

Investorfirst Limited
Audited Appendix 4E
Year ended 30 June 2010

Contents

Results for Announcement to the Market.....	1
Consolidated Income Statement.....	2
Consolidated Balance Sheet.....	3
Consolidated Cash Flow Statement.....	4
Consolidated Statement of Changes in Equity.....	5
Notes to the Consolidated Financial Statements.....	6

INVESTORFIRST LIMITED
AUDITED APPENDIX 4E FOR THE YEAR ENDED 30 JUNE 2010

Results for Announcement to the Market

	<u>Year Ended</u> <u>30 June 2010</u> <u>\$'000</u>		<u>Year Ended</u> <u>30 June 2009</u> <u>\$'000</u>	<u>Change %</u>
Revenue from ordinary activities	8,729	Up from	6,133	42%
Loss from ordinary activities after tax attributable to owners of the parent	(1,068)	Down from	(2,010)	47%

No dividends were paid or proposed during the financial year.

Net Tangible Asset (NTA) Backing

	<u>30 June 2010</u>	<u>30 June 2009</u>
NTA backing per ordinary share after tax	4.7 cents	3.5 cents

Report

The Appendix 4E is based on financial reports which have been audited by the Company's auditors Ernst & Young.

Commentary and outlook

Refer attached announcement.

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010

Continuing Operations	Notes	CONSOLIDATED	
		2010	2009
		\$	\$
Revenue			
Brokerage		6,471,769	4,466,106
Corporate		201,094	317,850
Investment income		919,740	618,929
Interest and other income		1,136,317	730,036
		8,728,920	6,132,921
Expenses			
Dealer commissions		(3,077,647)	(2,289,244)
Employee benefits expenses		(2,242,846)	(1,695,681)
ASX broking expenses		(639,878)	(851,438)
Clearing and settlement expenses		(432,048)	(607,569)
Occupancy expenses		(470,918)	(366,882)
Depreciation, impairment and amortisation	2	(350,503)	(1,240,981)
Administrative expenses		(2,583,143)	(1,885,231)
Finance costs		-	(2,037)
		(9,796,983)	(8,939,063)
Loss before income tax		(1,068,063)	(2,806,142)
Income tax benefit		-	795,995
Loss after income tax		(1,068,063)	(2,010,147)
Other comprehensive income		-	-
Total comprehensive income		(1,068,063)	(2,010,147)
Basic loss per share (cents per share) for the period, attributable to ordinary equity holders of the parent		(0.005)	(0.017)
Diluted loss per share (cents per share) for the period, attributable to ordinary equity holders of the parent		(0.005)	(0.017)

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

INVESTORFIRST LIMITED
AUDITED APPENDIX 4E FOR THE YEAR ENDED 30 JUNE 2010

CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2010

		CONSOLIDATED	
	Notes	2010	2009
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents		8,540,584	6,174,986
Receivables		9,661,938	8,007,867
Financial assets		267,101	277,545
Other current assets		12,981	123,593
Current tax receivables		114,137	114,137
Total Current Assets		18,596,741	14,698,128
Non-Current Assets			
Office equipment		114,177	92,058
Deferred tax assets		1,234,360	1,234,360
Intangible assets		2,692,440	2,948,921
Total Non-Current Assets		4,040,977	4,275,339
Total Assets		22,637,718	18,973,467
LIABILITIES			
Current Liabilities			
Trade and other payables		7,197,523	10,205,117
Provisions for employee entitlements		35,993	74,436
Total Current Liabilities		7,233,516	10,279,553
Non-Current Liabilities			
Provisions for employee entitlements		12,134	13,101
Total Non-Current Liabilities		12,134	13,101
Total Liabilities		7,245,650	10,292,654
Net Assets		15,392,068	8,680,813
EQUITY			
Issued capital	3	21,843,726	14,064,408
Equity reserve		198,386	198,386
Accumulated losses	4	(6,650,044)	(5,581,981)
Total Equity		15,392,068	8,680,813

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

INVESTORFIRST LIMITED
AUDITED APPENDIX 4E FOR THE YEAR ENDED 30 JUNE 2010

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010

		CONSOLIDATED	
	Note	2010	2009
		\$	\$
Cash flows from operating activities			
Receipts from customers		7,742,256	7,061,721
Payments to suppliers and employees		(10,456,499)	(8,072,120)
Interest received		330,762	259,712
Income taxes paid		-	13,393
Payments in relation to client and dealer balances		(3,891,620)	(672,123)
Net cash outflow from operating activities	5(a)	(6,275,101)	(1,409,417)
Cash flows from investing activities			
Purchase of office equipment		(69,118)	(34,878)
Proceeds from sale of investments		930,499	-
Acquisition of subsidiary net of cash acquired		-	5,065,027
Net cash outflow from investing activities		861,381	5,030,149
Cash flows from financing activities			
Acquisition cost paid		-	(85,507)
Payment of share issue costs		(270,391)	-
Share placement proceeds		8,049,709	1,353,992
Net cash outflow from financing activities		7,779,318	1,268,485
Net increase/(decrease) in cash and cash equivalents		2,365,598	4,889,217
Cash and cash equivalents at beginning of period		6,174,986	1,285,769
Cash and cash equivalents at end of period	5(b)	8,540,584	6,174,986

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010

Consolidated Entity	Issued Capital	Reserves	Accumulated Losses	Total
	\$	\$	\$	\$
2010				
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
2009				
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

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

NOTES

1. ACCOUNTING POLICIES AND BASIS OF PREPARATION

Basis of preparation

The Final Report has been prepared in accordance with ASX listing rule 4.3A, the recognition and measurement requirements of Australian Accounting Standards adopted by the Australian Accounting Standards Board and the *Corporations Act 2001*.

The Final Report is presented in Australian dollars and has been prepared on the basis of historical costs except in accordance with relevant accounting policies where assets and liabilities are stated at their fair values in accordance with relevant accounting policies. The accounting policies adopted in this report are substantially the same as those disclosed in the annual financial report for the year ended 30 June 2009.

The accounting policies adopted in this report have been consistently applied by each entity in the consolidated entity and are consistent with those of the previous year.

	CONSOLIDATED	
	2010	2009
	\$	\$
2. DEPRECIATION, IMPAIRMENT AND AMORTISATION		
Depreciation	46,999	34,942
Amortisation and impairment of intangibles	256,481	117,697
Impairment of investments	-	750,238
Impairment of receivables / bad debts	47,023	338,104
	350,503	1,240,981

3. CONTRIBUTED EQUITY

(a) Issued and paid up capital

Shares, fully paid	21,843,726	14,064,408
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Fully paid ordinary shares carry one vote per share and carry the right to dividends.

INVESTORFIRST LIMITED
AUDITED APPENDIX 4E FOR THE YEAR ENDED 30 JUNE 2010

(b) Movement in fully paid ordinary shares on issue

	2010	2009	2010	2009
	Number	Number	\$	\$
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 acquisition 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 Aequus 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

4. (ACCUMULATED LOSSES) / RETAINED EARNINGS

Movement in (accumulated losses) / retained earnings were as follows:

Opening balance	(5,581,981)	(3,571,834)
Net loss attributable to members	(1,068,063)	(2,010,147)
Closing balance	(6,650,044)	(5,581,981)

INVESTORFIRST LIMITED
AUDITED APPENDIX 4E FOR THE YEAR ENDED 30 JUNE 2010

	\$	\$
5. 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)
<i>Non-cash items:</i>		
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
Amortisation and impairment of intangible assets	256,481	117,697
Loss recognised fair value re-measurement	-	488,787
Share trading gain	(919,740)	-
Impairment of investment	-	175,000
<i>Changes in operating assets and liabilities:</i>		
(Increase) / decrease in receivables	264,153	736,955
(Increase) in client receivables	(1,902,323)	(138,394)
(Increase) in deferred tax assets	-	(745,291)
Decrease in prepayments	47,687	17,075
Increase / (decrease) in sundry creditors	(1,018,617)	11,388
(Decrease)/ increase in current tax liability	-	(27,363)
(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)
(b) Reconciliation of cash		
Cash balance comprises:		
- Cash on hand and at bank	6,879,827	4,114,577
- Cash at bank - trust account	1,660,757	2,060,409
Closing cash balance	8,540,584	6,174,986

6. 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. 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.

	CONSOLIDATED	
	2010	2009
	\$	\$
7. LOSS PER SHARE		
The following reflects the income and share data used in the calculations of basic and diluted loss per share:		
Net loss	(1,068,063)	(2,010,147)
Weighted average number of ordinary shares used in calculating basic and dilutive earnings per share (no dilutive shares):	196,703,823	120,312,060
Basic and diluted earnings per share	(0.005)	(0.017)

8. GROUP STRUCTURE

There has not been any change to the controlled entities during or since the year ended 30 June 2010.

Operating entities

As at 30 June 2010 Investorfirst Ltd had 100% control over the following companies:

- ANZIEX Ltd (ASX market participant and AFSL holder)
- ANZIEX Nominees Ltd
- Capfirst Securities Ltd
- Firstfunds Ltd
- INQ Management Services Ltd
- Investorfirst Securities Ltd
- Kardinia Nominees Pty Ltd
- Researchfirst Ltd

Not trading

- Aequus Capital Ltd
- Captain Starlight Nominees Pty Ltd
- Findlay & Co Stockbrokers Ltd
- Findlay & Co (Underwriters) Pty Ltd
- H.T.H Nominees Pty Ltd