Investorfirst Ltd

INVESTORFIRST LIMITED

ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2010

ABN 87 124 891 685

CONTENTS

CORPORATE INFORMATION

Directors
Mr. Otto Buttula (Executive Chairman)
Mr. Robert Bishop
Mr. Darren Pettiona
Mr. Robert Spano
Mr. Kim Hogan (effective 1 September 2010)

Company Secretary
Ms. Andrea Steele

Registered Office and Principal Place of Business
Level 11, 7 Macquarie Place
Sydney NSW 2000
Telephone: (02) 8274 6000
Facsimile: (02) 9247 6428

Share Registry
Registries Limited
Level 2, 28 Margaret Street
Sydney NSW 2000

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

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

Bankers
ANZ Bank
20 Martin Place
Sydney NSW 2000

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

Internet Address
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EXECUTIVE CHAIRMAN'S REPORT

Investorfirst Limited (ASX: INQ) incurred a consolidated net loss after income tax for the year ended 30 June 2010 of $1.068 million, after recognising all non-recurring items, impairment charges and provisions. At a pre-tax level, the current year loss represents a 62% improvement on the previous corresponding period's (pcp) pre-tax loss of $2.806 million and represents only a marginal increase on the half-year ended 31 December 2009 (1HFY'10) loss of $0.845 million. In line with 1HFY'10, no income tax benefit has been recorded in relation to this result, therefore the pre and post tax results are consistent.

Result Constituents

Total revenue amounted to $8.729 million for the year, an increase of 42% over the pcp figure of $6.132 million. Brokerage increased 45% over the pcp and represented 74% of Group revenue reflecting the consolidation and refocusing of the Company's core business following the wind-down of the Findlay & Co Stockbrokers and (Underwriters) businesses.

Corporate income decreased by 37% over the pcp to $0.201 million, as a result of limited focus, however with legacy issues largely resolved, this area of activity will be given renewed focus. Notwithstanding this, the Company continues to significantly de-risk the business, with no new share trading undertaken during the period, other than that of disposing of non-core investments. Interest and other revenue increased significantly from the pcp as a result of some large, one-off outcomes, which also included a stronger balance sheet and higher interest rates. Interest and other revenue increased significantly from the pcp as a result of some large, one-off outcomes, which also included a stronger balance sheet and higher interest rates.

Total operating expenses of $9.797 million represented a 10% increase on the pcp figure of $8.939 million. The increase is largely attributable to higher personnel expenses (including some one-offs); costs associated with the wind-down of legacy businesses and continued reinvestment in systems and infrastructure, including a Melbourne office and in our soon to be launched Researchfirst business web site.

The Company recorded total depreciation, impairment and amortisation expense of $0.351 million for the year, a significant reduction from the pcp figure of $1.241 million.

Whilst the overall cost base of the Company has increased over the period, it reflects a deliberate investment in preparing the business for new business initiatives and a broader and more diversified operating model.

Achievements

During the course of the period, the Group achieved several significant milestones including:

- A successful dual capital-raising, in the form of a placement and fully underwritten Share Purchase Plan (SPP), which raised circa $8 million gross at $0.10 per share.
- Full compliance with the $5 million minimum ASX capital liquidity requirement as a full ASX Market Participant by our wholly-owned subsidiary, ANZIEX Ltd.
- The successful completion of a minimum holdings share buyback at $0.08 per share, thereby reducing administrative and registry costs associated with smaller shareholdings.
- Ongoing investment in the Researchfirst business, our in-house, proprietary owned and developed web-based research platform.
- Currently beta-testing of our soon to be launched 'Portfoliofirst" and white-label portfolio management service offering, which is expected to grow annuity revenues.
- Execution of a wholesale broking services agreement with Trader Dealer Online, a subsidiary of MDS Financial Group Limited (ASX: MWS).
- Continued investment in business systems, infrastructure and associated collateral.

Outlook

The Company is likely in its best ever condition since listing. Legacy issues are largely behind it, it remains well capitalised and it now has a single-minded focus upon harnessing growth opportunities and profitably augmenting the current business. To this end, considerable effort has been expended on analysing a number of acquisition opportunities and it is expected that a number of these will be completed over the near term.

EXECUTIVE CHAIRMAN'S REPORT

With regard to current operations, we remain cautious in our outlook given volatile investment markets, highly variable trading volumes and ongoing infrastructure investment as we prepare for the planned growth of the Company.

Notwithstanding this, the primary focus moving into FY'11 and beyond will be to build the revenue base, consolidate and refine the existing business model and cost base and build a Company capable of recording sustainable profits.

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 2011.

Otto Buttula
Executive Chairman

DIRECTORS' REPORT (CONTINUED)

Your Directors submit their report for the year ended 30 June 2010.

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.

Names, qualifications, experience and special responsibilities:

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

Mr. Buttula has an extensive and successful financial services management history spanning in excess of twenty 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.

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. Following the resignation of the former Chief Executive Officer, he was re-instated as Executive Chairman on 25 June 2010.

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. In addition to substantial hands on experience, he has completed a number of courses in management 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 Non-Executive 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.

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. Kim Hogan
B Bus
(Non-Executive Director)

Mr. Hogan has extensive experience in financial services, with a particular expertise in all facets of full service stockbroking. Specifically, this has included advice and portfolio construction, including derivatives, retail desk construction and management, in addition to supervision of risk exposures and compliance.

Mr. Hogan is currently an Executive Director of Dalgety Capital Pty Ltd.

Mr. Hogan has been appointed to the Board, effective from 1 September 2010.

Director who resigned during the financial year

Mr. Brett Spork
B Bus
(former 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 resigned on 11 June 2010.

Mr. Spork was previously the Chief Executive Officer of E*TRADE Australia between 2003 and 2007. Following this, he joined as Managing Director of the newly formed BTIG Australia Limited, which began trading as an ASX Member Participant in late August 2008, before resigning in February 2009.

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.

Secretary who resigned during the financial year

Mr. Mark Zworsestine Resigned 27 May 2010.

Director's interests

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	24,900,000
Robert Spano	6,731,932

PRINCIPAL ACTIVITIES

The principal activities during the year of the entities within the consolidated Group were the provision of financial market services including stockbroking (including portfolio administration), sponsoring of share issues, secondary placements, investment 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 21 and 27.

OPERATING RESULTS FOR THE YEAR

Investorfirst (ASX: INQ) a consolidated net loss after income tax for the year ended 30 June 2010 of $1.068 million, after recognising all non-recurring items, impairment charges and provisions. At a pre-tax level, the current year loss represents a 62% improvement on the previous corresponding period's (pcp) pre-tax loss of $2.806 million and represents only a marginal increase on the half-year ended 31 December 2009 (1HFY'10) loss of $0.845 million. In line with 1HFY'10, no income tax benefit has been recorded in relation to this result, therefore the pre and post tax results are consistent.

Result Constituents

- Total revenue amounted to $8.729 million for the year, an increase of 42% over the pcp figure of $6.132 million.
- Brokerage increased 45% over the pcp and represented 74% of Group revenue.
- Corporate income decreased by 37% over the pcp to $0.201 million, as a result of limited focus, however with legacy issues largely resolved, this area of activity will be given renewed focus.
- Investment income of $0.92 million represents an increase of 49% from the pcp.
- Interest and other revenue increased significantly from the pcp as a result of some large, one-off outcomes, which also included a stronger balance sheet and higher interest rates.
- Total operating expenses of $9.797 million represented a 10% increase on the pcp figure of $8.939 million.

Achievements

During the course of the period, the Group achieved several significant milestones including:

- A successful dual capital-raising, in the form of a placement and fully underwritten Share Purchase Plan (SPP), which raised circa $8 million gross at $0.10 per share.
- Full compliance with the $5 million minimum ASX capital liquidity requirement as a full ASX Market Participant by our wholly-owned subsidiary, ANZIEX Ltd.
- The successful completion of a minimum holdings share buyback at $0.08 per share, thereby reducing administrative and registry costs associated with smaller shareholdings.
- Ongoing investment in the Researchfirst business, our in-house, proprietary owned and developed web-based research platform.
- Currently beta-testing of our soon to be launched 'Portfoliofirst" and white-label portfolio management service offering, which is expected to grow annuity revenues.
- Execution of a wholesale broking services agreement with Trader Dealer Online, a subsidiary of MDS Financial Group Limited (ASX: MWS).
- Continued investment in business systems, infrastructure and associated collateral.

RISK MANAGEMENT

Investorfirst 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 2010 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

There has not been any significant change in the nature or state of affairs of the Company.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

No significant events have occurred since balance date.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

- The Company is likely in its best ever condition since listing. Legacy issues are largely behind it, it remains well capitalised and it now has a single-minded focus upon harnessing growth opportunities and profitably augmenting the current business.
- With regard to current operations, we remain cautious in our outlook given volatile investment markets, highly variable trading volumes and ongoing infrastructure investment as we prepare for the planned growth of the Company.

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. 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 and recovery at all times.

ROUNDING OF AMOUNTS

The Company is a kind referred to in Class Order 98/100, issued by the Australian Securities and Investment Commission, relating to the "rounding off" of amounts in the directors' and financial reports. Amounts in these reports have been rounded off in accordance with that Class Order to the nearest dollar, or in certain cases to the nearest thousand dollars.

MEETINGS OF DIRECTORS

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:

Director	Board Meetings		Audit Risk & Compliance Committee Meetings	
	Attended	Held	Attended	Held
O. Buttula	9	10		
R. Bishop	9	10	3	3
D. Pettiona	9	10	3	3
R. Spano	8	10		
Directors that have resigned				
B. Spork (resigned 11 June 2010)	8	8		

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. 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 2010 and 30 June 2009 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.

Remuneration may consist of the following key elements:

- Fixed Salary
- Cash / Equity Bonus - Short Term Incentive Plan ('STIP')
- Cash / Equity Bonus - Ongoing Incentive Plan - ('OIP')
- Long Term Incentive Plan ('LTIP') - not currently active.
- Share based incentives
- Staff Partly Paid Share Plan ('PPSP')

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 Plan (LTIP)

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.

Staff Partly Paid Share Plan (PPSP)

Objective

The objective of the Staff Partly Paid Share Plan ('PPSP') is to attract, retain and motivate staff, thereby aligning their interests with those of the shareholders and providing staff with an opportunity to benefit from the future prosperity of the Company.

Structure

The PPSP, which has not yet been activated, will be made available to current or future staff members of the Company who meet time, revenue or other performance criteria or who are deemed to have the capacity to make a beneficial impact on the long term performance of the Company. The PPSP excludes the participation of the Directors. The PPSP contemplates that, initially, PPSP shares will be issued at a price of $0.08 per PPSP share with an initial payment of $0.01 per PPSP share by the subscriber with the balance to be paid no later than the third anniversary of the first call.

Change in status of Executive Chairman to Non-Executive Chairman and then back to Executive Chairman

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 in INQ exercisable at $0.12 cents per share that were subject to market and non-market performance based conditions were forfeited.

On 11 June 2010, Mr. Buttula resumed the role of Executive Chairman following the resignation of the Chief Executive Officer. There was no change to his remuneration as Non-Executive Chairman as a consequence of this role change.

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

Brett Spork resigned as Chief Executive Officer on 11 June 2010.

Brett Spork's employment arrangement was 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 was employed under a continuing contract with no fixed term.

(b) Remuneration

- Fixed Salary - An annual package (including superannuation contributions in line with the Superannuation Guarantee legislation) of $190,000 was fixed until 30 June 2010.
- Short Term Incentive – Short Term Incentive Program ("STIP") which is a component of the Executive's benefits consisted of:
  - 3,500,000 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 had 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.

Given that Mr. Spork did not serve the full 12 month period, the 3,500,000 partly-paid shares were forfeited with a cash payment in lieu made by the Company totalling $70,000.

- Ongoing Incentive – Ongoing Incentive Program ("OIP") which was to be 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 was to be delivered as deferred cash or equity (new INQ fully paid shares), at the Board's discretion. No amount was paid under the OIP.

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).

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.

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.

Bonuses paid are discretionary and are not dependent on the satisfaction of a particular performance condition.

Two of the Key Management Personnel received discretionary performance related remuneration for the year ended 3 June 2010 (2009: nil) which represented 20% of total remuneration for Andrea Steele and 12% of total remuneration for Paul Clarke.

Remuneration for the year ended 30 June 2010 and 30 June 2009

			Short term Salary & Fees	Termination payment	Bonus	Post employment superannuation	Share based payments - Shares	Total
Non-executive directors								
Otto Buttula	(i)	**2010**	**75,291**	**-**	**-**	**-**	**-**	**75,291**
		2009	53,082	-	-	5,250	198,386	256,718
Darren Pettiona	(ii)	**2010**	**36,697**	**-**	**-**	**3,303**	**-**	**40,000**
		2009	27,829	-	-	2,752	-	30,581
Robert Bishop	(iii)	**2010**	**36,697**	**-**	**-**	**3,303**	**-**	**40,000**
		2009	22,262	-	-	2,202	-	24,464
Robert Spano	(iv)	**2010**	**40,000**	**-**	**-**	**-**	**-**	**40,000**
		2009	20,000	-	-	-	-	20,000
James Beecher	(v)	**2010**	**-**	**-**	**-**	**-**	**-**	-
		2009	35,000	-	-	-	-	35,000
Sub-total non-executive directors		**2010**	**188,685**	**-**	**-**	**6,606**	**-**	**195,291**
		2009	158,173	-	-	10,204	198,386	366,763
Executive directors								
Brett Spork	(vi)	**2010**	**192,270**	**70,000**	**-**	**23,604**	**-**	**285,874**
		2009	2,570	-	-	253	-	2,823
Ivor Findlay	(v)	**2010**	-	-	-	-	-	-
		2009	21,522	-	-	-	-	21,522
Robin Armstrong	(v)	**2010**	-	-	-	-	-	-
		2009	16,011	-	-	-	-	16,011
Richard Mollett	(vii)	**2010**	-	-	-	-	-	-
		2009	164,561	40,000	-	10,098	-	214,659
Sub-total executive directors		**2010**	**192,270**	**70,000**	**-**	**23,604**	**-**	**285,874**
		2009	204,664	40,000	-	10,351	-	255,015
Key Management Personnel								
Andrea Steele Chief Operating Officer & Joint Company Secretary	(viii)	**2010**	**151,376**	**-**	**15,000**	**13,624**	**25,000**	**205,000**
		2009	121,613	-	-	12,028	-	133,641
Paul Clarke General Manager Transaction Services	(ix)	**2010**	**129,705**	**-**	**20,000**	**11,673**	**-**	**161,378**
		2009	53,100	-	-	5,251	-	58,351
Grant Henderson Compliance Manager	(x)	**2010**	**100,000**	**-**	**-**	**9,000**	**-**	**109,000**
		2009	48,998	-	-	4,846	-	53,844
Mark Zworestine Chief Financial Officer & Joint Company Secretary	(xi)	**2010**	**144,646**	**-**	**-**	**12,593**	**-**	**157,239**
		2009	-	-	-	-	-	-
Dilash Hargovind Chief Financial Officer & Joint Company Secretary	(xii)	**2010**	**52,991**	-	-	**1,950**	-	**54,941**
		2009	65,000	-	-	5,850	-	70,850
Sub-total key management personnel		**2010**	**578,718**	**-**	**35,000**	**48,840**	**25,000**	**687,558**
		2009	288,711	-	-	27,975	-	316,686
Total		**2010**	**959,673**	**70,000**	**35,000**	**79,050**	**25,000**	**1,168,723**
		2009	651,548	40,000	-	48,530	198,386	938,464

- (i) Otto Buttula appointed Executive Chairman 15 August 2008, resigned as an Executive 21 August 2009 and reinstated as Executive Chairman 11 June 2010.
- (ii) Darren Pettiona appointed to the Board 15 August 2008.
- (iii) Robert Spano appointed to the Board 12 January 2009.
- (iv) Robert Bishop appointed to the Board 8 October 2008.
- (v) Director resigned 10 October 2008.
- (vi) Brett Spork appointed as a non-executive director on 3 June 2009, as Managing Director and Chief Executive Officer on 6 July 2009 and resigned 11 June 2010.
- (vii) Richard Mollett resigned 15 August 2008.
- (viii) Andrea Steele appointed 18 August 2008 and as Company Secretary 13 March 2009.
- (ix) Paul Clarke appointed 5 January 2009.
- (x) Grant Henderson appointed 4 January 2006.
- (xi) Mark Zworestine appointed 22 July 2009 and resigned 27 May 2010.
- (xii) Dilash Hargovind resigned 13 August 2009.

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 $12,000 (2009: $5,665) was paid to Ernst & Young and similar services of $43,984 was paid to the Company's previous auditor, Nexia Court & Co in 2009. 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.

Refer to Note 26: 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
Executive Chairman
Sydney, 30 August 2010

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Auditor's Independence Declaration to the Directors of Investorfirst Limited

In relation to our audit of the financial report of Investorfirst Limited for the financial year ended 30 June 2010, 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

Andrew Gilder
Partner
30 August 2010

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 10.27% 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.	No
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

CORPORATE GOVERNANCE (CONTINUED)

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 2001* 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 committee)*	No
8.2 Companies should clearly distinguish the structure of non-executive Directors' remuneration from that of executive Directors and senior executives.	Yes

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 Executive Chairman 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 Executive Chairman 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.
- Development 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
Mr. Kim Hogan	Non-Executive Director (effective from 1 September 2010)

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 10.27% 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

All Staff, including Directors and Designated Staff, must obtain approval prior to trading in securities of the Company. In addition, Investorfirst encourages its Staff and Directors to be long term holders of the Company's securities, and therefore, short-term trading is discouraged.

All Staff must observe the following when trading in INQ securities:

Trading Blackout Period

All Directors and Staff are prohibited from trading in the Company's securities in the six week period prior to the release of the half year results (end of February) and the full year results (the end of August). There is also an information 'blackout' period for briefings with institutional investors, individual investors or stockbroking analysts to discuss financial information concerning the Investorfirst Group. During the 'blackout' period, approval will not be given to trade in Investorfirst securities unless there is an exceptional circumstance. An application may be made to the Executive Chairman or Company Secretary who may, in their absolute discretion, reject an application to trade in a blackout period. Approval to trade during the blackout period may be allowed, for example, where an earnings guidance has been released to the market and the company is satisfied that the market is sufficiently informed.

Staff Trading Approval Required for All Staff

All Staff, including Directors and Designated Staff, must complete a Staff Trading Approval Form prior to dealing in Investorfirst securities. Directors and Staff must not deal in Investorfirst securities before a Staff Trading Approval Form is approved or where authorisation is not given.

The Staff Trading Approval Form must be authorised by any one of the following officers: In the first instance by the Executive Chairman. If the Executive Chairman is not available, an Executive Director or the Company Secretaries of Investorfirst. It is the preference that such approvals be given by the Executive

Chairman in the first instance. Additionally, for ANZIEX and Investorfirst Securities staff, the trade must then be authorised by the Responsible Executive in accordance with the ASX market and operating rules.

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.

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.

Meetings

The ARCC meetings take place as often as required to undertake its role effectively. In general, the Executive Chairman, 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.

Ensuring the Effectiveness of the ARCC

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 all senior management 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.

Limitation of Audit, Risk and Compliance Committee's Role

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.

Charter and Performance Review

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.

The tasks of undertaking and assessing risk management and internal control effectiveness are delegated to management through the Executive Chairman, 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 four 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
- Development of Board approved operating plans and budgets and Board monitoring of these, including the establishment and monitoring of KPIs of both a financial and non-financial 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 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 Executive Chairman, Company Secretary and CFO;
- 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, through its subsidiary ANZIEX Limited, 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 / Corporate Strategy Direction

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 Executive Chairman and senior executive team 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:

- ***Qualitative Analysis*** - using words or a descriptive scale to describe the magnitude of potential consequences and the likelihood that those consequences will occur.
- ***Semi-quantitative analysis*** – 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.

- ***Quantitative analysis*** – 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.

Executive Chairman and CFO certification

In accordance with section 295A of the Corporations Act, the Executive Chairman (Chief Executive Officer for the purposes of section 295A) 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 Executive Chairman 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 is available on Investorfirst’s website.

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 the following page.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2010

		CONSOLIDATED		PARENT	
		2010	2009	2010	2009
Continuing Operations	**Notes**	**$**	**$**	**$**	**$**
Revenue					
Brokerage		6,471,769	4,466,106	-	-
Corporate		201,094	317,850	-	-
Investment income		919,740	618,929	660,032	
Interest and other income	4	1,136,317	730,036	95,853	4,327
		8,728,920	**6,132,921**	**755,885**	**4,327**
Expenses					
Dealer commissions		(3,077,647)	(2,289,244)	-	-
Employee benefits expenses	4	(2,242,846)	(1,894,067)	-	(62,933)
ASX broking expenses		(639,878)	(851,438)	-	-
Clearing and settlement expenses		(432,048)	(607,569)	-	-
Occupancy expenses	4	(470,918)	(366,882)	-	-
Depreciation, impairment and amortisation	4	(350,503)	(1,240,981)	(1,670,984)	(5,713,670)
Administrative expenses	4	(2,583,143)	(1,686,845)	(12,133)	(40,730)
Finance costs		-	(2,037)	-	-
		(9,796,983)	**(8,939,063)**	**(1,683,117)**	**(5,817,333)**
Loss before income tax		**(1,068,063)**	**(2,806,142)**	**(927,232)**	**(5,813,006)**
Income tax benefit / (expense)	5	-	795,995	(323,691)	98,375
Loss after income tax		**(1,068,063)**	**(2,010,147)**	**(1,250,923)**	**(5,714,631)**
Other comprehensive income		**-**	**-**	**-**	**-**
Total comprehensive income		**(1,068,063)**	**(2,010,147)**	**(1,250,923)**	**(5,714,631)**
Basic loss per share (cents per share) for the period, attributable to ordinary equity holders of the parent	25	(0.005)	(0.017)		
Diluted loss per share (cents per share) for the period, attributable to ordinary equity holders of the parent	25	(0.005)	(0.017)		

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

BALANCE SHEET

AT 30 JUNE 2010

		CONSOLIDATED		PARENT	
		2010	2009	2010	2009
	Notes	$	$	$	$
ASSETS					
Current Assets					
Cash and cash equivalents		8,540,584	6,174,986	3,794,945	53,833
Receivables	6	9,661,938	8,007,867	5,968	-
Financial assets	7	267,101	277,545	-	-
Other current assets	8	12,981	123,593	-	8,002
Current tax receivables	5	114,137	114,137	114,137	114,137
Total Current Assets		**18,596,741**	**14,698,128**	**3,915,050**	**175,972**
Non-Current Assets					
Receivables	9	-	-	618,827	-
Investments in subsidiaries	10	-	-	8,861,893	8,410,962
Office equipment	11	114,177	92,058	-	-
Deferred tax assets	5	1,234,360	1,234,360	1,184,699	959,009
Intangible assets	12	2,692,440	2,948,921	-	-
Total Non-Current Assets		**4,040,977**	**4,275,339**	**10,665,419**	**9,369,971**
Total Assets		**22,637,718**	**18,973,467**	**14,580,469**	**9,545,943**
LIABILITIES					
Current Liabilities					
Trade and other payables	13	7,197,523	10,205,117	-	420
Provisions	14	35,993	74,436	-	-
Total Current Liabilities		**7,233,516**	**10,279,553**	**-**	**420**
Non-Current Liabilities					
Trade and other payables	15	**-**	**-**	56,326	1,549,775
Provisions	14	12,134	13,101	-	-
Total Non-Current Liabilities		**12,134**	**13,101**	**56,326**	**1,549,775**
Total Liabilities		**7,245,650**	**10,292,654**	**56,326**	**1,550,195**
Net Assets		**15,392,068**	**8,680,813**	**14,524,143**	**7,995,748**
EQUITY					
Issued capital	16	21,843,726	14,064,408	21,843,726	14,064,408
Equity reserve	17	198,386	198,386	198,386	198,386
Accumulated losses	18	(6,650,044)	(5,581,981)	(7,517,969)	(6,267,046)
Total Equity		**15,392,068**	**8,680,813**	**14,524,143**	**7,995,748**

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2010

Consolidated Entity	Issued Capital $	Reserves $	Accumulated Losses $	Total $
As at 1 July 2009	**14,064,408**	**198,386**	**(5,581,981)**	**8,680,813**
Total comprehensive income for the year	-	-	(1,068,063)	**(1,068,063)**
Shares issued – placements	8,049,709	-	-	**8,049,709**
Shares issued – placements costs	(270,391)	-	-	**(270,391)**
As at 30 June 2010	**21,843,726**	**198,386**	**(6,650,044)**	**15,392,068**
As at 1 July 2008	**5,722,209**	**235,003**	**(3,571,834)**	**2,385,378**
Total comprehensive income 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**

Parent Entity	Issued Capital $	Reserves $	Accumulated Losses $	Total $
As at 1 July 2009	**14,064,408**	**198,386**	**(6,267,046)**	**7,995,748**
Total comprehensive income for the year	-	-	(1,250,923)	**(1,250,923)**
Shares issued – placements	8,049,709	-	-	**8,049,709**
Shares issued – placements costs	(270,391)	-	-	**(270,391)**
As at 30 June 2010	**21,843,726**	**198,386**	**(7,517,969)**	**14,524,143**
As at 1 July 2008	**5,722,209**	**235,003**	**(552,415)**	**5,404,797**
Total comprehensive income 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**

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 2010

		CONSOLIDATED		PARENT	
		2010	2009	2010	2009
	Note	$	$	$	$
Cash flows from operating activities					
Receipts from customers		7,742,256	7,061,721	0	61,029
Payments to suppliers and employees		(10,456,499)	(8,072,120)	(10,518)	(143,411)
Interest received		330,762	259,712	95,853	4,327
Income taxes paid		-	13,393	-	(61,001)
Payments in relation to client and dealer balances		(3,891,620)	(672,123)	-	-
Net cash inflow / (outflow) from operating activities	20(a)	**(6,275,101)**	**(1,409,417)**	**85,335**	**(139,056)**
Cash flows from investing activities					
Net purchases and disposals of office equipment		(69,118)	(34,878)	-	-
Proceeds from sale of investments		930,499	-	392,931	-
Net movement from related entities		-	-	(2,394,557)	264,802
Payment for acquisition of shares in subsidiaries		-	-	(2,121,915)	(1,336,828)
Acquisition of subsidiary net of cash acquired		-	5,065,027	-	-
Net cash inflow / (outflow) from investing activities		**861,381**	**5,030,149**	**(4,123,541)**	**(1,072,026)**
Cash flows from financing activities					
Acquisition cost paid		-	(85,507)	-	(85,507)
Payment of share issue costs		(270,391)	-	(270,391)	-
Share placement proceeds		8,049,709	1,353,992	8,049,709	1,353,992
Net cash inflow from financing activities		**7,779,318**	**1,268,485**	**7,779,318**	**1,268,485**
Net increase in cash and cash equivalents		**2,365,598**	**4,889,217**	**3,741,112**	**57,403**
Cash and cash equivalents at beginning of period		6,174,986	1,285,769	53,833	(3,570)
Cash and cash equivalents at end of period	20(b)	**8,540,584**	**6,174,986**	**3,794,945**	**53,833**

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

1. CORPORATE INFORMATION

The Annual Report of Investorfirst Limited (the "Company" or Investorfirst) for the year ended 30 June 2010 was authorised for issue in accordance with a resolution of the Directors on 30 August 2010 and covers Investorfirst as an individual entity as well as the consolidated entity consisting of Investorfirst and its subsidiaries as required by the *Corporations Act 2001.*

Investorfirst 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 Directors' 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 financial instruments classified as held for trading which have been measured at fair value. Investorfirst has applied ASIC Class Order 10/654. Accordingly, parent entity financial statements are presented in addition to consolidated financial statements.

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) New accounting standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except as follows.

The Group has been impacted by the following new and amended Australian Accounting Standards as of 1 July 2009.

- *AASB7 Financial Instruments: Disclosures*
- *AASB8 Operating Segments*
- *AASB101 Presentation of Financial Statements*

These new and amended Australian Accounting Standards have not had a material impact on the Group. Other new and amended Australian Accounting Standards have not impacted the Group.

A number of new and amended Australian Accounting Standards have been issued but are not yet effective for the year ended 30 June 2010. None of these are expected to have a material impact on the financial statements.

(d) 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.

(e) Business combinations

There were no business combinations in the current period.

In the prior period, the purchase method of accounting was used to account for business combinations. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. There was no non-controlling interest (formerly known as minority interest). There were no stages in the business combination, nor were there any embedded derivatives or contingent consideration.

(f) Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses. As the “chief operating decision maker” for the purposes of AASB8 Operating Segments, the Executive Chairman and Chief Financial Officer have determined that the Group has only one reportable segment, being financial market services (i.e. the Group as a whole). No other separate operating results or discrete financial information are provided to the executive management team or Directors in the running of the Group’s business. The Group only operates in Australia.

The Group has one external client from which it has derived more than 10% of revenue. The amount of revenue derived from that client was $875,577 (2009: $120,524).

As a result of the above, a segment reporting disclosure note is not required.

(g) Foreign currency translation

Functional and presentation currency

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

(h) 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.

(i) 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.

(j) 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.

(k) 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.

(l) 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.

Directors believe it is more likely than not that the deferred tax assets at 30 June 2010 will be realised based on the strategy to build the revenue base, consolidate and refine the existing business model and cost base and build a Company capable of recording sustainable profits.

The Company now has a single-minded focus upon harnessing growth opportunities and profitably augmenting the current business. To this end, considerable effort has been expended on analysing a number of acquisition opportunities and it is expected that a number of these will be completed over the near term.

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.

(m) 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.

(n) 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.

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.

(o) 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 acquirer'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.

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.

Directors assessed the carrying value of Goodwill using a fair value test. The Aequs business acquired in December 2008 has effectively become the dominant part of the Investorfirst Group business. In determining the fair value of Goodwill, key assumptions and variables considered were as follows.

(a) Investorfirst share price – The year end share price of $0.05 produces a market capitalisation of approx $12.2 million. The share price was $0.07 until the last week of the financial year and since year end has recovered to around $0.06-$0.065 (market capitalisation of $14.6 million to $15.8 million) compared to shareholders' equity at 30 June 2010 of $0.063 per share.

(b) Comparable transactions – Traditionally, sale transactions in the industry indicate that:

i) EBIT multiples of 6 - 7 times have been applied;

ii) Control premiums seem to have averaged approximately 15% - 30%; and

iii) Multiples of Book Value for established financial services tend to range between 0.7 to 3.0 times**.**

All of (b) above has limited applicability to the Group given that operating losses have been incurred and the business model remains in its infancy.

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.

(p) 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.

(q) 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.

(r) 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

(s) 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 ('ESP') or the Staff Partly Paid Share Plan ('PPSP').

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

The ESP is currently suspended and the PPSP has not yet been activated.

(t) 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.

(u) Earnings Per Share (EPS)

Basic EPS is calculated by dividing the profit attributable to members of Investorfirst, 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.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise receivables, payables, finance leases and equity securities at fair value through profit and loss, financial instruments classified as held for trading 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 29: 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 but does have a small remaining portfolio of listed securities.

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, fully complied with 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 judgments, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgments and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgments 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 judgments, 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.

Significant accounting judgments

Recovery of deferred tax assets

Deferred tax assets are recognised for carried forward income tax losses and deductible temporary differences as directors consider 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.

Intangible assets
The carrying value of intangible assets (including goodwill) is assessed for indications of whether the asset has been impaired as disclosed elsewhere in these financial statements.

	CONSOLIDATED		PARENT	
	2010	2009	2010	2009
	$	$	$	$
4. INCOME AND EXPENSES				
(a) Interest and other income				
Interest	330,762	259,712	95,853	4,327
Other, bad debts recovered, trailer fees	805,555	470,324	-	-
	1,136,317	**730,036**	**95,853**	**4,327**
Expenses				
(b) Depreciation, impairment and amortisation				
Depreciation	46,999	34,942	-	-
Amortisation and impairment of intangibles	256,481	117,697	-	-
Impairment of investments	-	750,238	1,670,984	5,713,670
Impairment of receivables / bad debts	47,023	338,104	-	-
	350,503	**1,240,981**	**1,670,984**	**5,713,670**
(c) Employee benefits expenses				
Wages and salaries (incl super and payroll tax)	2,113,179	1,655,196	-	62,933
Share based payments expense	25,000	198,386	-	-
Other employee benefits expense	104,667	40,485	-	-
	2,242,846	**1,894,067**	**-**	**62,933**
(d) Occupancy expenses				
Minimum lease payments – operating lease	**470,918**	**366,882**	-	-
(e) Administrative expenses				
Legal expense	256,975	324,475	-	-
Information Services	519,317	462,092	-	-
Accounting and audit fees	144,409	162,622	-	-
Listing and registry fees	91,116	57,625	11,873	26,738
Other expenses	1,571,326	680,031	260	13,992
	2,583,143	**1,686,845**	**12,133**	**40,730**

The impairment of receivables was undertaken based on an assessment of expected recoverability. The impairment of receivables for the parent entity was based on the assessed recoverable amount based on the net assets of other group entities.

NOTES TO THE FINANCIAL STATEMENTS

	CONSOLIDATED		PARENT	
	2010	2009	2010	2009
	$	$	$	$
5. INCOME TAX				
(a) Income tax (benefit)/expense				
Current income tax				
Overprovision in prior year	-	9,898	-	9,898
Tax (receivable) / payable	-	(114,137)	-	(114,137)
Deferred income tax				
Originating difference due to current year tax loss	(356,987)	(1,395,986)	192,394	(69,373)
Relating to origination and reversal of temporary differences	114,488	243,000	30,730	63,811
Transfer of tax losses from subsidiaries	-	-		-
Adjustment to prior year deferred tax asset	-	91,398	(256,420)	11,426
Non-recognition of deferred tax asset	242,499	369,832	356,987	-
Income tax (benefit) / expense	**-**	**(795,995)**	**323,691**	**(98,375)**

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

	CONSOLIDATED 2010 $	CONSOLIDATED 2009 $	PARENT 2010 $	PARENT 2009 $
Loss before income tax expense	(1,068,063)	(2,806,142)	(927,232)	(5,813,006)
Prima facie income tax at 30%	(320,419)	(841,843)	(278,170)	(1,743,902)
Expenditure not allowed for income tax purposes	77,920	355,416	501,294	1,714,259
Reversal of accrual and other deductible expenses	-	(666,559)	-	24,081
Over provision in prior years	-	(104,239)	-	(104,239)
Deferred tax asset				
Adjustment to prior year deferred tax asset	-	91,398	(256,420)	11,426
Transfer of tax losses from subsidiaries	-	-	-	-
Non-recognition of deferred tax asset	242,499	369,832	356,987	-
Income tax (benefit) / expense	**-**	**(795,995)**	**323,691**	**(98,375)**

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.

(c) Reconciliations

	CONSOLIDATED		PARENT	
	2010	2009	2010	2009
	$	$	$	$
Current Income Tax (Payable)/Receivable:				
Opening balance	114,137	(33,745)	114,137	(33,745)
Under/(over) provision	-	9,898	-	9,898
Less Refund	-	23,847	-	23,847
Tax receivable	-	114,137	-	114,137
Closing balance	**114,137**	**114,137**	**114,137**	**114,137**
Tax (benefit)/expense in income statement	**-**	**(795,995)**	**323,691**	**(98,375)**
Deferred Income Tax:				
Opening balance	1,234,360	451,206	959,009	138,598
Charged to income	(114,488)	(243,000)	(30,730)	(63,811)
Current tax losses	356,987	1,395,986	-	1,395,986
Adjustment to prior year deferred tax asset	-	-	256,420	-
Non-recognition of deferred tax asset	(242,499)	(369,832)	-	(511,764)
Closing balance recognised in balance sheet	**1,234,360**	**1,234,360**	**1,184,699**	**959,009**
Reconciliations of Deferred Tax Assets:				
Annual and long service leave provision	14,438	26,261	-	-
Accrued expenses	18,221	28,050	-	-
Share issue costs	61,459	92,187	61,459	92,187
Provision for doubtful debts	17,002	72,015	-	-
Other	(17,400)	(10,307)	(17,400)	(17,400)
Carry forward tax losses	1,752,973	1,395,986	1,752,973	1,395,986
Non-recognition of deferred tax asset	(612,333)	(369,832)	(612,333)	(511,764)
Deferred income tax assets	**1,234,360**	**1,234,360**	**1,184,699**	**959,009**

(d) Tax consolidation

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

Investorfirst and its 100% owned Australian resident subsidiaries formed a tax consolidated Group. Investorfirst 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

The head entity and the controlled entities in the tax consolidated Group continue to account for their own current and deferred tax amounts as per UIG 1052 Tax Consolidation Accounting. 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		PARENT	
	2010	2009	2010	2009
	$	$	$	$
6. CURRENT ASSETS - RECEIVABLES				
Client receivables	9,672,735	7,770,412	-	-
Trade receivables	23,999	361,324	-	-
Allowance for impairment loss (i)	(56,673)	(240,049)	-	-
	9,640,061	**7,891,687**	-	-
Other	21,877	116,180	5,968	-
	9,661,938	**8,007,867**	**5,968**	-

(i) Allowance for impairment loss

Trade receivables are non-interest bearing and are generally on 30 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 $47,023 (2009: $240,049) has been recognised by the Group and nil (2009: nil) by the Company in the current year. These amounts have been included in the statement of comprehensive income as an impairment expense.

Movements in the provision for impairment loss were as follows:				
Opening balance	240,049	1,767,371	-	-
Charge for the year	47,023	240,049	-	-
Amounts written off	(230,399)	(1,767,371)	-	-
Closing balance	**56,673**	**240,049**	-	-

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

	0-30 days	31-60 days	61-90 days PDNI *	90 + days PDNI *	90 + days CI *
2010 Consolidated	**9,486,616**	**116,692**	**21,755**	**36,873**	**56,673**
2010 Parent	**5,968**	-	-	-	-
2009 Consolidated	7,770,412	-	116,180	121,275	240,049
2009 Parent	-	-	-	-	-

* PDNI - Past due not impaired
CI - Considered impaired

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.

	CONSOLIDATED		PARENT	
	2010	2009	2010	2009
	$	$	$	$
7. CURRENT ASSETS - FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				
Listed securities held for trading	267,101	277,545	-	-
	267,101	**277,545**	**-**	**-**
8. CURRENT ASSETS - OTHER				
Prepayments	-	47,687	-	8,002
Other receivables	12,981	76,626	-	-
	12,981	**124,313**	**-**	**8,002**
9. NON-CURRENT ASSETS - RECEIVABLES				
Loans to controlled entities	**-**	-	**618,827**	**-**
10. NON-CURRENT ASSETS - INVESTMENT IN SUBSIDIARIES				
Investments in controlled entities – at cost	**-**	-	**8,861,893**	**8,410,962**
11. NON CURRENT ASSETS - OFFICE EQUIPMENT				
Computer Equipment				
At cost	225,972	186,247		
Accumulated depreciation	(158,730)	(137,660)		
	67,242	**48,587**		
Office Furniture and Fittings				
At cost	89,352	62,451		
Accumulated depreciation	(42,417)	(18,980)		
	46,935	**43,471**		
Total Plant and Equipment				
Cost	315,324	248,698		
Accumulated depreciation	(201,147)	(156,640)		
Total Net Carrying Amount	**114,177**	**92,058**		

	CONSOLIDATED		PARENT	
	2010	2009	2010	2009
	$	$	$	$
11. NON CURRENT ASSETS - OFFICE EQUIPMENT (CONT'D)				
Reconciliations of the carrying amounts at the beginning and end of the financial year:				
Computer Equipment				
Carrying amount at beginning	48,587	28,930		
Additions	42,217	32,096		
Write-off of remaining life of assets	-	(8,652)		
Assets from acquisition of Aequs Capital Ltd	-	23,754		
Depreciation expense	(23,562)	(27,541)		
Net Carrying Amount	**67,242**	**48,587**		
Office Furniture and Fittings				
Carrying amount at beginning	43,471	4,393		
Additions	26,901	5,362		
Write-off of remaining life of assets	-	(1,285)		
Assets from acquisition of Aequs Capital Ltd	-	42,402		
Depreciation expense	(23,437)	(7,401)		
Net Carrying Amount	**46,935**	**43,471**		
Total Plant and Equipment				
Carrying amount at beginning	92,058	33,323		
Additions	69,118	37,458		
Write-off of remaining life of assets	-	(9,937)		
Assets from acquisition of Aequs Capital Ltd	-	66,156		
Depreciation expense	(46,999)	(34,942)		
Net Carrying Amount	**114,177**	**92,058**		

	CONSOLIDATED		PARENT	
	2010	2009	2010	2009
	$	$	$	$
12. NON-CURRENT ASSETS - INTANGIBLE ASSETS				
Goodwill				
At cost	2,076,274	2,076,274		
Accumulated amortisation and impairment	-	-		
	2,076,274	**2,076,274**		
Advisor Client Relationship				
At cost	890,344	890,344		
Accumulated amortisation	(274,178)	(96,108)		
	616,166	**794,236**		
Website				
At cost	100,000	100,000		
Accumulated amortisation and impairment	(100,000)	(21,589)		
	-	**78,411**		
Total Net Carrying Amount	**2,692,440**	**2,948,921**		
Reconciliations of the carrying amounts at the beginning and end of the financial year:				
Goodwill				
Carrying amount at beginning	2,076,274	**-**		
Additions - Acquisition of businesses	-	2,076,274		
Impairment	-	-		
Net Carrying Amount	**2,076,274**	**2,076,274**		
Advisor Client Relationship				
Carrying amount at beginning	794,236	**-**		
Additions - Acquisition of businesses	-	890,344		
Amortisation	(178,070)	(96,108)		
Net Carrying Amount	**616,166**	**794,236**		
Website				
Carrying amount at beginning	78,411	**-**		
Additions - Acquisition of businesses	-	100,000		
Amortisation and impairment	(78,411)	(21,589)		
Net Carrying Amount	**-**	**78,411**		
Total Net Carrying Amount	**2,692,440**	**2,948,921**		

The amortisation period for advisor client relationship and website was initially determined as five years based on the estimated finite useful lives.

The Directors assessed the carrying value of the website acquired as part of the Aequs acquisition and determined that it had been impaired as the asset was no longer of use to the Group. Accordingly, it was written down to nil.

	CONSOLIDATED		PARENT	
	2010	2009	2010	2009
	$	$	$	$
13. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES				
Client payables	6,197,963	8,187,260	-	-
Sundry creditors	999,560	2,017,857	-	-
Intercompany loan	-	-	-	420
	7,197,523	**10,205,117**	**0**	**420**
14. PROVISIONS				
CURRENT LIABILITIES - ANNUAL LEAVE PROVISION				
Opening balance	74,436	77,543		
Net movement during the year	(38,443)	(77,543)		
Additional provision recognised net of acquisition of Aequs Capital Ltd	-	74,436		
Closing balance	**35,993**	**74,436**		
NON-CURRENT LIABILITIES - LONG SERVICES LEAVE PROVISION				
Opening balance	13,101	-		
Net movement during the year	(967)	-		
Additional provision recognised net of acquisition of Aequs Capital Ltd	-	13,101		
Closing balance	**12,134**	**13,101**		
15. NON-CURRENT LIABILITIES – TRADE AND OTHER PAYABLES				
Intercompany payables	**-**	**-**	**56,326**	**1,549,775**
16. CONTRIBUTED EQUITY				
(a) Issued and paid up capital				
Shares, fully paid	**21,843,726**	**14,064,408**	**21,843,726**	**14,064,408**

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

(b) Movement in fully paid ordinary shares on issue

	2010 Number	2009 Number	**2010 $**	2009 $
Beginning of the financial year	162,620,373	65,013,308	14,064,408	5,722,209
Issued on 24 December 2009 for Share Placement	24,393,060	-	2,439,306	-
Placement costs			(67,179)	-
Issued on 12 February 2010 for Share Purchase Plan - shareholders	10,320,000	-	1,032,000	-
Issued on 12 February 2010 for Share Purchase Plan - shortfall taken up by underwriters	45,784,029	-	4,578,403	-
SPP transaction costs			(203,212)	-
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	**243,117,462**	**162,620,373**	**21,843,726**	**14,064,408**

17. EQUITY RESERVE

Share based payments share reserve	198,386	198,386	198,386	198,386

Represents the share based payments expense under the employee and directors share plans.

18. (ACCUMULATED LOSSES) / RETAINED EARNINGS

Movement in (accumulated losses) / retained earnings were as follows:				
Opening balance	(5,581,981)	(3,571,834)	(6,267,046)	(552,415)
Net loss attributable to members	(1,068,063)	(2,010,147)	(1,250,923)	(5,714,631)
Closing balance	**(6,650,044)**	**(5,581,981)**	**(7,517,969)**	**(6,267,046)**

19. DIVIDEND FRANKING ACCOUNT

Franking credits available to shareholders of the Company for subsequent financial years are $341,726 (2009: $341,726). 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 reserves 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	
	2010	2009	2010	2009
	$	$	$	$
20. CASH AND CASH EQUIVALENTS				
(a) Reconciliation of the net loss after tax to cash flow from operations				
Net (loss) / profit	**(1,068,063)**	**(2,010,147)**	**(1,250,923)**	**(5,714,631)**
Non-cash items:				
Asset write-off	-	9,938	-	-
Bad and doubtful debts	47,023	98,055	-	-
Depreciation of non-current assets	46,999	34,942	-	-
Share based payments expense	-	198,386	-	198,386
Amortisation and impairment of intangible assets	256,481	117,697	-	-
Loss recognised fair value re-measurement	-	488,787	-	-
Share trading gain	(919,740)	-	(660,032)	
Impairment of investment	-	175,000	1,670,984	5,515,284
Changes in operating assets and liabilities:				
(Increase) / decrease in receivables	264,153	736,955	(5,968)	61,029
(Increase) in client receivables	(1,902,323)	(138,394)	-	-
(Increase) in deferred tax assets	-	(745,291)	(225,690)	(78,984)
Decrease in prepayments	47,687	17,075	8,002	(8,000)
Increase / (decrease) in sundry creditors	(1,018,617)	11,388	(420)	(31,748)
(Decrease)/ increase in current tax	-	(27,363)	549,382	(80,392)
(Decrease) in client payables	(1,989,291)	(552,574)	-	-
Increase / (decrease) in provisions	(39,410)	176,129	-	-
Net cash flow from operating activities	**(6,275,101)**	**(1,409,417)**	**85,335**	**(139,056)**
(b) Reconciliation of cash				
Cash balance comprises:				
- Cash on hand and at bank	6,879,827	4,114,577	3,794,945	53,833
- Cash at bank - trust account	1,660,757	2,060,409	-	-
Closing cash balance	**8,540,584**	**6,174,986**	**3,794,945**	**53,833**

(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.

21. BUSINESS COMBINATIONS

Prior period acquisition

On 15 December 2008, Investorfirst 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 (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 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 to goodwill in the amount of $2,076,274. 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. Identifiable intangible assets have been 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.

The net assets acquired in the business combination were 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**

22. COMMITMENTS AND CONTINGENCIES

(a) Commitments

Future minimum rentals payable under non-cancellable operating leases:

	CONSOLIDATED 2010 $	CONSOLIDATED 2009 $	PARENT 2010 $	PARENT 2009 $
Within 1 year	328,119	442,327	-	-
After 1 year but not more than 5 years	-	354,017	-	-
Total minimum lease payments	**328,119**	**796,344**	**-**	**-**

(b) Contingencies

Contingent Assets and Liabilities

Nil (2009: nil)

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 and recovery at all times.

Guarantees

	CONSOLIDATED 2010 $	CONSOLIDATED 2009 $	PARENT 2010 $	PARENT 2009 $
The Group has issued the following guarantees:				
Findlay & Co Stockbrokers (Underwriters) Pty Ltd				
Australian Securities & Investments Commission	20,000	20,000	-	-
ANZIEX Limited (formerly Aequs Securities Pty Ltd)				
Australian Securities & Investments Commission	20,000	20,000	-	-
Rental bond Level 11, 7-15 Macquarie Place, Sydney	132,211	132,211	-	-

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

23. SHARE BASED PAYMENTS PLAN

An Employee Share Plan ('ESP') has been established, pursuant to which Investorfirst may, at the discretion of the Board, grant shares of Investorfirst to Directors, employees, advisors and consultants of the consolidated entity as fair value consideration of services provided.

At the date of this report, there are no grants under the plan as the plan has been suspended.

The Staff Partly Paid Share Plan ('PSSP'), which has not yet been activated, has been established which will be made available to current or future staff members of the Company who meet time, revenue or other performance criteria or who are deemed to have the capacity to make a beneficial impact on the long term performance of the Company. The PPSP excludes the participation of the Directors. The PPSP contemplates that, initially, PPSP shares will be issued at a price of $0.08 per PPSP share with an initial payment of $0.01 per PPSP share by the subscriber with the balance to be paid no later than the third anniversary of the first call.

24. EVENTS AFTER THE BALANCE SHEET DATE

No significant events have occurred since balance date.

	CONSOLIDATED 2010 $	2009 $
25. 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	**(1,068,063)**	**(2,010,147)**
Weighted average number of ordinary shares used in calculating basic and diluted earmings per share:	**196,703,823**	**120,312,060**
Basic and diluted earnings per share	**(0.005)**	**(0.017)**

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.

	CONSOLIDATED 2010 $	2009 $
26. AUDITORS' REMUNERATION		
Amounts received or due and receivable by Ernst & Young for:		
- Audit services - financial Statements and regulatory returns (ASX, ASIC)	113,417	42,758
- Underaccrual relating to prior financial year	13,286	-
- Tax and other services	12,000	5,665
	138,703	**48,423**
Amounts received or due and receivable by Nexia Court & Co (previous auditors) for:		
- Audit or review of the financial report	-	70,215
- Other services	-	43,984
	-	**114,199**
Total audit and other fees	**138,703**	**162,622**

27. RELATED PARTY DISCLOSURES

(a) Subsidiaries

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

Name	% Equity Interest 2010	2009
ANZIEX Ltd (ASX market participant and AFSL holder)	100	100
ANZIEX Nominees Ltd	100	100
Capfirst Securities Ltd	100	100
Firstfunds Ltd	100	100
INQ Management Services Ltd	100	100
Investorfirst Securities Ltd	100	100
Kardinia Nominees Pty Ltd	100	100
Researchfirst Ltd	100	100
Not trading and being wound down		
Aequs Capital Ltd	100	100
Aequs Corporate Pty Ltd	100	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	100

(b) Ultimate parent

Investorfirst is the ultimate parent entity of the Group.

28. KEY MANAGEMENT PERSONNEL

(a) Details of key management personnel

Name	Title	Date of Appointment	Date of Resignation
Mr. Otto Buttula	Executive 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 June 2009	11 June 2010
Ms Andrea Steele	Chief Operating Officer & Company Secretary	18 Aug 2008	
Mr Grant Henderson	Compliance Manager (ANZIEX Limited)	4 Jan 2006	
Mr Paul Clarke	General Manager Transaction Services	5 Jan 2009	
Mr Mark Zworestine	Chief Financial Officer & Company Secretary	22 Jul 2009	27 May 2010
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 & Company Secretary		13 Aug 2009

(b) Key management personnel compensation

	CONSOLIDATED		PARENT	
	2010	2009	2010	2009
	$	$	$	$
Short-term employee benefits	959,673	651,548	-	62,933
Post-employment benefits	79,050	48,531	-	-
Bonus	35,000	-	-	-
Termination benefits	70,000	40,000	-	-
Share-based payment	25,000	198,386	-	-
Total compensation	**1,168,723**	**938,465**	**-**	**62,933**

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

On 21 August 2009, Mr. Otto Buttula resigned from his “Senior Executive Employment” agreement with Investorfirst and he was re-elected as Non-Executive Chairman. Following Mr. Buttula’s resignation 5,000,000 performance based options in INQ exercisable at $0.12 cents per share that were subject to market and non-market performance based conditions were forfeited.

As a result, at the date of this report, there are no options issued.

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

Shares held in Investorfirst (number)

2010	Balance at 30 June 2009	Share Based Payment	On and off market purchases	Net Change	Balance at 30 June 2010
Otto Buttula	22,000,000	-	2,150,000	2,150,000	24,150,000
Robert Spano	6,581,932	-	150,000	150,000	6,731,932
Andrea Steele	-	500,000	-	500,000	500,000
Grant Henderson	160,250	-	-	-	160,250

Since year end, Otto Buttula has acquired an additional 750,000 shares via on market purchases.

2009	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

29. FINANCIAL INSTRUMENTS

The Company's principal financial instruments comprise cash, receivables, listed securities and payables. For the year ended 30 June 2010, 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. The Directors believe 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 increase/decrease profit and loss in the Group and the Company by:

	CONSOLIDATED 2010 $	CONSOLIDATED 2009 $	PARENT 2010 $	PARENT 2009 $
Cash and cash equivalents at end of period	**8,540,584**	**6,174,986**	**3,794,945**	**53,833**
100 basis points increase in interest rate	85,406	61,750	37,949	538
50 basis points decrease in interest rate	(42,703)	(30,875)	(18,975)	(269)
Net impact on loss after tax				
Loss for the year	**(1,068,063)**	**(2,010,147)**	**(1,250,923)**	**(5,714,631)**
100 basis points increase in interest rate	**(1,008,279)**	**(1,966,922)**	**(1,224,359)**	**(5,714,254)**
50 basis points decrease in interest rate	**(1,097,955)**	**(2,031,759)**	**(1,264,206)**	**(5,714,819)**

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 2010 $	CONSOLIDATED 2009 $	PARENT 2010 $	PARENT 2009 $
Not later than one month	7,197,523	9,342,180	-	420
Later than 1 month not later than 3 months	2,505	496,330	-	-
Later than 3 months not later than 1 year	15,767	366,607	-	-
Later than 1 year	-	-	56,326	1,549,775
	7,215,795	**10,205,117**	**56,326**	**1,550,195**

Maturity analysis of financial assets and liabilities

The risk implied from the values shown in the table below are based on best estimates and reflect 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 2010	**0-1 month**	**1-3 months**	**4-12 months**	**1-5 years**	**Total**
Consolidated Financial assets					
Receivables	9,718,611	-	-	-	9,718,611
Financial assets at fair value through profit or loss	-	-	267,101	-	267,101
	9,718,611	**-**	**267,101**	**-**	**9,985,712**
Consolidated Financial liabilities					
Payables	6,197,963	-	-	-	6,197,963
Sundry creditors	999,560	2,505	15,767	-	1,017,832
	7,197,523	**2,505**	**15,767**	**-**	**7,215,795**
Net maturity	**2,521,088**	**(2,505)**	**251,334**	**-**	**2,769,917**
30 June 2009					
Consolidated Financial assets					
Receivables	7,886,592	-	361,324	-	8,247,916
Financial assets at fair value through profit or loss	-	-	277,545	-	277,545
	7,886,592	**-**	**638,869**	**-**	**8,525,461**
Consolidated Financial liabilities					
Payables	8,187,260	-	-	-	8,187,260
Sundry creditors	1,154,920	496,330	366,607	-	2,017,857
	9,342,180	**496,330**	**366,607**	**-**	**10,205,117**
Net maturity	**(1,455,588)**	**(496,330)**	**272,262**	**-**	**(1,679,656)**

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

The listed share trading assets at fair value through the profit and loss at 30 June 2010 is $267,101 (2009: $277,545), which, as it is reasonably representative of the average balance during the year has been used as the basis for a sensitivity analysis. The Group is not materially exposed to movements in market prices. The price risk for listed securities may vary in terms of a possible impact on profit and loss. Although markets can be volatile, the Directors believe that a high and low sensitivity analysis estimate reflecting +/- 10% is reasonable based on average annual movements in the S&P/ASX200 index.

	2010	Profit and Loss impact	
	$	$	
		High	Low
Listed securities held for trading	267,101	26,710	(26,710)
	267,101	**26,710**	**(26,710)**

	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 fair value of listed securities is based on quoted prices (unadjusted) in active markets which is defined as "Level 1" in the fair value hierarchy.

The net fair value of other 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

FOR THE YEAR ENDED 30 JUNE 2010

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

In the opinion of the Directors:

(a) the financial statements and notes of the Company and 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 2010 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*.

(b) the financial statements and notes comply with International Financial Reporting Standards as disclosed in note 2(b).

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

(d) 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 financial year ending 30 June 2010.

On behalf of the Board

Otto Buttula
Chairman
Sydney, 30 August 2010

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Independent auditor's report to the members of Investorfirst Limited

Report on the Financial Report

We have audited the accompanying financial report of Investorfirst Limited, which comprises the balance sheet as at 30 June 2010, and the statement of comprehensive income, 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 2 (b), 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 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.

ERNST & YOUNG

Auditor's Opinion

In our opinion:

1. the financial report of Investorfirst Limited is in accordance with the *Corporations Act 2001*, including:

    i giving a true and fair view of the financial position of Investorfirst Limited and the consolidated entity at 30 June 2010 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 8 to 14 of the directors' report for the year ended 30 June 2010. 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 for the year ended 30 June 2010, complies with section 300A of the Corporations Act 2001.

Ernst & Young

Andrew Gilder
Partner
Sydney
30 August 2010

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 27 August 2010.

Distribution of equity securities

Ordinary share capital - 242,464,784 fully paid ordinary shares are held by 879 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	80	8,689	0.004
1,001-5,000	24	69,308	0.029
5,001-10,000	99	914,848	0.377
10,001-100,000	397	17,259,853	7.118
100,001 and over	279	224,212,086	92.472
Totals	**879**	**242,464,784**	**100.000**

Holding less than a marketable parcel of shares, based on the closing price $0.057 on 27 August 2010, are 129 shareholders.

Substantial shareholders – quoted ordinary securities

	Number fully paid	%
WEBINVEST PTY LTD <OLSB UNIT A/C>	24,900,000	10.27%
ARKWRIGHT DEVELOPMENTS PTY LTD <FINDLAY FUND ACCOUNT>	15,855,550	6.54%

Twenty largest holders of quoted ordinary equity securities

	Balance at 30-08-2010	%
WEBINVEST PTY LTD <OLSB UNIT A/C>	24,900,000	10.270
ARKWRIGHT DEVELOPMENTS PTY LTD <FINDLAY FUND ACCOUNT>	15,855,550	6.539
WAVET FUND NO 2 PTY LTD	8,904,965	3.673
JASFORCE PTY LTD	6,044,767	2.493
SPANSON INVESTMENTS PTY LIMITED	5,576,932	2.300
LUSH INVESTMENTS PTY LTD <METCALFE FAMILY A/C>	4,900,000	2.021
EQUIPMENT COMPANY OF AUST PTY LTD <THE COLLECTION A/C>	4,583,205	1.890
PAPL EBSCO PTY LTD <RAND SUPER FUND A/C>	4,500,000	1.856
CAPITAL ONE SECURITIES PTY LTD	4,250,769	1.753
UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	4,098,168	1.690
SECURITIES & INVESTMENT GROUP PTY LTD	4,000,000	1.650
PARMMS ENTERPRISES PTY LIMITED <COLLINS FAMILY A/C>	3,300,000	1.361
MR PETER CAMPBELL KERRIDGE & MS NATALIE ZOE KERRIDGE <KERRIDGE SUPER FUND A/C>	3,000,598	1.238
MRS SARAH CAMERON	2,528,448	1.043
ARDROY SECURITIES PTY LTD <CAMERON INVESTMENT UNIT A/C>	2,510,000	1.035
DR CHRISTOPHER BREMNER	2,500,000	1.031
MR KIMBERLEY GILLIS HOGAN	2,500,000	1.031
AEQUS SHARE PLANS PTY LTD	2,296,250	0.947
PICTON COVE PTY LTD	2,040,140	0.841
ANZ TRUSTEES LIMITED <THE JO & JR WICKING A/C>	2,000,000	0.825
Total	110,289,792	45.487
Total Issued Capital	**242,464,784**	