines for the nomination and selection of Directors and for the operation of the Board. The responsibility for the operation and administration of the Group is delegated, by the Board, to the CEO and the executive management team. The Board ensures that this team is appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess the performance of the CEO and the executive management team.

Whilst at all times the Board retains full responsibility for guiding and monitoring the Group, in discharging its stewardship it makes use of sub-committees. Specialist committees are able to focus on a particular responsibility and provide informed feedback to the Board.

To this end the Board has established an Audit, Risk and Compliance Committee, Chaired by Mr. Robert Bishop, an independent Director.

The Board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risk identified by the Board. The Board has a number of mechanisms in place to ensure this is achieved including:

- Board approval of a strategic plan designed to meet stakeholders' needs and manage business risk.
- Ongoing development of the strategic plan and approving initiatives and strategies designed to ensure the continued growth and success of the Company.
- Implementation of budgets by management and monitoring progress against budget - via the establishment and reporting of both financial and non financial key performance indicators.

Other functions reserved to the Board include:

- Approval of the annual and half-yearly financial reports.
- Approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures.
- Ensuring that any significant risks that arise are identified, assessed, appropriately managed and monitored.
- Reporting to shareholders.

Structure of the Board

The skills, experience and expertise relevant to the position of Director held by each Director in office at the date of the annual report are included in the Directors' Report. Directors of the Company are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the exercise of their unfettered and independent judgement.

In the context of Director independence, "materiality" is considered from both the Group and individual Director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal to or less than 5% of the appropriate base amount. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount. Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors that point to the actual ability of the Director in question to shape the direction of the Group's loyalty.

In accordance with the definition of independence above, and the materiality thresholds set, the following Directors of Investorfirst are considered to be independent:

Name	**Position**
Mr. Robert Bishop	Non-Executive Director
Mr. Robert Spano	Non-Executive Director
Mr. Darren Pettiona	Non-Executive Director

Whilst the Board notes the Corporate Governance Council's recommendation that the Chair should be an independent Director, the Board further recognises that given Mr. Buttula's experience and track record of achievements in the industry, he is best placed to be the Company's Chairman.

The Board further believes that Mr. Buttula is the most appropriate person to lead the Board and that he is able to and does bring quality and independent judgment to all relevant issues falling within the scope of the role of Chairman and that the Group as a whole, benefits from his long standing experience of its operations and business relationships. The reason that Mr. Buttula is technically classified as not independent is due to his substantial shareholding of 13.52% in the Company.

There are procedures in place, agreed by the Board, to enable Directors in furtherance of their duties to seek independent professional advice at the Company's expense.

Performance

The performance of the Board and key executives is reviewed regularly against both measurable and qualitative indicators. The Board will conduct self performance evaluations that involve an assessment of each Board member's and key executive's performance against specific and measurable qualitative and quantitative performance criteria.

The performance criteria against which Directors and executives are assessed are aligned with the financial and non-financial objectives of the Company.

Directors whose performance is consistently unsatisfactory may be asked to retire.

Trading policy

Under the Company's Share Trading Policy, an executive or Director must not trade in any securities of the Company at any time when they are in possession of unpublished, price-sensitive information in relation to those securities.

Before commencing to trade, an executive must first obtain the approval of the Chairman or Chief Executive Officer.

Only in exceptional circumstances will approval be forthcoming outside of the period which is four weeks after:

- One day following the announcement of the half yearly and full year results as the case may be;
- One day following the holding of the Annual General Meeting;
- One day after any other form of earnings forecast update is given to the market.

As required by the ASX listing rules, the Company notifies the ASX of any transaction conducted by Directors in the securities of the Company.

Nomination Committee

The Board has not established a separate nominations committee. The Board considers that it is appropriate this important function is to be carried out by the Board as a whole given the size of the company and the current number of Directors.

CORPORATE GOVERNANCE (CONTINUED)

Audit, Risk and Compliance Committee (ARCC)

Purpose

The primary function of the ARCC is to assist the Board of Directors of Investorfirst in fulfilling its oversight responsibilities to shareholders by reviewing the:

- *Integrity of the financial statements of the Group, including:*
    - *Reviewing and reporting to the Board on the half yearly and annual reports and financial statements of the Company and associated entities;*
    - *Monitoring and reviewing the reliability of financial reporting;*
    - *Monitoring and reviewing mandatory statutory requirements;*
- *External auditor's qualifications, performance and independence, including*
    - *Nominating the external auditor;*
    - *Reviewing the adequacy, scope and quality of the annual statutory audit and half yearly statutory review;*
- *Management of financial and operational risk, including a review of the:*
    - *Effectiveness of the Group's internal control systems;*
    - *Business continuity and Risk Plan and Disaster Recovery Plan;*
    - *Group's insurance policy and coverage;*
- *Group's compliance with legal and regulatory requirements;*
    - *Occupational Health and Safety;*
    - *AFS Licence conditions.*

Composition

Investorfirst is committed to the principle that its ARCC should be of sufficient size, independence and technical expertise to discharge its mandate effectively.

The ARCC shall be comprised of two or more Directors, the majority whom shall be independent, non-executive Directors, free from any business or other relationship which would materially interfere with their exercise of duties as a member of the ARCC. The Chairman of the ARCC will be an independent director and not the Chairman of the main holding entity, Investorfirst Limited.

All members of the ARCC shall have a working familiarity with basic finance and accounting practices, and at least one member must have financial expertise or at a minimum considerable financial experience. The members of the ARCC are expected to have an understanding of the industries in which Investorfirst operates. Where the member does not have the requisite expertise upon initial appointment, financial literacy should be should be attained within a reasonable period of time after his or her appointment. New members will receive induction training upon commencement and shall be able to apply to the Board for continuing training

Membership should be periodically assessed and if necessary rotated to ensure the injection of new ideas. ARCC members should not serve on the audit committees of more than two other public companies unless the Board determines that such service does not impair the member's ability to serve on the Committee.

The Audit Committee should be given the necessary power and resources to meet its charter. This will include rights of access to management and to auditors (external and internal) without management present and rights to seek explanations and additional information.

<u>Meetings</u>

The ARCC meetings take place as often as required to undertake its role effectively. In general, the CEO, Company Secretary and CFO are invited to attend the ARCC meetings. A quorum of any meeting will be two members.

The ARCC meets at least twice per year with the external auditor, including at least one meeting without management present to discuss any matters which may be unresolved with management. The ARCC must report, follow up and resolve any differences of view between the internal auditors and management.

Minutes of meetings shall be taken by the Company Secretary or their delegate. The agenda and supporting documentation will be circulated to the ARCC members within a reasonable period in advance of each meeting. The minutes shall be circulated and approved by the ARCC members, and included in the papers for the next full Board meeting after each ARCC meeting.

<u>Ensuring the Effectiveness of the ARCC</u>

In order to ensure that the ARCC is able to effectively carry out its duties, the ARCC shall:

- *have unlimited access to both internal and external auditors and to senior management, the chief executive officer, chief financial officer, company secretary/general counsel and all employees;*
- *have available to it resources sufficient to engage outside expertise if needed i.e., legal and technical consultants; and*
- *be provided with a status report for all recommendations provided by the auditors for which agreed action is required, which reports include accountable officers and implementation dates.*

<u>Limitation of Audit, Risk and Compliance Committee's Role</u>

While the Audit, Risk and Compliance Committee has the responsibilities and powers set out in its Charter, it is not the duty of the Audit, Risk and Compliance Committee to plan or conduct audits or to determine that the Group's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations.

These are the responsibilities of management and the external auditor.

<u>Charter and Performance Review</u>

The Charter will be reviewed and updated at least annually and changes required will be recommended to the Board for approval. The Committee annually reviews its own performance.

The current members of the ARCC are Mr. Robert Bishop and Mr. Darren Pettiona. Their qualifications and experience are set out earlier in this report.

Risk

The Board acknowledges the *Revised Supplementary Guidance to Principle 7* issued by the ASX in June 2008 and has continued its proactive approach to risk management. The identification and effective management of risk, including calculated risk-taking is viewed as an essential part of the company's approach to creating long-term shareholder value.

In recognition of this, the Board, in concert with the Audit, Risk and Compliance Committee (ARCC), determines the company's risk profile and is responsible for overseeing and approving appropriate risk management strategy and policies, internal compliance and internal controls.

CORPORATE GOVERNANCE (CONTINUED)

The tasks of undertaking and assessing risk management and internal control effectiveness are delegated to management through the Chief Executive Officer, including responsibility for the day to day design and implementation of the company's risk management and internal control system.
Management is required by the Board to carry out risk specific management activities in five core areas;

- strategic risk;
- operational risk;
- reporting risk; and
- compliance risk.

The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include the following:

- Board approval of a strategic plan, which encompasses the company's vision, mission and strategy;
- statements, designed to meet stakeholders' needs and manage business risk; and
- Implementation of Board approved operating plans and budgets and Board monitoring of progress against these budgets, including the establishment and monitoring of KPIs of both a financial and nonfinancial nature.

For the purpose of assisting investors to understand better the nature of the risks faced by the Company, the Board has prepared a list of operational risks as part of these Principle 7 disclosures. However the Board notes that this does not necessarily represent an exhaustive list and that it may be subject to change based on underlying market events such as:

- Increasing costs of operations; and
- Changed operating, market or regulatory environments.

A copy of the Company's risk management policy follows.

Purpose

Risk is inherent in all of day-to-day activities of Investorfirst Limited and its controlled entities ('Investorfirst') and every manager and staff member continuously manages risk, whether realised or not. Risk is defined as the chance of something happening that will have an impact upon objectives.

Formal and systematic approaches to managing risk have evolved over time and are regarded as good management and corporate governance practice. Accordingly, Investorfirst has adopted a strategic and formal approach to risk management that will improve decision-making, enhance outcomes and accountability. The aim of risk management is not to eliminate risk entirely, but rather to identify and manage risks to maximise opportunity and minimise adversity.

Areas / Persons Affected

Risk affects every person and is embedded in every aspect of Investorfirst's daily business. Every employee / staff member must be educated as to the risk management process so that they can assist in identifying risk items and engage in proper reporting and escalation procedures so risk items can be properly addressed.

It is important to note that Investorfirst needs to consider risks that may directly or indirectly impact our clients as well.

Various policies / procedures, as well as day-to-day processes, address risk in their own way. This document does not try to duplicate these, but rather provide an overall framework by which they are governed.

Policy

The Investorfirst Group of companies maintains procedures to provide a systematic view of the risks faced in the course of its business activities. Where appropriate, these procedures will be consistent with the Standards Australia risk management standard, AS / NZS 4360:1999 - Risk Management.

Definitions

Risk management definitions can be found in the definitions section of the Standards Australia risk management standard, AS / NZS 4360:1999 - Risk Management. The key definitions are as follows:

Risk
The chance of something happening that will have an impact upon Investorfirst's objectives. Risk is measured in terms of consequences and likelihood.

Risk Assessment
The overall process of risk analysis and evaluation.

Risk Identification
The process of determining what can happen, why and how.

Risk Management
The culture, processes and structures that are directed towards the effective management of potential opportunities and adverse effects within Investorfirst's environment.

Risk Management Process
The systematic application of management policies, procedures and practices to the tasks of establishing the context, identifying, analysing, evaluating, treating, monitoring and communicating risk.

Responsibilities

Investorfirst Board of Directors

The Board is ultimately responsible for overall risk management within Investorfirst.

The Board is also responsible for:

- *Adopting and supporting this policy*
- *Providing sufficient resources to address risk management*
- *Ensuring management implements risk management systems and that the systems meet Board requirements*
- *Ensuring proper reporting of risks*

The Board has formally delegated oversight of risk management to the Audit, Risk & Compliance Committee (a Board Sub-Committee). The Audit, Risk & Compliance Committee reports directly to the Board.

Audit, Risk & Compliance Committee

The Audit Risk & Compliance Committee:

- *is comprised of a majority of non-executive Directors and by invitation the Chief Financial Officer and / or Company Secretary;*
- *meets on a quarterly basis or more regularly as required; and*
- *provides direction for risk management and reports to the Board on significant matters.*

Risk and Compliance Committee

Investorfirst has a dedicated Risk and Compliance Committee which operates across the business. Investorfirst's Committee has stakeholders from the following areas of the business:

- *Compliance Manager (Chair)*
- *GM – Transaction Services (Operations)*
- *Responsible Executive (Operations / Advisor Services)*
- *CFO (Finance)*
- *Corporate representative*

The Risk and Compliance Committees meet on a monthly basis or more regularly as required. These meetings are chaired by the Compliance Manager. The agenda is circulated at least 5 days prior to the meeting to facilitate additional items to be included. Minutes are taken and action plans are developed as a result of these meeting. Minutes are provided to the Audit Risk & Compliance Committee.

Key members of these Committees report on the status of existing as well as any new risks. The Risk and Compliance Committees regularly monitor the key business risks identified by each business area of the company. The following information is recorded in the risk register, analysed, prioritised and relevant action taken: the source; nature, existing controls, consequence and likelihood rating; initial risk rating and vulnerability to external / internal factors.

Senior Management

It is the responsibility of management to implement and drive the risk management system as well as promote a culture of risk management and compliance. Each Senior Manager (defined as being at the Manager level or higher) is accountable for the risks and resulting actions for their respective divisions or departments. Senior Management who are also Responsible Executives will be asked to report on a monthly basis by providing an attestation to the Risk and Compliance Committee. The Risk and Compliance Committee then provides quarterly risk and compliance attestations to the ARCC.

Legal & Compliance Department

Investorfirst has an internal Compliance Department who is responsible for reviewing the business and working with business to identify and address compliance risks. External compliance advice is also sought from time to time as is legal advice in respect of the overall Company's risk management system.

Procedures

Risk Management Framework

Investorfirst has a risk management framework in place to ensure that key risks are identified, assessed and action taken across the Company. The key benefits to the risk management framework are to minimise loss to the business and maximise opportunities.

The overall process is to:

- *Establish the context*
- *Identify Risks*
- *Analyse Risks*
- *Evaluate Risks*
- *Treat Risks*

- *Monitor and Review*
- *Communication and Consultation.*

The risk management framework has been implemented throughout the Investorfirst Group of companies and has management and executive support. Ongoing risk management is driven by the Risk and Compliance Committee, who report to the Board via its Sub-Committee - the Audit, Risk and Compliance Committee.

In developing this framework Investorfirst has taken into consideration the Company's strategic context, its goals, objectives and the nature of its business.

Risk Management Process

Investorfirst uses the following methodology for its risk management framework.

Establishing the context

This is the strategic, organisational and risk management context against which the rest of the risk management process in Investorfirst will take place.

Strategic Context

Investorfirst defines the relationship between the Company and its environment by performing a detailed SWOT analysis [strengths, weaknesses, opportunities and threats] for each business division.

The executive has committed to continually drive management workshops to continually update the SWOT analysis for each business unit. The results of these workshops will be communicated back to the Risk and Compliance Committee to further review and evaluation against the Risk Management framework.

Organisational Context

The organisational context is formed and communicated from our Senior Executive team and Board. We clearly identify our Company's capabilities, goals and objectives going forward. The CEO, senior executive team and Chairman will present a detailed strategic plan to the Board of Directors. This plan has will also be communicated to the Executive Team.

Risk Management Context

The risk management context is primarily driven as a result of the organisational and strategic context with further identification and refinement from the relevant business divisions who quarterly review their Top 10 business risks. The Risk and Compliance Committee has been formed with the clear initiative to identify, assess, prioritise and report relevant business risks to the Investorfirst Board via the Audit, Risk and Compliance Committee.

Developing Risk Evaluation Criteria

Risks within Investorfirst Group are entered into the risk register and allocated relevant risk classifications. Risks are measured against operational, technical, financial, legal and social criteria where appropriate.

Identifying the risk

Essentially the Risk and Compliance Committees and Senior Management identify all risks within the business. The Investorfirst risk identification criteria considers:

- *what can happen*
- *why it can happen*
- *how things happen (possible causes or scenarios).*

This then becomes the fundamental framework for further analysis. All risks are identified at this stage without severity classification or whether the risks are within the control of the Company.

Criteria used to identify risks in our business include checklists, judgments based on experience, management workshops and systems analysis.

Some generic examples of risks for Investorfirst's business are:
(This list is purely an illustration of the types of risks Investorfirst could be subject to. This list should not be taken as a checklist as to the only elements we could be exposed to).

- *Commercial and legal relationships. (e.g. between Investorfirst and other organisations, this could include suppliers, clients, sub contractors, lessees).*
- *Economic circumstances of the organisation, country, internationally, as well as factors contributing to those circumstances. (e.g. exchange rates, interest rates, share market volatility).*
- *Human behaviour – both internally and externally to Investorfirst.*
- *Natural events.*
- *Political circumstances – including legislative changes, financial services guidelines and factors which may influence other sources of risk.*
- *Technology and technical issues – both internal and external to the organisation.*
- *Management activities and controls.*
- *Individual activities.*
- *Financial – contractual risks, misappropriation of funds, fraud, fines, tax, insurance etc.*
- *Human – riots, strikes, sabotage, etc.*
- *Occupational health and safety – inadequate safety measures, poor safety management.*
- *Producer liability – design error, substandard poor quality control or inadequate testing.*
- *Professional liability – wrong advice, negligence or design error.*
- *Property damage – fire, water damage, earthquakes, etc.*
- *Reputation.*
- *Regulatory.*
- *Security – cash arrangements, credit card violation, vandalism, theft, misappropriation of information or illegal entry.*
- *Technological – innovation, explosions and dependability.*
- *Competitor analysis.*

Analysing the risk

Once the risks are identified, the existing controls should be determined so that the risk can be analysed in terms of consequences and likelihood in the context of those controls (e.g. isolate the minor risks from major risks and provide data to assist in the evaluation and measurement of the risks).

Risks may be analysed using a variety of methods, including:

<u>Qualitative Analysis</u> - using words or a descriptive scale to describe the magnitude of potential consequences and the likelihood that those consequences will occur.

<u>Semi-quantitative analysis</u> – In semi-quantitative analysis, the qualitative scales are given values. This is to provide a more detailed prioritisation than is possible with a qualitative analysis, not to suggest any realistic values for risk.

<u>Quantitative analysis</u> – This uses numerical values (rather than a descriptive scale) for both consequences and likelihood using data from a variety of sources.

For further information on the types of analysis, refer to AS / NZS 4360.

Investorfirst uses a semi quantitative analysis to prioritise its risks, which it analyses by combining estimates of consequences and likelihood in the context of existing control measures.

Chairman and CFO certification

In accordance with section 295A of the *Corporations Act*, the Chief Executive Officer and Chief Financial Officer, as defined under sections 295A(4) and 295A(6) have provided a written statement to the Board that:

- Their view provided on the Company's financial report is founded on a sound system of risk management and
- internal compliance and control which implements the financial policies adopted by the Board, and
- the Company's risk management and internal compliance and control system is operating effectively in all material respects.

The Board agrees with the views of the ASX on this matter and notes that due to its nature, internal control assurance from the CEO and CFO can only be reasonable rather than absolute. This is due to such factors as the need for judgement, the use of testing on a sample basis, the inherent limitations in internal control and because much of the evidence available is persuasive rather than conclusive and therefore is not and cannot be designed to detect all weaknesses in control procedures.

Safeguard integrity in financial reporting

The Group has established an Audit, Risk and Compliance Committee. It has a formal charter which outlines the primary responsibilities of the Committee. It has an independent chairman; however because of the structure and small size of the Board it has only 2 members, both of whom are independent.

The Audit, Risk and Compliance Committee is composed of Robert Bishop (Independent Chairman) and Darren Pettiona. The Committee's charter will be made available on Investorfirst's website.

CORPORATE GOVERNANCE (CONTINUED)

Make timely and balanced disclosure and respect the rights of shareholders

The Board strives to ensure that shareholders are provided with sufficient information to assess the performance of the Group and to make well-informed investment decisions.

Information is communicated to shareholders through:

- Annual and half-yearly financial reports;
- Annual and other general meetings convened for shareholder review and approval of Board proposals;
- Continuous disclosure of material changes to ASX for open access to the public; and
- Investorfirst maintains a website where all ASX announcements, notices and financial reports can be accessed.

The Group has adopted formal policies and procedures with regard to the ASX Listing Rules disclosure requirements.

The auditor will be requested to attend the Annual General Meeting of shareholders. Shareholders may ask questions of the auditor about the conduct of the audit and the preparation and content of the audit report.

The Financial Report of Investorfirst Limited commences on page 32

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2009

		CONSOLIDATED		PARENT	
		2009	2008	2009	2008
Continuing Operations	**Notes**	**$**	**$**	**$**	**$**
Revenue					
Brokerage		4,466,106	9,514,691		
Corporate		317,850	2,373,673		
Share trading income		618,929	(699,243)		
Interest and other income	4	730,036	869,040	4,327	107,837
		6,132,921	**12,058,161**	**4,327**	**107,837**
Expenses					
Accounting and audit fees		(162,622)	(356,654)		
Dealer commissions		(2,289,244)	(5,726,650)		
Depreciation		(34,942)	(20,782)		
ASX broking expenses		(851,438)	(971,314)		
Clearing and settlement expenses		(607,569)	(2,335,476)		
Salaries and employee benefits expense	4	(1,695,681)	(1,157,269)	(62,933)	(70,000)
Legal expense		(324,475)	(295,476)		
Information Services		(462,092)	(350,619)		
Rent	4	(366,882)	(270,925)		
Share based payments expense		(198,386)	(1,236,249)		(190,000)
Listing and registry fees		(57,625)	(35,786)	(26,738)	(35,787)
Impairment of investments and receivables, loss on investments, amortisation of intangibles and bad debts	4	(1,206,039)	(2,097,371)	(5,713,670)	(330,000)
Other expenses		(682,068)	(942,346)	(13,992)	(54,317)
		(8,939,063)	**(15,796,917)**	**(5,817,333)**	**(680,104)**
Loss before income tax		**(2,806,142)**	**(3,738,756)**	**(5,813,006)**	**(572,267)**
Income tax benefit	5	795,995	162,750	98,375	15,680
Loss after income tax		**(2,010,147)**	**(3,576,006)**	**(5,714,631)**	**(556,587)**
Loss for the year attributable to members		**(2,010,147)**	**(3,576,006)**	**(5,714,631)**	**(556,587)**
Basic loss per share (cents per share) for the period, attributable to ordinary equity members	26	(0.02)	(0.06)		
Diluted loss per share (cents per share) for the period, attributable to ordinary equity members	26	(0.02)	(0.06)		

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

BALANCE SHEET

AT 30 JUNE 2009

		CONSOLIDATED		PARENT	
		2009	2008	2009	2008
	Notes	$	$	$	$
ASSETS					
Current Assets					
Cash and cash equivalents		6,174,986	1,285,769	53,833	(3,570)
Receivables	6	8,007,867	1,308,578		61,029
Financial assets	7	277,545	727,906		
Other current assets	8	98,400		8,002	
Current tax receivables	5	114,137	33,745	114,137	33,745
Total Current Assets		**14,672,935**	**3,355,998**	**175,972**	**91,204**
Non-Current Assets					
Receivables	9				3,262,034
Investments in subsidiaries	10			8,410,962	2,262,201
Plant and equipment	11	92,058	33,323		
Deferred tax assets	5	1,234,360	451,206	959,009	138,598
Intangible assets	12	2,948,921			
Other non-current assets	13	25,193	25,192		
Total Non-Current Assets		**4,300,532**	**509,721**	**9,369,971**	**5,662,833**
Total Assets		**18,973,467**	**3,865,719**	**9,545,943**	**5,754,037**
LIABILITIES					
Current Liabilities					
Trade and other payables	14	10,205,117	1,402,798	420	31,748
Provisions	15	74,436	77,543		
Total Current Liabilities		**10,279,553**	**1,480,341**	**420**	**31,748**
Non-Current Liabilities					
Trade and other payables	16			1,549,775	317,492
Provision	15	13,101			
Total Non-Current Liabilities		**13,101**		**1,549,775**	**317,492**
Total Liabilities		**10,292,654**	**1,480,341**	**1,550,195**	**349,240**
Net Assets		**8,680,813**	**2,385,378**	**7,995,748**	**5,404,797**
EQUITY					
Issued capital	17	14,064,408	5,722,209	14,064,408	5,722,209
Equity reserve	18	198,386	235,003	198,386	235,003
Accumulated losses	19	(5,581,981)	(3,571,834)	(6,267,046)	(552,415)
Total Equity		**8,680,813**	**2,385,378**	**7,995,748**	**5,404,797**

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2009

Consolidated Entity	Issued Capital $	Reserves $	Accumulated Losses $	Total $
2009				
As at 1 July 2008	**5,722,209**	**235,003**	**(3,571,834)**	**2,385,378**
Net loss for the year			(2,010,147)	**(2,010,147)**
Shares issued – business acquisition	6,753,204			**6,753,204**
Shares issued – placement	1,053,992			**1,053,992**
Shares issued – exercise of options	300,000			**300,000**
Equity reserve transferred to issued capital	235,003	(235,003)		**0**
Share-based premium reserve		198,386		**198,386**
As at 30 June 2009	**14,064,408**	**198,386**	**(5,581,981)**	**8,680,813**
2008				
As at 1 July 2007	**1,000**		**4,172**	**5,172**
Net loss for the year			(3,309,686)	**(3,309,686)**
Net effect of correction of error			(266,320)	**(266,320)**
IPO new shares	3,000,000			**3,000,000**
Less: transaction costs on share issue	(358,512)			**(358,512)**
Shares issued – business acquisitions	900,475			**900,475**
Business purchases	330,000			**330,000**
ESP shares, Tranche #1	682,498			**682,498**
ESP shares, Tranche #2	228,748			**228,748**
ESP shares, Tranche #3 – unsettled		235,003		**235,003**
Director remuneration issue	90,000			**90,000**
Shares issued – placement	848,000			**848,000**
As at 30 June 2008	**5,722,209**	**235,003**	**(3,571,834)**	**2,385,378**

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

STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2009

Parent Entity	Issued Capital $	Reserves $	Accumulated Losses $	Total $
2009				
As at 1 July 2008	**5,722,209**	**235,003**	**(552,415)**	**5,404,797**
Net loss for the year			(5,714,631)	**(5,714,631)**
Shares issued – business acquisition	6,753,204			**6,753,204**
Shares issued – placement	1,053,992			**1,053,992**
Shares issued – exercise of options	300,000			**300,000**
Equity reserve transferred to issued capital	235,003	(235,003)		**0**
Share-based premium reserve		198,386		**198,386**
As at 30 June 2009	**14,064,408**	**198,386**	**(6,267,046)**	**7,995,748**
2008				
As at 1 July 2007	**1,000**		**4,172**	**5,172**
Net loss for the year			(556,587)	**(556,587)**
IPO new shares	3,000,000			**3,000,000**
Less: transaction costs on share issue	(358,512)			**(358,512)**
Shares issued – business acquisitions	900,475			**900,475**
Business purchases	330,000			**330,000**
ESP shares, Tranche #1	682,498			**682,498**
ESP shares, Tranche #2	228,748			**228,748**
ESP shares, Tranche #3 – unsettled		235,003		**235,003**
Director remuneration issue	90,000			**90,000**
Shares issued – placement	848,000			**848,000**
As at 30 June 2008	**5,722,209**	**235,003**	**(552,415)**	**5,404,797**

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

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2009

		CONSOLIDATED		PARENT	
		2009	2008	2009	2008
	Note	$	$	$	$
Cash flows from operating activities					
Receipts from customers		7,061,721	11,892,736	61,029	
Payments to suppliers and employees		(8,072,120)	(14,045,522)	(143,411)	(142,446)
Interest received		259,712	93,721	4,327	57,750
Income taxes paid		13,393	(709,491)	(61,001)	(1,788)
Payments in relation to client and dealer balances		(672,123)			
Net cash outflow from operating activities	21(a)	**(1,409,417)**	**(2,768,556)**	**(139,056)**	**(86,484)**
Cash flows from investing activities					
Investment in Underwriters					(1,550,000)
Investment in Stockbrokers					(1,922,389)
Purchase of plant and equipment		(34,878)	(35,899)		
Purchase of net financial assets			(372,818)		
Net movement from related entities				264,802	
Payment for acquisition of shares in Aequs Capital Ltd				(1,336,828)	
Acquisition of subsidiary net of cash acquired		5,065,027			(1,000)
Net cash outflow from investing activities		**5,030,149**	**(408,717)**	**(1,072,026)**	**(3,473,389)**
Cash flows from financing activities					
Acquisition cost paid		(85,507)		(85,507)	
Payment for shares sold into IPO			(4,000,000)		(4,000,000)
Refund of IPO oversubscriptions			(660,000)		(660,000)
Payment of share issue costs			(295,715)		(295,715)
Placement and option proceeds		1,353,992	848,000	1,353,992	848,000
Net cash outflow from financing activities		**1,268,485**	**(4,107,715)**	**1,268,485**	**(4,107,715)**
Net increase/(decrease) in cash and cash equivalents		**4,889,217**	**(7,284,988)**	**57,403**	**(7,667,588)**
Cash and cash equivalents at beginning of period		1,285,769	8,570,757	(3,570)	7,664,018
Cash and cash equivalents at end of period	21(b)	**6,174,986**	**1,285,769**	**53,833**	**(3,570)**

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

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Annual Report of Investorfirst Limited (the "Company" or Investorfirst) for the year ended 30 June 2009 was authorised for issue in accordance with a resolution of the Directors on 30 September 2009 and covers Investorfirst Limited ("the Company") as an individual entity as well as the consolidated entity consisting of Investorfirst Limited and its subsidiaries as required by the *Corporations Act 2001.*

Investorfirst Limited is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Company is described in the Director's Report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation
The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis, except for derivative financial instruments and available-for-sale investments, which have been measured at fair value.

The financial report is presented in Australian dollars.

(b) Compliance with IFRS
The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(c) Determination of Fair Values
Financial assets at fair value through profit or loss are valued in accordance with the method described in Note 31.

(d) New accounting standards and interpretations
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ending 30 June 2009. These are outlined below.

AASB 3 Business Combinations (revised)
This standard changes the application of acquisition accounting for business combinations and the accounting for non-controlling (minority interests). Key changes include: the immediate expensing of all transaction costs; measurement of contingent consideration at acquisition date with subsequent changes through the income statement; measurement of non-controlling (minority) interests at full fair value or the proportionate share of the fair value of the underlying net assets; guidance on issues such as reacquired rights and vendor indemnities; and the inclusion of combinations by contract alone and those involving mutuals. The revised standard becomes mandatory for the Group's 30 June 2010 financial statements. The Group does not believe this will have any impact on the financial report.

AASB 8 Operating Segments
This standard introduces the 'management approach' to segment reporting. AASB 8, which becomes mandatory for the Group's 30 June 2010 financial statements, will require the disclosure of segment information based on the internal reports regularly reviewed by the Group's Chief Executive Officer in order to assess each segment's performance and to allocate resources to them. The Group does not believe this will have any impact on the financial report.

AASB 101 Presentation of Financial Statements (revised)
this standard introduces as a financial statement (formerly 'primary' statement) the 'statement of comprehensive income'. The revised standard does not change the recognition, measurement or disclosure of transactions and events that are required by other AASBs. The revised AASB 101 will become mandatory for the Group's 30 June 2010 financial statements. The Group has not yet determined the potential effect of the revised standard on the Group's disclosures.

AASB 127 Consolidated and Separate Financial Statements (revised)
This standard changes the accounting for investments in subsidiaries. Key changes include: the re-measurement to fair value of any previous/retained investment when control is obtained/lost, with any resulting gain or loss being recognised in profit or loss; and the treatment of increases in ownership interest after control is obtained as transactions with equity holders in their capacity as equity holders. The revised standard will become mandatory for the Group's 30 June 2010 financial statements. The Group does not believe this will have any impact on the financial report.

AASB 2008-1 Amendments to Australian Accounting Standard – Share-based Payment: Vesting Conditions and Cancellations
This standard changes the measurement of share-based payments that contain non-vesting conditions. AASB 2008-1 becomes mandatory for the Group's 30 June 2010 financial statements. The Group does not believe this will have a material impact on the financial report.

(e) Basis of consolidation
The consolidated financial statements comprise the financial statements of Investorfirst and its subsidiaries (the Group) as at 30 June each year. There are no interests in associates.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a Group controls another entity.

Special purpose entities are those entities over which the Group has no ownership interest but in effect the substance of the relationship is such that the Group controls the entity so as to obtain the majority of benefits from its operation. There are no special purpose entities.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-Group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group. There were no transfers out of the Group during the year.

Investments in subsidiaries held by Investorfirst are accounted for at cost in the separate financial statements of the parent entity less any impairment charges.

The acquisition of subsidiaries is accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition.

There are no minority interests not held by the Group. All subsidiaries are wholly owned.

(f) Business combinations
The purchase method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the combination. Where equity instruments are issued in a business combination, the fair value of the instruments is their published market price as at the date of exchange. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Except for non-current assets or disposal Groups classified as held for sale (which are measured at fair value less costs to sell), all identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of the business combination over the net fair value of the Group's share of the identifiable net assets acquired is recognised as goodwill. If the cost of acquisition is less than the Group's share of the net fair value of the identifiable net assets of the subsidiary, the difference is recognised as a gain in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of the consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(g) Segment reporting
A business segment is a distinguishable component of the entity that is engaged in providing products or services that are subject to risks and returns that are different to those of other operating business segments. Management has assessed the reportable business segments under AASB 114 Segment Reporting and have determined that on adoption of AASB 8 (Operating Segments) (applicable from 1 July 2009), no additional operating segments will be reported. A geographical segment is a distinguishable component of the entity that is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different than those of segments operating in other economic environments.

(h) Foreign currency translation

Functional and presentation currency
Both the functional and presentation currency of Investorfirst and its Australian subsidiaries is Australian dollars

Transactions and balances
Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(i) Revenue and income recognition

Brokerage revenue
Revenue is recognised and measured at the fair value of the consideration received or receivable on the execution of trades to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Corporate revenue
Revenue is recognised and measured at the fair value of the consideration received or receivable on the completion of contract terms or over the service period to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The Group recognises revenue once it has discharged its contractual obligations.

Share Trading income
Changes in the net fair value of investments are recognised as income and are determined as the difference between the net fair values at the beginning of the financial period or cost if acquired during the financial period and the net fair value at the end of the financial year or sale proceeds if sold during the financial period.

Finance income
Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

(j) Leases
The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in the income statement.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

(k) Cash and cash equivalents
Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within interest-bearing loans and borrowings in current liabilities on the balance sheet.

(l) Trade and other receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

Collectability of trade receivables is reviewed on an ongoing basis at an operating unit level. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 30 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

(m) Income taxes and other taxes
Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences except:

- When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- When the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Tax consolidation legislation
Investorfirst and its wholly-owned Australian controlled entities has implemented the tax consolidation legislation.

Investorfirst and the controlled entities in the tax consolidated Group continue to account for their own current and deferred tax amounts. The Group has applied the Group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated Group.

In addition to its own current and deferred tax amounts, Investorfirst also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated Group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

Other taxes
Revenues, expenses and assets are recognised net of the amount of GST except:

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable
- Receivables and payables, which are stated with the amount of GST included *UIG 1031.8* The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(n) Plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful life of the specific assets as follows:

- Plant and equipment - over 2.5 to 5 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Impairment
The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

De-recognition and disposal
An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

(o) Financial Instruments

Non-derivative financial instruments
Non-derivative financial instruments comprise investments in equity, trade and other receivables, cash and cash equivalents and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through the profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or are cancelled.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Accounting for finance income is discussed in note 2(w).

Held to maturity investments
If the Group has the positive intent and ability to hold debt securities to maturity, then they are classified as held-to-maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment losses.

Financial assets at fair value through profit or loss
An instrument is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Other
Other non-derivative financial instruments are measured at amortised cost using the effective interest rate method, less any impairment losses.

The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments with no active market, fair values are determined using valuation techniques. Such techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible and keeping judgemental inputs to a minimum.

Other financial assets
Investment in a controlled entity is carried at the lower of cost or recoverable amount and reviewed at each balance date to reflect the Company's interest in the underlying net asset value of the controlled entity.

The carrying value is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount. The amount of the loss is recognized in the income statement.

(p) Goodwill and intangibles

Goodwill
Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit, to which the goodwill relates.

Investorfirst performs its impairment testing prior to the end of each financial year using a value in use, discounted cash flow methodology for the cash generating units to which goodwill and indefinite lived intangibles have been allocated.

When the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a cash-generating unit and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained. Impairment losses recognised for goodwill are not subsequently reversed.

Intangibles
Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level consistent with the methodology outlined for goodwill above. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

(q) Trade and other payables
Trade and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when

the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(r) Provisions and employee benefits
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

(s) Employee benefits

Short-term benefits
Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

Long-term benefits
The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Pensions and other post employment benefits
All Australian employees are entitled to varying levels of benefits on retirement, disability or death. The superannuation plans provide accumulated benefits. Employees contribute to the plans at various percentages of their wages and salaries. Contributions by the Group of up to 9% of employees' wages and salaries are legally enforceable in Australia

(t) Share-based payment transactions

Equity settled transactions:
The Group provides benefits to employees (including Directors) in the form of share-based payments, whereby services are rendered in exchange for shares (equity settled transactions) under the Group's Employee Share Plan ('the Plan' or 'ESP').

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by reference to the active market for the shares which trade on the Australian Securities Exchange, at grant date.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become entitled to the award (the vesting period).

Shares issued under the Plan are normally fully vested when issued and the cost therefore immediately recognised as services are provided.

(u) Contributed equity
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new equity instruments are shown in equity as a deduction, net of tax, from the proceeds.

(v) Earnings Per Share (EPS)

Basic EPS is calculated by dividing the profit attributable to members of Investorfirst Limited, adjusted for the after-tax effect of preference dividends on preference shares classified as equity, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares during the year. The weighted average number of issued shares outstanding during the financial year does not include shares issued as part of the Employee Share Loan Plan that are treated as in-substance options.

Diluted EPS is calculated by adjusting the basic earnings by the after-tax effect of dividends and interest associated with dilutive potential ordinary shares. The weighted average number of shares used is adjusted for the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. At present there are no dilutive potential ordinary shares and none have been included in the dilutive earnings per share calculation.

(w) Correction of Prior Period Errors
During the current financial period, the Group's management identified an error relating to understatement of payroll tax liability payable to the Office of State Revenue (OSR) in one of its wholly owned subsidiary and understatement of trade creditors in prior year. As this error was made in the previous financial year, the Consolidated Balance Sheet opening balances as at 1 July 2008 has been restated as follows:

- Payables was increased by $380,457;
- Accumulated losses was increased by $266,320

In addition, this error resulted in restatement of the following line items for the year ended 30 June 2008:

- Salary and employee benefit expenses increased by $330,082;
- Other expenses increased by $50,375;
- Loss before income tax increased by $380,457;
- Loss after income tax increased by $266,320;

There was no material impact on EPS/DEPS due to rounding.

Financial Report Line Items	Note	Consolidated Actual 2008 $	Correction	Corrected Consolidated Actual 2008 $
Income Statement Extract:				
Expenses				
Salary and employee benefit expenses		(827,187)	(330,082)	(1,157,269)
Other expenses		(891,971)	(50,375)	(942,346)
Loss before income tax		(3,358,299)	(380,457)	(3,738,756)
Balance Sheet Extract:				
Current Liabilities				
Trade and Other Payables	14	1,022,341	380,457	1,402,798
Total Current Liabilities		1,180,276	266,320	1,446,596
Total Liabilities		1,180,276	266,320	1,446,596
Net Assets		2,651,698	266,320	2,385,378
Accumulated losses		(3,305,514)	(266,320)	(3,571,834)
Total Equity		2,651,698	(266,320)	2,385,378
Statement of Changes in Equity Extract:				
Accumulated Losses				
Opening balance		4,172		4,172
Net effect of correction of error			(266,320)	(266,320)
Net loss for the year		(3,309,686)		(3,309,686)
Closing balance		**(3,305,514)**	**(266,320)**	**(3,571,834)**

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise receivables, payables, bank loans and overdrafts finance leases and available for sale equity securities at fair value through profit and loss and cash and cash equivalents. The Company and Group do not have debt facilities and do not trade in derivative instruments, other than where listed and unlisted options over ordinary shares may be received as a part consideration for corporate fees earned.

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk;
- Market risk;

This note presents information about the company's and the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout this financial report.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

Risk management policies are established to identify and analyse the risks faced by the company and the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's and Group's activities. The company and Group, through their training and management standards and procedures, aim to develop a disciplined and constructive control environment in which all employees and consultants understand their roles and obligations.

The Group Audit, Risk and Compliance Committee oversees how management monitors compliance with the Company's and the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to risks faced. The committee is assisted by external professional advisors from time to time.

Credit risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises from the financial assets of the Group, which comprise cash and cash equivalents and principally, trade receivables. For the company it arises from receivables due from subsidiaries.

Exposure at balance date is addressed at each particular note. The Group does not hold any credit derivatives to offset its credit exposure.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their independent credit worthiness, financial position, past experience and industry reputation. Risk limits are set for each individual customer in accordance with parameters set by the Board. These risk limits are regularly monitored.

In addition, credit risk exposures and receivable balances are monitored on an ongoing basis with the intended result that the Group's exposure to bad debts is not significant.

The Group also has credit risk in respect of its corporate income debtors. In the case of most transactions involving corporate income, revenue is generally earned over a period of several months due to the complexity and size of the work involved. The Group manages this risk by entering into contractual agreements with its counterparties, obtaining external legal advice where necessary, at the start of each transaction. The Board has direct involvement with the counterparties during the engagement phase of each transaction in order to assess their suitability.

Group policy is to provide financial guarantees only to wholly-owned subsidiaries.

Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group typically ensures that it sufficient cash on demand to meet operational expenses for a period of 90 days, excluding the potential impact of extreme circumstances that cannot be reasonably predicted. The Group has no debt facilities or credit lines.

Refer to Note 31: Financial Instruments for a sensitivity analysis of the Group's financial assets and liabilities maturity.

Market risk
Market risk is the risk that changes in market prices will affect the Group's income and include price risk. The Company no longer carries on principal trading activities.

Capital management
The Board's policy is to maintain a sufficient capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. It is noted that the Company,

through its subsidiary ANZIEX Limited, is subject to the minimum capital requirements of the ASX and ACH Market Rules as a market participant. Subsidiaries are also required where they operate under an Australian Financial Service Licence, to maintain base level financial requirements so as to ensure ongoing capital adequacy.

There were no changes in the Group's approach to capital management during the year.The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions. Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods. Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

(i) Significant accounting judgements

Recovery of deferred tax assets
Deferred tax assets are recognised for carried forward income tax losses and deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences and tax losses.

Estimation of bad debts and provisioning
Receivables are assessed by management for recoverability based on days past due or pending legal actions and other counter party information.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2009

	CONSOLIDATED		PARENT	
	2009	2008	2009	2008
	$	$	$	$
4. INCOME AND EXPENSES				
Income				
Interest	259,712	143,729	4,327	107,837
Other, bad debts recovered, trailer fees	470,324	725,311		
	730,036	**869,040**	**4,327**	**107,837**
Expenses				
(a) Impairment, amortisation, losses and bad debts				
Amortisation of intangibles	117,697	330,000		330,000
Impairment of receivables	240,049	1,767,371		
Impairment of investments	750,238		5,713,670	
Badebts	98,055			
	1,206,039	**2,097,371**	**5,713,670**	**330,000**
(b) Employee benefits expense				
Wages and salaries	1,348,111	1,053,783	62,933	70,000
Defined contribution superannuation expense	307,085	51,903		
Other employee benefits expense	40,485	51,583		
	1,695,681	**1,157,269**	**62,933**	**70,000**
(c) Lease payments				
Minimum lease payments – operating lease	366,882	270,925		
(d) Finance costs	**2,037**			

The impairment of receivables was undertaken based on the assessment of expected recoverability by management. For the parent entity it was based on the assessed recoverable amount based on the net assets of other group entities.

5. INCOME TAX				
(a) Income tax (benefit)/expense				
Current income tax				
Overprovision in prior year	9,898		9,898	
Tax receivable	(114,137)		(114,137)	
Deferred income tax				
Originating difference due to current year tax loss	(1,395,986)	121,260	(69,373)	
Relating to origination and reversal of temporary differences	243,000	(284,010)	63,811	(15,680)
Adjustment to prior year deferred tax asset	91,398		11,426	
Non-recognition of deferred tax asset	369,832			
Income tax (benefit)	**(795,995)**	**(162,750)**	**(98,375)**	**(15,680)**

(b) Reconciliation of income tax (benefit)/expense to pre tax accounting profit

	CONSOLIDATED		PARENT	
	2009 $	2008 $	2009 $	2008 $
Loss before income tax expense	**(2,806,142)**	**(3,738,756)**	**(5,813,006)**	**(572,267)**
Prima facie income tax at 30%	(841,843)	(1,121,627)	(1,743,902)	(171,681)
Expenditure not allowed for income tax purposes	355,416	1,000,086	1,714,259	156,000
Reversal of accrual and other deductible expenses	(909,559)	(41,209)	(39,730)	
Over provision in prior years	(104,239)		(104,239)	
Deferred tax asset				
Relating to origination and reversal of temporary differences	243,000		63,811	
Adjustment to prior year deferred tax asset	91,398		11,426	
Non-recognition of deferred tax asset	369,832			
Income tax expense	**(795,995)**	**(162,750)**	**(98,375)**	**(15,681)**

(c) Recognised deferred tax assets and liabilities	CONSOLIDATED				PARENT			
	2009 Current Income Tax	**2009 Deferred Income Tax**	**2008 Current Income Tax**	**2008 Deferred Income Tax**	**2009 Current Income Tax**	**2009 Deferred Income Tax**	**2008 Current Income Tax**	**2008 Deferred Income Tax**
Balance at the beginning of the period	(33,745)	451,206	1,788		(33,745)	138,598	1,788	
Acquisitions			583,426	44,278			583,426	
Charged to income		(212,270)	121,260	284,010			121,260	15,680
Charged/(credited) to equity		(30,730)	(30,730)	122,918		(63,811)	(30,730)	122,918
Under/(over) provision	9,898				9,898			
Less Refund	23,847		(709,489)		23,847		(709,489)	
Tax receivable	(114,137)				(114,137)			
Current tax losses		1,395,986				1,395,986		
Non-recognition of deferred tax asset		(369,832)				(511,764)		
Closing balance	**(114,137)**	**1,234,360**	**(33,745)**	**451,206**	**(114,137)**	**959,009**	**(33,745)**	**138,598**
Tax (benefit)/expense in income statement	(795,995)		(162,750)		(98,375)		(15,680)	
Amounts recognised in the balance sheet:								
Deferred tax asset		**1,234,360**		**451,206**		**959,009**		**138,598**

Deferred income tax at 30 June relates to the following:	Balance Sheet 2009	2008
Consolidated		
(i) Deferred tax assets		
Annual leave provision	26,261	23,263
Accrued expenses	28,050	43,565
Unrealised losses on securities held for trading		254,779
Share issue costs	92,188	122,919
Provision for doubtful debts	72,015	
Other	(10,308)	6,680
Current year tax losses	1,395,986	
Non-recognition of deferred tax asset	(369,832)	
Deferred income tax assets	**1,234,360**	**451,206**
Parent		
(ii) Deferred tax assets		
Accrued expenses		8,999
Share issue costs	92,189	122,919
Other	(17,402)	6,680
Current year tax losses	1,395,986	
Non-recognition of deferred tax asset	(511,763)	
Deferred income tax assets	**959,010**	**138,598**

The deferred tax assets have been recognised on the basis that the Group will be profitable in future. Based on future company developments and current cash flow forecasts the directors consider that the deferred tax assets meet the recognition criteria.

(d) Tax consolidation

(i) Members of the tax consolidated Group and the tax sharing arrangement

Investorfirst Limited and its 100% owned Australian resident subsidiaries formed a tax consolidated Group. Investorfirst Limited is the head entity of the tax consolidated Group. Members of the Group have not entered into a tax sharing agreement.

(ii) Tax effect accounting by members of the tax consolidated Group

Measurement method adopted under UIG 1052 *Tax Consolidation Accounting*

The head entity and the controlled entities in the tax consolidated Group continue to account for their own current and deferred tax amounts. The Group has applied the Group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated Group. The current and deferred tax amounts are measured in a systematic manner that is consistent with the broad principles in AASB 112 Income Taxes.

In addition to its own current and deferred tax amounts, the head entity also recognises current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits (if any) assumed from controlled entities in the tax consolidated Group.

	CONSOLIDATED 2009 $	CONSOLIDATED 2008 $	PARENT 2009 $	PARENT 2008 $
6. CURRENT ASSETS - RECEIVABLES				
Client receivables	7,770,412			
Trade receivables	361,324	3,014,920		
Allowance for impairment loss (i)	(240,049)	(1,767,371)		
	7,891,687	**1,247,549**		
Other	116,180	61,029		61,029
	8,007,867	**1,308,578**		**61,029**

(i) Allowance for impairment loss
Trade receivables are non-interest bearing and are generally on 3 day terms. A provision for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. Impairment losses on trade and client debt receivables totalling $240,049 (2008: $1,767,371) has been recognised by the Group and nil (2008: nil) by the Company in the current year. These amounts have been included in the income statement as an impairment expense.

Movements in the provision for impairment loss were as follows:				
At 1 July	1,767,371			
Charge for the year	240,049	1,767,371		
Amounts written off	(1,767,371)			
At 30 June	**240,049**	**1,767,371**		

At 30 June, the ageing analysis of receivables is as follows:

	0-30 days	31-60 days	61-90 days PDNI *	60-90 days CI *	90 days PDNI *	90 days CI *
2009 Consolidated	7,770,412		116,180		121,275	240,049
2009 Parent						
2008 Consolidated	790,153	11,000	5,500	55,000	501,925	1,712,371
2008 Parent					61,029	

* Past due not impaired ('PDNI')
Considered impaired ('CI')

For PDNI, management has been in direct contact with the relevant debtor and is satisfied that payment will be received in full.

Other balances within trade and other receivables do not contain impaired assets and are not past due. It is expected that these other balances will be received when due.

(ii) Fair value and credit risk
Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2009

		CONSOLIDATED		PARENT	
		2009	2008	2009	2008
		$	$	$	$
7. CURRENT ASSETS - FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS					
Listed securities held for trading		**277,545**	705,906		
Unlisted securities held for trading			22,000		
		277,545	**727,906**		
8. CURRENT ASSETS - OTHER					
Prepayments		47,687		8,002	
Other receivables		50,713			
		98,400		**8,002**	
9. NON-CURRENT ASSETS - RECEIVABLES					
Loans to controlled entities (i)					**3,262,034**

(i) For terms and conditions relating to loans to related parties, refer to Note 28: Related Party Disclosures.

		CONSOLIDATED 2009 $	CONSOLIDATED 2008 $	PARENT 2009 $	PARENT 2008 $
10. NON-CURRENT ASSETS - INVESTMENT IN SUBSIDIARIES					
Investments in controlled entities – at cost				**8,410,962**	**2,262,201**
11. NON CURRENT ASSETS - PLANT AND EQUIPMENT					
Computer Equipment					
At cost		186,247	99,858		
Accumulated depreciation		(137,660)	(70,928)		
	11(a)	**48,587**	**28,930**		
Office Furniture and Fittings					
At cost		62,451	128,582		
Accumulated depreciation		(18,980)	(124,189)		
	11(a)	**43,471**	**4,393**		
Total Plant and Equipment					
Cost		248,698	228,440		
Accumulated depreciation		(156,640)	(195,117)		
Total written down amount	11(a)	**92,058**	**33,323**		

	CONSOLIDATED		PARENT	
	2009	2008	2009	2008
	$	$	$	$
11. NON CURRENT ASSETS - PLANT AND EQUIPMENT (CONT'D)				
(a) Reconciliations of the carrying amounts at the beginning and end of the financial year:				
Computer Equipment				
Carrying amount at beginning	28,930	10,706		
Additions	32,096	35,899		
Write-off of remaining life of assets	(8,652)			
Assets from acquisition of Aequs Capital Ltd	23,754			
Depreciation expense	(27,541)	(17,675)		
Net Carrying Amount	**48,587**	**28,930**		
Office Furniture and Fittings				
Carrying amount at beginning	4,393	7,500		
Additions	5,362			
Write-off of remaining life of assets	(1,285)			
Assets from acquisition of Aequs Capital Ltd	42,402			
Depreciation expense	(7,401)	(3,107)		
Net Carrying Amount	**43,471**	**4,393**		
Total Plant and Equipment				
Carrying amount at beginning	33,323	18,206		
Additions	37,458	35,899		
Write-off of remaining life of assets	(9,937)			
Assets from acquisition of Aequs Capital Ltd	66,156			
Depreciation expense	(34,942)	(20,782)		
Net Carrying Amount	**92,058**	**33,323**		

	CONSOLIDATED		PARENT	
	2009	2008	2009	2008
	$	$	$	$
12. NON-CURRENT ASSETS - INTANGIBLE ASSETS				
(a) Reconciliation of carrying amounts at the beginning and end of the financial year:				
Goodwill				
Carrying amount at beginning				
Additions - Acquisition of businesses	2,076,274	330,000		
Impairment		(330,000)		
Net Carrying Amount	**2,076,274**			
Advisor Client Relationship				
Carrying amount at beginning				
Additions - Acquisition of businesses	890,344			
Amortisation	(96,108)			
Net Carrying Amount	**794,236**			
Website				
Carrying amount at beginning				
Additions - Acquisition of businesses	100,000			
Amortisation	(21,589)			
Net Carrying Amount	**78,411**			
Total Net Carrying Amount	**2,948,921**			

13. NON-CURRENT ASSETS – OTHER RECEIVABLES				
ASIC deposit	**25,193**	25,192		

14. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES				
Client payables	8,187,260			
Sundry creditors	2,017,857	1,402,798		31,748
Intercompany loan			420	
	10,205,117	**1,402,798**	**420**	**31,748**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2009

	CONSOLIDATED		PARENT	
	2009	2008	2009	2008
	$	$	$	$
15. CURRENT LIABILITIES - ANNUAL LEAVE PROVISIONS				
Opening balance	77,543			
Amount utilised during the year	(77,543)			
Additional provision recognised net of acquisition of Aequs Capital Ltd	74,436	77,543		
Closing balance	**74,436**	**77,543**		
NON-CURRENT LIABILITIES - LONG SERVICES LEAVE PROVISION				
Opening balance				
Amount utilised during the year				
Additional provision recognised net of acquisition of Aequs Capital Ltd	13,101			
Closing balance	**13,101**			
16. NON-CURRENT LIABILITIES – TRADE AND OTHER PAYABLES				
Intercompany loan			1,549,775	317,492
17. CONTRIBUTED EQUITY				
(a) Issued and paid up capital				
Shares, fully paid	14,064,408	5,722,209	14,064,408	5,722,209

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

(b) Movement in fully paid ordinary shares on issue	2009 Number	2008 Number	2009 $	2008 $
Beginning of the financial year	65,013,308	5,000	5,722,209	1,000
Subsidiary acquisitions		34,995,000		900,475
IPO new shares		15,000,000		3,000,000
- less transaction costs		-		(358,512)
Business purchases		1,050,000		330,000
ESP shares, Tranche #1		3,412,489		682,498
Business purchases		300,000		
ESP shares, Tranche #2		1,270,823		228,748
Director remuneration issue		500,000		90,000
Share Placement		8,479,996		848,000
Issued on 30 July 2008 for Employee Share Plan (1,566,688) and business acquistion final instalment (300,000)	1,866,688		235,003	
Issued on 23 October 2008 for Share Placement	8,825,333		1,053,992	
Issue of shares on exercise of options on 23 October 2008	2,500,000		300,000	
Issue of shares to Aequs Capital Ltd shareholders	84,415,044		6,753,204	
End of the financial year ^^	**162,620,373**	**65,013,308**	**14,064,408**	**5,722,209**

	CONSOLIDATED		PARENT	
	2009 $	2008 $	2009 $	2008 $
18. EQUITY RESERVE				
(a) Ordinary share reserve	198,386	235,003	198,386	235,003

Represents the share based payments expense for Stockbroker's employees and consultants under the ESP.

19. (ACCUMULATED LOSSES) / RETAINED EARNINGS				
Movement in (accumulated losses) / retained earnings were as follows:				
Balance 1 July	(3,571,834)	4,172	(552,415)	4,172
Net loss attributable to members	(2,010,147)	(3,576,006)	(5,714,631)	(556,587)
	(5,581,981)	**(3,571,834)**	**(6,267,046)**	**(552,415)**

20. DIVIDEND FRANKING ACCOUNT

Franking credits available to shareholders of the Company for subsequent financial years are $341,726 (2008 $789,883). These available amounts are based on the balance of the dividend franking account at year end adjusted for:

(a) franking credits that will arise from the payment of the current tax liabilities
(b) franking debits that will arise from the payment of dividends recognised as a liability at year end
(c) franking credits that will arise from the receipt of dividends recognised as receivables by the tax consolidated Group at the year end, and
(d) franking credits that the entity may be prevented from distributing in subsequent years

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends. In accordance with the tax consolidation legislation, the Company as the head entity in the tax-consolidated Group has also assumed the benefit of franking credits.

	CONSOLIDATED		PARENT	
	2009	2008	2009	2008
	$	$	$	$
21. CASH AND CASH EQUIVALENTS				
(a) Reconciliation of the net loss after tax to cash flow from operations				
Net loss	**(2,010,147)**	**(3,576,006)**	**(5,714,631)**	**(556,587)**
Non-cash items:				
Asset write-off	9,938			
Bad debts	98,055			
Depreciation of non-current assets	34,942	20,782		
Share based payments expense	198,386	1,236,249	198,386	190,000
Amortisation of intangible assets	117,697	330,000		330,000
Loss recognised fair value re-measurement	488,787	849,263		
Impairment of investment	175,000		5,515,284	
Income tax through equity		153,648		153,648
Non-cash corporate income		(479,500)		
Changes in operating assets and				
(Increase) in receivables	736,955	(91,637)	61,029	(50,087)
(Increase) in client receivables	(138,394)			
Decrease in other assets			(8,000)	94,880
(Increase) in deferred tax assets	(745,291)	(336,166)	(78,984)	(138,598)
(Decrease) in deferred tax liability		(70,764)		
Decrease in prepayments	17,075			
Increase in trade payables	11,388	(226,683)	(31,748)	(76,222)
(Decrease)/increase in current tax	(27,363)	(618,959)	(80,392)	6,904
(Decrease) in client payables	(552,574)			
Increase in provisions	176,129	41,217		
(Increase) in non-current receivables				(40,422)
Net cash flow from operating	**(1,409,417)**	**(2,768,556)**	**(139,056)**	**(86,484)**
(b) Reconciliation of cash				
Cash balance comprises:				
– cash on hand and at bank	4,114,577	1,285,769	53,833	(3,570)
- Cash at bank - trust account	2,060,409			
Closing cash balance	**6,174,986**	**1,285,769**	**53,833**	**(3,570)**

The Group's exposure to interest rate risk is discussed at Note 31: Financial Instruments.

(c) Terms and conditions

For the purposes of the Cash Flow Statement, cash and cash equivalents includes cash on hand and at bank, deposits held at call with financial institutions, other short term, highly liquid investments with maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

22. BUSINESS COMBINATIONS

On 15 December 2008, Investorfirst Limited gained control of Aequs Capital Limited and its controlled entities (ASX code: "AQE") by way of an off-market takeover bid scrip offer 11 Investorfirst Limited (Findlay Securities Limited) shares for every 4 Aequs Capital Limited shares), as detailed in the Bidders Statement dated 11 November 2008.

Aequs Capital Limited's 100% controlled subsidiaries included, Aequs Securities Pty Ltd (Australian Securities Exchange Market Participant), Aequs Corporate Pty Ltd, Kardinia Nominees Pty Ltd and HTH Nominees Pty Ltd. The principal activities of the Aequs Capital Limited Group were the provision of a wide range of services including institutional and retail equity and options services, and private client services.

The acquisition of Aequs Capital Limited (Aequs) by Investorfirst Limited is calculated as being for a total consideration of $8,175,539 for 100% ownership and including costs of acquisition of $85,507. In accordance with AASB 3 (Business Combinations), Investorfirst has been identified for accounting purposes as the acquirer in the business combination of Investorfirst and Aequs. Accordingly the fair value of the consideration has been determined by Investorfirst and Investorfirst is required to measure Aequs' identifiable assets, liabilities and contingent liabilities at their fair value as at the date of acquisition that is 15 December 2008. This assessment was undertaken on a provisional basis, while the final fair values are being assessed and finalised.

For the purposes of the preparation of the Combined Balance Sheet, the Directors have allocated the excess of the fair value of the consideration over the fair value of the identifiable tangible and intangible assets, liabilities and contingent liabilities acquired (of $2,076,274) to goodwill. For the purpose of the preparation of the Combined Balance Sheet no deferred tax has been recorded in respect of the goodwill arising on the business combination consistent with the requirements of AASB 3. At 30 June 2009, intangible assets have been identified and recorded separately from goodwill. Refer Note 12.

The goodwill is attributable to the expected future cash flows of the business associated with the collective experience and skills of management and staff and the synergies expected to be achieved as a result of the full integration of Aequs Capital Limited with Investorfirst Limited. Since the date of acquisition the acquired entity has contributed $1,256,887 of losses to the Consolidated Group. Had the entity been acquired on 1 July 2009, it would have contributed an additional $58,267 of losses.

The net assets acquired in this business combination are as follows:

	Carrying amount before business combination	Fair Value Adjustments	Fair Value
Net assets acquired			
Cash and cash equivalents	6,401,855		6,401,855
Receivables	7,751,735		7,751,735
Property, plant and equipment	66,156		66,156
Deferred tax assets	37,863		37,863
Other assets	261,156		261,156
Trade and other payables	(9,335,930)		(9,335,930)
Value attributed to Advisor/Client relationships		890,344	890,344
Value attributed to the website acquired		100,000	100,000
Provision for employee liabilities	(73,914)		(73,914)
Total fair value	**5,108,921**	**990,344**	**6,099,265**
Goodwill			2,076,274
			8,175,539
Satisfied by:-			
- Cash			1,336,828
- Shares in Investorfirst Limited			6,753,204
- Costs associated with the acquisition			85,507
Total consideration			**8,175,539**

23. COMMITMENTS AND CONTINGENCIES

(a) Commitments

(i) Lease expenditure commitments – Group as lessee

Future minimum rentals payable under non-cancellable operating leases as at 30 June 2009 are as follows:

	CONSOLIDATED		PARENT	
	2009	2008	2009	2008
	$	$	$	$
Within 1 year	442,327	123,140		
After 1 year but not more than 5 years	354,017			
Total minimum lease payments	**796,344**	**123,140**		

(b) Contingencies

Contingent Assets and Liabilities
None

Regulatory Agency Inquiries
As at reporting date the Group is the subject of ongoing regulatory inquiries in the course of its ordinary business from which it may derive sanctions, including fines of unknown amounts. However, Directors anticipate that any fines or penalties (if any) will be insubstantial as steps and precautions have been put in place and undertaken to ensure a high level of compliance at all times.

Guarantees
Investorfirst Limited has issued the following guarantees at 30 June 2009 to other Group entities in relation to related party net intercompany receivables:

Bank Guarantees	$
Findlay & Co Stockbrokers (Underwriters) Pty Ltd	
Australian Securities & Investments Commissions	20,000
ANZIEX Limited (formerly Aequs Securities Pty Ltd)	
Australian Securities & Investments Commissions	20,000
Citco Funds Services (Australia) Pty Ltd - rental bond Level 11, 7-15 Macquaries Place, Sydney NSW 2000	132,211

Findlay & Co Stockbrokers Ltd – Investorfirst has guaranteed not to call the debt owed until such times as mutual agreement is reached by the Directors of each company and ASX Limited's approval is obtained (if required) under the terms of the ASX loan subordination agreement. As at 30 June 2009, the balance of the intercompany loan owed was $1,738,086 (2008: $1,712,034).

Findlay & Co Stockbrokers (Underwriters) Pty Ltd – Investorfirst has guaranteed not to call the debt owed until such times as mutual agreement is reached by the Directors of each company. As at 30 June 2009, the balance of the intercompany debt owed was $1,346,645 (2008: $1,346,645).

Security provided to ANZ:

> Corporate Guarantee and Indemnity dated 24 September 2003 unlimited as to amount by Aequs Capital Ltd as surety on account of ANZIEX Limited (formerly Aequs Securities Pty Ltd).
>
> First Registered Company Charges (Mortgage Debentures) over all the assets and undertaking of: ANZIEX Limited (formerly Aequs Securities Pty Ltd). This is a fixed and floating charge over all present and future assets, undertaking (including goodwill) and unpaid/uncalled capital of the company.
>
> Standard Authority to Appropriate and Set-Off ANZ Term Deposits dated 3 September 2003 given by ANZIEX Limited (formerly Aequs Securities Pty Ltd) over term deposit of $20,000

24. SHARE BASED PAYMENTS PLAN

An Employee Share Plan ('the Plan' or 'ESP') has been established, pursuant to which Investorfirst Limited may, at the discretion of the Board, grant shares of Investorfirst Limited to Directors, employees, advisors and consultants ('employees') of the consolidated entity as fair value consideration of services provided. At the date of this report, there are no grants under the plan.

The options issued to Mr. Buttula, as described in the Directors' Report do not form part of this ESP.

25. EVENTS AFTER THE BALANCE SHEET DATE

On 7 September 2009, the company issued the following announcement:

> *As reported in the Company's Appendix 4D, Half Yearly Report and Accounts on 24 February 2009, on 3 August 2007 and 13 December 2007, in the Supreme Court of NSW, Justice McDougall delivered judgments (Judgments) in the case of ozEcom & Anor (the Plaintiffs) v Hudson Investment Group & Ors in which ANZIEX Limited (ANZIEX, previously called Aequs Securities Pty Limited (Aequs)) was the Second Defendant. The effect of the Judgment was that all claims against Aequs were dismissed, with an order for the Plaintiffs to pay Aequs' costs.*
>
> *On 20 December 2007, the Plaintiffs filed a Notice of Appeal without Appointment, which together with a prior grant of extension of time, gave the Plaintiffs until 20 March 2008 to lodge a formal appeal*

with particulars. On 20 March 2008, the Plaintiffs filed a formal Notice of Appeal in the Supreme Court of New South Wales Court of Appeal seeking orders that various components of the Judgment be set aside and replaced with alternative orders in favour of the Plaintiffs.

ozEcom's appeal against the judgments of Justice McDougall of the Supreme Court of NSW dated 3 August 2007 and 13 December 2007 in the case of ozEcom & Anor v Hudson Investment Group & Ors, in which ANZIEX was the Second Defendant, was heard by the Court of Appeal on 16, 17, 18 and 20 March 2009, and 8 April 2009.

This has now been concluded, with the appeal and cross appeal dismissed by mutual consent and corresponding releases between the parties.

All parties have now released and discharged each other from any and all obligations

On 21 August 2009, Mr. Otto Buttula resigned from his "Senior Executive Employment" agreement with Investorfirst.

Given that the Board and Mr. Buttula did not in any way wish for him to sever his ties or involvement in the Company, he was unanimously and immediately re-elected as Non-Executive Chairman, having previously been duly and separately elected as a Director by members of the Company on 15 August 2008.

Following Mr. Buttula's resignation 5,000,000 performance based options exercisable at $0.12 cents per share that were subject to market and non-market performance based conditions INQ options were forfeited.

Therefore, at the date of this report, there are no unlisted employee share options in existence.

	CONSOLIDATED	
	2009	2008
	$	$
26. EARNINGS / (LOSS) PER SHARE		
The following reflects the income and share data used in the calculations of basic and diluted loss per share:		
Net (loss)/profit	(2,010,147)	(3,576,006)
Weighted average number of ordinary shares used in calculating basic and diluted earmings per share:	120,312,060	56,606,652
Basic and diluted earnings per share	(0.02)	(0.06)

There are no instruments (e.g., share options) excluded from the calculation of diluted earnings per share that could potentially dilute basic earnings per share in the future because they are anti dilutive for either of the periods presented.

27. AUDITORS' REMUNERATION

Amounts received or due and receivable by Ernst & Young for:		
- Financial Statement audit	31,641	
- AFSL audit	1,283	
- ASX internal control and capital returns	9,834	
- tax and advisory services	5,665	
	48,423	
Amounts received or due and receivable by Nexia Court & Co (previous auditors) for:		
- audit or review of the financial report	70,215	151,545
- other services	43,984	
- Investigative Accountants Report and Initial Public Offer advisory services		7,407
- agreed upon procedures and reports at the request of ASIC and ASX		26,272
- tax compliance services		7,922
	114,199	**193,146**
Total audit and other fees	**162,622**	**193,146**

28. RELATED PARTY DISCLOSURES

(a) Subsidiaries

The consolidated financial statements include the financial statements of Investorfirst Limited and the Australian subsidiaries listed in the following table.

	% Equity Interest	
Name	**2009**	**2008**
ANZIEX Ltd (ASX market participant and AFSL holder)	100	
ANZIEX Nominees Ltd	100	
Capfirst Securities Ltd	100	
Firstfunds Ltd	100	
INQ Management Services Ltd	100	
Investorfirst Securities Ltd	100	
Kardinia Nominees Pty Ltd	100	
Researchfirst Ltd	100	
Not trading and being wound down		
Aequs Capital Ltd	100	
Aequs Corporate Pty Ltd	100	
Findlay & Co Stockbrokers Ltd	100	100
Findlay & Co Stockbrokers (Underwriters) Pty Ltd	100	100
Captain Starlight Nominees Pty Ltd	100	100
H.T.H Nominees Pty Ltd	100	

(b) Ultimate parent

Investorfirst Limited is the ultimate parent entity of the Group.

c) Key management personnel

Details relating to KMP, including remuneration paid, are included in Note 29: Key Management Personnel.

(d) Transactions with related parties

Parent/Subsidiaries:

Current tax payable assumed from wholly-owned tax consolidated entities
During the year, the Group entered a consolidated taxation Group as set out in Note 5: Income Tax.

Guarantees
Guarantees provided or received for any related party receivables or payables have been disclosed in Note 23: Commitments and Contingencies.

Outstanding balances are currently unsecured, interest free and repayable in cash upon demand, as determined by joint resolution of the Board of Directors of the companies involved and are subject to the approval of ASX Limited under the terms of a loan subordination agreement.

Loans to related parties – Findlay & Co Stockbrokers Limited and Findlay & Co Stockbrokers (Underwriters) Pty Limited

During the year, Underwriters made a repayment of intercompany loan to Stockbrokers of $206,835. The outstanding balance receivable by Stockbrokers from Underwriters at balance date was $145,800 (2008: $352,635)

Outstanding balances are unsecured, interest free and repayable in cash upon demand, as determined by joint resolution of the Boards of Directors of the companies involved.

29. KEY MANAGEMENT PERSONNEL

(a) Details of key management personnel

Name	Title	Date of Appointment	Date of Resignation
Mr. Otto Buttula	Chairman	15 Aug 2008	
Mr Darren Pettiona	Non-Executive Director	15 Aug 2008	
Mr. Robert Spano	Non-Executive Director	12 Jan 2009	
Mr. Robert Bishop	Non-Executive Director	8 Oct 2008	
Mr Brett Spork	Chief Executive Officer	3 Jun 2009	
Ms Andrea Steele	Chief Operating Officer & Joint Company Secretary	18 Aug 2008	
Mr Mark Zworestine	Chief Financial Officer & Joint Company Secretary	22 Jul 2009	
Mr Grant Hendersen	Manager Compliance (ANZIEX Limited)	4 Jan 2006	
Mr Paul Clarke	General manager Transaction Services	5 Jan 2009	
Resigned			
Ivor Findlay	Executive Chairman and Managing Director		10 Oct 2008
Robin Armstrong	Executive Director		10 Oct 2008
James Beecher	Non Executive Director		10 Oct 2008
Richard Mollett	Executive Director and Company Secretary		15 Aug 2008
Dilash Hargovind	Chief Financial Officer & Joint Company Secretary		13 Aug 2009

(b) Key management personnel compensation

	CONSOLIDATED 2009 $	CONSOLIDATED 2008 $	PARENT 2009 $	PARENT 2008 $
Short-term employee benefits	651,548	1,057,313	62,933	70,000
Post-employment benefits	48,531	11,405		
Other long-term benefits				
Termination benefits	40,000			
Share-based payment	198,386	515,000		190,000
Total compensation	**938,465**	**1,583,718**	**62,933**	**260,000**

Investorfirst Limited has applied the option under *Corporations Amendments Regulation 2006* to transfer KMP remuneration disclosures required by *AASB 124 Related Party Disclosures* paragraphs Aus 25.4 to Aus 25.7.2 to the Remuneration Report section of the Directors' report. These transferred disclosures have been audited.

(b) Option holdings of Key Management Personnel (Consolidated)

Refer the Remuneration report included in the Directors' Report and Note 25 for more details in this regard.

(c) Share holdings of Key Management Personnel (Consolidated)

Shares held in Investorfirst Limited (number)

	Conversion to INQ shares due to takeover of Aequs Capital Ltd	Exercise of Options	On and off market purchases	Net Change	Balance at 30 June 2009
Otto Buttula		2,500,000	19,500,000	22,000,000	22,000,000
Robert Spano	6,581,932			6,581,932	6,581,932
Grant Henderson	160,250			160,250	160,250

30. SEGMENT INFORMATION

(a) Segment products and locations

The Group operates in one industry segment, which is stockbroking, and in one geographical segment, which is Australia.

31. FINANCIAL INSTRUMENTS

The Company's principal financial instruments comprise cash and short-term deposits. For the year ended 30 June 2008, the Group does not utilise derivatives, holds no debt and has not traded in financial instruments including derivatives other than listed and unlisted securities and options over listed and unlisted securities, where received as corporate fee income. The Company has other financial assets and liabilities such as trade receivables and trade and other payables, which arise directly from its operations and are non-interest bearing.

Interest rate risk
The Group is not materially exposed to movements in short-term variable interest rates on cash and cash equivalents. All other financial assets and liabilities are non-interest bearing. Management believes a 50 basis point decrease is a reasonable sensitivity given current market conditions. A 100 basis point increase and a 50 basis point decrease in interest rates would increased/decreased profit and loss in the Group and the Company by:

	CONSOLIDATED		PARENT	
	2009	2008	2009	2008
Cash and cash equivalents at end of period	**6,174,986**	**1,285,769**	**53,833**	**(3,570)**
100 basis points increase in interest	61,750	12,858	538	(36)
50 basis points decrease in interest rate	(30,875)	(6,429)	(269)	(18)
Net impact on loss after tax				
Loss for the year attributable to	**(2,010,147)**	**(3,576,006)**	**(5,714,631)**	**(556,587)**
100 basis points increase in interest	**(1,966,922)**	**(3,567,006)**	**(5,714,254)**	**(556,612)**
50 basis points decrease in interest rate	**(2,031,759)**	**(3,580,506)**	**(5,714,819)**	**(556,575)**

Liquidity risk
The table below reflects all contractually fixed pay-offs and receivables for settlement, resulting from recognised financial assets and liabilities. Cash flows are undiscounted.

The remaining contractual maturities of the Group's and parent entity's financial liabilities are:

	CONSOLIDATED		PARENT	
	2009	2008	2009	2008
	$	$	$	$
Not later than one month;	1,154,920	751,886	420	31,748
Later than 1 month not later than 3 months;	496,330	332,025		
Later than 3 months not later than 1 year; and	366,608	396,430		
	2,017,857	**1,480,341**	**420**	**31,748**

Maturity analysis of financial assets and liability based on management expectation.

The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and outflows. Leasing obligations, trade payables and other financial liabilities mainly originate from the financing of assets used in our ongoing operations such as plant and equipment and investments in working capital e.g. receivables. These assets are considered in the Group's overall liquidity risk.

30 June 2009	0-1 month	1-3 months	4-12 months	1-5 years	Total
Consolidated Financial assets					
Receivables			361,324		361,324
Financial assets at fair value through profit or loss			277,545		277,545
			638,869		**638,869**
Consolidated Financial liabilities					
Trade & other payables	1,154,920	496,330	366,607		**2,017,857**
Net maturity	**(1,154,920)**	**(496,330)**	**272,262**		**(1,378,988)**

30 June 2009	0-1 month	1-3 months	4-12 months	1-5 years	Total
Parent Financial assets					
Receivables		114,137			**114,137**
Parent Financial liabilities					
Trade & other payables	420				**420**
Net maturity	**(420)**	**114,137**			**113,717**

The Group monitors rolling forecasts of liquidity reserves on the basis of expected cash flow and aims to maintain a minimum equivalent of 90 days worth of operational expenses in cash reserves.

Market Risk

Price risk
The balance date investment in share trading assets at fair value through the profit and loss is $277,545, which, as it is reasonably representative of the average investment made during the year (2008: $727,906) has been used as the basis for a sensitivity analysis. The price risk for the listed securities may differ in terms of a possible impact on profit and loss and as such a high and low sensitivity analysis estimate reflecting a 10% +/- of the S&P/ASX200 market follows:

	2009	Profit and Loss impact	
	$	$	
		High	Low
Listed securities held for trading	277,545	27,755	(27,755)
	277,545	**27,755**	**(27,755)**

The net fair value of all financial assets and liabilities approximates their carrying values and the methods for estimating fair values are outlined in the relevant notes to the financial statements.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Investorfirst Limited, I state that:

In the opinion of the Directors:

(a) the financial report of the company and of the consolidated entity are in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and

  (ii) complying with Accounting Standards and Corporations Regulations 2001.

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

(c) the audited remuneration disclosures set out in the Directors' Report complies with AASB 124 Related Party Disclosures and Corporations Regulations 2001.

(d) the Executive Chairman as at 30 June 2009 and the Chief Financial Officer have given declarations as required by section 295A of the Corporations Act 2001.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the year ending 30 June 2009.

On behalf of the Board

Otto Buttula
Chairman
Sydney, 30 September 2009

ERNST & YOUNG

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Independent auditor's report to the members of Investorfirst Limited (Formerly Findlay Securities Limited)

Report on the Financial Report

We have audited the accompanying financial report of Investorfirst Limited (formerly Findlay Securities Limited), which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the 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. In Note 2a), the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards and International Standards on Auditing. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Auditor's Opinion

In our opinion:

1. the financial report of Investorfirst Limited (formerly Findlay Securities Limited) is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the financial position of Investorfirst Limited (formerly Findlay Securities Limited) and the consolidated entity at 30 June 2009 and of their performance for the year ended on that date; and

   ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 16 of the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Investorfirst Limited (formerly Findlay Securities Limited) for the year ended 30 June 2009 complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Andrew Gilder
Partner
Sydney
30 September 2009

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Securities Exchange Limited and not shown elsewhere in this report is as follows. This information is current as at 28 September 2009.

(a) Distribution of equity securities

Ordinary share capital - 162,620,373 fully paid ordinary shares are held by 618 individual security holders.

All issued ordinary shares carry one vote per share without restriction and carry the rights to dividends. The number of security holders, by size of holding, in each class are:

Fully paid ordinary shares - Holdings Ranges	Holders	Total Units	%
1-1,000	41	8,855	0.01
1,001-5,000	43	122,819	0.08
5,001-10,000	103	939,973	0.58
10,001-100,000	292	11,629,827	7.15
100,001and over	149	149,918,899	92.19
Totals	**628**	**162,620,373**	**100**

Holding less than a marketable parcel of shares, based on the closing price $0.086c on 28 September 2009, are 93 shareholders,

Substantial shareholders - Ordinary shareholders	Number fully paid	%
WEBINVEST PTY LTD <OLSB UNIT A/C>	22,000,000	13.53%
ARKWRIGHT DEVELOPMENTS PTY LTD <FINDLAY FUND ACCOUNT>	15,855,550	9.75%
WAVET FUND NO 2 PTY LTD	9,778,000	6.01%
ROWE STREET INVESTMENTS PTY LTD	8,572,437	5.27%

Twenty largest holders of quoted equity securities - Ordinary shareholders	Balance at 28 Sep 2009	%
Group - WEBINVEST PTY LIMITED <OLSB UNIT A/C>	22,000,000	13.528
ARKWRIGHT DEVELOPMENTS PTY LTD <FINDLAY FUND ACCOUNT>	15,855,550	9.750
WAVET FUND NO 2 PTY LTD	9,778,000	6.013
ROWE STREET INVESTMENTS PTY LTD	8,572,437	5.271
THREE CROWNS INVESTMENTS PTY LTD	8,016,999	4.930
JASFORCE PTY LTD	6,044,767	3.717
LUSH INVESTMENTS PTY LTD <METCALFE FAMILY A/C>	5,988,650	3.683
SPANSON INVESTMENTS PTY LIMITED	5,426,932	3.337
EQUIPMENT COMPANY OF AUST PTY LTD <THE COLLECTION A/C>	4,583,205	2.818
SECURITIES AND INVESTMENT GROUP PTY LTD	4,000,000	2.460
Group - WILLIAM THOMAS INVESTMENTS PTY LTD	3,150,000	1.937
DR CHRISTOPHER BREMNER	2,500,000	1.537
AEQUS SHARE PLANS PTY LTD	2,296,250	1.412
PARMMS ENTERPRISES PTY LIMITED <COLLINS FAMILY A/C>	2,000,000	1.230
ETF INVESTORS PTY LTD <ROBB SUPER FUND A/C>	1,820,000	1.119
PAPL EBSCO PTY LTD <RAND SUPER FUND A/C>	1,500,000	0.922
Group - CFO ADVISERS PTY LTD	1,500,000	0.922
MR ALAN ALEC KINDL	1,293,503	0.795
FLEXIPLAN MGMT PTY LTD <SUSAN THOMAS SUPER FUND A/C>	1,166,666	0.717
MR RICHARD THOMAS MOLLETT	1,125,000	0.692
Total	**108,617,959**	**66.792**
Issued Capital	**162,620,373**	