Investorfirst Ltd

INVESTORFIRST LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2012

ABN 87 124 891 685

CONTENTS

CORPORATE INFORMATION

Directors
Mr. Otto Buttula (resigned 25 July 2012)
Mr. Jason Entwistle (acting Chairman - appointed 25 July 2012)
Mr. Darren Pettiona (resigned 25 September 2012)
Mr. Robert Bishop (resigned 25 July 2012)
Mr. Robert Spano
Mr. Hugh Robertson
Mr. Kim Hogan (resigned 28 November 2011)
Mr. David Spessot (appointed 30 March 2012, departed 27 September 2012)
Mr. Ian Litster (appointed 25 September 2012)

Company Secretary
Mr. Matthew Haes

Registered Office and Principal Place of Business
Level 45, Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000
Telephone: (02) 8274 6000
Facsimile: (02) 9247 6428

Share Registry
Boardroom Pty Limited
Level 7, 207 Kent 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

MinterEllison
Aurora Place
88 Phillip Street
Sydney NSW 2000

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

Auditors
BDO East Coast Partnership
Level 10, 1 Margaret Street
Sydney NSW 2000

Internet Address
www.investorfirst.com.au

CHAIRMAN'S LETTER TO SHAREHOLDERS

Dear Investorfirst Shareholder,

The loss for the 2012 financial year of $30.5 million, after recognising amortisation and impairment charges of $21.5m, with an EBITDA loss of $8.2m, was most disappointing for the Company and shareholders.

The very significant amortisation and impairment charges were a result of the closure and write-down of the Alert Trader business and a review of carrying value of the stockbroking and investment platform businesses considering their performance and the prevailing market conditions.

While there have been some significant operational and product development achievements throughout the year, poor market conditions resulted in weaker than expected stockbroking and corporate advisory revenues, and a significant delay in the release of the HUB24 personal superannuation product until June 2012 resulted in much slower transition of funds under administration (FUA) than expected.

Since the end of the financial year, a number of steps have been taken to review operations, reduce costs and prioritise activities. This process continues with the aim of placing the Company in a significantly enhanced and sustainable financial position. The board is very strongly committed to making the changes necessary to turn the financial result around.

During the year the Company achieved a number of milestones including:

- the launch of the HUB24 superannuation and insurance offerings at the end of the year resulting in a significant uplift in funds under administration post year;
- successful acquisition of Marketsplus and its unique Evolve online share trading platform which is now being integrated into the HUB24 products; and
- introduction of a wholesale broking model with the Gold Coast stockbroking office (ex RBS Morgans) being the first client.

Stockbroking market conditions remain challenging however we are highly encouraged by the momentum that is evidently building within the HUB24 platform with FUA now $190m, an increase of 75% since the HUB24 personal superannuation product was released 4 months ago. There are a number of white-label versions of the platform under development, which are expected to provide a substantial lift in momentum.

The business will continue to explore complimentary business acquisitions that will deliver scale and strategic benefits.

I would like to take this opportunity to thank shareholders for their support during the recent rights issue. I look forward with excitement as we reposition the business to accelerate the commercialisation of the HUB24 platform.

Finally, I would like to sincerely thank our customers for their support and our advisers and staff for their hard work and dedication during what was a challenging year.

Jason Entwistle
Acting Chairman

28 September 2012

DIRECTORS' REPORT

Your Directors submit their report for the year ended 30 June 2012.

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. Jason Entwistle
(Acting Chairman and Chief Executive Officer)

Mr. Entwistle has over 20 years experience in the financial services industry. During that time he established a number of successful wealth management related businesses. In 1990, he was part of a small team that created the successful Navigator master trust (now owned by National Australia Bank). Following his departure from Navigator in 1994, Mr Entwistle established a consulting practice and consulted extensively on Portfolio Administrative Platforms to over 20 leading financial institutions throughout Asia Pacific and the U.K.

Mr. Entwistle was the co-founder of Avanteos, which was launched in 2001 and became Australia's first online Wrap Platform. Avanteos was later purchased by the Commonwealth Bank of Australia.

Mr. Entwistle is currently a Director of Westoria Capital Pty Ltd and a Non-Executive director of Techdrill Civil and Mining Pty Ltd.

Mr. Entwistle has been appointed to the Board effective from 26 November 2010 and is a member of the Audit, Risk and Compliance Committee and Remuneration Committee. He was appointed acting Chairman on 25 July 2012 and as acting Chief Executive Officer on 25 September 2012.

Mr. Robert Spano
(Non-Executive Director)

Mr. Spano is a management specialist with over 30 years' experience in the finance industry.

Mr. Spano was Chairman at Aequs Capital Limited from 2004 up until its takeover by Investorfirst Ltd. He has assisted management with a smooth transition. He is currently a Director of a number of smaller private investment companies.

Mr. Spano was appointed to the Board on 12 January 2009 and is a member of the Audit, Risk and Compliance Committee.

Mr. Hugh Robertson
(Executive Director)

Mr. Robertson has over 25 years experience in the financial services industry, commencing his stockbroking career in 1983. During that time he has been involved in a number of successful stockbroking and equity capital markets businesses including Falkiners Stockbroking and most recently Bell Potter Securities.

Mr. Robertson is currently a Director at Wentworth Holdings Limited and Rattoon Limited.

Previously, Mr. Robertson has also held directorships with NSX Ltd, OAMPS Ltd, Catalyst Recruitment Ltd and Bell Potter Ltd (pre-IPO).

Mr. Robertson was appointed to the Board on 20 April 2011.

Mr. Ian Litster
(Non-Executive Director)

Mr Litster has over 12 years' experience in designing and developing software for the financial services industry, particularly in the area of financial planning. He has been the founder of the companies behind the VisiPlan and COIN software packages, two of the leading financial planning systems in Australia. His main area of expertise is on the management of information technology organisations and software development.

Mr. Litster was appointed to the Board on 25 September 2012.

The names and details of the Company's Directors in office during the financial year but who have resigned prior to the date of this report are as follows :

Mr Otto Buttula	(Non-Executive Chairman)	resigned 25 July 2012
Mr Robert Bishop	(Non-Executive Director)	resigned 25 July 2012
Mr Kim Hogan	(Non-Executive Director)	retired 28 November 2011
Mr Darren Pettiona	(Non-Executive Director)	resigned 25 September 2012
Mr David Spessot	(Executive Director)	Appointed 30 March 2012, resigned 27 September 2012

COMPANY SECRETARY

The name and details of the current Company Secretary in office at the date of this report is as follows:

Name, qualifications, experience and special responsibilities

Mr. Matthew Haes
B Ec (Syd) ACA ACSA

Mr. Haes is the Chief Financial Officer and Company Secretary for Investorfirst Ltd, joining the Company on 25 June 2012.

Prior to this position, Mr. Haes held the position of Chief Financial Officer and Company Secretary for 2 years at the Association of Superannuation Funds of Australia ("ASFA") where he was closely involved in governance, strategy and risk management for the organisation. Prior to joining ASFA, Mr. Haes spent the previous +8 years as a Finance Manager and Company Secretary with Centric Wealth Ltd, a leading independent wealth management business developing the finance function and integrating businesses resulting from the Company's merger and acquisition activities.

Mr. Haes was appointed Company Secretary on 10 September 2012.

The former Company Secretary Ms Andrea Steele was in office during the financial year and up to her resignation on 10 September 2012.

Directors' 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
Robert Spano	10,820,266
Hugh Robertson	6,460,000
Ian Litster	125,070,019
Jason Entwistle	29,508,583

PRINCIPAL ACTIVITIES

The principal activities during the year of Investorfirst Limited ("the company" or "Investorfirst") and its controlled entities ("The Consolidated Group" or "Investorfirst Group") 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.

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

GROUP OVERVIEW

Investorfirst is a company limited by shares that was incorporated in Victoria Australia on 13 April 2007. It has prepared a consolidated financial report incorporating the entities that it controlled during the year.

OPERATING RESULTS FOR THE YEAR

Investorfirst Group recorded a consolidated net loss after income tax for the year ended 30 June 2012 of $30.516 million (2011: $4.451 million), after recognising all non-recurring items and provisions.

Result Constituents

- Total revenue, interest and other income amounted to $7.299 million for the year, a decrease of 13.4% over the prior year figure of $8.430 million.
- Total operating expenses of $36.519 million represented a 184% increase on the prior year figure of $12.877 million. This is primarily a result of impairment and amortisation of intangibles charges of $21.5m relating to the consolidated entities' acquisitions of Aequs Capital, Alert Trader, HUB24 and MarketsPlus. Additionally there were higher employee costs due to the full year inclusion of HUB24 operations for FY12 and the addition of the MarketsPlus acquisition.

Achievements

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

- The acquisition of MarketsPlus and the development of the Evolve online trading platform
- The launch of retail super and insurance offers for the HUB24 platform
- Addition of Gold Coast stockbroking office (ex-RBS Morgan office)
- The reinvigoration of the corporate advisory business

RISK MANAGEMENT

Investorfirst Group 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 Investorfirst Group's objectives and activities are aligned with the risks and opportunities identified by the Board.

To this end, the Investorfirst Group 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 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 Investorfirst Group.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 25 July 2012, Mr Otto Buttula and Mr Robert Bishop resigned as chairman and non-executive director respectively from the company.

On 20 August 2012, the company successfully completed a placement of 70,000,000 fully paid ordinary shares at $0.015 per share to Thorney Investments Pty Ltd (and/or associated entities) which raised $1.05m.

On 23 August 2012, the company issued 391,519,414 shares through a 1 for 1 non-renounceable pro-rata rights issue of fully paid ordinary shares at $0.015 per share raising a total of $5.873m. The conclusion of the rights issued resulted in 295,024,854 shares not being issued ("Shortfall Shares"). Directors reserve the right to place the Shortfall Shares at the same price of $0.015 per share.

On 4 September 2012, directors confirmed the placement of 98,266,597 ordinary shares at $0.015, representing shortfall shares under the rights offer. This placement raised $1.474m.

On 27 September 2012 it was announced to the market that The Board and David Spessot had agreed to his departure as both Chief Executive Officer and director of the company. Additionally it was announced that Mr Darren Pettiona resigned as non-executive director and Mr Ian Litster had been appointed as a non-executive director.

Other than the matters disclosed above, no other matter or circumstance has arisen since 30 June 2012 that has significantly affected, or may significantly affect the consolidated group's operations, the results of those operations, or the consolidated group's state of affairs in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Investorfirst Group continues to record operating losses and this continued during the second half of the 2012 financial year. Whilst operating results have exhibited improvement from increased revenue flows in line with statements made in the company's half year results update released to the ASX in February 2012, these have not been sufficient to continue to fully fund the business through to eventual profitability.

Since the end of the 2012 financial year, the Investorfirst Group has undertaken a comprehensive review of its cost structures and has moved to right-size the business. Currently, annualised cost reductions of $2.200 million have been identified and are in the process of being removed from the business. We expect to extract further savings over the 2013 financial year.

The business has undergone a significant acquisition and development phase over the past eighteen months to position itself as an integrated and independent investment/ superannuation platform and stockbroking group. The business has a single minded focus to achieve profitability within an accelerated timeframe.

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 2012 financial year the Investorfirst 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

There are no material contingent assets or liabilities of which the Investorfirst Group is aware that exist at balance date.

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	19	21	-	-
D. Spessot	6	7	-	-
R. Bishop	20	21	2	2
D. Pettiona	19	21	-	-
R. Spano	17	21	2	2
K. Hogan	6	7	-	-
J. Entwistle	19	21	2	2
H. Robertson	16	21	-	-

The Remuneration Committee did not meet during the financial year.

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 company, and includes the five executives in the Company 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 Committee

The Remuneration Committee is responsible for making recommendations to the Board on the remuneration arrangements for non-executive directors and management. The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration 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 performing director and management team.

The current members of the Remuneration Committee are Mr. Robert Spano and Mr. Jason Entwistle. Their qualifications and experience are set out earlier in this report.

In reviewing performance, the Remuneration Committee 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 Remuneration Committee 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 $400,000 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.

The remuneration of Non-Executive Directors for the financial years ending 30 June 2012 and 30 June 2011 respectively are detailed in Table 1 of this Report.

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')
- Share based incentives

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 Option Plan (ESOP) of the Company, which was established at the Annual General Meeting of the Company on 28 November 2011 for the purposes of issuing options over 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.

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.

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

David Spessot was appointed as Chief Executive Officer-Designate on 30 March 2012 and departed the group on 27 September 2012.

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

(b) Remuneration

- <u>Fixed Salary</u> - An annual package of $150,000 inclusive of superannuation contributions in line with the Superannuation Guarantee legislation.

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 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 agreements. 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.

Remuneration of Key Management Personnel

			Short term			Post employment	Share based payments		Total
			Salary & Fees	Cash Bonus	Termination payment	Superannuation	Shares	Options	
			$	$	$	$	$	$	$
Non-executive directors									
Robert Bishop	(i)	**2012**	**36,697**	**-**	**-**	**3,303**	**-**	**-**	**40,000**
		2011	36,697	-	-	3,303	-	-	40,000
Jason Entwistle		**2012**	**53,304**	**-**	**-**	**-**	**-**	**-**	**53,304**
		2011	23,871	-	-	-	-	-	23,871
Kim Hogan	(ii)	**2012**	**15,012**			**1,351**			**16,363**
		2011	30,275	-	-	2,202	-	-	32,477
Darren Pettiona	(iii)	**2012**	**4,384**						**4,384**
		2011	-	-	-	-	-	-	-
Robert Spano		**2012**	**40,000**						**40,000**
		2011	40,000	-	-	-	-	-	40,000
Sub-total non-executive directors		**2012**	**149,397**	**-**	**-**	**4,654**	**-**	**-**	**154,051**
		2011	130,843	-	-	5,505	-	-	136,348
Executive directors									
Otto Buttula	(iv)	**2012**	**63,583**	**-**	**-**	**-**	**-**	**-**	**63,583**
		2011	76,296	-	-	-	-	-	76,296
Darren Pettiona	(iii)	**2012**	**131,761**		**11,538**	**12,842**	**-**	**-**	**156,141**
		2011	102,791	-	-	9,251	-	-	112,042
Hugh Robertson	(v)	**2012**	**910,065**					**76,279**	**986,344**
		2011	107,158	-	-	-	-	87,271	194,431
David Spessot	(vi)	**2012**	**112,738**			**10,146**		**7,469**	**130,353**
		2011	-	-	-	-	-	-	-
Sub-total executive directors		**2012**	**1,218,147**	**-**	**11,538**	**22,988**	**-**	**83,748**	**1,336,421**
		2011	286,245	-	-	9,251	-	87,271	382,767
Key Management Personnel									
Aaron Bull	(vii)	**2012**	**123,649**	**-**	**-**	**11,128**	**-**	**7,470**	**142,247**
Head of IT		2011	-	-	-	-	-	-	-
Paul Clarke	(viii)	**2012**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
General Manager Transaction Services		2011	116,314	-	-	10,468	-	-	126,782
Mark Mansfield	(ix)	**2012**	**65,656**	**-**	**-**	**5,909**	**-**	**-**	**71,565**
Compliance Manager		2011	-						-
Matthew Press	(x)	**2012**	**42,918**	**-**	**-**	**3,515**	**-**	**-**	**46,433**
Chief Operating Officer - Stockbroking and Operations		2011	61,868	-	-	5,568	-	-	67,436
Paul Sarkis	(xi)	**2012**	**117,857**	**-**	**-**	**10,607**	**-**	**2,421**	**130,885**
Head of Product		2011	-	-	-	-	-	-	-
Neil Sheather	(xii)	**2012**	**104,852**	**-**	**-**	**9,436**	**-**	**2,462**	**116,750**
Head of Stockbroking		2011	-	-	-	-	-	-	-
Ariel Sivikofsky	(xiii)	**2012**	**152,279**	**-**	**-**	**12,844**	**-**	**-**	**165,123**
Chief Financial Officer & Joint Company Secretary		2011	100,917	-	-	9,083	-	-	110,000
Andrea Steele		**2012**	**192,660**	**-**	**-**	**17,340**	**-**	**2,421**	**212,421**
Corporate Strategy & Company Secretary		2011	174,312	13,761	-	16,927	-	-	205,000
Frances Taylor	(xiv)	**2012**	**165,138**	**-**	**-**	**14,862**	**-**	**1,937**	**181,937**
Product & Compliance		2011	110,092	-	-	9,908	-	-	120,000
Therese Taylor	(xv)	**2012**	**65,350**	**-**	**-**	**5,882**	**-**	**-**	**71,232**
Compliance & Legal		2011	16,364	-	-	1,473	-	-	17,836
Sub-total key management personnel		**2012**	**1,030,359**	**-**	**-**	**91,523**	**-**	**16,712**	**1,138,594**
		2011	579,867	13,761	-	53,426	-	-	647,055
Total		**2012**	**2,397,903**	**-**	**11,538**	**119,165**	**-**	**100,460**	**2,629,066**
		2011	996,955	13,761	-	68,182	-	87,271	1,166,170

(i) Robert Bishop resigned from the Board 25 July 2012

(ii) Kim Hogan resigned from the Board 27 October 2011

(iii) Darren Pettiona resigned as Chief Executive officer, appointed as non-executive director 17 May 2012, resigned 25 September 2012

(iv) Otto Buttula resigned from the Board 25 July 2012

(v) Hugh Robertson is an Executive Director who earns broking commission and corporate advisory fees under an advisor agreement with Investorfirst. He does not receive a director fee.

(vi) David Spessot appointed Chief Executive Officer-Designate 30 March 2012, departed 27 September 2012

(vii) Aaron Bull appointed 1 September 2011

(viii) Paul Clarke resigned 30 April 2011

(ix) Mark Mansfield appointed 5 January 2012

(x) Matthew Press resigned 16 September 2011

(xi) Paul Sarkis appointed 1 November 2011

(xii) Neal Sheather appointed 7 September 2011

(xiii) Ariel Sivikofsky resigned 15 March 2012

(xiv) Francis Taylor appointed 1 September 2011.

(xv) Therese Taylor resigned 11 November 2011

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 $Nil were paid to BDO (Ernst & Young 2011: $52,337). 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 that follows on the following page.

Jason Entwistle

Acting Chairman

Sydney, 28 September 2012

Tel: 61 2 9251 4100
Fax: 61 2 9240 9821
www.bdo.com.au

Level 10, 1 Margaret St
Sydney NSW 2000
Australia

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

As lead auditor of Investorfirst Limited for the year ended 30 June 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 audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

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

Paul Bull

Partner

BDO East Coast Partnership (formerly PKF East Coast Practice)

Sydney, 28 September 2012

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. As the result of the resignation of Otto Buttula and Robert Bishop on 25 July 2012, Darren Pettiona on 25 September 2012, the departure of David Spessot on 27 September 2012 and the appointment of Ian Litster on 25 September 2012 the Board is currently comprised of one executive, two independent and one non-executive director.	No
2.2	The chair should be an independent Director.	Yes
2.3	The roles of chair and chief executive officer should not be exercised by the same individual. As an interim measure the chair is acting as chief executive officer from 25 September 2012 as a result of the departure of David Spessot.	No
2.4	The Board should establish a nomination 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.	No
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 diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them. *(The Group is in the process of establishing a diversity policy)*	No
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender	No

Recommendation		Comply Yes/No
	diversity set by the board in accordance with the diversity policy and progress towards achieving them. *(Refer to 3.2)*	
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board. *(Proportion of Women in the whole organisation: 32.7%(18 of 55),Women in senior executive positions: 28.6% (2 of 7), Women on Board: Nil)*	Yes
3.5	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
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 three members The ARCC comprises two members with the resignation of Robert Bishop on 25 July 2012.	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

Recommendation		Comply Yes/No
7.4	Companies should provide the information indicated in the guide to reporting on Principle 7.	Yes

Recommendation		Comply Yes/No
Principle 8 – Remunerate fairly and responsibly		
8.1	The Board should establish a remuneration committee.	Yes
8.2	The remuneration committee should be structured so that it:	
	• Consists of a majority of independent Directors	Yes
	• Is chaired by an independent chair	Yes
	• Has at least three members	Yes
8.3	Companies should clearly distinguish the structure of non-executive Directors' remuneration from that of executive Directors and senior executives.	Yes
8.4	Companies should provide the information indicated in the Guide to reporting on Principle 8	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 Chief Executive Officer 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 Chief Executive Officer 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 Spano, 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 (resigned 25 July 2012)
Mr. Robert Spano	Non-Executive Director
Mr. Jason Entwistle	Non-Executive Interim Chairman (appointed 25 July 2012, previously Deputy Chairman)

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 director approval prior to trading in securities of the Company. In addition, Investorfirst encourages any Staff and Directors who hold company securities to be long term holders, 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 or in compliance with the staff trading policy. An application may be made to the 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 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 Chairman. If the Chairman is not available, the Chief Executive Officer, Chief Financial Officer or the Company Secretary of Investorfirst. It is the preference that such approvals be given by the Chairman in the first instance. Additionally, for Hub24 Custodial Services, Investorfirst Securities or Hub24 Operations staff, the trade must then be authorised by the Responsible Executive or Compliance Manager 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 that 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 ARCC 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 Chief Executive Officer, 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 that 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 Jason Entwistle and Mr. Robert Spano. 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 Board. The day to day monitoring of risk management task and implementation of the company's risk management & internal control system, is delegated to the Compliance Manager.

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 the 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 31000:2009 - Risk Management Principles and guidelines.

Definitions

Risk management definitions can be found in the definitions section of the Standards Australia risk management standard, AS / NZS 31000:2009 - Risk Management Principles and guidelines. The key definitions are as follows:

Risk

The effect of uncertainty on objectives

i. An effect is a deviation from the expected — positive and/or negative.
ii. Objectives can have different aspects (such as financial, health and safety, and environmental goals) and can apply at different levels (such as strategic, organization-wide, project, product and process).
iii. Risk is often characterized by reference to potential events and consequences, or a combination of these.

Risk is often expressed in terms of a combination of the consequences of an event (including changes in circumstances) and the associated likelihood of occurrence.

Risk Assessment

The overall process of risk analysis and evaluation.

Risk Identification

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

Risk Management

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

Risk Management Process

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

Responsibilities

Investorfirst Board of Directors

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

The Board is also responsible for:

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

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

Audit, Risk & Compliance Committee

The Audit Risk & Compliance Committee:

- is comprised of a majority of non-executive Directors and by invitation the Chief Executive Officer, Company Secretary and CFO;
- meets on a biannually 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 Hub24 Custodial Services 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)
- Head of Operations
- Responsible Executive (Operations / Advisor Services)
- CFO (Finance)

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 has a Compliance Framework which aims to ensure Investorfirst, its' staff and representatives actively comply with:

(1) the conditions of the Investorfirst Australian financial service licence;
(2) ASIC MIR, ASX Rules & Guidance, Industry good practice and internal policies & procedures;
(3) the Corporations Act 2001;
(4) other laws and regulations; and
(5) relevant industry codes and standards.

The Operational Risk framework is managed jointly between Compliance and those senior managers responsible for each area of risk control.

The Risk framework uses a likelihood and impact matrix to measure the significance of each area of potential risk. Each risk is rated against the risk matrix and given an overall risk rating, both before and after controls. Risks are measured against the known or expected risk level, then subsequently tested to ensure the risk control works as expected. Each risk is measured before and after each control is considered, and risk rated accordingly.

Compliance review various areas covered by risk controls as part of the ongoing monitoring.
Compliance also hold responsibility for much of the day-to-day monitoring of the stockbroking business and ensuring appropriate controls and ensure monitoring processes are in place.

All risk related event and controls are recorded and maintained within the internal system, Accelerate.

Within the system all breaches, incidents and complaints are recorded as 'Events'.

All areas, functions and tasks are measured for the purpose of risk assessment. These risks then have controls recorded against them, which have dedicated owners assigned. Compliance maintain the data within Accelerate and report internally to managers on data output as a result.

Investorfirst operates in a regulatory environment which requires the maintenance of active, effective and documented risk management systems.

Risk Management is structured in such a way as to support Investorfirst strategic direction through development and implementation of systems that safeguard the reputation, assets and operational effectiveness of the company.

Compliance is responsible for undertaking risk assessments within each department on a quarterly or half-yearly basis. The assessment assists in identifying risk issues and making recommendations for remedial action.

Investorfirst activities primarily expose it to the following risks from its use of financial assets and liabilities;

- Market risk
- Credit risk
- Liquidity risk
- Financial risk
- Regulatory risk

CEO and CFO certification

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

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

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

Safeguard integrity in financial reporting

The Group has established an Audit, Risk and Compliance Committee. It has a formal charter which outlines the primary responsibilities of the Committee.

The Audit, Risk and Compliance Committee is composed of Jason Entwistle and Robert Spano.

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 2012

		CONSOLIDATED	
		2012	2011
Continuing Operations	**Note**	**$**	**$**
Revenue			
Revenue		6,672,194	7,649,355
Interest and other income	6(a)	626,847	780,755
		7,299,041	**8,430,110**
Expenses			
Dealer commission		(3,388,213)	(2,216,070)
Employee benefits expenses	6(b)	(6,011,908)	(3,782,739)
ASX and broking expenses		(602,548)	(641,102)
Clearing and settlement expenses		(1,513,527)	(1,337,740)
Loss on sale of subsidiaries		-	-
Property and occupancy costs	6(c)	(1,061,482)	(732,865)
Depreciation, amortisation and impairment	6(d)	(21,636,645)	(1,589,562)
Administrative expenses	6(e)	(2,304,508)	(2,576,685)
		(36,518,831)	**(12,876,763)**
Loss before tax		**(29,219,790)**	**(4,446,653)**
Income tax expense	7	(1,295,877)	(4,588)
Comprehensive loss for the year after tax		**(30,515,667)**	**(4,451,241)**
Other comprehensive income		-	-
Total comprehensive loss for the year attributable to ordinary equity members of Investorfirst Limited		**(30,515,667)**	**(4,451,241)**
Basic loss per share (cents per share) for the year, attributable to ordinary equity members of Investorfirst Limited	25	(0.044)	(0.009)
Diluted loss per share (cents per share) for the year, attributable to ordinary equity members of Investorfirst Limited	25	(0.044)	(0.009)

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

STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2012

	Note	CONSOLIDATED 2012 $	2011 $
ASSETS			
Current Assets			
Cash and cash equivalents	20(b)	7,062,254	17,384,300
Trade and other receivables	8	15,619,496	10,795,791
Other current assets	9	39,042	65,786
Total Current Assets		**22,720,792**	**28,245,877**
Non-Current Assets			
Office equipment	10	291,525	210,276
Deferred tax assets	7	-	1,353,114
Intangible assets	11	7,400,000	24,781,010
Other non-current assets	12	778,862	-
Total Non-Current Assets		**8,470,387**	**26,344,400**
Total Assets		**31,191,179**	**54,590,277**
LIABILITIES			
Current Liabilities			
Trade and other payables	13	17,320,587	10,500,358
Provisions	14	417,989	241,851
Total Current Liabilities		**17,738,576**	**10,742,209**
Non-Current Liabilities			
Provisions	15	10,548	12,838
Total Non-Current Liabilities		**10,548**	**12,838**
Total Liabilities		**17,749,124**	**10,755,047**
Net Assets		**13,442,055**	**43,835,230**
EQUITY			
Issued capital	16	54,151,655	54,301,655
Reserves	17	907,352	634,860
Accumulated losses	18	(41,616,952)	(11,101,285)
Total Equity		**13,442,055**	**43,835,230**

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2012

Consolidated Entity	Issued Capital $	Reserves $	Accumulated Losses $	Total $
As at 1 July 2011	**54,301,655**	**634,860**	**(11,101,285)**	**43,835,230**
Total comprehensive loss for the year	-	-	(30,515,667)	**(30,515,667)**
Transactions with equity members in their capacity as equity members				
Acquisition of shares by ESOT	(150,000)	-	-	**(150,000)**
Employee Options granted	-	272,492	-	**272,492**
As at 30 June 2012	**54,151,655**	**907,352**	**(41,616,952)**	**13,442,055**
As at 1 July 2010	**21,843,726**	**198,386**	**(6,650,044)**	**15,392,068**
Total comprehensive loss for the year	-	-	(4,451,241)	**(4,451,241)**
Transactions with equity members in their capacity as equity members				
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**
Share Placement on 1 December 2010	12,500,000	-	-	**12,500,000**
Placement costs - cash	(508,325)	-	-	**(508,325)**
Placement costs - Options granted	(244,474)	436,474	-	**192,000**
As at 30 June 2011	**54,301,655**	**634,860**	**(11,101,285)**	**43,835,230**

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2012

		CONSOLIDATED	
	Note	2012 $	2011 $
Cash flows from operating activities			
Receipts from customers		7,328,451	7,416,083
Payments to suppliers and employees		(15,531,206)	(10,572,197)
Interest received		522,748	636,505
Net movement from client and dealer balances		467,512	1,182,115
Net cash inflow/(outflow) from operating activities	20(a)	**(7,212,495)**	**(1,337,494)**
Cash flows from investing activities			
Payment for purchase of office equipment		(100,007)	(130,410)
Payment for security deposits		(446,600)	-
Payment for capitalised development costs		(2,747,928)	(1,055,638)
Proceeds/(payment) for acquisition of shares in subsidiaries, net of cash acquired	21	334,984	(927,353)
Proceeds from sale of investments		-	355,458
Net cash inflow/(outflow) from investing activities		**(2,959,551)**	**(1,757,943)**
Cash flows from financing activities			
Proceeds from share placement		-	12,500,000
Payment of treasury shares		(150,000)	-
Payment of share issue costs		-	(508,325)
Payment of share buy-back		-	(52,522)
Net cash inflow/(outflow) from financing activities		**(150,000)**	**11,939,153**
Net increase/(decrease) in cash and cash equivalents		**(10,322,046)**	**8,843,716**
Cash and cash equivalents at beginning of year		17,384,300	8,540,584
Cash and cash equivalents at end of year	20(b)	**7,062,254**	**17,384,300**

The above Statement of Cash Flows 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 2012 was authorised for issue in accordance with a resolution of the Directors on 28 September 2012 and covers the consolidated entity consisting of the Company and subsidiaries.

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

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for profit oriented entities. The financial statements have also been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

The financial report is presented in Australian dollars.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 30.

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.

New accounting standards and interpretations

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 did not have any impact on the financial performance or position of the consolidated entity. The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

- AASB 2010-4 Amendments to Australian Accounting Standards arising from the Annual Improvements Project
  The consolidated entity has applied AASB 2010-4 amendments from 1 July 2011. The amendments made numerous non-urgent but necessary amendments to a range of Australian Accounting Standards and Interpretations. The amendments provided clarification of disclosures in AASB 7 'Financial Instruments: Disclosures', in particular emphasis of the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments; clarified that an entity can present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes in accordance with AASB 101 'Presentation of Financial Instruments'; and provided guidance on the disclosure of significant events and transactions in AASB 134 'Interim Financial Reporting'.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

- *AASB 2010-5 Amendments to Australian Accounting Standards*

  The consolidated entity has applied AASB 2010-5 amendments from 1 July 2011. The amendments made numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the International Accounting Standards Board.

- *AASB 124 Related Party Disclosures (December 2009)*
  The consolidated entity has applied AASB 124 (revised) from 1 July 2011. The revised standard simplified the definition of a related party by clarifying its intended meaning and eliminating inconsistencies from the definition. A subsidiary and an associate with the same investor are related parties of each other; entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other; and whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other.

- *AASB 2010-6 Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets*
  The consolidated entity has applied AASB 2010-6 amendments from 1 July 2011. These amendments add and amended disclosure requirements in AASB 7 about transfer of financial assets, including the nature of the financial assets involved and the risks associated with them. Additional disclosures are now required when (i) an asset is transferred but is not derecognised; and (ii) when assets are derecognised but the consolidated entity has a continuing exposure to the asset after the sale.

- *AASB 1054 Australian Additional Disclosures*
  The consolidated entity has applied AASB 1054 from 1 July 2011. The standard sets out the Australian-specific disclosures as a result of Phase I of the Trans-Tasman Convergence Project, which are in addition to International Financial Reporting Standards, for entities that have adopted Australian Accounting Standards.

- *AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project*
  The consolidated entity has applied AASB 2011-1 amendments from 1 July 2011. These amendments made changes to a range of Australian Accounting Standards and Interpretations for the purpose of closer alignment to International Financial Reporting Standards ('IFRSs') and harmonisation between Australian and New Zealand Standards. The amendments removed certain guidance and definitions from Australian Accounting Standards for conformity of drafting with IFRSs but without any intention to change requirements.

Going concern

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

The directors have formed this view based on a number of factors including:

1. Additional equity has been raised subsequent to year end totalling $8.397m as detailed in note 24 significant events after the balance date.
2. This brought cash and cash equivalents to the Group as at 31 August 2012 of $13.167m.
3. The Group continues to implement cost reduction strategies to reduce near term operating cash outflows.

Basis of consolidation

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and liabilities assumed are measured at the acquisition date fair values. The difference between the above items and the fair value of the consideration is goodwill or a discount on acquisition.

After 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 combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Non-controlling interests are allocated their share of net profit after tax in the statement of comprehensive income and are presented within equity in the consolidated statement of financial position, separately from the equity of the owners of the parent. Losses are attributed to the non-controlling interest even if that results in a deficit balance.

Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition-date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred, and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating and accounting policies and other pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Foreign currency translation

Functional and presentation currency

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

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 year or cost if acquired during the financial year and the net fair value at the end of the financial year or sale proceeds if sold during the financial year.

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position 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 statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

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.

Income taxes and other taxes

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current year's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting 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 reporting 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Income taxes and other taxes (Cont'd)

Unrecognised deferred income tax assets are reassessed at each reporting 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 reporting 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 have 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 statement of financial position.

Cash flows are included in the statement of cash flow 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.

Office equipment

Office 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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Plant and equipment (Cont'd)

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.

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each reporting date.

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

- Office furniture and fittings - over 2.5 to 5 years
- Computer equipment – 3 years
- Leased assets - over the term of the lease

Impairment

The carrying values of office 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 office 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, office equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Instruments (Cont'd)

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 reporting 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.

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. The recoverable amount is the higher of an assets fair value less costs to sell and value in use. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Goodwill and intangibles (Cont'd)

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 reporting date. 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. Intangible assets (other than goodwill) that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

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.

Provisions

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 reporting 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 of 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.

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 or rights over shares (equity settled transactions).

There are currently two plans in place to provide these benefits:
- The Employee Share Option Plan ('ESOP')
- The Employee Share Plan ('ESP')

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

In valuing equity settled transactions, no account is taken of any vesting conditions, other than (if applicable):
- Non-vesting conditions that do not determine whether the Group or Company receives services that entitle the employee to receive payment in equity or cash
- Conditions that are linked to the price of the shares of Investorfirst Limited

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). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the entity's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period is recorded in "Employee benefits expense" and represents the movement in cumulative expense recognised as at the beginning and end of that period.

At each subsequent reporting date until vesting, the cumulative charge to the statement of comprehensive income is the product of:
- The grant date fair value of the award
- The current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met
- The expired portion of the vesting period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Share-based payment transactions (Cont'd)

The charge to the statement of comprehensive income for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding entry to equity.

Equity settled awards granted by Investorfirst Limited to employees of subsidiaries are recognised in the parent's separate financial statements as an additional investment in the subsidiary with a corresponding credit to equity. As a result, the expense recognised by Investorfirst Limited in relation to equity-settled awards only represents the expense associated with grants to employees of the parent. The expense recognised by the Group is the total expense associated with all such awards.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition or non-vesting condition is considered to vest irrespective of whether or not that market condition or non-vesting is fulfilled, provided that all other conditions are satisfied.

If a non-vesting condition is within the control of the Group, Company or the employee, the failure to satisfy the condition is treated as a cancellation. If a non-vesting condition within the control of the Group, Company or employee is not satisfied during the vesting period, any expense for the award not previously recognised is recognised over the remaining vesting period, unless the award is forfeited.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms of had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designed as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Issued Capital

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Comparatives

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

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 reporting 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.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

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 has 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.

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 Hub24 Custodial Services Limited (formally 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.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

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.

Recovery of deferred tax assets
Deferred tax assets are recognised for carried forward income tax losses and deductible temporary differences to the extent that 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 that the asset has been impaired as disclosed in note 11.

Share-based payment transactions
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they were granted. The fair value is determined using a binomial method. The accounting estimates and assumptions relating to the equity-settled share-based payments would have no impact on the carrying amounts of assets or liabilities within the next annual reporting period but may impact expenses and equity.

Capitalisation of development costs
The Group capitalises project development costs eligible for capitalisation. The capitalised costs are all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended. The Group amortises the capitalised project costs over the projects useful life.

5. OPERATING SEGMENTS

Identification of reportable segments

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.

Investment Platform

The Investment Platform segment includes the HUB24 Platform and wholesale settlement and clearing services.

The Hub24 Investment and Superannuation Platform offers client's access to a wide range of investment options, including managed accounts. The platform facilitates trading and corporate action management and provides comprehensive portfolio and tax reporting.

The Hub24 Portfolio Service is a single platform solution that enables clients to benefit from cost effective executions and management of trades whilst still retaining full beneficial ownership of securities for improved tax efficiencies. The platform offers full transaction and reporting capability on more than 600 wholesale managed funds, 500 listed securities, 35 exchanged traded funds, 65 non-unitised portfolios (SMA's), term deposits, bonds, cash and margin lending.

5. OPERATING SEGMENTS (CONT'D)

Stockbroking

The stockbroking segment conducts a business of stockbroking, sponsoring of share issues, secondary placements, investment research and advice, corporate structuring and corporate finance.

Accounting policies and inter-segment transactions

The accounting policies used by the Group in reporting segments internally are the same as those contained in Note 2.

Major customers

The Group had no external clients from which it derived more than 10% of revenue.

Operating Segment Financial Information

Year ended 30 June 2012	Stockbroking	Investment Platform	Corporate/ Administration	Intersegment Eliminations/ Unallocated	Total
Revenue					
External revenue	6,941,644	1,706,007	-	-	8,647,651
Intersegment revenue	-	-	-	(1,975,457)	(1,975,457)
Total revenue	**6,941,644**	**1,706,007**	**-**	**(1,975,457)**	**6,672,194**
Segment operating result	**(3,315,581)**	**(2,540,780)**	**(2,453,383)**	**512,931**	**(7,796,813)**
Other non-operating items:					
Interest and other income	-	-	741,833	(114,986)	626,846
Bank fees	-	-	(50,845)	6,904	(43,941)
Bad debts expense	(96,746)	-	-	-	(96,746)
Depreciation and amortisation	(423,697)	(2,095,762)	-	(5,429)	(2,524,888)
Impairment of investments	(4,043,123)	(14,664,135)	-	(404,499)	(19,111,757)
Share based payments expense	-	-	(272,492)	-	(272,492)
Loss before income tax expense	**(7,879,147)**	**(19,300,677)**	**(2,034,886)**	**(5,080)**	**(29,219,790)**
Income tax expense					(1,295,877)
Loss after income tax expense					**(30,515,667)**

5. OPERATING SEGMENTS (CONT'D)

Operating Segment Financial Information (Cont'd)

	Stockbroking	Investment Platform	Corporate/ Administration	Intersegment Eliminations/ Unallocated	Total
Assets					
Current Assets					
Cash and cash equivalents	5,625,732	203,722	1,232,800	-	7,062,254
Receivables	15,560,918	58,578	-	-	15,619,496
Other current assets	2,655	13,366	23,021	-	39,042
Total Current Assets	**21,189,305**	**275,666**	**1,255,821**	**-**	**22,720,792**
Non-Current Assets					
Office equipment	133,355	2,920	155,250	-	291,525
Intangible assets	-	7,400,000	-	-	7,400,000
Other non-current asset	40,056	-	738,806	-	778,862
Total Non-Current Assets	**173,411**	**7,402,920**	**894,056**	**-**	**8,470,387**
Total Assets	**21,362,716**	**7,678,586**	**2,149,877**	**-**	**31,191,179**
Liabilities					
Current Liabilities					
Trade and other payables	15,424,055	30,925	2,294,144	-	17,749,124
Total Current Liabilities	**15,424,055**	**30,925**	**2,294,144**	**-**	**17,749,124**
Total Liabilities	**15,424,055**	**30,925**	**2,294,144**	**-**	**17,749,124**

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

Prior period comparative

The Consolidated entity has changed the basis of segmentation since the prior period. It has since separated the Investment Platform segment from the Stockbroking segment that was previously grouped as the Wealth Management segment. Previously, the Alert Trader Group had been included in the Stockbroking segment.

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

The previously reported information has not been restated on the basis that the information is not available and the cost to develop it would be excessive.

As a result of the above, no comparative operating segment note has been presented.

6. REVENUE AND EXPENSES

	CONSOLIDATED	
	2012	2011
	$	$
Revenue		
(a) Interest and other income		
Interest	544,608	638,380
Other income	82,239	142,374
	626,847	**780,755**
Expenses		
(b) Employee benefits expenses		
Wages and salaries (incl super and payroll tax)	5,634,726	3,497,415
Share based payments expense	272,492	192,000
Other employee benefits expenses	104,690	93,274
	6,011,908	**3,782,689**
(c) Property and occupancy costs		
Rent	920,142	642,169
Other occupancy costs	141,340	90,696
	1,061,482	**732,865**
(d) Depreciation, impairment and amortisation		
Depreciation	159,486	90,963
Amortisation of intangibles	2,365,402	1,498,599
Impairment of intangibles	19,111,757	-
	21,636,645	**1,589,562**
(e) Administrative expenses		
Corporate fees	345,824	766,411
Professional and consultancy fees	736,128	822,714
Information services and communication	767,721	429,024
Travel and entertainment	269,782	236,449
Other administrative expenses	185,053	322,086
	2,304,508	**2,576,685**

7. INCOME TAX

(a) Income tax expense/(benefit)

	CONSOLIDATED	
	2012	2011
	$	$
Current income tax		
Tax (receivable) / payable	(57,237)	(30,731)
Deferred income tax		
Originating difference due to current year tax loss	(2,174,339)	(1,035,502)
Origination and reversal of temporary differences	(66,100)	(4,617)
Adjustment to prior year deferred tax asset	(89,372)	-
Non-recognition of deferred tax asset	3,682,925	1,075,438
Income tax expense	**1,295,877**	**4,588**

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

	2012	2011
Loss before income tax expense	(29,219,790)	(4,446,654)
Prima facie income tax at 30%	(8,765,937)	(1,333,996)
Expenditure not deductible for income tax purposes	6,528,871	203,054
Reversal of accruals and other deductible expenses	(3,373)	29,360
Under/(Over) provision in prior years	(57,237)	30,732
Deferred tax asset		
Adjustment recognised for prior years	(89,372)	-
Non-recognition of deferred tax asset	3,682,925	1,075,438
Income tax expense	**1,295,877**	**4,588**

7. INCOME TAX (CONT'D)

	CONSOLIDATED 2012 $	2011 $
(c) Deferred Tax Asset		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Accrued expenses	99,826	61,312
Provisions	153,853	23,693
Other	127	(17,400)
Carry forward tax losses	5,116,887	2,942,548
Non-recognition of deferred tax asset	(5,370,693)	(1,687,769)
	-	1,322,384
Amounts recognised in equity:		
Listing and capital raising costs	-	30,730
	-	30,730
Deferred tax asset	**-**	**1,353,114**
Movements:		
Opening balance	1,353,114	1,348,497
Credited/(charged) to profit or loss	96,830	4,617
(Charged)/credited to equity	(30,730)	-
Current tax losses	2,174,339	1,035,502
Adjustment to prior year deferred tax asset	89,372	-
Non-recognition of deferred tax asset	(3,682,925)	(1,035,502)
Closing balance	**-**	**1,353,114**

The deferred tax assets have not been recognised on the basis that the Group will take a longer than previously expected timeframe to reach profitability.

(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.

8. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	CONSOLIDATED	
	2012	2011
	$	$
Client receivables	15,384,409	10,634,954
Trade receivables	121,873	217,002
Allowance for impairment loss (i)	(84,306)	(56,673)
	15,421,976	**10,795,283**
Other debtors	197,520	508
	15,619,496	**10,795,791**

(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 $84,306 (2011: $56,673) has been recognised by the Group and nil (2011: nil) by the parent company in the current year. These amounts have been included in the statement of comprehensive income as an administrative expense.

Movements in the provision for impairment loss were as follows:		
Opening balance	56,673	56,673
Charge for the year	96,746	-
Amounts written off	(69,113)	-
Closing balance	**84,306**	**56,673**

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

	0-30 days	31-60 days	61-90 days PDNI *
2012 Consolidated	15,508,382	111,113	-
2011 Consolidated	10,701,486	33,595	1,658

* 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.

9. CURRENT ASSETS – OTHER CURRENT ASSETS

	CONSOLIDATED	
	2012	2011
	$	$
Prepayments	25,676	23,499
Other assets	13,366	42,287
	39,042	**65,786**

10. NON-CURRENT ASSETS – OFFICE EQUIPMENT

	CONSOLIDATED	
	2012	2011
	$	$
Computer Equipment		
At cost	390,024	338,854
Accumulated depreciation	(313,034)	(276,715)
	76,990	**62,139**
Office Furniture and Fittings		
At cost	457,296	264,398
Accumulated depreciation	(253,553)	(130,261)
	203,743	**134,137**
Leased Assets		
At cost	17,500	17,500
Accumulated depreciation	(6,708)	(3,500)
	10,792	**14,000**
Total Plant and Equipment		
Cost	864,820	620,752
Accumulated depreciation	(573,295)	(410,476)
Total Net Carrying Amount	**291,525**	**210,276**

10. NON-CURRENT ASSETS – OFFICE EQUIPMENT (CONT'D)

	CONSOLIDATED 2012 $	2011 $
Reconciliations of the carrying amounts at the beginning and end of the financial year:		
Computer Equipment		
Carrying amount at beginning	62,139	67,242
Acquisitions through business combinations	36,843	-
Other additions	14,327	34,044
Disposals	-	(6,235)
Depreciation expense	(36,319)	(32,912)
Net Carrying Amount	**76,990**	**62,139**
Office Furniture and Fittings		
Carrying amount at beginning	134,137	46,935
Acquisitions through business combinations	135,894	-
Other additions	57,004	143,410
Disposals	-	(1,657)
Depreciation expense	(123,292)	(54,551)
Net Carrying Amount	**203,743**	**134,137**
Leased Assets		
Carrying amount at beginning	14,000	-
Additions	-	17,500
Disposals	-	-
Depreciation expense	(3,208)	(3,500)
Net Carrying Amount	**10,792**	**14,000**
Total Office Equipment		
Carrying amount at beginning	210,276	114,177
Acquisitions through business combinations	172,737	-
Other additions	71,331	194,954
Disposals	-	(7,892)
Depreciation and amortisation	(162,819)	(90,963)
Net Carrying Amount	**291,525**	**210,276**

11. NON-CURRENT ASSETS – INTANGIBLE ASSETS

	CONSOLIDATED	
	2012	2011
	$	$
Goodwill		
At cost	3,519,986	3,278,353
Accumulated amortisation and impairment	(3,519,986)	-
Net carrying amount	**-**	**3,278,353**
Advisor Client Relationships		
At cost	2,560,557	2,560,557
Accumulated amortisation and impairment	(2,560,557)	(626,228)
Net carrying amount	**-**	**1,934,329**
Investment Platform		
At cost	24,565,287	20,710,771
Accumulated amortisation and impairment	(17,165,287)	(1,146,549)
Net carrying amount	**7,400,000**	**19,564,222**
Trademark & Formation Expenses		
At cost	5,286	5,286
Accumulated amortisation and impairment	(5,286)	(1,180)
Net carrying amount	**-**	**4,106**
Total Net Carrying Amount	**7,400,000**	**24,781,010**

Reconciliations of the carrying amount at the beginning and end of the financial year:

	2012	2011
Goodwill		
Opening carrying amount	3,278,353	2,076,274
Acquisitions through business combinations	241,633	1,202,079
Impairment charge	(3,519,986)	-
Closing carrying amount	**-**	**3,278,353**
Advisor Client Relationships		
Opening carrying amount	1,934,329	616,166
Acquisitions through business combinations	-	1,670,214
Impairment charge	(1,669,269)	-
Amortisation charge	(265,060)	(352,051)
Closing carrying amount	**-**	**1,934,329**
Investment Platform		
Opening carrying amount	19,564,222	-
Acquisitions through business combinations	1,106,588	19,655,133
Other additions	2,747,928	1,055,638
Impairment charge	(13,922,502)	-
Amortisation charge	(2,096,236)	(1,146,549)
Closing carrying amount	**7,400,000**	**19,564,222**

11. NON-CURRENT ASSETS – INTANGIBLE ASSETS (CONT'D)

	CONSOLIDATED	
	2012	2011
	$	$
Trademark & Formation Expenses		
Opening carrying amount	4,106	-
Acquisitions through business combinations	-	5,286
Amortisation charge	(4,106)	(1,180)
Closing carrying amount	**-**	**4,106**

(a) Impairment tests for intangible assets

Intangible assets are allocated to the Group's cash-generating units (CGUs) identified according to operating segment. A segment-level summary of the intangible asset allocation is presented below.

30 June 2012	Stockbroking	Investment Platform	Corporate/ Administration	Total
Goodwill	-	-	-	-
Advisor client relationships	-	-	-	-
Investment Platform	-	7,400,000	-	7,400,000
Trademark and formation expenses	-	-	-	-
	-	7,400,000	-	7,400,000

30 June 2011	Stockbroking	Investment Platform	Corporate/ Administration	Total
Goodwill	2,778,353	500,000	-	3,278,353
Advisor client relationships	1,934,329	-	-	1,934,329
Investment Platform	-	19,564,222	-	19,564,222
Trademark and formation expenses	-	-	4,106	4,106
	4,712,682	20,064,222	4,106	24,781,010

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering an eight year period. Cash flows beyond the eight year period are extrapolated using a terminal value.

(b) Key assumptions used for value-in-use calculations

1. Growth in funds under administration on the platform - Growth in the number of client accounts and hence funds under administration on the platform is a key assumption used in calculating future cashflows. Given the platform's early stage of development and relatively low base of existing funds under administration, assumed growth rates are significant in the next two to three years in percentage terms. Management have estimated future funds under administration on the platform with reference to current client transition rates and pipeline monitoring.

2. Pre-tax discount rate - The pre-tax discount rate used for the Company's value-in-use calculations is 20%.

3. Terminal growth rate - The terminal growth rate used for the Company's value-in-use calculations is 3%.

4. Period over which cashflows have been discounted - Management have used a period of eight years to discount projected cashflows for its value-in-use calculations. This period is considered reasonable given the early stage of

11. NON-CURRENT ASSETS – INTANGIBLE ASSETS (CONT'D)

development of the platform and the remaining useful life over which the intangible assets is being amortised (8.4 years from 30 June 2012).

(c) Impairment charge

Stockbroking
The impairment charge of $4,447,622 arose in the advisor client relationships CGU following the decision to close the Alert Trader business together with further write-downs following a review of the general market for stockbroking businesses.

Investment Platform
The impairment charge of $14,664,135 arose on the investment platform CGU following a reassessment of the underlying assumptions that supported the carrying value of the CGU at the time it was acquired. The key assumption impacted was the rate at which funds under administration were being transitioned onto the platform. Accordingly, management have revised the value-in-use calculation as at 30 June 2012 to reflect current expectations of future cashflows generated by the platform which has resulted in this impairment charge.

The impairment loss has been allocated to reduce the carrying amount of the assets of the investment platform CGU in the following order:
First, to reduce the carrying amount of any goodwill allocated to the CGU; and
Then, to the other assets of the CGU, pro-rata on the basis of the carrying amount of each asset in the CGU

(d) Impact of possible changes in key assumptions

If the average client account size used in the value-in-use calculation for the investment platform CGU is 5% lower than management estimates over the period of the value-in-use calculation (to June 2021) there would be a further impairment of intangible assets of $2,100,000.

If the pre-tax discount rate for this CGU had been 2% higher than management estimates (22% instead of 20%) there would be a further impairment of intangible assets of $2,200,000.

12. NON-CURRENT ASSETS – OTHER NON-CURRENT ASSETS

	CONSOLIDATED	
	2012 $	2011 $
Security deposits and guarantees	778,862	-
	778,862	**-**

13. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	CONSOLIDATED	
	2012 $	2011 $
Client payables	14,625,597	8,342,296
Trade creditors	571,186	766,327
Sundry creditors	1,469,007	981,807
Deferred consideration	654,797	-
Put/Call option	-	409,928
	17,320,587	**10,500,358**

14. CURRENT LIABILITIES – PROVISIONS

	CONSOLIDATED 2012 $	CONSOLIDATED 2011 $
Employee Benefits -		
Annual leave	357,989	241,851
Lease make good	60,000	-
	417,989	**241,851**

Lease make good
The provision represents the present value of the estimated costs to make good the premises at 115 Pitt Street Sydney leased by the consolidated entity at the end of the respective lease terms.

15. NON-CURRENT LIABILITIES – PROVISIONS

	CONSOLIDATED 2012 $	CONSOLIDATED 2011 $
Employee Benefits -		
Long service leave	**10,548**	**12,838**

16. ISSUED CAPITAL

	CONSOLIDATED 2012 Number	CONSOLIDATED 2011 Number	CONSOLIDATED 2012 $	CONSOLIDATED 2011 $
(a) Issued and paid up capital				
Ordinary shares, fully paid	686,544,268	686,544,268	54,301,655	54,301,655
(b) Other equity securities				
Treasury shares	8,876,274	-	(150,000)	-
Total Issued and paid up capital			**54,151,655**	54,301,655
Movements in issued and paid up capital				
Beginning of the financial year	686,544,268	243,117,462	54,301,655	21,843,726
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	-	266,666,667	-	20,000,000
Issue of shares on 1 December 2010 for Share Placement	-	166,666,667	-	12,500,000
Placement costs 1 December 2010	-	-	-	(508,325)
Options granted	-	-	-	(244,474)
End of the financial year	**686,544,268**	686,544,268	**54,301,655**	54,301,655
Movement in other equity securities - treasury shares				
Beginning of the financial year	-	-	-	-
Acquisition of shares by ESOT	8,876,274	-	150,000	-
End of the financial year	**8,876,274**	**-**	**150,000**	**-**

16. ISSUED CAPITAL (CONT'D)

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

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

Share buy-back
There is no current on-market share buy-back.

17. RESERVES

	CONSOLIDATED	
	2012	2011
	$	$
Share based payments share reserve	907,352	634,860

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

18. (ACCUMULATED LOSSES) / RETAINED EARNINGS

	CONSOLIDATED	
	2012	2011
	$	$
Movement in accumulated losses were as follows:		
Opening balance	(11,101,285)	(6,650,044)
Net loss attributable to members	(30,515,667)	(4,451,241)
Closing balance	**(41,616,952)**	**(11,101,285)**

19. DIVIDEND FRANKING ACCOUNT

Franking credits available to shareholders of the Company for subsequent financial years are $311,934 (2011: $311,934). 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.

20. RECONCILIATION OF CASHFLOWS

	CONSOLIDATED	
	2012	2011
	$	$
(a) Reconciliation of the net loss after tax to cash flow from operations		
Net Loss after tax for the year	(30,515,667)	(4,451,241)
Non-cash items:		
Bad and doubtful debts	96,745	-
Intercompany Management fee	-	-
Depreciation and amortisation	2,524,888	1,589,562
Share trading gain	-	(88,356)
Share based payments expense	272,492	192,000
Loss on sale of subsidiary	-	-
Impairment of intangibles	19,111,757	-
Changes in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	(3,645,029)	(1,110,480)
(Increase)/decrease in deferred tax assets	1,353,114	
(Increase)/decrease in other assets	(238,516)	(23,499)
Increase/(decrease) in trade and other payables	3,752,062	2,516,467
Increase/(decrease) in provisions	75,659	38,053
Net cash flow from operating activities	**(7,212,495)**	**(1,337,494)**

(b) Reconciliation of cash and cash equivalents

Cash and cash equivalents comprises:		
Cash on hand and at bank	4,982,673	16,342,427
Cash at bank - trust account	2,079,581	1,041,873
	7,062,254	**17,384,300**

The net cash position from unpaid buys and cash held on behalf of clients is ($153,716) (2011: $1,828,843).

- Cash on hand and at bank	7,062,254	17,384,300
- Unpaid buys	1,925,865	2,870,717
- Cash at bank - trust account	(2,079,581)	(1,041,873)
	6,908,538	**19,213,144**

(c) Terms and conditions

For the purposes of the statement of cash flows, 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

Marketsplus Holdings Pty Ltd

On 7 September 2011, the Company acquired Marketsplus Holdings Pty Ltd and its subsidiary ('Marketsplus'), an unlisted public company in Australia. Marketsplus has developed online trading platforms which currently offer online trading of Contracts for Difference (CFDs) across shares, indices, foreign currencies and commodities.

The acquisition consideration comprised an all cash consideration of $2 million, of which 50% is subject to performance criteria over an 18 month period as defined in the purchase agreement. The Company has determined a fair value for this contingent payment arrangement, which has been included in the determination of the consideration transferred. Future material changes in the estimates of this amount will be recorded directly in the profit or loss in the periods in which they occur.

In accordance with AASB 3 Business combinations, the Company has been identified for accounting purposes as the acquirer in the business combination of the Company and Marketsplus. Accordingly the fair value of the consideration has been determined by the Company and is required to measure Marketsplus' identifiable assets, liabilities and contingent liabilities at their fair value as at the date of acquisition on 7 September 2011.

Calculation of Goodwill on acquisition of Marketsplus

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

The Directors 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. For the purpose of the preparation of the consolidated statement of financial position no deferred tax has been recorded in respect of the goodwill arising on the business combination consistent with AASB 3. Goodwill has been tested for impairment as part of the annual impairment assessment at 30 June 2012 and has been fully impaired. Refer to Note 5.

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

21. BUSINESS COMBINATIONS (CONT'D)

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

	Carrying amount before business combination	Fair value adjustments	Fair value
Cash and cash equivalents (a)	1,334,984	-	1,334,984
Receivables	1,304,774	-	1,304,774
Property, plant and equipment	172,737	-	172,737
Intangible assets	506,589	600,000	1,106,589
Deferred tax asset	164,570	(164,570)	-
Other assets	76,659	-	76,659
Trade and other payables	(2,524,960)	-	(2,524,960)
Provisions	(82,619)	-	(82,619)
Total fair value	952,734		1,388,164
Goodwill			241,633
			1,629,797
Satisfied by:			
- Cash			1,000,000
- Fair value of deferred consideration			629,797
			1,629,797
The cash inflow on acquisition is as follows:			
Consideration paid satisfied by cash			(1,000,000)
Cash and cash equivalents acquired			1,334,984
Net consolidated cash inflow			334,984
(a) Cash and cash equivalents:			
Cash at bank			37,446
Cash at bank - trust account			1,297,538
			1,334,984

22. COMMITMENTS AND CONTINGENCIES

(a) Commitments

Future minimum rentals payable under non-cancellable operating leases:

	CONSOLIDATED	
	2012 $	2011 $
Within 1 year	1,060,432	481,597
After 1 year but not more than 5 years	610,177	928,395
Total minimum lease payments	**1,670,609**	**1,409,992**

22. COMMITMENTS AND CONTINGENCIES (CONT'D)

(b) Contingencies

	CONSOLIDATED	
Contingent Assets and Liabilities	2012	2011
	$	$
Nil (2011: Nil)	-	-
Guarantees		
Australian Securities and Investments Commission	20,000	20,000
Rental bond Level 11, 7 Maquarie Place, Sydney	132,211	132,211
Rental bond Level 45, 1 Farrer Place, Sydney	270,347	270,347
Rental bond Level 29, 55 Collins St, Melbourne	116,600	-
Rental bond Level 13, 115 Pitt St, Sydney	40,056	-
Trust Company security deposit	330,000	-
	909,214	422,558

23. SHARE BASED PAYMENTS PLAN

a) Recognised share-based payment expenses

The expense recognised from equity-settled share-based payment transactions during the year is $272,492 (2011: $192,000).

The share-based payment plans are described below.

b) Types of share-based payment plans

Share options have been issued to certain employees as a key component of each individual staff member's overall remuneration as part of the acquisition of the new stockbroking, research and advisory teams and the retention of existing staff members. The key terms and conditions of the options are as follows:

Advisor Plan 1

Number of Options Issued	25,000,000
Expiry Date	31 January 2016
Exercise Price	The exercise price for each Option (which is payable immediately upon exercise) is $0.10 per Option.
Vesting conditions for all options	Subject to a determination of the board of directors to the contrary, it is a condition of the exercise of an Option that the Option Holder is an employee of or engaged as a consultant to the Company unless the Option Holder's employment or consultancy has ceased due to permanent disability, incapacity, illness, redundancy or death.
Voting	Option holders are not entitled to vote.
Dividends	The options do not provide any entitlement to dividends or other distributions paid to ordinary shareholders.
Specific Terms for 25,000,000 options	**Performance-based Component (15,000,000 options):** The Performance based options are available to be exercised at any time after grant date being 29 May 2012. The Performance based options will vest in tranches of 30% / 30% / 40% over the period as

	follows: a) Tranche 1 (4.5 million options) – the date being the 18 month anniversary of 30 June 2012 ("Plan 1 Relevant Date"); b) Tranche 2 (4.5 million options) – the date being the 30 month anniversary of the Plan 1 Relevant Date; c) Tranche 3 (6 million options) – the date being the 42 month anniversary of the Plan 1 Relevant Date. The Performance based options are based on the Plan 1 Project Team generating at least $3 million in gross revenue in the 18 month period immediately preceding the Vesting Date for Tranche 1 and for the respective 12 month periods for Tranches 2 and 3. Where this condition is met, then the relevant tranche of options will vest on that Vesting Date. Alternatively, all Performance-based Options will vest if total gross revenue over the 42 month period is over $9 million. **Upfront Component (10,000,000 options):** The Upfront Component options are available to be exercised at any time after grant date being 29 May 2012. Investorfirst will fund $0.025 per share in option tranches of Tranche 1 - 3m, Tranche 2 - 3m, Tranche 3 - 4m over the same Vesting Dates as the Performance-based options with the option holder paying up the remaining $0.075 per share provided the Plan 1 Project Team generate gross revenue targets (in line with the Performance-based component tranches) or in total specific gross revenue targets over the 42 month period commencing on 30 June 2012 and ending on 31 January 2016 ($9 million gross revenue over the 42 month period). If the performance hurdle is not satisfied the full exercise price will be payable upon exercise.

There are no cash-settlement alternatives.

Advisor Plan 2

Number of Options Issued	7,500,000
Expiry Date	1 May 2016
Exercise Price	The exercise price for each Option (which is payable immediately upon exercise) is $0.10 per Option.
Vesting conditions for all options	Subject to a determination of the board of directors to the contrary, it is a condition of the exercise of an Option that the Option Holder is an employee of or engaged as a consultant to the Company unless the Option Holder's employment or consultancy has ceased due to permanent disability, incapacity, illness, redundancy or death.
Voting	Option holders are not entitled to vote.
Dividends	The options do not provide any entitlement to dividends or other distributions paid to ordinary shareholders.
Specific Terms for 7,500,000 options	**Performance-based Options (7,500,000 options):** The Performance based options are available to be exercised at any time after grant date being 9 May 2012. The Performance based options will vest in equal tranches over the period as follows: a) Tranche 1 (2.25 million options) – the date being the 12

	month anniversary of 1 October 2012 ("Plan 2 Relevant Date"); b) Tranche 2 (2.25 million options) – the date being the 24 month anniversary of the Plan 2 Relevant Date; c) Tranche 3 (3 million options) – the date being the 42 month anniversary of the Plan 2 Relevant Date. The Performance based options are based on the Plan 2 Project Team generating at least $2.5 million in gross revenue in any 12 month period immediately preceding a Vesting Date for Tranches 1 and 2 or the 18 month period for Tranche 3. Where this condition is met, then the relevant tranche of options will vest on that Vesting Date. Alternatively, all Performance-based Options will vest if total gross revenue over the 42 month period is over $7.5 million. If an option has not vested by the vesting date for Tranche 3, then it will lapse.

There are no cash-settlement alternatives.

Advisor Plan 3

Number of Options Issued	60,000,000
Expiry Date	31 January 2015
Exercise Price	The exercise price for each Option (which is payable immediately upon exercise) is $0.13 per Option.
Vesting conditions for all options	Subject to a determination of the board of directors to the contrary, it is a condition of the exercise of an Option that the Option Holder is an employee of or engaged as a consultant to the Company unless the Option Holder's employment or consultancy has ceased due to permanent disability, incapacity, illness, redundancy or death.
Voting	Option holders are not entitled to vote.
Dividends	The options do not provide any entitlement to dividends or other distributions paid to ordinary shareholders.
Specific Terms for 60,000,000 options	**Upfront Component (30,000,000 options):** The Upfront Component options are available to be exercised at any time after grant date being 19 April 2011. Investorfirst will fund $0.03 per share in 10 million option tranches over 3 years with the option holder paying up the remaining $0.10 per share provided the Team generate specific gross revenue targets per annum ($10 million gross revenue per annum) or in total specific gross revenue targets over the 3 year period commencing on 1 January 2012 and ending on 1 January 2015 ($30 million gross revenue over the 3 year period). **Performance-based Component (30,000,000 options):** The exercise period for the Performance-based Component is over the same 3 year period as the Upfront Component options and are based on the Team generating specific gross revenue targets each year during the 3 year period ($10 million gross revenue per annum) or total specific gross revenue targets over the 3 year period ($30 million gross revenue over the 3 year period).

There are no cash-settlement alternatives.

Advisor Plan 4

Number of Options Issued	6,000,000

Expiry Date	31 January 2015
Exercise Price	The exercise price for each Option (which is payable immediately upon exercise) is $0.13 per Option.
Vesting conditions for all options	Subject to a determination of the board of directors to the contrary, it is a condition of the exercise of an Option that the Option Holder is an employee of or engaged as a consultant to the Company unless the Option Holder's employment or consultancy has ceased due to permanent disability, incapacity, illness, redundancy or death.
Voting	Option holders are not entitled to vote.
Dividends	The options do not provide any entitlement to dividends or other distributions paid to ordinary shareholders.
Specific Terms for 6,000,000 options	**Upfront Component (3,000,000 options):** The Upfront Component options are available to be exercised at any time after grant date being 1 June 2011. Investorfirst will fund $0.05 per share in 1 million option tranches over 3 years with the option holder paying up the remaining $0.8 per share provided the option holder generates specific gross revenue targets per annum ($2 million gross revenue per annum) or in total specific gross revenue targets over the 3 year period commencing on 1 January 2012 and ending on 1 January 2015 ($6 million gross revenue over the 3 year period). **Performance-based Component (3,000,000 options):** The exercise period for the Performance-based Component is over the same 3 year period as the Upfront Component options and are based on the option holder generating specific gross revenue targets each year during the 3 year period ($2 million gross revenue per annum) or total specific gross revenue targets over the 3 year period ($6 million gross revenue over the 3 year period).

There are no cash-settlement alternatives.

Share Option Plan ('SOP')
SOP Plan 1

Number of Options Issued	7,600,000
Expiry Date	5 December 2015
Exercise Price	The exercise price for each Option (which is payable immediately upon exercise) is $0.10 per Option.
Vesting conditions for all options	Subject to a determination of the board of directors to the contrary, it is a condition of the exercise of an Option that the Option Holder is an employee of or engaged as a consultant to the Company unless the Option Holder's employment or consultancy has ceased due to permanent disability, incapacity, illness, redundancy or death.
Voting	Option holders are not entitled to vote.
Dividends	The options do not provide any entitlement to dividends or other distributions paid to ordinary shareholders.
Specific Terms for 7,600,000 options	**Upfront-based Options (7,600,000 options):** The Upfront-based options are available to be exercised at any time after grant date being 5 December 2011. The Upfront-based options will vest in tranches of 30% / 30% / 40% over the period as follows:

	a) Tranche 1 (2.28 million options) – the date being the 12 month anniversary of 5 December 2011 ("SOP Plan 1 Relevant Date"); b) Tranche 2 (2.28 million options) – the date being the 24 month anniversary of the SOP Plan 1 Relevant Date; c) Tranche 3 (3.04 million options) – the date being the 36 month anniversary of the SOP Plan 1 Relevant Date.

There are no cash-settlement alternatives.

SOP Plan 2

Number of Options Issued	3,000,000
Expiry Date	4 February 2016
Exercise Price	The exercise price for each Option (which is payable immediately upon exercise) is $0.10 per Option.
Vesting conditions for all options	Subject to a determination of the board of directors to the contrary, it is a condition of the exercise of an Option that the Option Holder is an employee of or engaged as a consultant to the Company unless the Option Holder's employment or consultancy has ceased due to permanent disability, incapacity, illness, redundancy or death.
Voting	Option holders are not entitled to vote.
Dividends	The options do not provide any entitlement to dividends or other distributions paid to ordinary shareholders.
Specific Terms for 3,000,000 options	**Upfront-based Options (3,000,000 options):** The Upfront-based options are available to be exercised at any time after grant date being 4 February 2012. The Upfront-based options will vest in tranches of 30% / 30% / 40% over the period as follows: a) Tranche 1 (0.9 million options) – the date being the 12 month anniversary of 5 December 2011 ("SOP Plan 2 Relevant Date"); b) Tranche 2 (0.9 million options) – the date being the 24 month anniversary of the SOP Plan 2 Relevant Date; c) Tranche 3 (1.2 million options) – the date being the 36 month anniversary of the SOP Plan 2 Relevant Date.

There are no cash-settlement alternatives.

Other Unlisted Options

On 1 December 2010, Investorfirst issued 12,500,000 options to Southern Cross Equities Limited as a component of placement fees to Southern Cross Equities Limited as lead manager on the capital raising undertaken in December 2010.

There are no cash-settlement alternatives.

c) Summaries of options granted

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options issued during the year:

	2012 No.	2012 WAEP	2011 No.	2011 WAEP
Outstanding at the beginning of the year	78,500,000	$0.128	-	-
Granted during the year	43,100,000	$0.10	78,500,000	$0.128
Forfeited during the year	700,000	$0.10	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at end of the year	120,900,000	$0.104	78,500,000	$0.128
Exercisable at the end of the year	58,500,000	$0.123	45,500,000	$0.127

The outstanding balance as at 30 June 2012 is represented by:

- 33,000,000 options over ordinary shares with an exercise price of $0.13 each, fully vested.
- 33,000,000 options over ordinary shares with an exercise price of $0.13 each, exercisable upon meeting the above vesting conditions.
- 12,500,000 options over ordinary shares with an exercise price of $0.12 each, fully vested.
- 32,400,000 options over ordinary shares with an exercise price of $0.10 each, exercisable upon meeting the above vesting conditions.
  10,000,000 options over ordinary shares with an exercise price of $0.08 each, fully vested.

d) Range of exercise price and remaining contractual life

12,500,000 options have an exercise price of $0.12 per share and an expiry date of 1 December 2013.
66,000,000 options have an exercise price of $0.13 per share and an expiry date of 31 January 2015.
6,900,000 options have an exercise price of $0.10 per share and an expiry date of 5 December 2015.
25,000,000 options have an exercise price of $0.10 per share and an expiry date of 31 January 2016.
3,000,000 options have an exercise price of $0.10 per share and an expiry date of 4 February 2016.
7,500,000 options have an exercise price of $0.10 per share and an expiry date of 1 May 2016.

e) Option pricing model

The fair value of all equity-settled options is estimated as at the date of granting using the Black-Scholes-Merton option formula.

The following table lists the inputs to the models used:

	Advisor Plan 1	Advisor Plan 2	Advisor Plan 3	Advisor Plan 4	SOP Plan 1	SOP Plan 2
Dividend Yield (%)	-	-	-	-	-	-
Expected volatility (%)	50	50	35	35	45	45
Risk-free interest rate (%)	2.49	2.76	5.02	5.02	3.35	3.27
Expected life of options (months)	44	48	45	43	48	48
Option exercise price ($)	0.08	0.10	0.13	0.13	0.10	0.10
Average share price at measurement date ($)	0.051	0.059	0.110	0.100	0.076	0.076
Model Used	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes

24. SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 25 July 2012, Mr Otto Buttula and Mr Robert Bishop resigned as chairman and non-executive director respectively from the company.

On 23 August 2012, the company issued 391,519,414 shares through a 1 for 1 non-renounceable pro-rata rights issue of fully paid ordinary shares at $0.015 per share raising a total of $5.873m. The conclusion of the rights issued resulted in 295,024,854 shares not being issued ("Shortfall Shares"). Directors reserve the right to place the Shortfall Shares at the same price of $0.015 per share.

On 20 August 2012, the company successfully completed a placement of 70,000,000 fully paid ordinary shares at $0.015 per share to Thorney Investments Pty Ltd (and/or associated entities) which raised $1.05m.

On 4 September 2012, directors confirmed the placement of 98,266,597 ordinary shares at $0.015, representing shortfall shares under the rights offer. This placement raised $1.474m.

On 27 September 2012 it was announced to the market that The Board and David Spessot had agreed to his departure as both Chief Executive Officer and director of the company. Additionally it was announced that Mr Darren Pettiona resigned as non-executive director and Mr Ian Litster had been appointed as a non-executive director.

Other than the matters discussed above, no other matter or circumstance has arisen since 30 June 2012 that has significantly affected, or may significantly affect the consolidated group's operations, the results of those operations, or the consolidated group's state of affairs in future financial years.

25. LOSS PER SHARE

The following reflects the income and share data used in the calculations of basic and diluted loss per share:

	CONSOLIDATED	
	2012	2011
	$	$
Net profit/(loss)	(30,515,667)	(4,451,241)
Weighted average number of ordinary shares used in calculating basic and diluted earmings per share	686,544,268	502,348,532
Basic earnings per share	(0.044)	(0.009)
Diluted earnings per share	(0.044)	(0.009)

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.

26. AUDITORS' REMUNERATION

	CONSOLIDATED	
	2012	2011
	$	$
Amounts received or due and receivable by BDO (2011: Ernst & Young):		
Audit and review of financial statements and other regulatory returns	94,500	165,507
Tax and other services	-	52,337
Total audit and other fees	**94,500**	**217,844**

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 2012	2011	Date of change in control
Hub24 Custodial Services Limited	100	100	
Hub24 International Nominees Pty Ltd	100	100	
Capfirst Securities Ltd	100	100	
Firstfunds Ltd	100	100	
INQ Management Services Ltd	100	100	
Investorfirst Securities Ltd	100	100	
Hub24 Nominees Pty Ltd	100	100	
Researchfirst Ltd	100	100	
Captain Starlight Nominees Pty Ltd	100	100	
Findlay & Co Stockbrokers Ltd	100	100	
Aequs Capital Ltd	100	100	
Hub24 Pty Ltd	100	100	
Utrade Securities Pty Ltd (formerly HUB24 Operations Pty Ltd)	100	100	
Hub24 Services Pty Ltd	100	100	
Alert Trader Pty Ltd	81	81	
Alert Trader Investment Management Pty Ltd	81	81	
Alert Trader Publishing Pty Ltd	81	81	
Alert Trader Securities Pty Ltd	81	81	
Marketsplus Holdings Pty Ltd	100	-	7/09/2011
Marketsplus Australia Pty Ltd	100	-	7/09/2011

(b) Ultimate parent

Investorfirst Limited is the ultimate parent entity of the Group.

28. KEY MANAGEMENT PERSONNEL

(a) Key management personnel compensation

	CONSOLIDATED 2012 $	2011 $
Short term employment benefits	1,030,359	1,002,258
Post employment benefits	130,703	66,871
Share based payments	100,460	87,273
Total compensation	1,261,522	1,156,402

28. KEY MANAGEMENT PERSONNEL (CONT'D)

(b) Option holdings of Key Management Personnel

Options held in InvestorFirst (number)

	Balance at 1 July 2011	Granted as remuneration	Balance at 30 June 2012	Exercisable	Not Exercisable
Aaron Bull	-	1,500,000	1,500,000	-	1,500,000
Hugh Robertson	30,000,000	30,000,000	30,000,000	15,000,000	15,000,000
Neil Sheather	-	750,000	750,000	-	750,000
Paul Sarkis	-	500,000	500,000	-	500,000
David Spessot	-	1,500,000	1,500,000	-	1,500,000
Andrea Steele	-	500,000	500,000	-	500,000
Frances Taylor	-	400,000	400,000	-	400,000
Total Option holdings	30,000,000	35,150,000	35,150,000	15,000,000	20,150,000

(c) Share holdings of Key Management Personnel

2012	Balance at 1 July 2011	Share based payment	On and off market purchases / (sales)	Net change	Balance at 30 June 2012
Otto Buttula	31,900,000	-	-	-	31,900,000
Darren Pettiona	65,122,987	-	(2,326,666)	(2,326,666)	62,796,321
Robert Spano	7,431,932	-	-	-	7,431,932
Jason Entwistle	22,641,917	-	200,000	200,000	22,841,917
Andrea Steele	500,000	2,421	-	2,421	502,421

2011	Balance at 1 July 2010	Share based payment	On and off market purchases	Net change	Balance at 30 June 2011
Otto Buttula	24,150,000	-	7,750,000	7,750,000	31,900,000
Darren Pettiona	-	56,450,987	8,672,000	65,122,987	65,122,987
Robert Spano	6,731,932	-	700,000	700,000	7,431,932
Kim Hogan	2,500,000	-	7,500,000	7,500,000	10,000,000
Jason Entwistle	-	-	22,641,917	22,641,917	22,641,917
Andrea Steele	500,000	-	-	-	500,000
Matthew Press	-	-	180,000	180,000	180,000

29. FINANCIAL INSTRUMENTS

The Company's principal financial instruments comprise cash, receivables, and payables. For the year ended 30 June 2012, 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

29. FINANCIAL INSTRUMENTS (CONT'D)

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	
	2012	**2011**
	$	**$**
Cash and cash equivalents at end of period	**7,062,254**	**17,384,300**
100 basis points increase in interest rate	70,623	173,843
50 basis points decrease in interest rate	(35,311)	(86,921)
Net impact on loss after tax		
Loss for the year	(30,515,667)	(4,451,241)
100 basis points increase in interest rate	(30,445,044)	(4,277,398)
50 basis points decrease in interest rate	(30,550,978)	(4,538,163)

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	
	2012	**2011**
	$	**$**
Not later than one month	16,665,789	10,090,430
Later than 1 month not later than 3 months	-	-
Later than 3 months not later than 1 year	654,797	409,928
Later than 1 year	-	-
	17,320,586	**10,500,358**

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.

29. FINANCIAL INSTRUMENTS (CONT'D)

	0-1 month	1-3 months	4-12 months	1-5 years	Total
30 June 2012					
Consolidated Financial assets:					
Receivables	15,619,496	-	-	-	15,619,496
	15,619,496	-	-	-	15,619,496
Consolidated Financial liabilities:					
Payables	15,196,782	-	-	-	15,196,782
Sundry creditors	1,469,008	-	654,797	-	2,123,805
	16,665,790	-	654,797	-	17,320,587
Net maturity	**(1,046,294)**	**-**	**(654,797)**	**-**	**(1,701,091)**
30 June 2011					
Consolidated Financial assets:					
Receivables	10,795,791	-	-	-	10,795,791
	10,795,791	-	-	-	10,795,791
Consolidated Financial liabilities:					
Payables	9,108,624	-	-	-	9,108,624
Sundry creditors	981,806	-	409,928	-	1,391,734
	10,090,430	-	409,928	-	10,500,358
Net maturity	**705,361**	**-**	**(409,928)**	**-**	**295,433**

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 Group is not materially exposed to movements in market prices.

The net fair value of 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.

30. PARENT ENTITY INFORMATION

Set out below is the supplementary information about the parent entity.

	PARENT	
	2012	2011
Statement of Comprehensive Income	$	$
Comprehensive loss after income tax	(35,056,025)	(231,086)
Total comprehensive income	(35,056,025)	(231,086)

	2012	2011
Statement of Financial Position	$	$
Total current assets	4,237,644	7,849,866
Total assets	**13,021,468**	**47,895,808**
Total current liabilities	767,543	459,977
Total liabilities	**767,543**	**708,348**
Equity		
Issued capital	54,151,655	54,301,655
Reserves	907,352	634,860
Accumulated losses	(42,805,082)	(7,749,055)
Total equity	**12,253,925**	**47,187,460**

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2012 and 30 June 2011.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2012 and 30 June 2011.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for Investments in subsidiaries which are accounted for at cost, less any impairment, in the parent entity.

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 2012 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 by the Chief Executive Officer and Chief Financial Officer by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors.

Jason Entwistle

Acting Chairman

Sydney, 28 September 2012

Robert Spano

Non-Executive Director

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Australia

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 statement of financial position as at 30 June 2012, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, 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 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 of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view 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 company's internal control. 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 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 report.

Opinion

In our opinion:

(a) the financial report of Investorfirst Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Report on the Remuneration Report

We have audited the Remuneration Report included on pages 8 to 12 of the directors' report for the year ended 30 June 2012. 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.

Opinion

In our opinion, the Remuneration Report of Investorfirst Limited for the year ended 30 June 2012 complies with section 300A of the *Corporations Act 2001*.

BDO East Coast Partnership (formerly PKF East Coast Practice)

BDO

Paul Bull

Partner

Sydney, 28 September 2012

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 September 2012.

Distribution of equity securities

Ordinary share capital – 1,246,330,279 fully paid ordinary shares are held by 1,118 individual security holders.

	Fully paid ordinary shares - Holdings Ranges	Holders	Total Units	%
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:	1-1,000	94	11,444	0.001
	1,001-5,000	29	100,621	0.008
	5,001-10,000	81	755,114	0.061
	10,001-100,000	401	18,693,037	1.500
	100,001 and over	513	1,226,770,063	98.431
	Totals	**1,118**	**1,246,330,279**	**100.000**

Holding less than a marketable parcel of shares, based on the closing price $0.017 on 27 September 2012, are 331 shareholders.

Options

120,600,000 options are held by option holders. Options do not carry a right to vote.

Substantial shareholders – quoted ordinary securities

	Number fully paid	%
LITSTER & ASSOCIATES PTY LTD	110,098,207	8.83
THORNEY HOLDINGS PTY LTD	104,999,999	8.42
UBS NOMINEES PTY LTD	64,035,361	5.14

ASX ADDITIONAL INFORMATION

Twenty largest holders of quoted ordinary equity securities

	Balance at 27 September 2012	%
LITSTER & ASSOCIATES PTY LTD <CYNTHIA & CHERINE A/C>	110,098,207	8.83%
THORNEY HOLDINGS PTY LTD	104,999,999	8.42%
UBS NOMINEES PTY LTD	64,035,361	5.14%
BFJ CAPITAL PTY LTD <BFJ CAPITAL A/C>	60,000,000	4.81%
SKYLYX PTY LTD <TAN FAMILY INVESTMENT A/C>	50,991,720	4.09%
VITEL INTERACTIVE PTY LTD	42,338,241	3.40%
JASFORCE PTY LTD	41,400,001	3.32%
VITEL INTERACTIVE PTY LTD <PETTIONA FAMILY A/C>	30,124,747	2.42%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	29,430,901	2.36%
EGG.AU PTY LTD	24,908,583	2.00%
WHITE OUTSOURCING PTY LTD	20,424,438	1.64%
PICTON COVE PTY LTD	18,495,839	1.48%
PARMMS ENTERPRISES PTY LIMITED <COLLINS FAMILY A/C>	16,687,347	1.34%
ARKWRIGHT DEVELOPMENTS PTY LTD <FINDLAY FUND ACCOUNT>	15,000,000	1.20%
WAVET FUND NO 2 PTY LTD	14,225,000	1.14%
LITSTER & ASSOCIATES PTY LTD <C & C SUPER FUND A/C>	14,000,000	1.12%
KEW SUPERANNUATION FUND PTY LTD <KW SUPER FUND A/C>	13,333,333	1.07%
ANZ TRUSTEES LIMITED <THE JO & JR WICKING A/C>	11,684,994	0.94%
PAPL EBSCO PTY LTD <RAND SUPER FUND A/C>	11,000,000	0.88%
MR ANDREW WATTERS & MRS ROSALYN WATTERS <WATTERS S/F A/C>	10,891,664	0.87%
Total	704,070,375	41.22
Total Issued Capital	**1,246,330,279**	