



Investorfirst Ltd

Investorfirst Limited

ACN 124 891 685

Half-Year Financial Report

Appendix 4D

for the six months ended 31 December 2011

Lodged with the ASX under Listing Rule 4.2A.3

THIS REPORT IS TO BE READ IN CONJUNCTION WITH THE ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2011 AND ANY ASX AND/OR PUBLIC ANNOUNCEMENTS MADE BY INVESTORFIRST LIMITED SINCE THE RELEASE OF THAT REPORT.

RESULTS FOR ANNOUNCEMENT TO THE MARKET

| | 6 Months Ended 31 December 2011 | | 6 Months Ended 31 December 2010 | | % Change |
|-------------------------------------------------------|--------------------------------------------|------|--------------------------------------------|----------|-----------------|
| | \$'000 | | \$'000 | | |
| Revenue from ordinary activities | 3,036 | from | 4,438 | Decrease | -32% |
| Net loss for the half-year attributable to members | (7,013) | from | (758) | Increase | 825% |

Dividends

It is not proposed to pay a dividend.

Explanation of result

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

| | | |
|----------------------------------------------------------|-------------------------|-------------------------|
| Net tangible assets per fully paid ordinary share | 31 December 2011 | 31 December 2010 |
| | \$0.016 | \$0.031 |

Auditor Review

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



CORPORATE INFORMATION

ACN 124 891 685

Directors

Mr Otto Buttula (Executive Chairman)
Mr Jason Entwistle (Non-Executive Deputy Chairman)
Mr Darren Pettiona (Chief Executive Officer)
Mr Robert Bishop
Mr Robert Spano
Mr Hugh Robertson

Company Secretaries

Ms Andrea Steele
Mr Ariel Sivikofsky

Registered Office and Principal Place of Business

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

Share Registry

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

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

Auditors

PKF
Level 10, 1 Margaret Street
Sydney NSW 2000

Bankers

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

Internet Address

www.investorfirst.com.au



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DIRECTOR'S REPORT

The Directors of Investorfirst Limited (ACN 124 891 685), submit their report for the half-year ended 31 December 2011.

DIRECTORS

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

Mr Otto Buttula (Executive Chairman)
Mr Jason Entwistle (Non-Executive Deputy Chairman - appointed 22 July 2011)
Mr Darren Pettiona (Chief Executive Officer)
Mr Robert Bishop
Mr Robert Spano
Mr Hugh Robertson
Mr Kim Hogan (resigned 28 November 2011)

REVIEW OF RESULTS AND OPERATIONS

The Consolidated entity, which comprises Investorfirst Limited ('the Company') and its controlled entities ('the Consolidated entity'), recorded a net loss after tax of \$7.013 million for the six months ended 31 December 2011, inclusive of write-downs, one-offs and non-cash items. The Company had previously booked a future income tax benefit of \$1.35 million. This amount is deemed adequate at this stage and accordingly, no additional tax benefit has been brought to account as at 31 December 2011.

Major one-off items that contributed to this result include:

- Redundancy and legal costs associated with the wind-up of the ATG business and streamlining of back office broking operations;
- ~\$1.5m write-off of the ATG investment;
- Set-up costs relating to the Melbourne stockbroking operations; and
- Establishment costs in HUB24 relating to MDA to IDPS AFSL variation, Retail Super product and online equities development & increased infrastructure spending to accelerate client transition.
- Depreciation and Amortisation expenses of ~\$1.3m largely for the proprietary owned platforms.

Increase in ongoing operating expenditure relating to:

- Inclusion of full 6 months of HUB24 and 3 months for M+ businesses; and
- Inclusion of full 6 months of dedicated research and corporate finance team.

Lower than expected revenue contributions from:

- Stockbroking due to market conditions and delays in client onboarding in Melbourne; and
- HUB24 due to slower transition of FUA, given the change in regulatory structure to an IDPS, FOFA uncertainty, market conditions and delays in establishment of the Retail Super offering.

On 7 September 2011 the Company acquired 100% interest in Marketsplus Holdings Pty Ltd (Marketsplus) and its wholly owned subsidiary. Marketsplus has developed online trading platforms which currently offer online trading of Contracts for Difference (CFDs) across shares, indices, foreign currencies and commodities and soon to be released Australian equities trading module.

Total revenue for the Consolidated entity for the six months ended 31 December 2011 decreased by 32% to \$3.036 million.

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

DIRECTOR'S REPORT (cont.)

EVENTS AFTER BALANCE DATE

There has not arisen in the interval between 1 January 2012 and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the Consolidated entity in future financial years

AUDITOR INDEPENDENCE

An independence declaration has been provided to the Directors by the auditors of the Company Limited, PKF, and is attached to the Directors' report.

ROUNDING OF AMOUNTS

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

Signed in accordance with a resolution of the Directors.



Director
Sydney, 29 February 2012





Chartered Accountants
& Business Advisers

Lead auditor's independence declaration under Section 307C of the *Corporations Act 2001*

To the directors of Investorfirst Limited and the entities it controlled during the period

I declare to the best of my knowledge and belief, in relation to the review of the financial report for the half-year ended 31 December 2011 there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review, and

no contraventions of any applicable code of professional conduct in relation to the review.



PKF
Paul Bull
Partner

Sydney
29 February 2012

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

PKF | ABN 83 236 985 726

Level 10, 1 Margaret Street | Sydney | New South Wales 2000 | Australia

The PKF East Coast Practice is a member of the PKF International Limited network of legally independent member firms. The PKF East Coast Practice is also a member of the PKF Australia Limited national network of legally independent firms each trading as PKF. PKF East Coast Practice has offices in NSW, Victoria and Brisbane. PKF East Coast Practice does not accept responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

Liability limited by a scheme approved under Professional Standards Legislation.

| | Notes | CONSOLIDATED 6 Months ended | |
|------------------------------------------------------------------------------------------------------------------------------------------|-------|--------------------------------|---------------------------|
| | | 31 December 2011 \$ | 31 December 2010 \$ |
| Revenue | | | |
| Revenue | | 2,556,811 | 3,947,151 |
| Interest and other income | 3 | 479,314 | 490,781 |
| | | 3,036,125 | 4,437,932 |
| Expenses | | | |
| Dealer commission | | 927,585 | 1,100,801 |
| Employee benefits expenses | 3 | 2,795,137 | 1,588,613 |
| ASX and broking expenses | | 203,050 | 308,333 |
| Clearing and settlement expenses | | 1,324,097 | 610,903 |
| Property and occupancy costs | | 499,434 | 299,110 |
| Depreciation, amortisation and impairment | 3 | 2,865,795 | 184,859 |
| Administrative expenses | | 1,433,885 | 1,091,781 |
| | | 10,048,982 | 5,184,400 |
| Loss before tax | | (7,012,857) | (746,468) |
| Income tax expense | | - | 11,302 |
| Comprehensive loss for the period after tax | | (7,012,857) | (757,770) |
| Other comprehensive income | | - | - |
| Total comprehensive loss for the period attributable to ordinary equity members of Investorfirst Limited | | (7,012,857) | (757,770) |
| Basic loss per share (cents per share) for the period, attributable to ordinary equity members of Investorfirst Limited | | (1.02) | (0.23) |
| Diluted loss per share (cents per share) for the period, attributable to ordinary equity members of Investorfirst Limited | | (1.02) | (0.23) |

The accompanying notes form part of these financial statements.

| | | CONSOLIDATED | |
|--------------------------------------|-------|---------------------------|-----------------------|
| | Notes | 31 December 2011 \$ | 30 June 2011 \$ |
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | 6 | 11,438,468 | 17,384,300 |
| Trade and other receivables | | 6,422,514 | 10,795,791 |
| Other current assets | | 243,747 | 65,786 |
| Total Current Assets | | 18,104,729 | 28,245,877 |
| Non-Current Assets | | | |
| Office equipment | | 376,395 | 210,276 |
| Deferred tax assets | | 1,353,114 | 1,353,114 |
| Intangible assets | | 24,259,800 | 24,781,010 |
| Total Non-Current Assets | | 25,989,309 | 26,344,400 |
| Total Assets | | 44,094,039 | 54,590,277 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade and other payables | | 7,130,788 | 10,500,358 |
| Provisions | | 271,208 | 241,851 |
| Total Current Liabilities | | 7,401,996 | 10,742,209 |
| Non-Current Liabilities | | | |
| Provisions | | 10,549 | 12,838 |
| Total Non-Current Liabilities | | 10,549 | 12,838 |
| Total Liabilities | | 7,412,545 | 10,755,047 |
| Net Assets | | 36,681,494 | 43,835,230 |
| EQUITY | | | |
| Issued capital | 7 | 54,151,655 | 54,301,655 |
| Equity reserve | | 643,980 | 634,860 |
| Accumulated losses | | (18,114,141) | (11,101,285) |
| Total Equity | | 36,681,494 | 43,835,230 |

The accompanying notes form part of these financial statements.



STATEMENT OF CHANGES IN EQUITY – for the half-year ended 31 December 2011

| | Notes | CONSOLIDATED | | | Total \$ |
|-----------------------------------------------------------------------------|-------|----------------------|----------------------|--------------------------|-------------------|
| | | Issued Capital \$ | Equity Reserve \$ | Accumulated Losses \$ | |
| As at 1 July 2011 | | 54,301,655 | 634,860 | (11,101,284) | 43,835,231 |
| Loss for the period | | - | - | (7,012,857) | (7,012,857) |
| Transactions with equity members in their capacity as equity members | | | | | |
| Acquisition of shares by the ESOT | 7(b) | (150,000) | - | - | (150,000) |
| Employee Options granted | | - | 9,120 | - | 9,120 |
| As at 31 December 2011 | | 54,151,655 | 643,980 | (18,114,141) | 36,681,494 |
| As at 1 July 2010 | | 21,843,726 | 198,386 | (6,650,044) | 15,392,068 |
| Loss for the period | | - | - | (757,770) | (757,770) |
| 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 |
| Issued on 1 December 2010 for Share Placement costs - cash | | 12,500,000 | - | - | 12,500,000 |
| Placement costs - Options granted | | (508,325) | - | - | (508,325) |
| Placement costs - cash | | (244,474) | 244,474 | - | - |
| As at 31 December 2010 | | 54,301,655 | 442,860 | (7,407,814) | 47,336,701 |

The accompanying notes form part of these financial statements.



STATEMENT OF CASH FLOWS – for the half-year ended 31 December 2011

| | CONSOLIDATED | |
|-------------------------------------------------------------|---------------------|--------------------|
| | 6 months | 6 months |
| | 31 December | 31 December |
| | 2011 | 2010 |
| | \$ | \$ |
| Cash flows from operating activities | | |
| Receipts from customers (Inclusive of GST) | 3,293,179 | 4,905,425 |
| Payments to suppliers and employees (Inclusive of GST) | (8,326,974) | (6,271,148) |
| Interest received | 323,555 | 177,934 |
| Net cash inflow/(outflow) from operating activities | (4,710,240) | (1,187,790) |
| Cash flows from investing activities | | |
| Payment for acquisition of subsidiary, net of cash acquired | 334,985 | (927,353) |
| Payment for purchase of office equipment | (98,670) | (32,177) |
| Payment for capitalised development costs | (1,321,907) | - |
| Proceeds from sale of investments | - | 267,106 |
| Net cash inflow/(outflow) from investing activities | (1,085,592) | (692,424) |
| Cash flows from financing activities | | |
| Payment of share issue costs | - | (508,325) |
| Payment of treasury shares | (150,000) | - |
| Payment for share buy back | - | (52,522) |
| Proceeds from share placement | - | 12,500,000 |
| Net cash inflow/(outflow) from financing activities | (150,000) | 11,939,153 |
| Net increase/(decrease) in cash and cash equivalents | (5,945,832) | 10,058,939 |
| Cash and cash equivalents at beginning of period | 17,384,300 | 8,540,584 |
| Cash and cash equivalents at end of period | 11,438,468 | 18,599,523 |

The accompanying notes form part of these financial statements.



1. Approval of financial statements

The financial statements of Investorfirst Limited for the half-year ended 31 December 2011 were authorised for issue in accordance with a resolution of the Board of Directors on 27 February 2012.

2. Basis of preparation and accounting policies

a) Basis of preparation

This general purpose interim financial report for the half-year ended 31 December 2011 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

These general purpose financial statements do not include all the notes of the type normally included in the annual financial report. Accordingly, it is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2011 and considered together with any public announcements made by Investorfirst Limited ('the Company') during the half-year ended 31 December 2011 in accordance with the continuous disclosure obligations of the ASX listing rules.

b) Statement of compliance

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

c) New, revised or amending Accounting Standards and Interpretations adopted

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

The adoption of these Accounting Standards and Interpretations 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 2009-12 Amendments to Australian Accounting Standards

The consolidated entity has applied AASB 2009-12 from 1 January 2011. These amendments make numerous editorial amendments to a range of Australian Accounting Standards and Interpretations which had no major impact on the requirements of the amended pronouncements.

AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project

The consolidated entity has applied AASB 2010-4 from 1 January 2011. These amendments were a consequence of the annual improvements project and make numerous non-urgent but necessary amendments to a range of Australian Accounting Standards and Interpretations.

AASB 2010-5 Amendments to Australian Accounting Standards

The consolidated entity has applied AASB 2010-5 from 1 January 2011. These amendments make 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.

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

d) Significant accounting policies

The half-year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2011.

e) Basis of consolidation

The half-year consolidated financial statements comprise the financial statements of the Company and its subsidiaries (the Consolidated entity) as at 31 December 2011.

Subsidiaries are consolidated from the date on which control is transferred to the consolidated entity. The Company gained control of the Marketsplus group of companies effective 7 September 2011 (Refer to note 8).

f) Significant accounting judgements and estimates

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

In preparing this consolidated interim financial report, the significant judgments made by management in applying the Consolidated entity's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2011.

g) Comparative figures

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



| | CONSOLIDATED | |
|--------------------------------------------------|-------------------------|-------------------------|
| | 6 Months ended | |
| | 31 December 2011 | 31 December 2010 |
| | \$ | \$ |
| 3. Revenues and Expenses | | |
| Interest and Other Income | | |
| Interest income | 323,555 | 177,368 |
| Other income | 155,759 | 313,413 |
| | 479,314 | 490,781 |
| Expenses | | |
| Depreciation, amortisation and impairment | | |
| Depreciation of office equipment | 75,490 | 43,630 |
| Amortisation of intangibles | 1,208,482 | 141,229 |
| Impairment | 1,581,823 | - |
| | 2,865,795 | 184,859 |
| Employee benefits expense | | |
| Salaries (including super and payroll tax) | 2,719,774 | 1,526,781 |
| Share based payments expense | 9,120 | - |
| Other employee benefits expense | 66,243 | 61,832 |
| | 2,795,137 | 1,588,613 |

4. Commitments and contingencies

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

5. Segment information

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

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

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

The following tables present revenue, profit, and asset information for reportable segments for the half year ended 31 December 2011. Comparatives for segment information have not been provided as the Consolidated entity was deemed to materially operate in one segment given the acquisition of the investment platform business in December 2010.

| | Stockbroking | Investment Platform | Corporate / Administration | Total |
|----------------------------------------------------|--------------------|---------------------|----------------------------|--------------------|
| Revenue | | | | |
| Revenue (including intersegment revenue) | 2,472,644 | 828,164 | - | 3,300,808 |
| Total Revenue | 2,472,644 | 828,164 | - | 3,300,808 |
| Segment operating result | (1,581,352) | (1,492,165) | (1,439,283) | (4,512,800) |
| Other non-operating items | | | | |
| Interest and other income | - | - | 479,314 | 479,314 |
| Bank fees | - | - | (25,845) | (25,845) |
| Bad debts expense | (78,611) | - | - | (78,611) |
| Depreciation and amortisation | (288,707) | (995,265) | - | (1,283,972) |
| Impairment expense | (1,581,823) | - | - | (1,581,823) |
| Share based payments expense | - | - | (9,120) | (9,120) |
| Loss before tax | (3,530,493) | (2,487,430) | (994,934) | (7,012,857) |
| Income tax expense | | | | - |
| Comprehensive loss for the period after tax | | | | (7,012,857) |
| ASSETS | | | | |
| Total Assets | 43,900 | 43,299,820 | 750,319 | 44,094,039 |

The Consolidated entity has changed the basis of segmentation since the last annual report. It has since separated the Investment Platform segment from the Stockbroking segment which was previously grouped as the Wealth Management segment. Previously, the Alert Trader Group has 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.

| | CONSOLIDATED | |
|-------------------------------------|-------------------|-------------------|
| | 31 December 2011 | 30 June 2011 |
| | \$ | \$ |
| 6. Cash and cash equivalents | | |
| Cash at bank | 9,825,341 | 16,342,427 |
| Cash at bank - trust account | 1,613,127 | 1,041,873 |
| | 11,438,468 | 17,384,300 |

| | | CONSOLIDATED | | CONSOLIDATED | |
|----------------------------------------------------|-----|--------------------|--------------------|-------------------|-------------------|
| | | 31 December | 31 December | 31 December | 31 December |
| | | 2011 | 2010 | 2011 | 2010 |
| | | Number of shares | | \$ | |
| 7. Issued Capital | | | | | |
| (a) Issued capital | | | | | |
| Ordinary Shares, fully paid | (c) | 686,544,268 | 686,544,268 | 54,301,655 | 54,301,655 |
| (b) Other equity securities | | | | | |
| Treasury shares | (d) | 8,876,274 | - | (150,000) | - |
| Total Issued Capital | | | | 54,151,655 | 54,301,655 |
| (c) Movements in issued capital | | | | | |
| Beginning of the half year | | 686,544,268 | 243,117,462 | 54,301,655 | 21,843,726 |
| Issued on 24 December 2009 for Share Placement | | - | - | - | - |
| Placement costs 24 December 2009 | | - | - | - | - |
| 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 |
| Issued 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 half-year | | 686,544,268 | 686,544,268 | 54,301,655 | 54,301,655 |
| (d) Treasury shares | | | | | |
| Beginning of the half year | | - | - | - | - |
| Acquisition of shares by Trust | | 8,876,274 | - | 150,000 | - |
| End of the half-year | | 8,876,274 | - | 150,000 | - |

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

8. 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 comprises 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.

Marketsplus did not contribute to the revenue or net profit of the Company for the period from 1 July 2011 to 6 September 2011.

Calculation of Goodwill on acquisition of Marketsplus

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

The Directors have allocated the excess of the fair value of the consideration over the fair value of the identifiable tangible and intangible assets, liabilities and contingent liabilities acquired to goodwill. 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. At 31 December 2011, intangible assets (with a finite life) have been identified and recorded separately to goodwill.

Key factors contributing to the goodwill are the synergies existing within the acquired business and synergies expected to be achieved as a result of combining Marketsplus with the rest of the Company.

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

| | Carrying amount before business combination | Fair value adjustments | Fair Value |
|------------------------------------------------|------------------------------------------------------------|-----------------------------------|-------------------------|
| Net assets acquired: | | | |
| Cash and cash equivalents (a) | 1,334,984 | - | 1,334,984 |
| Receivables | 1,304,774 | - | 1,304,774 |
| 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 | <u>952,734</u> | | <u>1,388,164</u> |
| Goodwill | | | <u>241,633</u> |
| | | | <u>1,629,797</u> |
| Satisfied by: | | | |
| - Cash | | | 1,000,000 |
| - Fair value of deferred consideration | | | 629,797 |
| | | | <u>1,629,797</u> |
| The cash outflow on acquisition is as follows: | | | |
| Consideration paid satisfied by in cash | | | 1,000,000 |
| Cash acquired | | | 37,446 |
| Net consolidated cash outflow | | | <u>962,554</u> |
| (a) Cash and cash equivalents: | | | |
| Cash at bank | | | 37,446 |
| Cash at bank - trust account | | | 1,297,538 |
| | | | <u>1,334,984</u> |

DIRECTORS' DECLARATION

In the opinion of the directors of Investorfirst Limited

- (a) The financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
 - (i) Giving a true and fair view of the financial position as at 31 December 2011 and of the performance for the half-year ended on that date of the consolidated entity; and
 - (ii) Complying with Accounting Standard AASB 134 Interim Financial Reporting, Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors



Director

Sydney, 29 February 2012





Chartered Accountants
& Business Advisers

**Independent auditor's review report
To the members of Investorfirst Limited**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Investorfirst Limited, which comprises the consolidated statement of financial position as at 31 December 2011, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity. The consolidated entity comprises Investorfirst Limited (the company) and the entities it controlled at 31 December 2011 or from time to time during the half-year ended on that date.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the consolidated entity, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

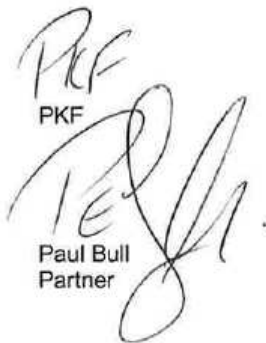
In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.


PKF
Paul Bull
Partner

Sydney
29 February 2012

