Investorfirst Ltd
1H FY'12 Results Update

29 February 2012

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Agenda

1. Group Summary
2. Financial Review
3. Business Sector Appraisal
4. New Initiatives
5. Outlook: The Next 12 Months

Group Summary

Investorfirst is a unique, technology focused wealth management utility provider, delivering a holistic investment platform alongside professional stockbroking services.

Investorfirst Limited	
ASX code	INQ
Key brands	HUB24, Investorfirst and M+
Equity on issue	686.5 million shares, 200 million escrowed to 2 December 12 89.4 million unlisted options (exercisable between 10c – 13c)
Market capitalisation	~$40.5 million @ $0.059 cps
Cash at bank	~$10.8 million, no debt
Offices	Sydney & Melbourne
No. of Staff	70, including contractors

Board of Directors & Secretariat	
Otto Buttula	Chairman – ED
Darren Pettiona	CEO
Jason Entwistle	Deputy Chairman – NED
Hugh Robertson	ED
Robert Bishop	NED
Robert Spano	NED
Andrea Steele	Company Secretary
Ariel Sivikofsky	CFO & Company Secretary

ED – Executive Director
NED – Non-Executive Director

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Group Summary (cont'd)

- **Independent, holistic platform & stockbroking financial services group**.
- **Unique, fully owned intellectual property – HUB24 & M+ Evolve** platforms.
- **Strong Board and Management Team** – experienced, proven team, conservatively remunerated with a common reward and recognition program established.
- **Shareholder alignment** - Directors / Senior Management & Employee ownership of ~43%.
- **Transition to annuity income stream model** underway**.**
- Continued **full compliance with $5 million** regulatory capital requirements.
- **Strong rating** issued by S&P for **HUB24 Platform**.
- **Current FOFA regulations favorable** - enabling the business to facilitate the future of funds management products and independent financial planning needs.
- **Substantial future tax benefits** within the Group.

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Financial Review

- The Company recorded a **net loss of $7.0m** for the 6 month period ending 31 Dec 11, **inclusive of write-downs, one-offs and non-cash items**.

- The **forthcoming period is likely to yield a much improved financial performance**, driven primarily by better stockbroking and ECM market conditions, and ongoing and increasing contribution from HUB24, augmented by some business refinement.

- **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 & 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.

Business Sector Appraisal: Investment Platform

The 6 months in review:

Achievements:

- Continued to sign major clients in an ambiguous operating environment – 28 Dealer Groups contracted.
- Completed the transition to an IDPS operating structure.
- Rolled out a SMSF offering.
- Accelerated the Retail Super & Insurance offering – launch expected in Mar 12.
- Sales effort refocused to transition & building funds on platform.
- Expansion of wholesale clearing & execution services with significant signings.

Challenges:

- Transition of funds has been slower than expected, impacting revenue.
- Uncertainty around final FOFA recommendations.

Looking ahead – strategic priorities:

- Transition of FUA from signed clients.
- Continuing platform development including online equities trading / financial planning tools.
- Launch of the online equities trading platform.

Thematics:

- HUB24 commercialisation slower than expected – delay of retail super, markets & regulatory reform the main offenders.
- Significant client signings including contracted minimum fees.
- Acceleration of product roll out e.g.: IDPS, Retail Super / Insurance & online equities.
- Successful cross-selling of stockbroking capability to Dealer Groups.

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Business Sector Appraisal: Investment Platform (cont'd)

Strong Dealer Group growth and momentum continues, despite forward focus on transition……

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Dealer Groups

Business Sector Appraisal: Stockbroking

The 6 months in review:

Achievements:

- Established an experienced advisor, research & ECM business in Melbourne.
- Acquisition of M+ business – strong team, head-start on equities trading platform with in-house IP.

Challenges:

- Challenging operating environment – impacting on volumes, deal flow and therefore revenue.
- Upfront investment in stockbroking support, research & ECM team with longer return period than expected.
- ATG investment write-down and business closure.

Looking ahead - strategic priorities:

- Attracting more business writers from major firms.
- Major HUB24 clients have agreed to utilise equities execution services.
- Much improved ECM outlook in 2HFY’12.
- Launch the M+ online equities trading platform.
- Complete the implementation of cost-reduction initiatives – aligning the cost base with business requirements.

Thematics:

- Challenging trading environment – low trading volumes, global & domestic uncertainty and wind-up of ATG.
- Fixed cost investment slower than expected in delivering positive cash flow result.
- Head start on equities trading platform.
- Much improved ECM outlook in 2HFY’12.
- Successful recruitment of business writers from major firms.

Business Sector Appraisal: Stockbroking (cont'd)

Much improved ECM outlook, with strong growth expected throughout 2012. Transaction & advisory support being provided to the following…

New Initiatives

- The Board and Management **remain committed to both the Investment Platform and Stockbroking businesses**.

- The Company has formed a **dedicated internal team led by the Chairman and Deputy Chairman** to conduct a strategic review to identify revenue acceleration opportunities, as well as a number of business refinement initiatives.

- **Accelerating delivery** across the entire Company:
  - **Investment Platform** – moving from new client acquisition to an almost exclusive focus on transition of client FUA and wholesale stockbroking.
  - **Stockbroking** - leverage off the infrastructure by recruiting additional business writers with deal flow capabilities.

- The Company is now **moving from a sales cycle to a transition, execution and delivery cycle**.

- **Evaluating strategic acquisitions / alliances** to accelerate growth across the business.

- Currently in discussions with a number of **strategic partners / investors, including cross-border opportunities**.

Outlook: The Next 12 Months

INVESTMENT PLATFORM

- Will be recognised as the **industry leading non-aligned platform utility**, incorporating a holistic Wrap, Retail Super, SMSF, online equities offering, in addition to being the market leading SMA provider.
- **Successfully transitioned ~$0.5bn** of client FUA onto the platform.
- Any future client **contracts to incorporate minimum FUA / Fee requirements.**
- **Launch the online equities trading platform** which provides a wholesale (white-label) broking solution to Dealer Groups.

STOCKBROKING

- **Consolidate & review the existing business model** – leveraging off the investment in the Melbourne & Sydney stockbroking infrastructure by recruiting strong business writers with ECM capabilities. Advisor recruitment underway and experiencing success.
- Launch M+ **retail online equities trading platform**.
- Execute **select agency agreements** where the risk / reward is mutually acceptable.

CORP

- **Strategic review led by the Chairman and Deputy Chairman** underway with preliminary results due by 31 Mar 12.
- **Possible further acquisitions** of sub-scale businesses.

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