



**Investorfirst** Ltd



# Investorfirst Limited

ACN 124 891 685

## Half-Year Financial Report

### Appendix 4D

for the six months ended 31 December 2010

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**Lodged with the ASX under Listing Rule 4.2A.3**

This report is to be read in conjunction with the Annual Report for the year ended 30 June 2010 and any ASX and/or public announcements made by Investorfirst Limited since the release of that Report.

**RESULTS FOR ANNOUNCEMENT TO THE MARKET**

	<u>6 Months Ended</u> <u>31 December 2010</u> <u>\$'000</u>		<u>6 Months Ended</u> <u>31 December 2009</u> <u>\$'000</u>		<u>% Change</u>
Revenue from ordinary activities	4,438	from	4,095	Increase	8%
Net loss for the half-year attributable to members	(758)	from	(845)	Decrease	-10%

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**Dividends**

It is not proposed to pay a dividend.

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**Explanation of result**

Refer to the attached Directors' Report and review of operations for further explanation.

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	<u>31 December 2010</u>	<u>31 December 2009</u>
<b>Net tangible assets per fully paid ordinary share</b>	\$0.031	\$0.061

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**Auditor Review**

The report is based on accounts that have been reviewed by the company's auditors, Ernst & Young.



**CORPORATE INFORMATION**

**ACN 124 891 685**

**Directors**

Mr Otto Buttula (Executive Chairman)  
Mr Darren Pettiona (Chief Executive Officer)  
Mr Robert Bishop  
Mr Jason Entwistle  
Mr Kim Hogan  
Mr Robert Spano

**Company Secretaries**

Ms Andrea Steele  
Mr Ariel Sivikofsky

**Registered Office and Principal Place of Business**

Level 11, 7 Macquarie Place  
Sydney NSW 2000

**Share Registry**

Registries Limited  
Level 7, 207 Kent Street  
Sydney NSW 2000

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

**Solicitors**

Middletons  
Level 25 South Tower  
525 Collins Street  
Melbourne VIC 3000

**Auditors**

Ernst & Young  
Ernst & Young Centre  
680 George Street  
Sydney NSW 2000

**Bankers**

Australia & New Zealand Banking Group Limited  
20 Martin Place  
Sydney NSW 2000

**Internet Address**

[www.investorfirst.com.au](http://www.investorfirst.com.au)



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## **DIRECTOR'S REPORT**

The Directors of Investorfirst Limited (ACN 124 891 685), submit their report for the half-year ended 31 December 2010.

### **DIRECTORS**

Mr Otto Buttula (Executive Chairman)  
Mr Darren Pettiona (Chief Executive Officer)  
Mr Robert Bishop  
Mr Robert Spano  
Mr Kim Hogan (appointed 1 September 2010)  
Mr Jason Entwistle (appointed 26 November 2010)

The Directors were in office from the beginning of the half-year and until the date of this report, unless otherwise stated.

Company Secretaries:

Ms Andrea Steele  
Mr Ariel Sivikofsky (appointed 6 December 2010)

### **REVIEW OF RESULTS AND OPERATIONS**

The consolidated group, which comprises Investorfirst Limited and its controlled entities (“the Company”) made a net loss after tax of \$0.758 million for the six months ended 31 December 2010. The company had previously booked a future income tax benefit of \$1.2 million. This amount is deemed adequate at this stage and accordingly, no additional tax benefit has been brought to account as at 31 December 2010.

Total revenue for the six months ended 31 December 2010 increased by 8% to \$4.438 million.

Further information is provided in the announcement that accompanies this Appendix 4D.

### **EVENTS AFTER BALANCE DATE**

There has not arisen in the interval between 1 January 2011 and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the company, to significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

### **AUDITOR INDEPENDENCE**

An independence declaration has been provided to the Directors by the auditors of Investorfirst Limited, Ernst & Young, and is attached to the Directors' report.

### **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.



**DIRECTOR'S REPORT (cont.)**

**Top 20 Shareholders**

The top 20 shareholders as at 17 February 2011 are as follows:

<b>Holder Name</b>	<b>Balance at 17-02-2011</b>	<b>%</b>
LITSTER & ASSOCIATES PTY LTD <CYNTHIA & CHERINE A/C>	60,098,207	8.754
VITEL INTERACTIVE PTY LTD	56,450,987	8.222
SKYLYX PTY LTD	50,991,720	7.427
WHITE OUTSOURCING PTY LTD	40,848,878	5.950
ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	26,308,725	3.832
EGG.AU PTY LTD	19,141,917	2.788
UBS NOMINEES PTY LTD	16,666,666	2.428
ARKWRIGHT DEVELOPMENTS PTY LTD <FINDLAY FUND ACCOUNT>	15,855,550	2.309
RBC DEXIA INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <BKCUST A/C>	13,533,333	1.971
ROJO GREEN PTY LTD	12,157,404	1.771
JASFORCE PTY LTD	11,533,334	1.680
MR KIMBERLEY GILLIS HOGAN	10,000,000	1.457
EQUITY TRUSTEES LIMITED <SGH PI SMALLER CO'S FUND>	9,254,746	1.348
TOLLY & LILLA SAKELLARIOU PTY LTD	8,876,274	1.293
VITEL INTERACTIVE PTY LTD	8,400,000	1.224
WAVET FUND NO 2 PTY LTD	8,200,000	1.194
SIMON BISHOP	7,294,443	1.062
LITSTER & ASSOCIATES PTY LTD <C & C SUPER FUND A/C>	7,000,000	1.020
WEBINVEST PTY LTD	7,000,000	1.020
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED <BERNDALE A/C>	6,666,669	0.971
	<b>396,278,853</b>	<b>57.721</b>

**Total fully paid ordinary shares on issue**

**686,544,268**

Shareholdings may be held by the same entity though are assigned different SRN's as holdings are in escrow and restricted from trading. As at 17 February 2011, the number of shareholders of Investorfirst totalled 1,115.

Signed in accordance with a resolution of the Directors.

**Darren Pettiona (Chief Executive Officer)**

**Director**

Sydney, 24 February 2011



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### **Auditor's Independence Declaration to the Directors of Investorfirst Limited**

In relation to our review of the financial report of Investorfirst Limited for the half-year ended 31 December 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.

A handwritten signature in blue ink, appearing to read "Ernst &amp; Young".

Ernst & Young

A handwritten signature in blue ink, appearing to read "Andrew Gilder".

Andrew Gilder  
Partner

24 February 2011



		<b>CONSOLIDATED</b>	
		<b>6 Months ended</b>	
		<b>31 December</b>	<b>31 December</b>
		<b>2010</b>	<b>2009</b>
		<b>\$</b>	<b>\$</b>
	<b>Notes</b>		
<b>Revenue</b>			
Brokerage		3,540,877	3,168,658
Corporate and advisory		19,000	154,594
Investment income		115,722	264,728
Interest and other revenue	3	762,333	507,353
		<b>4,437,932</b>	<b>4,095,333</b>
<b>Expenses</b>			
Dealer commission		1,100,801	1,465,115
Employee benefits expenses	3	1,481,840	1,215,924
ASX and broking expenses		308,333	316,431
Clearing and settlement expenses		320,556	212,613
Property and occupancy costs	3	268,545	232,723
Depreciation and amortisation	3	184,859	119,588
Administrative expenses		1,519,466	1,377,692
		<b>5,184,400</b>	<b>4,940,086</b>
<b>Loss before tax</b>		(746,468)	(844,753)
Income tax expense		11,302	-
<b>Loss for the period after tax</b>		<b>(757,770)</b>	<b>(844,753)</b>
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income for the period</b>		<b>(757,770)</b>	<b>(844,753)</b>
<b>Basic loss per share (cents per share) for the period, attributable to ordinary equity members of Investorfirst Limited</b>			
		(0.23)	(0.52)
<b>Diluted loss per share (cents per share) for the period, attributable to ordinary equity members of Investorfirst Limited</b>			
		(0.23)	(0.52)

The accompanying notes form part of these financial statements.



	Notes	CONSOLIDATED	
		31 December 2010 \$	30 June 2010 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6	18,599,523	8,540,584
Receivables		9,149,155	9,661,938
Financial assets		29,306	267,101
Other current assets		24,993	12,981
Current tax receivables		114,137	114,137
<b>Total Current Assets</b>		<b>27,917,114</b>	<b>18,596,741</b>
<b>Non-Current Assets</b>			
Office equipment		167,845	114,177
Deferred tax assets		1,234,360	1,234,360
Intangible assets		24,936,869	2,692,440
<b>Total Non-Current Assets</b>		<b>26,339,074</b>	<b>4,040,977</b>
<b>Total Assets</b>		<b>54,256,188</b>	<b>22,637,718</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		6,714,659	7,197,523
Current tax liabilities		15,590	-
Provisions		179,808	35,993
<b>Total Current Liabilities</b>		<b>6,910,057</b>	<b>7,233,516</b>
<b>Non-Current Liabilities</b>			
Provisions		9,430	12,134
Deferred tax liabilities		-	-
<b>Total Non-Current Liabilities</b>		<b>9,430</b>	<b>12,134</b>
<b>Total Liabilities</b>		<b>6,919,487</b>	<b>7,245,650</b>
<b>Net Assets</b>		<b>47,336,701</b>	<b>15,392,068</b>
<b>EQUITY</b>			
Issued and fully paid capital	7	54,301,655	21,843,726
Equity reserve		442,860	198,386
Accumulated losses		(7,407,814)	(6,650,044)
<b>Total Equity</b>		<b>47,336,701</b>	<b>15,392,068</b>

The accompanying notes form part of these financial statements.

## STATEMENT OF CHANGES IN EQUITY – for the half-year ended 31 December 2010

	Issued Capital \$	CONSOLIDATED		Total \$
		Reserves \$	Accumulated Losses \$	
<b>As at 1 July 2010</b>	<b>21,843,726</b>	<b>198,386</b>	<b>(6,650,044)</b>	<b>15,392,068</b>
Total comprehensive income for the period	-	-	(757,770)	(757,770)
Share buy-back	(52,522)	-	-	(52,522)
Issue of shares to Alert Trader Group shareholders	763,250	-	-	763,250
Issue of shares to HUB24 Group shareholders	20,000,000	-	-	20,000,000
Issued on 1 December 2010 for Share Placement	12,500,000	-	-	12,500,000
Placement costs	(508,325)	-	-	(508,325)
Options granted	(244,474)	244,474	-	-
<b>As at 31 December 2010</b>	<b>54,301,655</b>	<b>442,860</b>	<b>(7,407,814)</b>	<b>47,336,701</b>
<b>As at 1 July 2009</b>	<b>14,064,408</b>	<b>198,386</b>	<b>(5,581,981)</b>	<b>8,680,813</b>
Total comprehensive income for the period	-	-	(844,753)	(844,753)
Issued on 24 December 2009 for Share Placement	2,439,306	-	-	2,439,306
Placement costs	(73,179)	-	-	(73,179)
Shares issued – partly paid ordinary shares	70,000	87,500	-	157,500
<b>As at 31 December 2009</b>	<b>16,500,535</b>	<b>285,886</b>	<b>(6,426,734)</b>	<b>10,359,687</b>

The accompanying notes form part of these financial statements.



	CONSOLIDATED	
	31 December 2010 6 months \$	31 December 2009 6 months \$
Notes		
<b>Cash flows from operating activities</b>		
Receipts from customers	4,905,425	3,755,455
Payments to suppliers and employees	(6,271,147)	(3,286,333)
Interest received	177,934	53,996
Income taxes paid	-	-
<b>Net cash (used) / provided by operating activities</b>	<b>(1,187,789)</b>	<b>523,118</b>
<b>Cash flows from investing activities</b>		
Acquisition of subsidiary, net of cash acquired	(927,353)	-
Purchase of office equipment	(32,177)	(49,414)
Cash on deposit moved to cash and cash equivalents	-	25,193
Proceeds from sale of investments	267,106	146,637
<b>Net cash flows (used) / provided in investing</b>	<b>(692,424)</b>	<b>122,416</b>
<b>Cash flows from financing activities</b>		
Payment of share issue costs	(508,325)	-
Payment for share buy back	(52,523)	-
Proceeds from share placement	12,500,000	2,439,306
<b>Net cash flows provided by financing activities</b>	<b>11,939,152</b>	<b>2,439,306</b>
Net increase in cash and cash equivalents	<b>10,058,939</b>	<b>3,084,840</b>
Cash and cash equivalents at beginning of period	8,540,584	6,174,986
<b>Cash and cash equivalents at end of period</b>	<b>18,599,523</b>	<b>9,259,826</b>

The accompanying notes form part of these financial statements.



## 1. Approval of financial statements

The financial statements of Investorfirst Limited for the half-year ended 31 December 2010 were authorised for issue in accordance with a resolution of the Board of Directors on 22 February 2011.

## 2. Basis of preparation and accounting policies

### a) Basis of preparation

This general purpose condensed financial report for the half-year ended 31 December 2010 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2010 and considered together with any public announcements made by Investorfirst Limited during the half-year ended 31 December 2010 in accordance with the continuous disclosure obligations of the ASX listing rules.

### b) Statement of compliance

The financial report complies with Australian Accounting Standards applicable to interim reporting as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) applicable to interim reporting as issued by the International Accounting Standards Board.

### c) Changes in accounting policy

The accounting policies and methods of computation are consistent with those of the most recent annual financial report.

From 1 July 2010, subject to point (f), the Group has adopted the following Standards and Interpretations, mandatory for annual periods beginning on or after 1 July 2010. Adoption of these standards and interpretations did not have any effect on the financial position or performance of the Group.

- AASB 2009-5 *Further amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5,8,101,107,117,118,136 & 139]*
- AASB 2009-8 *Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions [AASB 2]*

The Group has not elected to early adopt any new standards or amendments.

### d) Significant accounting policies

The half-year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2010.

### e) Basis of consolidation

The half-year consolidated financial statements comprise the financial statements of Investorfirst Limited and its subsidiaries as at 31 December 2010 ('the Entity', 'the Group' or 'Investorfirst Limited').

Subsidiaries are consolidated from the date on which control is transferred to the consolidated entity. Investorfirst Limited gained control of the Alert Trader group of companies effective 1 September 2010 and the Hub24 Pty Ltd group effective 1 December 2010.

**f) Future changes in accounting policies**

Certain Australian Accounting Standards have recently been issued or amended but are not yet effective and have not been adopted by the company for the interim reporting period. The directors have not yet assessed the impact of these new or amended standards (to the extent relevant to the group) and interpretations.

**g) Significant accounting judgements and estimates**

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the amounts recognised in the financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

In preparing this consolidated interim financial report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2010.

	<b>CONSOLIDATED</b>	
	<b>6 Months ended</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
<b>3. Revenues and Expenses</b>		
<b>Interest and Other Income</b>		
Interest income	177,368	123,617
Client administration fees and debt recovery	387,274	383,736
Other income	197,691	-
	<b>762,333</b>	<b>507,353</b>
<b>Expenses</b>		
<b>Depreciation and amortisation</b>		
Depreciation of office equipment	43,630	20,554
Amortisation of intangibles	141,229	99,034
	<b>184,859</b>	<b>119,588</b>
<b>Property and occupancy costs</b>		
Operating lease and related costs	<b>268,545</b>	<b>232,723</b>
<b>Employee benefits expense</b>		
Salaries (incl super and payroll tax)	1,420,008	1,009,290
Share based payments expense	-	157,500
Other employee benefits expense	61,832	49,134
	<b>1,481,840</b>	<b>1,215,924</b>

**4. Commitments and contingencies**

There are no changes in commitments or contingencies since the most recent annual financial report.

**5. Segment information**

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

	<b>CONSOLIDATED</b>	
	<b>31 December 2010</b>	<b>30 June 2010</b>
	<b>\$</b>	<b>\$</b>
<b>6. Cash and cash equivalents</b>		
Cash at bank	17,085,292	6,879,827
Cash at bank - trust account	1,514,231	1,660,757
	<b>18,599,523</b>	<b>8,540,584</b>

The net cash position from unpaid buys and cash held on behalf of clients is \$2,143,507 as at 31 December 2010 (30 June 2010: \$1,757,340).

	<b>CONSOLIDATED</b>		<b>CONSOLIDATED</b>	
	<b>31 December 2010</b>	<b>31 December 2009</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
	<b>Number of shares</b>		<b>\$</b>	
<b>7. Contributed equity</b>				
<b>(a) Issued and paid up capital</b>				
Ordinary Shares, fully paid	<b>686,544,268</b>	<b>187,013,433</b>	<b>54,301,655</b>	<b>16,430,535</b>
<b>(b) Issued and partly paid up capital</b>				
Ordinary Shares, partly paid	-	<b>3,500,000</b>	-	<b>70,000</b>
<b>(c) Movements in shares on issue</b>				
<b>Ordinary Shares, fully paid</b>				
Beginning of the half year	243,117,462	162,620,373	21,843,726	14,064,408
Issued on 24 December 2009 for Share Placement	-	24,393,060	-	2,439,306
Placement costs 24 December 2009	-	-	-	(73,179)
Share buy-back	(656,528)	-	(52,522)	-
Issue of shares to Alert Trader Group shareholders	10,750,000	-	763,250	-
Issue of shares to HUB24 Group shareholders Issued on 1 December 2010 for Share Placement	266,666,667	-	20,000,000	-
Placement costs 1 December 2010	166,666,667	-	12,500,000	-
Options granted	-	-	(244,474)	-
<b>End of the half-year</b>	<b>686,544,268</b>	<b>187,013,433</b>	<b>54,301,655</b>	<b>16,430,535</b>
<b>Ordinary Shares, partly paid</b>				
Beginning of the half year	-	-	-	-
Issued to the then CEO as part of his contract of employment	-	3,500,000	-	70,000
<b>End of the half-year</b>	<b>-</b>	<b>3,500,000</b>	<b>-</b>	<b>70,000</b>

## 8. Business Combinations

The Group has provisionally recognised the fair values of the identifiable assets and liabilities of the entities acquired in the period based on the best information available as of the reporting date, as detailed below:

### (a) Alert Trader Group

On 9 September 2010, Investorfirst Limited acquired an 81% interest in the Alert Trader Group of companies (“ATG”) which was paid via a combination of cash and new Investorfirst Limited shares, with Investorfirst Limited maintaining the ability to acquire 100% ownership of ATG by either 2 March 2012 or 1 July 2012, via respective Put and Call Options. The terms of the transaction allow for Investorfirst Limited to account for 100% of the results of ATG from the effective date of the acquisition.

The acquisition of ATG by Investorfirst Limited is calculated as being for a total consideration of \$2,325,778. In accordance with AASB 3, Investorfirst Limited has been identified for accounting purposes as the acquirer in the business combination of Investorfirst Limited and ATG. Accordingly the fair value of the consideration has been determined by Investorfirst Limited and it has measured the ATG identifiable assets, liabilities and contingent liabilities at their fair value as at the date of acquisition that is 9 September 2010. The fair value of the shares issued was based on the market rate as at the date acquisition.

The acquired business did not contribute to the revenue or net profit of the Company for the period from 1 July 2010 to 31 August 2010 – the effective date of the acquisition was 1 September 2010. The net profit after tax of the acquired business since acquisition is \$60,867. The net profit after tax of the acquired business as if it was acquired at the start of the year is \$37,144.

### Calculation of Goodwill on Acquisition of ATG

For the purposes of the preparation of the consolidated statement of financial position:

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. At 31 December 2010, intangible assets have been identified and recorded separately to goodwill with a finite life.

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 ATG with Investorfirst Limited.



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

	Carrying amount before business Combination	Fair Value Adjustments	Fair Value
	\$	\$	\$
Net assets acquired			
Cash and cash equivalents	104,541	-	104,541
Receivables	161,789	-	161,789
Property, plant and equipment	33,720	-	33,720
Value attributed to Advisor/Client relationships	-	1,670,213	1,670,213
Trade and other payables	(133,576)	-	(133,576)
Current tax liabilities	(40,923)	-	(40,923)
Provision for employee liabilities	(21,511)	-	(21,511)
Total fair value	104,040		1,774,253
Goodwill			551,525
			2,325,778
Satisfied by:-			
- Cash			1,152,600
- Shares in Investorfirst Limited			763,250
Consideration for 81% interest			1,915,850
Consideration for 19% via put/call option			409,928
Total consideration			2,325,778

The cash outflow on acquisition is as follows:

Consideration paid, satisfied by in cash	1,152,600
Cash acquired	(104,541)
Net consolidated cash outflow	1,048,059

#### (b) HUB24 Group

On 1 December 2010, Investorfirst Limited acquired HUB24 Pty Ltd and its subsidiaries by way of scrip based acquisition.

The acquisition of HUB24 Pty Ltd by Investorfirst Limited is calculated as being for a total consideration of 266,666,667 new shares in INQ at a fair value of \$0.075 per share based on the listed share price discounted to reflect the restriction placed on the stock for 100% ownership interest. In accordance with AASB 3, Investorfirst Limited has been identified for accounting purposes as the acquirer in the business combination of Investorfirst Limited and HUB24 Pty Ltd. Accordingly the fair value of the consideration has been determined by Investorfirst Limited and Investorfirst Limited is required to measure HUB24's identifiable assets, liabilities and contingent liabilities at their fair value as at the date of acquisition that is 1 December 2010.

The acquired business did not contribute to the revenue or net profit of the Company for the period from 1 July 2010 to 30 November 2010. The net loss after tax of the acquired business since acquisition is \$71,440. The net loss of the acquired business as if it was acquired at the start of the year is \$1,102,753.

#### Calculation of Goodwill on Acquisition of HUB24 Pty Ltd

For the purposes of the preparation of the consolidated statement of financial position:

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. At 31 December 2010, intangible assets have been identified and recorded separately to goodwill.



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 HUB24 Pty Ltd with Investorfirst Limited.

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

	Carrying amount before business Combination	Fair Value Adjustments	Fair Value
	\$	\$	\$
Net assets acquired			
Cash and cash equivalents	120,706	-	120,706
Receivables	14,723	-	14,723
Property, plant and equipment	27,476	-	27,476
Intangible assets	4,181	19,655,131	19,659,312
Other assets	32,689	-	32,689
Trade and other payables	(248,831)	-	(248,831)
Provision for employee liabilities	(106,075)	-	(106,075)
Total fair value	<u>(155,133)</u>		<u>19,500,000</u>
Goodwill			<u>500,000</u>
			<u>20,000,000</u>
Satisfied by:-			
- Shares in Investorfirst Limited			20,000,000

The cash outflow on acquisition is as follows:

Consideration paid, satisfied by in cash	-
Cash acquired	<u>(120,706)</u>
Net consolidated cash inflow	<u>(120,706)</u>

### 9. Related Party disclosure

On 1 December 2010, as part of Investorfirst's acquisition of HUB24 Pty Ltd, Vitel Interactive Pty Ltd of which Darren Pettiona is a director and shareholder, received 56,450,987 INQ shares in consideration for the disposal of its interest in HUB Pty Ltd.

**DIRECTORS' DECLARATION**

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

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
  - (i) Giving a true and fair view of the financial position as at 31 December 2010 and of the performance for the half-year ended on that date of the consolidated entity; and
  - (ii) Complying with Accounting Standard AASB 134 Interim Financial Reporting, Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) There are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

On behalf of the Board



**Darren Pettiona (Chief Executive Officer)**  
**Director**

Sydney, 24 February 2011





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To the members of Investorfirst Limited

## Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Investorfirst Limited, which comprises the statement of financial position as at 31 December 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

### Directors' Responsibility for the 31 December 2010 Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Investorfirst Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration.

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Investorfirst Limited is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in blue ink, appearing to read 'Ernst &amp; Young'.

Ernst & Young

A handwritten signature in blue ink, appearing to read 'Andrew Gilder'.

Andrew Gilder  
Partner  
Sydney  
24 February 2011

