



**Investorfirst Ltd**

## **Investorfirst Limited**

ACN 124 891 685

### **Appendix 4D**

## **Half-Year Financial Report**

**for the six months ended 31 December 2012**

(Previous corresponding period: half-year ended 31 December 2011)

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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 2012 AND ANY ASX AND/OR PUBLIC ANNOUNCEMENTS MADE BY INVESTORFIRST LIMITED SINCE THE RELEASE OF THAT REPORT.

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**RESULTS FOR ANNOUNCEMENT TO THE MARKET**

	6 Months Ended 31 December 2012 \$'000		6 Months Ended 31 December 2011 \$'000		% Change
<b>From Continuing Operations</b>					
Revenue from ordinary activities	764	From	563	Increase	36%
Net loss for the half-year attributable to members	(3,233)	From	(4,226)	Decrease	-24%
<b>From Discontinuing Operations</b>					
Revenue from ordinary activities	3,786	From	2,473	Increase	53%
Net loss for the half-year attributable to members	(3,243)	From	(2,786)	Increase	16%
<b>From Continuing &amp; Discontinuing Operations</b>					
Revenue from ordinary activities	4,550	From	3,036	Increase	50%
Net loss for the half-year attributable to members	(6,476)	From	(7,013)	Decrease	-8%

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**Dividends**

It is not proposed to pay an interim 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 2012</u>	<u>31 December 2011</u>
<b>Net tangible assets per fully paid ordinary share</b>	\$0.264	\$0.645

The prior period comparison is adjusted for the share consolidation that took place 11 December 2012.

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**Details of Entities over which control has been gained or lost during the period**

Nil

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**Auditor Review**

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



**ACN 124 891 685**

**Directors**

Mr Bruce Higgins (Non - Executive Chairman)

Mr Ian Litster (Non – Executive Director)

Mr Hugh Robertson (Executive Director for the period to 11<sup>th</sup> February 2013, Non-Executive Director effective from 11<sup>th</sup> February 2013)

Mr Vaughan Webber (Non-Executive Director)

**Company Secretary**

Mr Matthew Haes

**Registered Office and Principal Place of Business**

Level 45, Governor Phillip Tower, 1 Farrer Place  
Sydney NSW 2000

**Share Registry**

Boardroom Pty Limited  
Level 7, 207 Kent Street  
Sydney NSW 2000

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

**Auditors**

BDO

Level 10, 1 Margaret 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)



The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Investorfirst Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled for the half-year ended 31 December 2012.

## **DIRECTORS**

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

Mr Bruce Higgins (Non - Executive Chairman – appointed 19 October 2012)

Mr Ian Litster (appointed 25 September 2012)

Mr Darren Pettiona (resigned 25 September 2012)

Mr David Spessot (resigned 27 September 2012)

Mr Hugh Robertson

Mr Vaughan Webber (appointed 19 October 2012)

Mr Otto Buttula (resigned 25 July 2012)

Mr Robert Bishop (resigned 25 July 2012)

Mr Jason Entwistle (resigned 19 October 2012)

Mr Robert Spano (resigned 19 October 2012)

## **COMPANY OVERVIEW**

Investorfirst operates the HUB24 investment and superannuation platform and the Investorfirst Securities stockbroking business.

The Investorfirst Securities stockbroking business offers investment advice, investment research, trade execution and clearing and corporate finance activities.

The HUB24 investment and superannuation platform is recognized as a leading independent portfolio administration service that provide financial advisers with the capability to offer their clients access to a wide range of investment options including market leading managed portfolio functionality, efficient and cost effective trading, and comprehensive reporting, for all types of investors – individuals, companies, trusts or self-managed super funds.

HUB24 was established in 2007 by a team with a very strong track record of delivering market-leading solutions in the financial services industry. Investorfirst acquired this business in December 2010.

## **PRINCIPAL ACTIVITIES**

The principal activities during the year of the company were the provision of financial market services including stockbroking, administration platform, sponsoring of share issues, secondary placements, investment research and advice, corporate structuring and corporate finance.

After a strategic review of the company's operations the Board determined to exit the stockbroking business and announced a transaction with Wilson HTM on 18 December 2012.

This transaction leaves the company to focus wholly on the development and commercialisation of its investment administration platform.

## **CAPITAL RAISING**

The company conducted a capital raising during the period to meet the capital expenditure requirements of the HUB24 platform, fund the deferred consideration commitments of the Marketsplus acquisition and meet the regulatory capital requirements of our business as an ASX market participant and custodian for the HUB24 platform. A rights issue seeking to raise a total of \$10.298 million was initiated in July 2012, with a total of \$8.205 million raised through the rights issue, shortfall placement and a further placement.



The company expects to continue to invest in the development of the HUB24 platform. This will require additional funding for operating expenses and platform development costs within the next 12 months.

A consolidation of the company's capital (40 to 1) was undertaken on 11 December 2012 after being approved at the company's Annual General Meeting.

## REVIEW OF OPERATIONS

During the period, after suffering further disappointing losses, the company's Board conducted a strategic review of operations that resulted in a decision to exit the stockbroking business and focus wholly on the further development and commercialisation of the HUB24 investment platform business.

Our decision to exit the stockbroking business was based on the following factors:

- Continuing losses of this business;
- Future capital requirements;
- Continuing low trade volumes within the local broking industry and consolidation within the major stockbroking firms;
- Structural issues, lack of scale and margin compression;
- Importance of growing shareholder value and focusing on the HUB24 business as the major driver of shareholder value creation.

On 18 December 2012, the company announced the divestment of the stockbroking business to Wilson HTM. This transaction resulted in the transfer of a number of Investorfirst clients, advisers and analysts to Wilson HTM, which was effected on 8 February 2013 together with an agreement for Wilson HTM and Investorfirst to work together to deliver a white label version of the HUB24 platform and also a custom version of the HUB24 platform with the intention to transfer \$1.4 billion of Funds Under Administration (FUA) to HUB24 over the next 12-24 months, subject to completion of due diligence and agreement of final commercial terms. As part of this transaction, Hugh Robertson has transferred to Wilson HTM as an investment adviser, but will remain a non-executive director of the company.

With the exit of the stockbroking business, a provision of \$1.023 million has been made in the period for costs associated with the exit, including redundancies and excess office rental.

The divestment of the stockbroking business will result in the company relinquishing its ASX market participant status and aligning our strategy to focus wholly on the growth in FUA on the HUB24 platform, where we have developed a leading technology solution over the past 5 years. Management will focus on growing shareholder value through building the revenue stream derived from the HUB24 platform, and in addition the removal of the stockbroking business will reduce our expenses and cash flow and free up at least \$3 million in working capital in the short term.

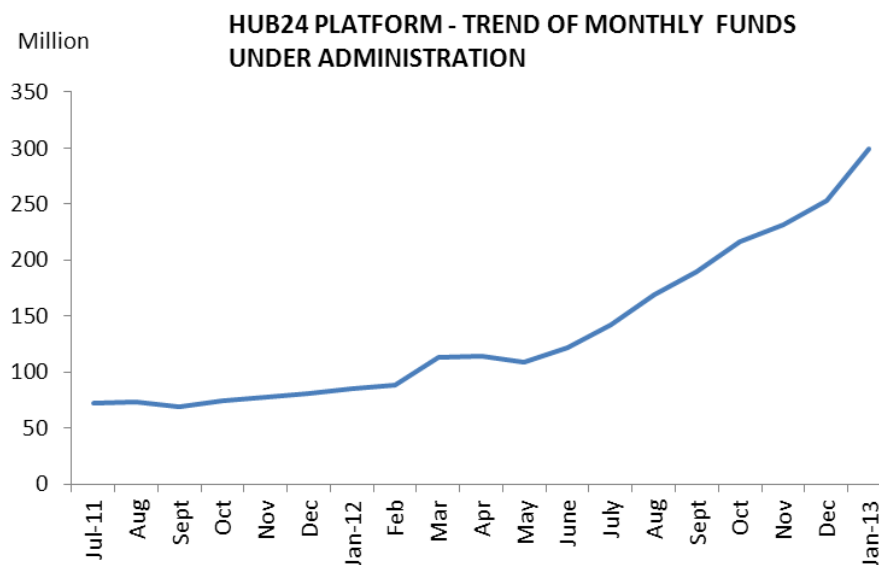
## HUB24 PLATFORM

The company has succeeded in commercialising the HUB24 platform with FUA as at the end of December 2012 reaching \$252 million, representing growth of 110% since 1 July 2012. Solid growth in fund inflows since the end of the period has further increased FUA at 26 February 2013 to \$313 million.

HUB24 currently services over 220 financial advisers from some of Australia's leading financial advisory firms. During the period, white label versions of the HUB24 platform came online including the Canaccord Wealth Management's MPS Invest and MPS Super and the CompassHUB24 Super and Compass HUB24 Invest products operated by the Sentry Group. Further white label versions of the HUB24 platform for corporate clients are in development with delivery expected in the next 6 months. We have a strong pipeline of business from existing clients and new clients.



The popularity and scalability of the market leading Managed Portfolio functionality within the HUB24 platform is evidenced by the 68 separately managed accounts currently provided by 35 professional fund managers and the 76 Managed Portfolios operated by dealer groups and asset consultants on behalf of their clients. This number is set to increase substantially with a large number of Managed Portfolios in development. This functionality is offered in addition to the wide range of wholesale managed funds (around 750), ASX listed securities, term deposits (4 providers), retail and group insurance and cash options available on the platform.



During the period we completed development of the direct market access share trading functionality, which provides financial advisers with straight through processing share trade execution and access to live market data including share prices and market depth information. This functionality has been successfully piloted by a test group of financial advisers and will now be released on 4 March 2013.

The company has undertaken planning activities to comply with the significant changes brought about by the introduction of the Future of Financial Advice reforms on 1 July 2013. Being a relatively new entrant into the investment platform industry, HUB24 is in the fortunate position of having few legacy arrangements that will require significant change. HUB24 can offer licensed dealer groups a "FOFA ready" solution.

Management believe that the HUB24 platform is well placed to grow market share as an independent platform alternative to the major corporate financial instructions. Directors are committed to further developing the HUB24 platform to retain and extend its market leading functionality. Directors are strongly of the view that differentiating from institutional competitors through our independence and leading platform technology will attract more financial advisory firms who will commit to adopting the HUB24 platform for their clients.

## REVIEW OF FINANCIAL RESULTS

The Consolidated entity recorded a net loss after tax of \$6.476 million for the six months ended 31 December 2012 (loss of \$7.013 million for the six months ended 31 December 2011), an improvement of 8%. Revenue from ordinary activities for the same period was up 50% to \$4.550 million (\$3.036 million for the previous corresponding period).

Included in this loss were the following significant items:

Continuing operations

- Amortisation expenses of \$441,062 associated with the investment platform intangible asset;
- The capitalisation of investment platform development costs of \$925,954.



#### Discontinuing operations

- The provision for costs of \$1,022,525 associated with the decision to exit the stockbroking business. This cost includes surplus office rental space, leasehold improvements and a provision for redundancies;
- Share based payments expense of \$943,324 representing the accelerated vesting of share options associated with the decision to exit the stockbroking business.

#### EVENTS AFTER BALANCE DATE

Subsequent to balance date the completion of the transfer of certain stockbroking assets to Wilson HTM took place. The formal closure of Investorfirst's stockbroking business will take place in March 2013 whereby the company will relinquish its ASX Clear license.

Other than mentioned above, there has not arisen in the interval between 1 January 2013 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

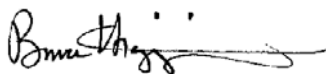
#### AUDITOR INDEPENDENCE

An independence declaration has been provided to the Directors by the auditors of the Company, BDO, 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 this report have been rounded off in accordance with that Class Order to the nearest dollar, or in certain cases to the nearest thousand dollars.

Signed in accordance with a resolution of the Directors.



Bruce Higgins  
Chairman of Directors  
Sydney, 28 February 2013





## DECLARATION OF INDEPENDENCE BY PAUL BULL TO THE DIRECTORS OF INVESTORFIRST LIMITED

As lead auditor for the review of Investorfirst Limited for the half-year ended 31 December 2012, I declare that to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Investorfirst Limited and the entities it controlled during the period.



Paul Bull

Partner

**BDO East Coast Partnership**

Sydney, 28 February 2013

		<b>CONSOLIDATED</b>	
		<b>6 Months Ended</b>	
		<b>31 December</b>	<b>31 December</b>
		<b>2012</b>	<b>2011</b>
		<b>\$</b>	<b>\$</b>
<b>Note</b>			
<b>Revenue from continuing operations</b>			
	Revenue	394,020	84,167
	Interest and other income	369,935	479,316
		<b>763,955</b>	<b>563,483</b>
<b>Expenses</b>			
	Platform and custody fees	(370,780)	(183,794)
	Employee benefits expenses	(2,323,444)	(2,685,247)
	Property and occupancy costs	(243,043)	(245,401)
	Depreciation, amortisation and impairment	(512,431)	(995,265)
	Administrative expenses	(547,117)	(680,136)
		<b>(3,996,815)</b>	<b>(4,789,843)</b>
<b>Profit before income tax expense from continuing operations</b>		<b>(3,232,860)</b>	<b>(4,226,360)</b>
	Income tax expense	-	-
	Loss after income tax from continuing operations	(3,232,860)	(4,226,360)
	Loss after income tax from discontinued operations	(3,243,279)	<b>(2,786,496)</b>
<b>Loss after income tax for the half year</b>		<b>(6,476,139)</b>	<b>(7,012,856)</b>
<b>Other comprehensive income</b>			
<b>Total comprehensive loss for the half year</b>		(6,476,139)	(7,012,856)
<b>Total comprehensive loss for the period attributable to ordinary equity members of Investorfirst Limited</b>		<b>(6,476,139)</b>	<b>(7,012,856)</b>
		<b>Cents</b>	<b>Cents</b>
<b>Earnings per share from continuing operations, attributable to ordinary equity members of Investorfirst Limited</b>			
	Basic earnings per share	(11.99)	(24.62)
	Diluted earnings per share	(11.99)	(24.62)
<b>Earnings per share from discontinued operations, attributable to ordinary equity members of Investorfirst Limited</b>			
	Basic earnings per share	(12.02)	(16.23)
	Diluted earnings per share	(12.02)	(16.23)
<b>Earnings per share for profit attributable to ordinary equity members of Investorfirst Limited</b>			
	Basic earnings per share	(24.01)	(40.86)
	Diluted earnings per share	(24.01)	(40.86)

On 11 December 2012 the Company's share capital was consolidated on a 40 for 1 basis. Calculations of earnings per share for the current and prior period have been performed on a post share consolidation basis.

The accompanying notes form part of these financial statements.



	Note	CONSOLIDATED	
		31 December 2012 \$	30 June 2012 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	7	10,524,228	7,062,254
Trade and other receivables		3,841,176	15,619,496
Other current assets		121,862	39,042
<b>Total Current Assets</b>		<b>14,487,266</b>	<b>22,720,792</b>
<b>Non-Current Assets</b>			
Office equipment		103,191	291,525
Intangible assets		7,884,922	7,400,000
Other non-current assets		782,332	778,862
<b>Total Non-Current Assets</b>		<b>8,770,445</b>	<b>8,470,387</b>
<b>Total Assets</b>		<b>23,257,711</b>	<b>31,191,179</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		5,634,501	17,320,587
Provisions		1,435,788	417,989
<b>Total Current Liabilities</b>		<b>7,070,289</b>	<b>17,738,576</b>
<b>Non-Current Liabilities</b>			
Provisions		73,432	10,548
<b>Total Non-Current Liabilities</b>		<b>73,432</b>	<b>10,548</b>
<b>Total Liabilities</b>		<b>7,143,720</b>	<b>17,749,124</b>
<b>Net Assets</b>		<b>16,113,991</b>	<b>13,442,055</b>
<b>EQUITY</b>			
Issued capital	8	62,356,409	54,151,655
Reserves		1,850,676	907,352
Accumulated losses		(48,093,094)	(41,616,952)
<b>Total Equity</b>		<b>16,113,991</b>	<b>13,442,055</b>

The accompanying notes form part of these financial statements.



	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total \$
<b>As at 1 July 2012</b>	<b>54,151,655</b>	<b>907,352</b>	<b>(41,616,953)</b>	<b>13,442,055</b>
Total comprehensive loss for the period	-	-	(6,476,141)	(6,476,141)
<b>Transactions with equity members in their capacity as equity members</b>				
Allotment of shares - share placement 20 August 2012	1,059,665	-	-	<b>1,059,665</b>
Allotment of shares - rights issue 23 August 2012	5,863,124	-	-	<b>5,863,124</b>
Allotment of shares - shortfall shares under rights issue 4 September 2012	1,473,999	-	-	<b>1,473,999</b>
Capital raising costs	(192,034)	-	-	<b>(192,034)</b>
Employee & advisor Options vested	-	943,324	-	<b>943,324</b>
<b>As at 31 December 2012</b>	<b>62,356,409</b>	<b>1,850,676</b>	<b>(48,093,094)</b>	<b>16,113,991</b>
<b>As at 1 July 2011</b>	<b>54,301,655</b>	<b>634,860</b>	<b>(11,101,284)</b>	<b>43,835,231</b>
Total comprehensive loss for the period	-	-	(7,012,857)	(7,012,857)
<b>Transactions with equity members in their capacity as equity members</b>				
Acquisition of shares by the ESOT	(150,000)	-	-	<b>(150,000)</b>
Employee Options granted	-	9,120	-	<b>9,120</b>
<b>As at 31 December 2011</b>	<b>54,151,655</b>	<b>643,980</b>	<b>(18,114,141)</b>	<b>36,681,494</b>

The accompanying notes form part of these financial statements.



	Note	CONSOLIDATED 6 Months Ended	
		31 December 2012 \$	31 December 2011 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		4,571,418	3,293,179
Payments to suppliers and employees		(10,050,881)	408,497
Interest received		175,890	323,555
Net movement from client and dealer balances		1,374,169	(8,735,471)
<b>Net cash inflow/(outflow) from operating activities</b>		<b>(3,929,404)</b>	<b>(4,710,240)</b>
<b>Cash flows from investing activities</b>			
Net purchase and disposal of fixed assets		112,609	(98,670)
Payment for capitalised development costs		(925,984)	(1,321,907)
Proceeds/(payment) for acquisition of shares in subsidiaries, net of cash acquired		-	334,985
Net movement from related entities		-	(1,321,907)
<b>Net cash inflow/(outflow) from investing activities</b>		<b>(813,375)</b>	<b>(1,085,592)</b>
<b>Cash flows from financing activities</b>			
Payment of treasury shares		-	(150,000)
Share placement proceeds		8,204,753	-
<b>Net cash inflow/(outflow) from financing activities</b>		<b>8,204,753</b>	<b>(150,000)</b>
Net increase/(decrease) in cash and cash equivalents		<b>3,461,975</b>	<b>(5,945,832)</b>
Cash and cash equivalents at beginning of period		7,062,254	17,384,300
<b>Cash and cash equivalents at end of period</b>	6	<b>10,524,228</b>	<b>11,438,468</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 2012 were authorised for issue in accordance with a resolution of the Board of Directors on 27 February 2013.

## 2. Basis of preparation and accounting policies

### a) Basis of preparation

This general purpose interim financial report for the half-year ended 31 December 2012 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

These general purpose financial statements do not include all the notes of the type normally included in the annual financial report. Accordingly, it is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2012 and considered together with any public announcements made by Investorfirst Limited ('the Company') during the half-year ended 31 December 2012 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) New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations has not resulted in any changes to the consolidated entities accounting policies and has no effect on the amounts reported for the current or prior periods.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

### 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 2012.

### e) Basis of consolidation

The half-year consolidated financial statements comprise the financial statements of the consolidated entity as at 31 December 2012.

Subsidiaries are consolidated from the date on which control is transferred to the consolidated entity.

### f) 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 consolidated entity'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 2012.

#### g) Comparative figures

Where required by the Accounting Standards and/or for improved presentation purposes, comparative figures have been adjusted to conform to changes in presentations for the current period.

#### h) Discontinued operations

A discontinued operation is a component of the consolidated entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

#### i) Going concern

The financial report has been prepared on a going concern basis.

Management regularly reviews the cashflow requirements and financing options for the company as part of its normal operations.

The company is focussed on the development, commercialisation and revenue growth of the HUB24 investment platform which is highly likely to require additional capital within the next twelve month period.

The company has raised capital in prior years from multiple sources for acquisition, regulatory capital requirements, investment platform development and working capital purposes. Accordingly, the directors of the company are confident of sourcing additional capital as and when required.

### 3. REVENUE AND EXPENSES FROM CONTINUING OPERATIONS

	<b>CONSOLIDATED</b>	
	<b>6 Months Ended</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2012</b>	<b>2011</b>
<b>Revenue</b>		
Investment Platform revenue	394,020	84,167
Interest	169,863	323,557
Other income	200,072	155,759
	<b>763,955</b>	<b>563,483</b>
<b>Expenses</b>		
<b>Employee benefits expenses</b>		
Wages and salaries (incl super and payroll tax)	2,194,118	2,609,884
Other employee benefits expenses	129,326	75,363
	<b>2,323,444</b>	<b>2,685,247</b>
<b>Depreciation, amortisation and impairment</b>		
Depreciation of office equipment	71,369	6,259
Amortisation of intangible assets	441,062	989,006
	<b>512,431</b>	<b>995,265</b>

**4. Commitments and contingencies**

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

**5. Segment information**

The Consolidated entity has identified its operating segments based on the internal reports, that are reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources. Discrete financial information about the each of these operating businesses is reported to the executive management team on a monthly basis.

The Consolidated entity operates in two industry segments, which are Investment Platform and Stockbroking, and in one geographical segment, which is Australia.

The accounting policies used by the consolidated entity in reporting segments internally are the same as those contained in note 1 to the accounts and in the prior period.

The following tables present revenue, profit, and asset information for reportable segments for the half year ended 31 December 2012.





Half year ended 31 December 2012	Stockbroking (Discontinued operations)	Investment Platform	Corporate/ Administration	Total
<b>Revenue</b>				
External revenue	3,780,366	394,019	-	4,174,385
<b>Total revenue</b>	<b>3,780,366</b>	<b>394,019</b>	<b>-</b>	<b>4,174,385</b>
<b>Segment operating result</b>				
	<b>(1,398,310)</b>	<b>(1,871,801)</b>	<b>(1,202,807)</b>	<b>(4,472,918)</b>
<i>Other non-operating items:</i>				
Interest and other income	6,027	29,879	340,057	375,962
Bank fees	(25,544)	(11,511)	-	(37,056)
Bad debts expense	(40,540)	-	-	(40,538)
Depreciation and amortisation	-	(441,062)	(71,369)	(512,431)
Fringe benefits	-	-	(4,247)	(4,247)
Onerous contracts expense	(841,588)	-	-	(841,588)
Share based payments expense	(943,324)	-	-	(943,324)
<b>Loss before income tax expense</b>	<b>(3,243,279)</b>	<b>(2,294,496)</b>	<b>(938,366)</b>	<b>(6,476,139)</b>
Income tax expense				-
<b>Loss after income tax expense</b>				<b>(6,476,139)</b>

The Corporate / Administration segment has been separately identified, representing unallocated items that do not form part of an operating segment.

The group operates in one geographical area being Australia and thus all revenues are derived in Australia.

Half year ended 31 December 2011	Stockbroking (Discontinued operations)	Investment Platform	Corporate/ Administration	Total
<b>Revenue</b>				
External revenue	2,472,644	84,167	-	2,556,811
<b>Total revenue</b>	<b>2,472,644</b>	<b>84,167</b>	<b>-</b>	<b>2,556,811</b>
<b>Segment operating result</b>				
	<b>(837,355)</b>	<b>(2,236,162)</b>	<b>(1,439,283)</b>	<b>(4,512,800)</b>
<i>Other non-operating items:</i>				
Interest and other income	-	-	479,314	479,314
Bank fees	-	-	(25,845)	(25,845)
Bad debts expense	(78,611)	-	-	(78,609)
Depreciation and amortisation	(288,707)	(995,265)	-	(1,283,972)
Impairment expense	(1,581,823)	-	-	(1,581,823)
Share based payments expense	-	-	(9,120)	(9,120)
<b>Loss before income tax expense</b>	<b>(2,786,497)</b>	<b>(3,231,427)</b>	<b>(994,934)</b>	<b>(7,012,856)</b>
Income tax expense				-
<b>Loss after income tax expense</b>				<b>(7,012,856)</b>

Total Segment Assets	Stockbroking (Discontinued operations)	Investment Platform	Corporate/ Administration	Total
<b>31 December 2012 Segment Assets</b>	<b>8,450,415</b>	<b>8,377,822</b>	<b>6,429,474</b>	<b>23,257,711</b>
<b>30 June 2012 Segment Assets</b>	<b>21,362,716</b>	<b>7,678,586</b>	<b>2,149,877</b>	<b>31,191,179</b>



**6. DISCONTINUED OPERATIONS**

On 27 December 2012 the Company announced the execution of a binding agreement to transfer the stockbroking business to Wilson HTM. Completion of the transaction occurred subsequent to balance date. (Refer to Note 9)

Financial information relating to the discontinued operation is set out in Note 5 (see Stockbroking segment). At 31 December 2012, known costs associated with the decision to exit the stockbroking segment have been brought to account.

**7. CASH AND CASH EQUIVALENTS**

	CONSOLIDATED	
	31 December 2012	30 June 2012
	\$	\$
Cash on hand and at bank	9,040,573	4,982,673
Cash at bank - trust account	1,483,655	2,079,581
	<b>10,524,228</b>	<b>7,062,254</b>

**8. ISSUED CAPITAL**

	CONSOLIDATED		CONSOLIDATED	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
	Number	Number	\$	\$
<b>(a) Issued and paid up capital</b>				
Ordinary shares, fully paid	31,158,469	686,544,268	62,506,409	54,301,655
<b>(b) Other equity securities</b>				
Treasury shares	221,908	8,876,274	(150,000)	(150,000)
<b>Total Issued and paid up capital</b>	<b>31,380,377</b>	<b>695,420,542</b>	<b>62,356,409</b>	<b>54,151,655</b>
<b><i>Movements in issued and paid up capital</i></b>				
Beginning of the financial year	686,544,268	686,544,268	54,301,655	54,301,655
Shares issued	559,786,011	-	8,396,788	-
Total shares pre consolidation	1,246,330,279	686,544,268		
Capital raising costs			(192,034)	
Share consolidation (40 for 1)	31,158,469			
<b>End of the period</b>	<b>31,158,469</b>	<b>686,544,268</b>	<b>62,506,409</b>	<b>54,301,655</b>
<b><i>Movement in other equity securities - treasury shares</i></b>				
Beginning of the financial year	8,876,274	-	150,000	-
Treasury share consolidation (40 for 1)	221,908	-	-	-
Acquisition of shares by ESOT	-	8,876,274	-	150,000
<b>End of the period</b>	<b>221,908</b>	<b>8,876,274</b>	<b>150,000</b>	<b>150,000</b>



**Ordinary shares**

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

On 20 August 2012 the company made a placement of 70,000,000 ordinary shares at \$0.015 raising \$1,050,000.

On 23 August 2012 the company issued 391,519,414 shares through a 1 for 1 non-renounceable pro rata rights issue at \$0.015 per share raising \$5,873,000.

On 4 September 2012 the company raised a further 98,266,597 ordinary shares at \$0.015 per share under the rights offer.

Note: The shares issued and associated share prices referred to above are prior to the consolidation of the company's shares (40 to 1) approved at the Annual General Meeting of the company held 30 November 2012.

**Treasury shares**

Treasury shares are shares in Investorfirst Ltd that are held by Investorfirst Employee Share Ownership Trust (ESOT) for the purpose of issuing shares under the Investorfirst Employee Share Option Plan.

**Share Consolidation**

At the Annual General Meeting of the company held 30 November 2012, shareholders resolved to approve a consolidation of the company's shares by 40 to 1. The consolidation took effect on 11 December 2012.

**9. Events subsequent to balance date**

Subsequent to balance date the completion of the transfer of certain stockbroking assets to Wilson HTM took place. The formal closure of Investorfirst's stockbroking business will take place in March 2013 whereby the company will relinquish its ASX Clear license.

Other than mentioned above, there has not arisen in the interval between 1 January 2013 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.



In the opinion of the directors of Investorfirst Limited

- (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 2012 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 Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors



Bruce Higgins  
Chairman of Directors  
Sydney, 28 February 2013



## INDEPENDENT AUDITOR'S REVIEW REPORT

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 consolidated statement of financial position as at 31 December 2012, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated 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 Investorfirst Limited and the entities it controlled at the half-year's end or from time to time during the half-year.

### Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity 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 control as the directors determine is 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 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 half-year 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 2012 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, 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.

## INDEPENDENT AUDITOR'S REVIEW REPORT (continued)

### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Investorfirst Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

### 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 2012 and of its performance for the half-year ended on that date; and
- B. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

### BDO East Coast Partnership



Pall Bull

Partner

Sydney, 28 February 2013