



connect+

Annual Report **2011**

connect+grow

Throughout 2011 and now into 2012, we continue to connect with the growth opportunities for our business.

Connecting the Networks

Through development of our processes and technologies we aim to enhance penetration and cross sell through our substantial company owned and partnered networks.


Connecting to new product offerings

Creation, expansion & development of new and innovative financial services products aimed at building customer loyalty.

Connecting with our customers

Engaging our customers & responding to their needs, cementing our position as their financial services partner of choice.





Through acquisition, partnership and organic growth, we are now connecting with more people than ever before:

25,000+

Customers across the Firstfolio and eChoice networks.

5,750+

Leads generated per month through Firstfolio owned or affiliated networks.

100+

Firstfolio Accredited brokers Australiawide.

80+

Franchise offices across the Club Financial Services and First Chartered Capital networks.

connect+build

Through our industry leading technology platform we are **building** customer focus in order to enhance growth, engagement, yield and cross-sell.

Key to our success in the past has been the ability to manage the full life cycle of each transaction through our company-owned technology platform.

The speed, efficiency and flexibility of our technology platform is critical to our clients - which include brokers, broker groups and partner businesses.

Looking ahead, we see a wealth of opportunity to be gained from the further development and enhancement of our technology platform, in particular advancements in customer relationship management.

Successfully connecting with a customer's needs and wants is an essential part of any business, but none so much as ours. Currently we service approx 25,000 customers across our networks. These networks also generate upwards of 5,750 new leads each month.

Acquisitions in 2011 including that of Club Financial Services (CFS), in addition to a partner agreement signed with LJ Hooker to supply wholesale funding and administrations services through approx 140 home loan consultants, has added to the growing number of customers and prospects both we and our clients connect with.

We see the ongoing development of systems and processes which enable us to connect with these customers and prospects as key to enabling us to reach our long term goals.

Through this, we will be able to match products to customers specific requirements and manage the relationship throughout the process 'end to end' more efficiently. Most importantly, through greater understanding of our customer's needs and goals, we will be able to connect them with a more comprehensive range of financial services products aimed at building customer loyalty.



connect+diversify

We are continuing to **expand** and **develop** our product range to provide a comprehensive financial services offering for direct customers, brokers and partners.



Our current product range consists of:

- Hundreds of home loan products from around 25 bank and non-bank financial institutions
- “White labelled” home loan products supplied by wholesale funders (primarily ING, Advantedge, Bendigo and Adelaide Bank) which are subsequently branded per client requirements
- Firstfolio’s wholesale home loan products, namely “New Loan”, “Superrate”, “Xplore” and “National Finance Club”
- Asset finance for operating leases
- Vehicle finance
- Insurance

These products are made available to our direct customers, clients and partners through our industry leading technology platform. Acquisitions over the past year such as Club Financial Services (CFS) have brought increased strength and diversity to Firstfolio’s product offering on a national level. With the acquisition of CFS came its mortgage management business National Finance Club and its risk insurance, investment and wealth management brokerage Club Money Management.

The CFS acquisition has also provided access to an additional \$1bn wholesale funding facility with Advantedge.

connect+benefit

We want our clients, partners, staff and shareholders to all **benefit** from our success.

Clients and Partners

Firstfolio Clients and Partners benefit from access to a growing range of financial services products. Not only do these products provide our Clients and Partners with additional income streams but also allow them in turn to offer their customers the benefit of a 'one stop' financial services solution.

We receive commission revenue from banks and non-bank financial institutions for the products which we distribute – both upfront upon settlement and throughout their life. In turn, we pay a share of this commission revenue to our clients and contractors.

Staff

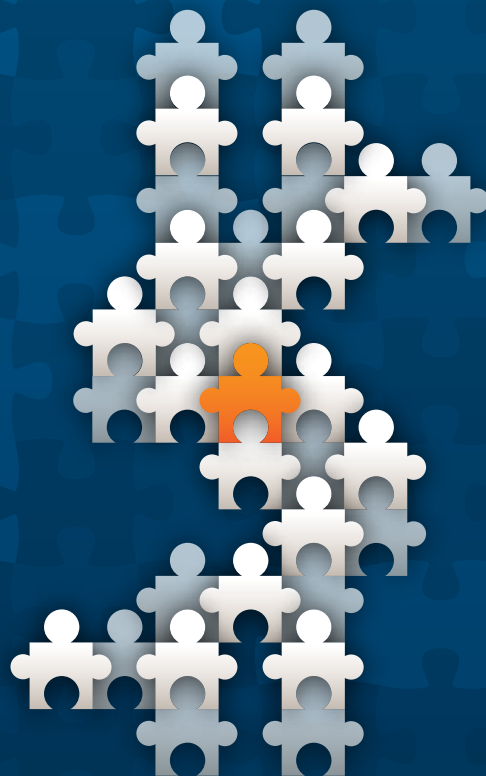
People form a crucial element to our success, and culture plays an important role. Initiatives including 'Firstfolio Stars' aim to encourage out of the box thinking, and challenging the competitive and industry norms. 'Firstfolio Deams' is a program where selected staff members can pursue their charity dreams anywhere in the world for

up to one month with all expenses paid. Firstfolio was recognised as a finalist in the 2011 Australian HR Awards: Best HR Strategic Plan and Best Corporate Social Responsibility Strategy.

Shareholders

Firstfolio returned a 49% increase in operating EBITDA for the financial year to \$15.6 million. This growth was achieved with the acquisition of Club Financial Services Group and Apple Loans, and an increase of 9% on the mortgage portfolio to \$20 billion. Profit after tax increased 42% to \$6.4 million with diluted earnings per share growing to 0.85 cents per share, a 16% increase on last year.

We announced in July 2011 the acquisition of Calibre Financial Services. When completed, it will be transformative for Firstfolio, providing it with product manufacturing capabilities and accretive to the business. Building on the success of recent acquisitions and including Calibre, we expect operating EBITDA of \$19 million to \$21 million for FY 2012.



Firstfolio Limited

ABN 43 002 612 991

Annual Report - 30 June 2011

**Firstfolio Limited
Corporate directory
30 June 2011**

Directors	Thomas J. Hartigan (Chairman) Mark Forsyth Anthony N. Wales Anthony B. Harris Michael Hogg Mark K. Flack Gregory J. Paramor
Company secretary	Dustine Pang
Notice of annual general meeting	The annual general meeting of Firstfolio Limited: will be held at time date
	Hilton Hotel 488 George Street Sydney NSW 2000 10.30 AM Monday 14 November 2011
Registered office	Level 9 50 Bridge Street Sydney NSW 2000
Share register	Computershare Investor Services Level 3 60 Carrington Street Sydney NSW 2000 Phone: 1300 808 208
Auditor	Pitcher Partners Level 22 19 Martin Place Sydney NSW 2000
Solicitors	Tress Cox Lawyers Level 9 469 La Trobe Street Melbourne VIC 3000
Bankers	Commonwealth Bank of Australia 48 Martin Place Sydney NSW 2000
Stock exchange listing	Firstfolio Limited shares are listed on the Australian Securities Exchange (ASX code: FFF)
Website address	www.firstfolio.com.au

**Firstfolio Limited
Chairman's Report
30 June 2011**

I am pleased to present Firstfolio Limited's 2011 Annual Report.

The 2011 financial year has seen Firstfolio build on its momentum of creating a pre-eminent, multi-channel national distribution platform for financial products.

The company has successfully integrated Club Financial Services and Apple Loans which has extended our network capability, enhanced our wholesale product offering, and diversified our lender base. Firstfolio Limited has benefited from this through increased market penetration and consolidating existing relationships with its business partners. All this against a softening in the housing finance sector, increased compliance requirements brought about from the introduction of the National Consumer Credit Protection Legislation, as well as localised business interruptions from the Queensland floods.

The executive team has worked to strengthen the balance sheet of the Company, starting with the securing of a \$23 million three year senior debt facility from the Commonwealth Bank of Australia. This facility together with the \$5 million vendor facility provided by National Australia Bank, via Advantedge, as part of the Club Financial Services acquisition, is a strong endorsement of Firstfolio's strategy and growth prospects. The funds allowed the retirement of existing debt and payment of vendor liabilities.

People form a crucial element to our success, and culture plays an important role. Firstfolio drives this in its stated mission to "Connect- Share-Thrive" encouraging out of the box thinking, and challenging the competitive and industry norms. Management has invested a lot of time into this ethos whilst also understanding the importance of helping staff achieve their dreams, and as such I am very proud of the initiative behind "Firstfolio Deams", a company sponsored charity program rolled out during the year where selected staff members can pursue their charity dreams anywhere in the world for up to one month with all expenses paid.

Firstfolio continues its profitable growth with 42% increase in net profit after income tax of \$6.4 million. The company's FY2011 operational and financial performance are outlined in detail in the Chief Executive Officer's report.

The recent announcement of the acquisition of Calibre Financial Services if successful, heralds a transformational change for the Company, as it moves firmly towards being a true non-bank lender.

On behalf of the Board, I welcome all shareholders to attend this year's Annual General Meeting on Monday 14th of November. In addition to discussing the FY2011 financial results and some more recent activities, we intend to provide an update on our strategy.

Finally, I thank you for your continued support and interest as we look forward to realising Firstfolio's next stage of growth.



Thomas J. Hartigan
Chairman

17 August 2011
Sydney

Firstfolio Limited
Chief Executive Officer's Report
30 June 2011

During the financial year, Firstfolio continued to broaden its distribution reach and channel diversification through the acquisition and integration of Club Financial Services and Apple Loans. Despite difficult trading conditions, Firstfolio Limited continued to deliver on its strategy of building a dynamic and independent national platform for financial products and services, while returning its third successive year of profitable growth.

Key highlights from the 2011 financial year

- Revenues up 36% to \$89 million on last year
- Operating EBITDA of \$15.6 million up \$5.2 million
- EBITDA increased by 22% to \$11.8 million
- Profit after tax of \$6.4 million, up 42%
- EPS (diluted) of 0.85 cents, up 16%
- Successful integration of Club Financial Services and Apple Loans
- Mortgage portfolio now in excess of \$20 billion, 9% increase on the prior year

Operational review

Firstfolio acquired and successfully integrated Club Financial Services and Apple Loans. As part of Firstfolio's strategy of expanding geographic reach and distribution channels, these acquisitions also allowed us to diversify our funder base. The acquisition of Club also provided a well serviced wholesale product suite that has enhanced Firstfolio's ability to deliver wholesale products to our partners such as LJ Hooker as well as through our broking and aggregation platforms.

The second half of the financial year saw housing finance numbers continue to soften, consumer sentiment weaken and heightened anxiety around the direction of interest rates. These market factors together with the Queensland flood had an impact on origination volumes across the sector. Firstfolio was similarly affected, but volumes began to pick up significantly again in May 2011, with two of our largest settlement months being June and July 2011, and follows completion of the Club acquisition and re-alignment of the business against prevailing market conditions.

Financials

Firstfolio maintained its excellent revenue growth with an increase of 36% during the year to \$89 million and included 9 months contribution from Club. The company maintained its vigilance around its cost structure focusing on its readiness for the next stage of growth and market changes, with a program of rationalisation and closer integration. These changes are reflected in the operating results with a \$1.7m restructuring charge. Reported EBITDA, was nevertheless \$2.1 million higher than last year at \$11.8 million, up 22%.

The requirement to adopt new accounting policies brought about under AIFRS also meant that Firstfolio brought to account purchased contract rights from recent acquisitions which had an existing loan book which increased amortisation expense to \$3.6 million. Firstfolio paid income tax for the first time during the financial year. Following an assessment of expected future performance and availability of tax losses, a deferred tax asset of \$4.8 million was recognised, contributing to an overall income tax benefit of \$3 million.

During the financial year Firstfolio increased its debt levels to fund the acquisition of Club and Apple Loans, which resulted in increased interest charges to \$3.3 million.

A net profit after tax of \$6.4 million was returned against a back-drop of challenging trading conditions in the housing finance market.

Firstfolio Limited
Chief Executive Officer's Report
30 June 2011

Underlying operating profit ⁽¹⁾

During the financial year there were a number of material one-off financial transactions (in particular costs associated with acquisition and restructuring activities) that impacted earnings before interest, tax, depreciation and amortisation (EBITDA). These are noted in the table below:

	2011	2010
	\$000's	\$000's
Reported EBITDA	11,788	9,688
Acquisition costs ⁽²⁾	1,971	1,235
Restructuring costs	1,749	78
Discount on acquisition	-	(630)
Share-Based Payments (non-cash)	110	84
Operating EBITDA	15,618	10,455
Depreciation	(426)	(190)
Amortisation	(3,588)	(1,987)
Net Finance Costs – Actual cash payments	(3,320)	(1,204)
Underlying Profit before Income Tax	8,284	7,074

Outlook

We announced on 18 July 2011, the acquisition of Calibre Financial Services. When successfully completed, it will be transformative for Firstfolio as it moves towards:

- building its own product manufacturing capability;
- having its own lending technology platform; and
- an internally managed services proposition.

Building on the combination of Calibre and recent acquisitions, Firstfolio will enhance its return from its existing network as well as fuel further product opportunities. Consequently, preliminary guidance for operating EBITDA of \$19-21 million is expected for FY 2012, subsequent to the completion of the Calibre acquisition.

Our 2012 goals will be to take advantage of these new opportunities and focus on the “The Year of the Customer” by:

1. Increasing revenue per customer through better cross-sell to maximise “share of wallet” opportunities,
2. Develop and expand financial products and services,
3. Build on the success to date with more partner and white-labeled programs; and
4. Continue to look out for any potential acquisitions that would further enhance our business that are also earnings accretive.

Firstfolio has reached its first threshold of sustainable profitable growth built around distribution and is about to embark on its next horizon as it takes a complementary step as a non-bank lender to becoming a diversified financial services company.



Mark Forsyth
Chief Executive Officer

17 August 2011
Sydney

(1) This has been prepared based on the audited accounts.

(2) One off acquisition costs cover legal fees, consulting fees and stamp duty (now expensed under AASB3 Business Combinations, these costs are charged to profit and loss, but were previously capitalised).

Firstfolio Limited
Directors' report
30 June 2011

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Firstfolio Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled for the year ended 30 June 2011.

Directors

The following persons were directors of Firstfolio Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Thomas J. Hartigan
Mark Forsyth (appointed on 29 July 2010)
Anthony N. Wales
Anthony B. Harris
Michael Hogg
Mark K. Flack
Gregory J. Paramor (appointed on 29 July 2010)

Principal activities

During the financial year the principal continuing activities of the consolidated entity consisted of the retailing, wholesaling, management and aggregation of mortgages in the home loan financing segment and other financial services.

Dividends

There were no dividends paid or declared during the current or previous financial year.

Review of operations

The profit for the consolidated entity after providing for income tax amounted to \$6,412,000 (30 June 2010: \$4,528,000).

Further information is contained in the Chairman's report and the Chief Executive Officer's report.

Significant changes in the state of affairs

Apple Loans Pty Limited

On 1 July 2010 Firstfolio Limited acquired 100% of the ordinary shares of Apple Loans Pty Limited for \$4,547,000. The principal activity of Apple Loans Pty Limited is the broking of mortgages in the home loan financing segment.

Club Financial Services Holdings Pty Ltd

On 1 October 2010 Firstfolio Limited acquired 100% of the ordinary shares of Club Financial Services Holdings Pty Limited and its subsidiaries for \$19,462,000. The principal activity of Club Financial Services Holdings Pty Limited is the wholesaling, aggregation and management of mortgages in the home loan financing segment.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2011 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

Any information on likely developments in the operations of the consolidated entity and the expected results of operations is contained in the Chairman's report and the Chief Executive Officer's report.

Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Firstfolio Limited
Directors' report
30 June 2011

Information on directors

Name: Thomas J. Hartigan
Title: Chairman
Age: 67
Qualifications: B.Com, CA
Experience and expertise: Mr Hartigan is a member of the Institute of Chartered Accountants in Australia and has more than 36 years' experience as a Director of public companies.
Other current directorships: Chairman of Medical Australia Limited and Chairman of COMOPS Limited
Former directorships (in the last 3 years): Former Non-Executive Director of Eiffel Technologies Limited
Special responsibilities: Chairman of the Audit Committee
Interests in shares: 13,274,852 ordinary shares
Interests in options: None

Name: Mark Forsyth (appointed on 29 July 2010)
Title: Executive Director and Chief Executive Officer
Age: 50
Qualifications: ACMA, AAICD
Experience and expertise: Mr Forsyth has had a 25 year international career working as CFO, COO and CEO in the UK, Europe, Middle East, Africa, USA and Asia. Commencing his international career with DHL Worldwide Express, Mark spent thirteen years in corporate finance and general management and then 7 years consulting to various Australian companies on entering the Asian market. His main areas of focus being market penetration, business development, corporate restructure and mergers and acquisitions.
Other current directorships: None
Former directorships (in the last 3 years): None
Special responsibilities: None
Interests in shares: 35,087,500 ordinary shares
Interests in options: 7,500,000 options over shares

Name: Anthony N. Wales
Title: Non-Executive Director
Age: 67
Qualifications: FCA, FCIS
Experience and expertise: Mr Wales was a Director of Computershare Limited from 1981 to 2010. He is a fellow of the Institute of Chartered Accountants in Australia.
Other current directorships: Non-Executive Director of Computershare Limited (resigned November 2010)
Former directorships (in the last 3 years): None
Special responsibilities: Member of the Audit Committee
Interests in shares: 125,818,881 ordinary shares
Interests in options: None

Firstfolio Limited
Directors' report
30 June 2011

Name: Anthony B. Harris
Title: Non-Executive Director
Age: 56
Qualifications: B.App.Sc, AAPI, SAFin
Experience and expertise: Mr Harris was the founder of The Money Store and has over 16 years involvement in the mortgage and finance industry.
Other current directorships: None
Former directorships (in the last 3 years): None
Special responsibilities: Member of the Audit Committee
Interests in shares: 2,839,470 ordinary shares
Interests in options: None

Name: Michael Hogg
Title: Non-Executive Director
Age: 51
Experience and expertise: Mr Hogg is a Director of the Cobra Group Pty Ltd, a direct sales organisation with over 10,000 sales representatives in 20 countries worldwide. He joined the Cobra Group Pty Ltd in March 2001.
Other current directorships: Non-Executive Director of Australian Power and Gas Company Limited
Former directorships (in the last 3 years): None
Special responsibilities: Member of the Audit Committee
Interests in shares: 6,250,001 ordinary shares
Interests in options: 3,750,000 options over shares

Name: Mark K. Flack
Title: Executive Director
Age: 46
Qualifications: B.Bus
Experience and expertise: Mr Flack consults to companies in the areas of marketing, business development and strategy. He is an associate of the Australian Society of Certified Practicing Accountants.
Other current directorships: None
Former directorships (in the last 3 years): None
Special responsibilities: Member of the Audit Committee
Interests in shares: 31,972,258 ordinary shares
Interests in options: None

**Firstfolio Limited
Directors' report
30 June 2011**

Name: Gregory J. Paramor (appointed on 29 July 2010)
 Title: Non-Executive Director
 Age: 61
 Qualifications: FAPI, FRICS, FAICD
 Experience and expertise: Mr Paramor has been involved in the real estate and funds management industry for more than 36 years. He was the co-founder of Equity Real Estate Partners, Growth Equities Mutual, Paladin Australia and the James Fielding Group, and served as CEO of Mirvac between 2004 and 2008. Mr Paramor is a director of several not-for-profit organisations, including the Garvan Institute and the National Breast Cancer Foundation, and he sits on the Board of the Sydney Swans and LJ Hooker.

Other current directorships: Managing Director of Folkestone Limited
 Former directorships (in the last 3 years): Former Executive Director of Mirvac Group
 Special responsibilities: None
 Interests in shares: 8,700,000 ordinary shares
 Interests in options: None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

'Former directorships (in the last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

Company secretary

Mr Dustine Pang (ICAA, Fellow member of ICAEW) was appointed Company Secretary on 2 December 2010 and is also the Chief Financial Officer of the company since August 2010. Dustine has over 20 years' experience in professional and financial services and held senior finance roles with the AIMS Financial Group, JP Morgan (formerly Ord Minnett Group Limited), BNP Paribas and Merrill Lynch HSBC. Mr Pang is a chartered accountant gaining his financial services audit experience with PricewaterhouseCoopers and Deloitte.

Meetings of directors

The number of meetings of the company's Board of Directors and of each board committee held during the year ended 30 June 2011, and the number of meetings attended by each director were:

	Full Board		Audit Committee	
	Attended	Held	Attended	Held
Thomas J. Hartigan	10	12	2	2
Mark Forsyth	12	12	2	2
Anthony N. Wales	10	12	2	2
Anthony B. Harris	12	12	2	2
Michael Hogg	9	12	2	2
Mark K. Flack	12	12	2	2
Gregory J. Paramor	12	12	2	2

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Remuneration report (audited)

The remuneration report, which has been audited, outlines the director and executive remuneration arrangements for the consolidated entity and the company, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

The remuneration report is set out under the following main headings:

- A Principles used to determine the nature and amount of remuneration
- B Details of remuneration
- C Service agreements
- D Share-based compensation

A Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's and company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and conforms with the market best practice for delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency
- capital management

The Board is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity and company depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

In consultation with external remuneration consultants, the Board has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the consolidated entity and company.

Alignment to shareholders' interests:

- has economic profit as a core component of plan design
- focuses on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracts and retains high calibre executives

Alignment to program participants' interests:

- rewards capability and experience
- reflects competitive reward for contribution to growth in shareholder wealth
- provides a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive directors and executive remunerations are separate.

Non-executive directors remuneration

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board. The Board has also agreed to the advice of independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to determination of his own remuneration. Non-executive directors do not receive share options or other incentives.

Firstfolio Limited
Directors' report
30 June 2011

ASX listing rules requires that the aggregate non-executive directors remuneration shall be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 27 November 2009, where the shareholders approved an aggregate remuneration of \$360,000.

Executive remuneration

The consolidated entity and company aims to reward executives with a level and mix of remuneration based on their position and responsibility, which is both fixed and variable.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the board, based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives can receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and adds additional value to the executive.

The short-term incentives ('STI') program is designed to align the targets of the business units with the targets of those executives in charge of meeting those targets. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI') being achieved. KPI's are set by the Board on an annual basis.

The long-term incentives ('LTI') include long service leave and share-based payments. Shares are awarded to executives over a period of three years based on long-term incentive measures. These include increases in Earnings Before Interest, Tax, Depreciation and Amortisation ('EBITDA') and growth of the consolidated entity's loan book.

Consolidated entity performance and link to remuneration

The consolidated entity's performance is not directly linked to remuneration. Bonus and incentive payments are at the discretion of the Board.

B Details of remuneration

Amounts of remuneration

Details of the remuneration of the directors, other key management personnel (defined as those who have the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity) and specified executives of Firstfolio Limited are set out in the following tables.

Firstfolio Limited
Directors' report
30 June 2011

2011 Name	Short-term benefits			Post-employment benefits	Share-based payments		Total \$
	Cash salary and fees \$	Bonus \$	Non-monetary \$	Super-annuation \$	Termination \$	Equity-settled \$	
<i>Non-Executive Directors:</i>							
Thomas J. Hartigan (Chairman)	81,750	-	-	-	-	-	81,750
Anthony N. Wales	54,500	-	-	4,905	-	-	59,405
Anthony B. Harris	54,500	-	-	-	-	-	54,500
Michael Hogg	54,500	-	-	-	-	-	54,500
Gregory J. Paramor	54,500	-	-	4,905	-	-	59,405
<i>Executive Directors:</i>							
Mark Forsyth **	466,842	40,000	-	20,314	-	18,086	545,242
Mark K. Flack	50,000	-	-	4,500	-	9,043	63,543
<i>Other Key Management Personnel:</i>							
Andrew Russell *	37,698	-	-	6,880	61,162	1,808	107,548
	<u>854,290</u>	<u>40,000</u>	<u>-</u>	<u>41,504</u>	<u>61,162</u>	<u>28,937</u>	<u>1,025,893</u>

* Remuneration to date of resignation of 31 August 2010

** Includes remuneration as key management personnel for entire year

**Firstfolio Limited
Directors' report
30 June 2011**

2010 Name	Short-term benefits			Post-employment benefits	Share-based payments		Total \$
	Cash salary and fees \$	Bonus \$	Non-monetary \$	Super-annuation \$	Termination \$	Equity-settled \$	
<i>Non-Executive Directors:</i>							
Thomas J. Hartigan (Chairman)	81,750	-	-	-	-	-	81,750
Anthony N. Wales *	81,750	-	-	-	-	-	81,750
Anthony B. Harris	54,500	-	-	-	-	-	54,500
Michael Hogg	54,500	-	-	-	-	-	54,500
<i>Executive Directors:</i>							
Mark K. Flack	50,000	-	-	4,500	-	12,603	67,103
<i>Other Key Management Personnel:</i>							
Mark Forsyth	348,624	114,000	2,467	38,150	-	25,205	528,446
Andrew Russell	183,486	12,000	-	17,594	-	7,562	220,642
Brett Mansfield (resigned on 6 January 2010)	96,923	-	-	12,639	45,872	-	155,434
	<u>951,533</u>	<u>126,000</u>	<u>2,467</u>	<u>72,883</u>	<u>45,872</u>	<u>45,370</u>	<u>1,244,125</u>

* Payments include a back payment of directors fees from 1 January 2009 of \$27,250

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2011	2010	2011	2010	2011	2010
<i>Non-Executive Directors:</i>						
Thomas J. Hartigan	100%	100%	- %	- %	- %	- %
Anthony N. Wales	100%	100%	- %	- %	- %	- %
Anthony Harris	100%	100%	- %	- %	- %	- %
Gregory J. Paramor	100%	- %	- %	- %	- %	- %
<i>Executive Directors:</i>						
Mark Forsyth	90%	73%	7%	22%	3%	5%
Mark K. Flack	86%	81%	- %	- %	14%	19%
<i>Other Key Management Personnel:</i>						
Andrew Russell	98%	92%	- %	5%	2%	3%
Brett Mansfield	- %	100%	- %	- %	- %	- %

C Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name: Thomas J. Hartigan
Title: Chairman
Agreement commenced: 30 October 2002
Term of agreement: Indefinite
Details: Mr Hartigan is paid a fixed monthly retainer plus fees for additional services that may from time to time be warranted based on additional work required - such as capital raising activities.

Name: Mark Forsyth
Title: Chief Executive Officer
Agreement commenced: 1 July 2009
Term of agreement: 3 years
Details: Mr Forsyth's salary package from 1 January 2011 is \$600,000 per annum including superannuation. Mr Forsyth is also entitled to a bonus component up to the value of \$200,000 plus superannuation in the form of cash and is payable on achievement of key performance indicators determined by the Board.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

D Share-based compensation

Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2011.

Options

The terms and conditions of each grant of options affecting remuneration in this financial year or future reporting years are as follows:

Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
13 November 2006	20 December 2008	31 December 2011	\$0.120	\$0.0200

Options granted carry no dividend or voting rights.

There were no options granted to or exercised by directors and other key management personnel as part of compensation during the year ended 30 June 2011.

Firstfolio Limited
Directors' report
30 June 2011

Values of options over ordinary shares granted, exercised and lapsed for directors and other key management personnel during the year ended 30 June 2011 are set out below:

Name	Value of options granted during the year \$	Value of options exercised during the year \$	Value of options lapsed during the year \$	Remuneration consisting of options for the year %
Mark Forsyth	-	-	7,500,000	-
Michael Hogg	-	-	3,750,000	-

This concludes the remuneration report, which has been audited.

Shares under option

Unissued ordinary shares of Firstfolio Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
13 November 2006	31 December 2011	\$0.120	15,000,000
19 December 2007	30 October 2012	\$0.060	950,000
15 April 2008	1 December 2012	\$0.060	70,000
15 April 2008	1 December 2012	\$0.070	150,000
16 April 2010	16 April 2013	\$0.060	500,000
16 August 2010	16 April 2013	\$0.070	5,150,000
23 September 2010	9 August 2015	\$0.080	3,000,000
13 May 2011	13 May 2016	\$0.090	3,000,000
24 May 2011	24 May 2014	\$0.060	500,000
			<u>28,320,000</u>

Shares issued on the exercise of options

The following ordinary shares of Firstfolio Limited were issued during the year ended 30 June 2011 on the exercise of options granted:

Date options granted	Exercise price	Number of shares issued
28 May 2008	\$0.030	236,000
28 May 2008	\$0.030	<u>1,057,000</u>
		<u>1,293,000</u>

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

Indemnity and insurance of auditor

The company has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

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.

Non-audit services

There were no non-audit services provided during the financial year by the auditor.

Officers of the company who are former audit partners of Pitcher Partners

There are no officers of the company who are former audit partners of Pitcher Partners.

Rounding of amounts

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

Auditor

Pitcher Partners continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



Thomas J. Hartigan
Chairman

17 August 2011
Sydney



PITCHER PARTNERS

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Pitcher Partners, including Johnston Rorke,
is an association of independent firms
Melbourne | Sydney | Perth | Adelaide |
Brisbane

AUDITORS' INDEPENDENCE DECLARATION

To the Directors of Firstfolio Limited

In relation to the independent audit of Firstfolio Limited for the year ended 30 June 2011, to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) no contravention of any applicable code of professional conduct.

M A GODLEWSKI
Partner

PITCHER PARTNERS

17 August 2011

Firstfolio Limited
Corporate Governance Statement
30 June 2011

The Board of directors of Firstfolio Limited (*'Firstfolio' or the 'company'*) is responsible for the corporate governance of the company. 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.

In accordance with the ASX Corporate Governance Council's **Corporate Governance Principles and Recommendations: 2nd Edition (Revised Principles)** (*the Principles*), the corporate governance statement reports on the company's adoption of the Principles on an exception basis. This statement provides specific information whereby disclosure is required of any recommendations that have not been adopted by the company, together with the reasons why they have not been adopted. Firstfolio's corporate governance principles and policies are therefore structured with reference to the Principles, which are as follows:

- 1: Lay solid foundations for management and oversight
- 2: Structure the board to add value
- 3: Promote ethical and responsible decision making
- 4: Safeguard integrity in financial reporting
- 5: Make timely and balanced disclosure
- 6: Respect the rights of shareholders
- 7: Recognise and manage risk
- 8: Remunerate fairly and responsibly

1. Lay solid foundations for management and oversight

Recommendation 1.1: Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.

The Board is committed to maximising performance, generating appropriate levels of shareholder value and financial return.

The Board is therefore concerned to ensure that the company is properly managed to protect and enhance shareholder interests and that the company, its directors, officers and employees operate in an appropriate environment of corporate governance.

The Board is responsible for, inter alia, development of strategy, oversight of management, risk management and compliance systems, and monitoring performance. The Board has established certain policies and protocols in relation to the company's operations, some of which are summarised in this statement.

A statement as to the corporate governance policies adopted by the company is available at the company's website.

Recommendation 1.2: Companies should disclose the process for evaluating the performance of senior executives.

The performance of the Board, individual directors and key executives is reviewed regularly, and has taken place during this reporting period.

The company has not established a Remuneration or Nomination Committee as subcommittees of the Board. Remuneration and nomination issues are discussed and resolved at Board meetings and accordingly, the Board is responsible for determining and reviewing the remuneration of the directors. This process requires consideration of the levels and form of remuneration appropriate to securing, motivating and retaining executives with the skills to manage the company's operations. In making decisions regarding the appointment of directors, the Board as a whole periodically assesses the appropriate mix of skills and experience represented on the Board. The Board may also obtain information from, and consult with management and external advisers, as it considers appropriate.

The remuneration policy for the directors is disclosed in the directors' report.

Recommendation 1.3 Companies should provide the information indicated in the Guide to reporting on Principle 1.

In accordance with the 'Guide to Reporting on Principle 1', the company provides the following information:

- as at the date of this statement, the company is of the view that it has complied with each of the Recommendations under Principle 1; and
- the company has undertaken a performance evaluation for senior executives during the financial year in accordance with the process set out in Recommendation 1.2.

2. Structure the Board to add value

Recommendation 2.1: A majority of the board should be independent directors

At the date of this statement, the Board comprises of seven directors, four of which, Mr Tom Hartigan, Mr Michael Hogg, Mr Tony Harris and Mr Greg Paramor are deemed as independent directors as defined under the Board policy on director independence.

Recommendation 2.2: The chair should be an independent director

The Chairman, Mr Tom Hartigan, is deemed as an independent director as defined under the Board policy on director independence.

Recommendation 2.3: The roles of chair and chief executive officer should not be exercised by the same individual

Mr Tom Hartigan is the Chairman of the Board, and Mr Mark Forsyth is the Chief Executive Officer.

Recommendation 2.4: The board should establish a nomination committee

Due to the small size of the Board and the company's current level of operations, the company does not have a separate nomination committee.

Recommendation 2.5: Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.

The Board reviews and evaluates the performance of the Board and the Board committees. The process is to involve the assessment of all of the Board's key areas of responsibility. The Board's contribution as a whole is reviewed and areas where improvement can be made are noted. The performance evaluation process is as follows:

- (a) each director will periodically evaluate the effectiveness of the Board and its committees and submit observations to the Chairman;
- (b) the Chairman of the Board will make a presentation incorporating his assessment of such observations to enable the Board to assess, and if necessary, take action;
- (c) the Board will agree on development and actions required to improve performance;
- (d) outcomes and actions will be minuted; and
- (e) the Chairman will assess during the year the progress of the actions to be achieved.

This process aims to ensure that individual directors and the Board as a whole contribute effectively in achieving the duties and responsibilities of the Board. The performance of the Board, individual directors and key executives has taken place during this reporting period in accordance with the process set out above.

Recommendation 2.6: Provide the information indicated in Guide to Reporting on Principle 2

The 'Guide to Reporting on Principle 2' provides that certain information should be included in the corporate governance section of the company's Annual Report or be made publicly available ideally on the company's website.

In accordance with the 'Guide to Reporting on Principle 2', the company provides the following information:

- (a) The skills, experience and expertise relevant to the position of director held by each director as at the date of the Annual Report is detailed in the director's report;
- (b) Mr Tom Hartigan, Mr Michael Hogg, Mr Tony Harris and Mr Greg Paramor are considered by the Board to constitute independent directors. In assessing whether a director is independent, the Board has regard to the standards it has adopted that reflect the independence requirements of applicable laws, rules and regulations, including the Principles;
- (c) Whenever necessary, individual members of the Board may seek independent professional advice at the expense of the company in relation to fulfilling their duties as directors. All directors are encouraged to actively participate in all decision making processes and are given every opportunity to have their opinion heard and respected on all matters;
- (d) The term of office held by each director as at the date of the Annual Report is detailed in the director's report.
- (e) Due to the small size of the Board, the company does not have a separate nomination committee and therefore a charter or an appointment policy has not been created;
- (f) The performance of the Board, individual directors and key executives has taken place during the reporting period in accordance with the process set out in Recommendation 2.5;
- (g) The Board has undertaken a review of the mix of skills and experience of the Board in light of the company's principal activities and direction, and has considered diversity in succession planning. The Board considers the current mix of skills and experience of members of the Board and its senior management is sufficient to meet the requirements of the company; and
- (h) As at the date of this statement, the company is of the view that it has complied with each of the Recommendations under Principle 2, except for Recommendation 2.4. An explanation for the departure from Recommendation 2.4 is set out above.

3. Promote ethical and responsible decision-making

Recommendation 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.***

The Board has established a Code of Conduct that provides a framework in which the company and its representatives conduct their business and activities in a fiscally efficient and socially responsible manner whilst seeking to maximise shareholder returns.

The Code of Conduct outlines how the company expects directors, management and employees to behave and conduct business in a range of circumstances. In particular, the Operating Procedures and Policy Guidelines require awareness of and compliance with laws and regulations relevant to Firstfolio's operations including environmental laws and community concerns. All Board members are qualified professionals within their respective industries and accordingly conduct themselves in a professional and ethical manner in both their normal commercial activities and the discharge of their responsibilities as directors.

The Code of Conduct adopted by the company is available at the company's website.

Recommendation 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 and for the Board to assess annually both the objectives and progress in achieving them.

The Board has undertaken a review of the mix of skills and experience on the Board in light of the company's principal activities and direction.

The Board will prepare a Diversity Policy that considers the benefits of diversity, ways to promote a culture of diversity, factors to be taken into account in the selection process of candidates for board and senior management positions in the company, education programs to develop skills and experience in preparation for board and senior management positions, processes to include review and appointment of directors, and identify key measurable diversity performance objectives for the Board, CEO and senior management.

Recommendation 3.3: Companies should provide the information indicated in the Guide to reporting on Principle 3.

On completion and acceptance of a Diversity Policy, the company will report in each annual report the measurable objectives for achieving gender diversity set by the Board. The company will include in the directors' Report the proportion of women employees and their positions held within the company.

4. Safeguard integrity in financial reporting

Recommendation 4.1: The board should establish an audit committee.

The Board has established an Audit and Compliance Committee. The composition of this committee and its effectiveness is reviewed on a regular basis. The Audit and Compliance Committee comprises of the seven directors of the company. Invitations to executives to attend meetings are extended where appropriate.

The Audit and Compliance Committee monitors and reviews the effectiveness of the company's controls in the areas of operational and balance sheet risk and financial reporting.

Members of the management and the company's external auditors attend meetings of the Audit and Compliance Committee by invitation. The Audit and Compliance Committee may also have access to financial and legal advisers in accordance with the Board's general policy.

Recommendation 4.2: The audit and compliance committee should be structured so that it:

- ***consists only of non-executive directors***
- ***consists of a majority of independent directors***
- ***is chaired by an independent chair, who is not chair of the board***
- ***has at least three members.***

The Audit and Compliance Committee currently consists of the seven directors of the company. Mr Hartigan is chairman of the Audit and Compliance Committee. The Board is currently of the view that:

- in order to carry out the function of the Audit and Compliance Committee efficiently and effectively, the Audit and Compliance Committee is to comprise of all seven directors of the company;
- whilst Mr Michael Hogg, Mr Tony Harris and Mr Greg Paramor are independent directors, Mr Hartigan is the appropriate chairman for the Audit and Compliance Committee given his extensive industry experience; and
- having regard to the company's level of operations and cash resources the current composition of the Audit and Compliance Committee is adequate.

Recommendation 4.3: The audit committee should have a formal charter

The Audit and Compliance Committee operates under a charter approved by the Board.

It is the Board's responsibility to ensure that an effective internal control framework exists to examine the effectiveness and efficiency of significant business processes such as the safeguarding of assets, the maintenance of proper accounting records and the integrity of financial information, the implementation of quality assurance practices and procedures and ensuring compliance with regulations. The Board has delegated the responsibility for the establishment and maintenance of a framework of internal control mechanisms for the management of the company to the Audit and Compliance Committee.

The Audit and Compliance Committee meets at least every six months and is responsible for:

- overseeing the implementation and the operation of the Code of Conduct;
- administering continuous disclosure and compliance;
- external financial reporting;
- risk management, internal control structures and compliance with laws and regulations; and
- administering external audit activities.

Recommendation 4.4: Companies should provide the information indicated in the Guide to reporting on Principle 4.

The 'Guide to Reporting on Principle 4' provides that certain information should be included in the corporate governance section of the company's Annual Report or be made publicly available ideally on the company's website.

In accordance with the 'Guide to Reporting on Principle 4', the company provides the following information:

- (a) the qualifications of the Audit and Compliance Committee members are detailed in the directors report;
- (b) the Audit and Compliance Committee met twice throughout the year and all seven members of the Audit and Compliance Committee were present at both meetings;
- (c) the Audit and compliance Committee Charter adopted by the company is available at the company's website; and
- (d) the company periodically puts to private tender the appointment of its external auditor. The company's external audit engagement partner is rotated in consultation with the external auditor, as required by Division 5 of the Corporations Act.

5. Make timely and balanced disclosure

Recommendation 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.

The Board and senior management are aware of the continuous disclosure requirements of the ASX and have written policies and procedures in place, including a 'Continuous Disclosure and Compliance Policy' to disclose any information concerning the company that a reasonable person would expect to have a material effect on the price of the company's securities.

The directors and senior management of Firstfolio acknowledge that they each have an obligation to immediately identify and immediately disclose information that may be regarded as material to the price or value of the company's securities.

The Chief Executive Officer and Chairman are authorised to make statements and representations on the company's behalf. The Company Secretary is responsible for overseeing and coordinating the disclosure of information to the ASX, analysts, stockbrokers, shareholders, the media and the public. The Company Secretary must inform the directors, senior management and employees of the company's continuous disclosure obligations on a quarterly basis.

The directors and senior management of Firstfolio ensure that the Company Secretary is aware of all information to be presented at briefings with analysts, stockbrokers, shareholders, the media and the public. Prior to being presented, information that has not already been the subject of disclosure to the market and is not generally available to the market is the subject of disclosure to the ASX. Only when confirmation of receipt of the disclosure and release to the market by the ASX is received may the information be presented.

If information that would otherwise be disclosed comprises of matters of supposition or is insufficiently definite to warrant disclosure, or if the effect of a disclosure on the value or price of Firstfolio's securities is unknown, Firstfolio may request that the ASX grant a trading halt or suspend Firstfolio's securities from quotation. Management of Firstfolio may consult Firstfolio's external professional advisers and the ASX in relation to whether a trading halt or suspension is required.

The written policies and procedures in relation to the company's continuous disclosure requirements with the ASX are available at the company's website.

Recommendation 5.2: Companies should provide the information indicated in the Guide to reporting on Principle 5.

In accordance with the 'Guide to Reporting on Principle 5', the company has made its Continuous Disclosure and Compliance Policy available on its website.

6. Respect the rights of shareholders

Recommendation 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.

The Board aims to ensure that in accordance with Recommendation 6.1, all shareholders are informed of major developments affecting the affairs of the company. Information is communicated to the shareholders through the annual and half year reports, disclosures made to the ASX, notices of meetings and letters to shareholders where appropriate.

A description of the arrangements the company has to promote communications with shareholders is detailed in the Code of Conduct available at the company's website.

Recommendation 6.2: Companies should provide the information indicated in the Guide to reporting on Principle 6.

In accordance with the 'Guide to Reporting on Principle 6', the company has made its Code of Conduct available on its website.

7. Recognise and manage risk

Recommendation 7.1: Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

The Board has procedures in place to recognise and manage risk in accordance with Recommendation 7.1. Monthly reporting of financial performance is in place as are policies to manage credit, foreign exchange and other business risks.

The company is committed to the proper identification and management of risk. Firstfolio regularly undertakes reviews of its risk management procedures which include implementation of a system of internal sign-offs to ensure not only that Firstfolio complies with its legal obligations, but that the Board and ultimately shareholders can take comfort that an appropriate system of checks and balances is in place regarding those areas of the business which present financial or operating risks.

The Audit and Compliance Committee meets regularly to ensure, amongst other things, that the risk management, internal control structures and compliance with laws and regulations are operating effectively.

The Code of Conduct sets out the company's commitment to maintaining the highest level of integrity and ethical standards in all business practices which is available at the company's website.

Recommendation 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.

The company's management is responsible for providing leadership and direction, for establishing a context which fosters a risk management culture and for ensuring business, financial and risk management approaches are integrated during the planning, implementation and reporting of major ventures at all levels within the organisation.

The company regularly undertakes reviews of its risk management procedures, which include implementation of a system of internal approvals to ensure not only that it complies with its legal obligations, but that the Board and shareholders can take comfort that an appropriate system of checks and balances is in place in those areas of the business that present financial or operating risks. As part of this risk management process, the company's management has reported to the Board in relation to its management of the company's material business risks.

Recommendation 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 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.

Mr Mark Forsyth, as the company's Chief Executive Officer, and Mr Dustine Pang, as the company's Chief Financial Officer have declared to the Board that the statement given to the Board regarding the Financial Reports (as discussed under Section 4 of this statement) is founded on a sound system of risk management, internal compliance and control which implements the policies adopted by the Board.

Mr Mark Forsyth and Mr Dustine Pang have also declared to the Board that the company's risk management, internal compliance and control system is operating efficiently and effectively in all material respects.

Recommendation 7.4: Companies should provide the information indicated in the Guide to reporting on Principle 7.

In accordance with the 'Guide to Reporting on Principle 7', the company provides the following information:

- (a) The company has not departed from Recommendations 7.1 to 7.4;
- (b) The Board has received the report from management under Recommendation 7.2; and
- (c) The Board has received assurance from Mr Mark Forsyth, as the company's Chief Executive Officer, and Mr Dustine Pang, as the company's Chief Financial Officer, under Recommendation 7.3

8. Remunerate fairly and responsibly

Recommendation 8.1: The board should establish a remuneration committee

Due to the size of the company and its current level of operations, the company has not established a Remuneration Committee as a subcommittee of the Board.

The Board is responsible for determining and reviewing the remuneration of the directors, the Chief Executive Officer and the executive officers of the company and reviewing the operation of the company's Employee Share and Option Plans. This process requires consideration of the levels and form of remuneration appropriate to securing, motivating and retaining executive with the skills to manage the company's operations. In making decisions regarding the appointment of directors, the Board as a whole periodically assesses the appropriate mix of skills and experience represented on the Board.

It is the company's objective to provide maximum shareholder benefit from the retention of high quality Board members having regard to the company's level of operations and financial resources. Directors are remunerated with reference to market rates for comparable positions. Remuneration policies for non-executive director are disclosed in the directors' report.

The Board may obtain information from, and consult with management and external advisers, as it considers appropriate.

Recommendation 8.2: Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

The remuneration structure of non-executive directors and executives is disclosed in the director's report in this Annual Report. The remuneration of executives is dependent on the terms of the service agreement with those executives. The remuneration structure of non-executive directors and executives is clearly distinguishable as required by recommendation 8.2.

Recommendation 8.3: Companies should provide the information indicated in the Guide to reporting on Principle 8.

In accordance with the 'Guide to Reporting on Principle 8', the company provides the following information:

- (a) there are no schemes for retirement benefits, other than statutory superannuation, in existence for the non-executive directors;
- (b) due to size of the company and its current level of operations, the company does not have a separate Remuneration Committee and therefore a charter or an appointment policy has not been created; and
- (c) as at the date of this statement, the company is of the view that it has complied with each of the Recommendations under Principle 8, except for Recommendation 8.1. An explanation for the departure from Recommendation 8.1 is set out above.

Firstfolio Limited
Financial report
For the year ended 30 June 2011

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General information

The financial report covers Firstfolio Limited as a consolidated entity consisting of Firstfolio Limited and the entities it controlled. The financial report is presented in Australian dollars, which is Firstfolio Limited's functional and presentation currency.

The financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

Firstfolio Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 9
50 Bridge Street
Sydney NSW 2000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial report.

The financial report was authorised for issue, in accordance with a resolution of directors, on 17 August 2011. The directors have the power to amend and reissue the financial report.

Firstfolio Limited
Statement of comprehensive income
For the year ended 30 June 2011

	Note	Consolidated 2011 \$'000	2010 \$'000
Revenue	5	88,952	65,616
Other income	6	313	731
Expenses			
Commission expenses		(50,358)	(37,537)
Valuation and title fees		(1,948)	(1,045)
Management fees		(359)	(300)
Employee benefits expense		(12,786)	(8,143)
Depreciation and amortisation expense		(4,014)	(2,177)
Operating lease rentals		(191)	(122)
Rent and occupancy	7	(1,295)	(1,078)
Telephone and communications charges		(877)	(600)
Travelling expenses		(847)	(481)
Contractor and consultants expenses		(1,610)	(1,348)
Audit fees		(113)	(143)
Advertising and promotion		(2,337)	(2,380)
Acquisition costs		(1,971)	(1,235)
Other expenses		(2,562)	(2,157)
Finance costs	7	(4,593)	(3,073)
Profit before income tax benefit		3,404	4,528
Income tax benefit	8	3,008	-
Profit after income tax benefit for the year attributable to the owners of Firstfolio Limited	25	6,412	4,528
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Firstfolio Limited		<u>6,412</u>	<u>4,528</u>
		Cents	Cents
Basic earnings per share	39	0.85	0.75
Diluted earnings per share	39	0.85	0.73

Refer to note 3 for detailed information on restatement of comparatives.

The above statement of comprehensive income should be read in conjunction with the accompanying notes

Firstfolio Limited
Statement of financial position
As at 30 June 2011

		Consolidated	
	Note	2011	2010
		\$'000	\$'000
Assets			
Current assets			
Cash and cash equivalents	9	3,473	2,472
Trade and other receivables	10	9,371	8,407
Other	11	-	1,950
Total current assets		<u>12,844</u>	<u>12,829</u>
Non-current assets			
Receivables	12	1,063	657
Other financial assets	13	-	336
Property, plant and equipment	14	1,481	552
Intangibles	15	89,287	64,619
Deferred tax	16	4,817	1,192
Total non-current assets		<u>96,648</u>	<u>67,356</u>
Total assets		<u>109,492</u>	<u>80,185</u>
Liabilities			
Current liabilities			
Trade and other payables	17	8,597	8,217
Borrowings	18	2,926	9,641
Income tax	19	767	207
Provisions	20	742	678
Total current liabilities		<u>13,032</u>	<u>18,743</u>
Non-current liabilities			
Borrowings	21	60,692	33,516
Provisions	22	162	240
Total non-current liabilities		<u>60,854</u>	<u>33,756</u>
Total liabilities		<u>73,886</u>	<u>52,499</u>
Net assets		<u>35,606</u>	<u>27,686</u>
Equity			
Contributed equity	23	41,330	39,932
Reserves	24	2,856	2,746
Accumulated losses	25	<u>(8,580)</u>	<u>(14,992)</u>
Total equity		<u>35,606</u>	<u>27,686</u>

Refer to note 3 for detailed information on restatement of comparatives.

The above statement of financial position should be read in conjunction with the accompanying notes

Firstfolio Limited
Statement of changes in equity
For the year ended 30 June 2011

	Contributed equity \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
Consolidated				
Balance at 1 July 2009	27,149	2,662	(19,520)	10,291
Other comprehensive income for the year, net of tax	-	-	-	-
Profit after income tax benefit for the year	-	-	4,528	4,528
Total comprehensive income for the year	-	-	4,528	4,528
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	12,783	-	-	12,783
Share-based payments	-	84	-	84
Balance at 30 June 2010	<u>39,932</u>	<u>2,746</u>	<u>(14,992)</u>	<u>27,686</u>
	Contributed equity \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
Consolidated				
Balance at 1 July 2010	39,932	2,746	(14,992)	27,686
Other comprehensive income for the year, net of tax	-	-	-	-
Profit after income tax benefit for the year	-	-	6,412	6,412
Total comprehensive income for the year	-	-	6,412	6,412
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	1,398	-	-	1,398
Share-based payments	-	110	-	110
Balance at 30 June 2011	<u>41,330</u>	<u>2,856</u>	<u>(8,580)</u>	<u>35,606</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Firstfolio Limited
Statement of cash flows
For the year ended 30 June 2011

	Note	Consolidated	
		2011 \$'000	2010 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		99,284	72,543
Payments to suppliers and employees (inclusive of GST)		<u>(87,830)</u>	<u>(62,862)</u>
		11,454	9,681
Interest received		168	90
Interest and other finance costs paid		(3,070)	(998)
Income taxes paid		<u>(168)</u>	<u>(370)</u>
Net cash from operating activities	37	<u>8,384</u>	<u>8,403</u>
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	34	(15,898)	(16,877)
Payments for property, plant and equipment	14	(919)	(378)
Payments for intangibles	15	(472)	(23)
Payments for deposit for purchase of business		-	(1,950)
Payments for prior business combinations		(4,606)	(8,322)
Payments of loans		(406)	-
Proceeds from sale of property, plant and equipment		-	5
(Payments)/proceeds from release of security deposits		<u>(296)</u>	<u>87</u>
Net cash used in investing activities		<u>(22,597)</u>	<u>(27,458)</u>
Cash flows from financing activities			
Proceeds from issue of shares		39	12,241
Proceeds from borrowings		47,000	-
Proceeds from related party		5,958	23,350
Repayment of borrowings		(21,736)	(14,528)
Payments of deferred consideration		<u>(16,047)</u>	<u>-</u>
Net cash from financing activities		<u>15,214</u>	<u>21,063</u>
Net increase in cash and cash equivalents		1,001	2,008
Cash and cash equivalents at the beginning of the financial year		<u>2,472</u>	<u>464</u>
Cash and cash equivalents at the end of the financial year	9	<u><u>3,473</u></u>	<u><u>2,472</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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.

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

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed in the relevant accounting policy.

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 2 Share-based Payment Transactions - amendments for Group Cash-settled Share-based Payment Transactions

The consolidated entity has applied the amendments to AASB 2 from 1 July 2010. The amendments clarified the scope of AASB 2 by requiring an entity that receives goods or services in a share-based payment arrangement to account for those goods or services no matter which entity in the consolidated entity settles the transaction, and no matter whether the transaction is settled in shares or cash.

Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments

The consolidated entity has applied Interpretation 19 from 1 July 2010. The interpretation clarified that equity instruments issued to a creditor to extinguish a financial liability qualifies as consideration paid. The equity instruments issued are measured at their fair value, or if not reliably measured, at the fair value of the liability extinguished, with any gain or loss recognised in profit or loss.

Note 1. Significant accounting policies (continued)

AASB 2009-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project

The consolidated entity has applied AASB 2009-5 amendments from 1 July 2010. The amendments result in some accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes had no or minimal effect on accounting. The main changes were:

AASB 101 'Presentation of Financial Statements' - classification is not affected by the terms of a liability that could be settled by the issuance of equity instruments at the option of the counterparty;

AASB 107 'Statement of Cash Flows' - only expenditure that results in a recognised asset can be classified as a cash flow from investing activities;

AASB 117 'Leases' - removal of specific guidance on classifying land as a lease;

AASB 118 'Revenue' - provides additional guidance to determine whether an entity is acting as a principal or agent; and

AASB 136 'Impairment of Assets' - clarifies that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in AASB 8 'Operating Segments' before aggregation for reporting purposes.

AASB 2009-10 Amendments to AASB 132 - Classification of Rights Issues

The consolidated entity has applied AASB 2009-10 from 1 July 2010. The amendments clarified that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments. The amendment therefore provides relief to entities that issue rights in a currency other than their functional currency from treating the rights as derivatives with fair value changes recorded in profit or loss.

AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project

The consolidated entity has applied AASB 2010-3 amendments from 1 July 2010. The amendments result in some accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes had no or minimal effect on accounting. The main changes were:

AASB 127 'Consolidated and Separate Financial Statements' and AASB 3 Business Combinations - clarifies that contingent consideration from a business combination that occurred before the effective date of revised AASB 3 is not restated; the scope of the measurement choices of non-controlling interest is limited to when the rights acquired include entitlement to a proportionate share of net assets in the event of liquidation; requires an entity in a business combination to account for the replacement of acquiree's share-based payment transactions, unreplaced and voluntarily replaced, by splitting between consideration and post combination expenses.

Note 1. Significant accounting policies (continued)

Going concern

The consolidated entity has prepared the financial report on a going concern basis.

The net cash inflow from operating activities for the financial year ended 30 June 2011 was \$8,384,000 (2010: \$8,403,000), and based on current forecasts the consolidated entity is expected to maintain positive cash flows for the foreseeable future.

At 30 June 2011 the consolidated entity had net assets of \$35,606,000 (2010: \$27,686,000), net tangible asset deficiency (excluding intangible assets) of \$53,681,000 (2010: \$36,933,000) and a net current asset deficiency of \$188,000 (2010: \$5,914,000).

The net current asset deficiency includes deferred cash and consideration of \$1,853,000 (2010: \$8,161,000). The deferred cash and contingent consideration is linked on a monthly basis to a proportion of net gross margin from the respective businesses and based on the calculations will not result in a net cash outflow from the individual businesses.

No adjustments have been made relating to recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern. Notwithstanding the above the directors' have prepared the financial report on a going concern basis as they regularly monitor the consolidated entity's cash position and, on an on-going basis, consider a number of strategic and operation plans and initiatives to ensure that adequate funding continues to be available for the consolidated entity to meet its objectives and financial obligations.

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. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

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 33.

Note 1. Significant accounting policies (continued)

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Firstfolio Limited ('company' or 'parent entity') as at 30 June 2011 and the results of all subsidiaries for the year then ended. Firstfolio Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The effects of potential exercisable voting rights are considered when assessing whether control exists. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. Refer to the 'business combinations' accounting policy for further details. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM are responsible for the allocation of resources to operating segments and assessing their performance.

Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Origination and loan management (managed funds)

Origination commissions are recognised as revenue in the month the loan is settled, where the consolidated entity has no further requirement to perform services.

Loan management revenue in respect of settled loans is recognised each month on a due and payable basis.

Rendering of services (other than origination and loan management)

Revenue from the provision of services to customers is recognised upon delivery of the service to the customer.

Note 1. Significant accounting policies (continued)

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses and under and over provision in prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or 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 nor taxable profits; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle simultaneously.

Firstfolio Limited (the 'head entity') and its wholly-owned Australian controlled entities have formed an income tax consolidated group under the tax consolidation regime. The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the stand alone taxpayer approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity 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 tax consolidated group. The tax consolidated group has entered a tax funding agreement whereby each company in the group contributes to the income tax payable in proportion to their tax payable.

Note 1. Significant accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original 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.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Investments and other financial assets

Investments and other financial assets are measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted. The fair values of quoted investments are based on current bid prices. For unlisted investments, the consolidated entity establishes fair value by using valuation techniques. These include the use of recent arms length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets

The consolidated entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for loans and receivables carried at amortised cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If there is a reversal of impairment, the reversal can not exceed the amortised cost that would have been had the impairment not been recognised and is reversed to profit or loss.

Note 1. Significant accounting policies (continued)

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Plant and equipment	3-10 years
Plant and equipment under lease	2-5 years

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

Plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

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 dependant on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Note 1. Significant accounting policies (continued)

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangibles are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Where an entity or operation is acquired in a business combination, the identifiable net assets acquired are measured at fair value. The excess of the fair value of the cost of the acquisition over the fair value of the identifiable net assets acquired is brought to account as goodwill. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Contract rights

Contract rights acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Software and website

Significant costs associated with software and the development of the revenue generating aspects of the websites are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of between 3 and 10 years.

Intellectual property

Costs in relation to intellectual property are capitalised as an asset. These costs are not subsequently amortised as they have an indefinite useful life.

Distribution agreements

Costs in relation to distribution agreements are capitalised as an asset. These costs are not subsequently amortised as they have an indefinite useful life.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 1. Significant accounting policies (continued)

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred, including:

- interest on short-term and long-term borrowings
- interest on finance leases
- unwinding of the discount on deferred cash consideration

Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Wages and salaries and annual leave

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 current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

The liability for long service leave is recognised in current and non-current liabilities, depending on the unconditional right to defer settlement of the liability for at least 12 months after the reporting date. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. 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 on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Note 1. Significant accounting policies (continued)

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

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

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Note 1. Significant accounting policies (continued)

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Firstfolio Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Note 1. Significant accounting policies (continued)

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Rounding of amounts

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

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2011. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

IFRS 10 (AASB 10) Consolidated Financial Statements

This standard is applicable to annual reporting periods beginning on or after 1 January 2013. The standard has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns (e.g. dividends, remuneration, returns that are not available to other interest holders including losses) from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights (e.g. voting rights, potential voting rights, rights to appoint key management, decision making rights, kick out rights) that give it the current ability to direct the activities that significantly affect the investee's returns (e.g. operating policies, capital decisions, appointment of key management). The consolidated entity will not only have to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes. The adoption of this standard from 1 July 2013 may have an impact where the consolidated entity has a holding of less than 50% in an entity, has de facto control, and is not currently consolidating that entity.

IFRS 11 (AASB 11) Joint Arrangements

This standard is applicable to annual reporting periods beginning on or after 1 January 2013. The standard defines which entities qualify as joint ventures and removes the option to account for joint ventures using proportional consolidation. Joint ventures, where the parties to the agreement have the rights to the net assets will use equity accounting. Joint Operations, where the parties to the agreements have the rights to the assets and obligations for the liabilities will account for the assets, liabilities, revenues and expenses separately, using proportionate consolidation. The adoption of this standard from 1 July 2013 will not have a material impact on the consolidated entity.

Note 1. Significant accounting policies (continued)

IFRS 12 (AASB 12) Disclosure of Interests in Other Entities

This standard is applicable to annual reporting periods beginning on or after 1 January 2013. It contains the entire disclosure requirement associated with other entities, being subsidiaries, associates and joint ventures. The disclosure requirements have been significantly enhanced when compared to the disclosures previously located in AASB 127 'Consolidated and Separate Financial Statements', AASB 128 'Investments in Associates', AASB 131 'Interests in Joint Ventures', Interpretation 12 'Service Concession Arrangements' and Interpretation 13 'Customer Loyalty Programmes'. The adoption of this standard from 1 July 2013 will significantly increase the amount of disclosures required to be given by the consolidated entity such as significant judgements and assumptions made by the consolidated entity in determining whether it has a controlling or non-controlling interest in another entity and the type of non-controlling interest and the nature and risks involved.

IFRS 13 (AASB 13) Fair Value Measurement

This standard is applicable to annual reporting periods beginning on or after 1 January 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and it provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach would be used to measure assets, but not liabilities. As the standard does not introduce any new requirements for the use of fair value, its impact on adoption by the consolidated entity from 1 July 2013 should be minimal, although there will be increased disclosures where fair value is used.

AASB 9 Financial Instruments, 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and 2010-7 Amendments to Australian Accounting Standards arising from AASB 9

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2013 and completes phase I of the IASB's project to replace IAS 39 (being the international equivalent to AASB 139 'Financial Instruments: Recognition and Measurement'). This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. To be classified and measured at amortised cost, assets must satisfy the business model test for managing the financial assets and have certain contractual cash flow characteristics. All other financial instrument assets are to be classified and measured at fair value. This standard allows an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income, with dividends as a return on these investments being recognised in profit or loss. In addition, those equity instruments measured at fair value through other comprehensive income would no longer have to apply any impairment requirements nor would there be any 'recycling' of gains or losses through profit or loss on disposal. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. The consolidated entity will adopt this standard from 1 July 2013 but the impact of its adoption is yet to be assessed by the consolidated entity.

Note 1. Significant accounting policies (continued)

IAS 1 (AASB 101) Presentation of Financial Statements (Revised)

This revised standard is applicable to annual reporting periods beginning on or after 1 July 2012. The amendments requires grouping together of items within other comprehensive income on the basis of whether they will eventually be 'recycled' to the profit or loss. The change provides clarity about the nature of items presented as other comprehensive income and their future impact. The adoption of the revised standard from 1 July 2012 will impact the consolidated entity's presentation of its statement of comprehensive income.

AASB 124 Related Party Disclosures (December 2009)

This revised standard is applicable to annual reporting periods beginning on or after 1 January 2011. This revised standard simplifies the definition of a related party by clarifying its intended meaning and eliminating inconsistencies from the definition. The definition now identifies a subsidiary and an associate with the same investor as 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. This revised standard introduces a partial exemption of disclosure requirement for government-related entities. The adoption of this standard from 1 July 2011 will not have a material impact on the consolidated entity.

IAS 27 (AASB 127) Separate Financial Statements (Revised)

IAS 28 (AASB 128) Investments in Associates and Joint Ventures (Reissued)

These standards are applicable to annual reporting periods beginning on or after 1 January 2013. They have been modified to remove specific guidance that is now contained in IFRS 10, IFRS 11 and IFRS 12. The adoption of these revised standards from 1 July 2013 will not have a material impact on the consolidated entity.

AASB 2009-12 Amendments to Australian Accounting Standards

These amendments are applicable to annual reporting periods beginning on or after 1 January 2011. These amendments make numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, which have no major impact on the requirements of the amended pronouncements. The main amendment is to AASB 8 'Operating Segments' and requires an entity to exercise judgement in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. The adoption of these amendments from 1 July 2011 will not have a material impact on the consolidated entity.

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

These amendments are applicable to annual reporting periods beginning on or after 1 January 2011. These amendments are a consequence of the annual improvements project and make numerous non-urgent but necessary amendments to a range of Australian Accounting Standards and Interpretations. The amendments provide 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 instrument; clarifies 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 Statements'; and provides guidance on the disclosure of significant events and transactions in AASB 134 'Interim Financial Reporting'. The adoption of these amendments from 1 July 2011 will not have a material impact on the consolidated entity.

AASB 2010-5 Amendments to Australian Accounting Standards

These amendments are applicable to annual reporting periods beginning on or after 1 January 2011. These amendments makes 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. The adoption of these amendments from 1 July 2011 will not have a material impact on the consolidated entity.

Note 1. Significant accounting policies (continued)

AASB 2010-6 Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets

These amendments are applicable to annual reporting periods beginning on or after 1 July 2011. These amendments add and amend disclosure requirements in AASB 7 about transfer of financial assets, including the nature of the financial assets involved and the risks associated with them. The adoption of these amendments from 1 July 2011 will increase the disclosure requirements on the consolidated entity when an asset is transferred but is not derecognised and new disclosure required when assets are derecognised but the consolidated entity continues to have a continuing exposure to the asset after the sale.

AASB 2010-8 Amendments to Australian Accounting Standards- Deferred Tax: Recovery of Underlying Assets

These amendments are applicable to annual reporting periods beginning on or after 1 January 2012 and a practical approach for the measurement of deferred tax relating to investment properties measured at fair value, property, plant and equipment and intangible assets measured using the revaluation model. The measurement of deferred tax for these specified assets is based on the presumption that the carrying amount of the underlying asset will be recovered entirely through sale, unless the entity has clear evidence that economic benefits of the underlying asset will be consumed during its economic life. The consolidated entity is yet to quantify the tax effect of adopting these amendments from 1 July 2012.

AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project and AASB 2011-2 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements

These amendments are applicable to annual reporting periods beginning on or after 1 July 2011. They make changes to a range of Australian Accounting Standards and Interpretations for the purpose of closer alignment to IFRSs and harmonisation between Australian and New Zealand Standards. The amendments remove certain guidance and definitions from Australian Accounting Standards for conformity of drafting with International Financial Reporting Standards but without any intention to change requirements. The adoption of these amendments from 1 July 2011 will not have a material impact on the consolidated entity.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement

These amendments are applicable to annual reporting periods beginning on or after 1 July 2013, with early adoption not permitted. They amend AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel ('KMP'). The adoption of these amendments from 1 July 2013 will remove the duplication of relating to individual KMP in the notes to the financial statements and the directors report. As the aggregate disclosures are still required by AASB 124 and during the transitional period the requirements may be included in the Corporations Act or other legislation, it is expected that the amendments may not have a material impact on the consolidated entity.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Share-based payment transactions

The consolidated entity 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 are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Provision for impairment of receivables

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors financial position.

Fair value and hierarchy of financial instruments

The consolidated entity is required to classify financial instruments, measured at fair value, using a three level hierarchy, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs). An instrument is required to be classified in its entirety on the basis of the lowest level of valuation inputs that is significant to fair value. Considerable judgement is required to determine what is significant to fair value and therefore which category the financial instrument is placed in can be subjective.

The fair value of financial instruments classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and definite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill and other indefinite life intangible assets

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs to sell or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Long service leave provision

As discussed in note 1, the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Deferred consideration

The deferred consideration liability is the difference between the total purchase consideration, usually on an acquisition of a business combination, and the amounts paid or settled up to the reporting date, discounted to net present value. The consolidated entity applies provisional accounting for any business combination. Any reassessment of the liability during the earlier of the finalisation of the provisional accounting or 12 months from acquisition-date is adjusted for retrospectively as part of the provisional accounting rules in accordance with AASB 3 'Business Combinations'. Thereafter, at each reporting date, the deferred consideration liability is reassessed against revised management estimates and any increase or decrease in the net present value of the liability will result in a corresponding gain or loss to profit or loss. The increase in the liability resulting from the passage of time is recognised as a finance cost.

Lease make good provision

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting both the expense or asset, if applicable, and provision.

Business combinations

As discussed in note 1, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by management taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Note 3. Restatement of comparatives

Finalisation of prior year business combinations

The values identified in relation to the acquisition of subsidiaries in the prior year have now been finalised and therefore the 30 June 2010 comparatives have been adjusted in accordance of AASB 3 'Business Combinations'.

Firstfolio Limited
Notes to the financial statements
30 June 2011

Note 3. Restatement of comparatives (continued)

Statement of comprehensive income

Extract	2010 \$'000 Reported	Consolidated \$'000 Adjustment	2010 \$'000 Restated
Other income	101	630	731
Expenses			
Depreciation and amortisation expense	<u>(1,263)</u>	<u>(914)</u>	<u>(2,177)</u>
Profit before income tax benefit	4,812	(284)	4,528
Income tax benefit	<u>-</u>	<u>-</u>	<u>-</u>
Profit after income tax benefit for the year attributable to the owners of Firstfolio Limited	4,812	(284)	4,528
Other comprehensive income for the year, net of tax	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the year attributable to the owners of Firstfolio Limited	<u><u>4,812</u></u>	<u><u>(284)</u></u>	<u><u>4,528</u></u>

Statement of financial position at the beginning of the earliest comparative period

When there is a restatement of comparatives, it is mandatory to provide a third statement of financial position at the beginning of the earliest comparative period, being 1 July 2009. However, as there were no adjustments made as at 1 July 2009, the consolidated entity has elected not to show the 1 July 2009 statement of financial position.

Firstfolio Limited
Notes to the financial statements
30 June 2011

Note 3. Restatement of comparatives (continued)

Statement of financial position at the end of the earliest comparative period

Extract	2010	Consolidated	2010
	\$'000	\$'000	\$'000
	Reported	Adjustment	Restated
Assets			
Current assets			
Trade and other receivables	8,460	(53)	8,407
Total current assets	<u>12,882</u>	<u>(53)</u>	<u>12,829</u>
Non-current assets			
Intangibles	65,232	(613)	64,619
Deferred tax	685	507	1,192
Total non-current assets	<u>67,462</u>	<u>(106)</u>	<u>67,356</u>
Total assets	<u>80,344</u>	<u>(159)</u>	<u>80,185</u>
Liabilities			
Current liabilities			
Borrowings	9,516	125	9,641
Total current liabilities	<u>18,618</u>	<u>125</u>	<u>18,743</u>
Total liabilities	<u>52,374</u>	<u>125</u>	<u>52,499</u>
Net assets	<u>27,970</u>	<u>(284)</u>	<u>27,686</u>
Equity			
Accumulated losses	(14,708)	(284)	(14,992)
Total equity	<u>27,970</u>	<u>(284)</u>	<u>27,686</u>

Note 4. Operating segments

Identification of reportable operating segments

The consolidated entity has identified that there is one operating segment based on the internal reports that are reviewed and used by the Chief Executive Officer and the Board of Directors (collectively referred to as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The information reported to the CODM is on at least a monthly basis.

Types of products and services

The consolidated entity operates principally in the home loan financing segment within Australia.

Major customers

The consolidated entity has a number of customers to which it provides products and services via six main banks in Australia. The combined revenue from these six (2010: six) main banks amounted to 81% (2010: 82%) of the external revenue.

Firstfolio Limited
Notes to the financial statements
30 June 2011

Note 5. Revenue

	Consolidated	
	2011	2010
	\$'000	\$'000
<i>Sales revenue</i>		
Services revenue	88,729	65,526
	<u> </u>	<u> </u>
<i>Other revenue</i>		
Interest	223	90
	<u> </u>	<u> </u>
Revenue	<u>88,952</u>	<u>65,616</u>

Note 6. Other income

	Consolidated	
	2011	2010
	\$'000	\$'000
Other income	313	731
	<u> </u>	<u> </u>

Note 7. Expenses

	Consolidated	
	2011	2010
	\$'000	\$'000
Profit before income tax includes the following specific expenses:		
<i>Finance costs</i>		
Interest and finance charges paid/payable	3,543	1,294
Unwinding of the discount on deferred cash consideration	1,050	1,779
	<u> </u>	<u> </u>
Finance costs expensed	<u>4,593</u>	<u>3,073</u>
<i>Net loss on disposal</i>		
Net loss on disposal of property, plant and equipment	-	78
	<u> </u>	<u> </u>
<i>Rental expense relating to operating leases</i>		
Minimum lease payments	1,096	927
	<u> </u>	<u> </u>
<i>Superannuation expense</i>		
Defined contribution superannuation expense	844	651
	<u> </u>	<u> </u>
<i>Share-based payments expense</i>		
Share-based payments expense	110	84
	<u> </u>	<u> </u>
<i>Restructuring costs</i>		
Restructuring costs	155	-
	<u> </u>	<u> </u>

Firstfolio Limited
Notes to the financial statements
30 June 2011

Note 8. Income tax benefit

	Consolidated	
	2011	2010
	\$'000	\$'000
<i>Income tax benefit</i>		
Current tax	631	-
Deferred tax	(3,594)	-
Over provision in prior years	(45)	-
	<u>(3,008)</u>	<u>-</u>
Aggregate income tax benefit		
Deferred tax included in income tax benefit comprises:		
Increase in deferred tax assets (note 16)	<u>(3,594)</u>	<u>-</u>
<i>Numerical reconciliation of income tax benefit to prima facie tax payable</i>		
Profit before income tax benefit	3,404	4,528
Tax at the Australian tax rate of 30%	1,021	1,358
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible acquisition costs	359	371
Non-deductible expenses	53	23
Unwinding of discount on deferred consideration	291	576
Gain on business acquisition	-	(189)
	<u>1,724</u>	<u>2,139</u>
Over provision in prior years	(45)	-
Prior year tax losses not recognised now recouped	(999)	(2,139)
Current year temporary differences not recognised	711	-
Prior year temporary differences not recognised now recognised	(748)	-
Prior year tax losses recoverable in future periods	<u>(3,651)</u>	<u>-</u>
Income tax benefit	<u>(3,008)</u>	<u>-</u>
<i>Tax losses not recognised</i>		
Unused tax losses for which no deferred tax asset has been recognised	<u>-</u>	<u>20,154</u>
Potential tax benefit @ 30%	<u>-</u>	<u>6,046</u>

Firstfolio Limited paid income tax for the first time during the financial year ended 30 June 2011. Following an assessment by management of the expected future performance of the consolidated entity and the availability of historic tax losses, a deferred tax asset of \$4,817,000 has been recognised at 30 June 2011. The deferred tax asset represents, temporary timing differences and unused tax losses at 30 June 2011, which are expected to be available to be recovered against future taxable profits.

Firstfolio Limited
Notes to the financial statements
30 June 2011

Note 9. Current assets - cash and cash equivalents

	Consolidated	
	2011	2010
	\$'000	\$'000
Cash at bank	3,020	2,059
Cash on deposit	453	413
	<u>3,473</u>	<u>2,472</u>

Note 10. Current assets - trade and other receivables

	Consolidated	
	2011	2010
	\$'000	\$'000
Trade receivables	173	112
Less: Provision for impairment of receivables	-	(53)
	<u>173</u>	<u>59</u>
Other receivables	1,068	1,460
Accrued revenue	6,552	6,404
Prepayments	1,198	400
Bonds and deposits	380	84
	<u>9,371</u>	<u>8,407</u>

Impairment of receivables

The consolidated entity has recognised a loss of \$nil (2010: \$66,000) in profit or loss in respect of impairment of receivables for the year ended 30 June 2011.

The ageing of the impaired receivables recognised above are as follows:

	Consolidated	
	2011	2010
	\$'000	\$'000
Over 6 months overdue	<u>-</u>	<u>53</u>

Movements in the provision for impairment of receivables are as follows:

	Consolidated	
	2011	2010
	\$'000	\$'000
Opening balance	53	24
Additional provisions recognised	-	66
Receivables written off during the year as uncollectable	(53)	(37)
Closing balance	<u>-</u>	<u>53</u>

Firstfolio Limited
Notes to the financial statements
30 June 2011

Note 10. Current assets - trade and other receivables (continued)

Past due but not impaired

Customers with balances past due but without provision for impairment of receivables amount to \$97,000 as at 30 June 2011 (\$35,000 as at 30 June 2010). The consolidated entity did not consider a credit risk on the aggregate balances after reviewing agency credit information and credit terms of customers based on recent collection practices.

The ageing of the past due but not impaired receivables are as follows:

	Consolidated	
	2011	2010
	\$'000	\$'000
1 to 3 months overdue	97	15
3 to 6 months overdue	-	15
Over 6 months overdue	-	5
	<u>97</u>	<u>35</u>

Note 11. Current assets - other

	Consolidated	
	2011	2010
	\$'000	\$'000
Deposit for Apple Loans purchase	<u>-</u>	<u>1,950</u>

Note 12. Non-current assets - receivables

	Consolidated	
	2011	2010
	\$'000	\$'000
Other receivables	<u>1,063</u>	<u>657</u>

Note 13. Non-current assets - other financial assets

	Consolidated	
	2011	2010
	\$'000	\$'000
Other loans	<u>-</u>	<u>336</u>

Firstfolio Limited
Notes to the financial statements
30 June 2011

Note 14. Non-current assets - property, plant and equipment

	Consolidated	
	2011	2010
	\$'000	\$'000
Plant and equipment - at cost	2,682	1,345
Less: Accumulated depreciation	<u>(1,331)</u>	<u>(798)</u>
	<u>1,351</u>	<u>547</u>
Plant and equipment under lease	223	57
Less: Accumulated depreciation	<u>(93)</u>	<u>(52)</u>
	<u>130</u>	<u>5</u>
	<u><u>1,481</u></u>	<u><u>552</u></u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Plant and equipment \$'000	Plant under lease \$'000	Total \$'000
Consolidated			
Balance at 1 July 2009	297	18	315
Additions	404	-	404
Additions through business combinations (note 34)	106	-	106
Disposals	(83)	-	(83)
Depreciation expense	<u>(177)</u>	<u>(13)</u>	<u>(190)</u>
Balance at 30 June 2010	547	5	552
Additions	753	166	919
Additions through business combinations (note 34)	436	-	436
Depreciation expense	<u>(385)</u>	<u>(41)</u>	<u>(426)</u>
Balance at 30 June 2011	<u><u>1,351</u></u>	<u><u>130</u></u>	<u><u>1,481</u></u>

Property, plant and equipment secured under finance leases

Refer to note 31 for detailed information on property, plant and equipment secured under finance leases.

Firstfolio Limited
Notes to the financial statements
30 June 2011

Note 15. Non-current assets - intangibles

	Consolidated	
	2011	2010
	\$'000	\$'000
Goodwill - at cost	48,504	34,240
Less: Impairment	(170)	(170)
	<u>48,334</u>	<u>34,070</u>
Contract rights - at cost	22,896	13,576
Less: Accumulated amortisation	(2,816)	(716)
	<u>20,080</u>	<u>12,860</u>
Software and websites - at cost	4,854	4,206
Less: Accumulated amortisation	(3,447)	(1,959)
	<u>1,407</u>	<u>2,247</u>
Intellectual property - at cost	19,690	15,690
Less: Impairment	(500)	(500)
	<u>19,190</u>	<u>15,190</u>
Distribution agreements - at cost	252	252
	<u>252</u>	<u>252</u>
Projects in-progress - at cost	24	-
	<u>24</u>	<u>-</u>
	<u>89,287</u>	<u>64,619</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Goodwill	Contract	Software and	Intellectual	Distribution	Total
	\$'000	rights	websites	property	and other	\$'000
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Consolidated						
Balance at 1 July 2009	26,529	-	2,479	11,700	252	40,960
Additions	-	-	23	-	-	23
Additions through business combinations (note 34)	7,541	13,576	1,016	3,490	-	25,623
Amortisation expense	-	(716)	(1,271)	-	-	(1,987)
	<u>34,070</u>	<u>12,860</u>	<u>2,247</u>	<u>15,190</u>	<u>252</u>	<u>64,619</u>
Balance at 30 June 2010	34,070	12,860	2,247	15,190	252	64,619
Additions	4,578	-	448	-	24	5,050
Additions through business combinations (note 34)	9,686	9,320	200	4,000	-	23,206
Amortisation expense	-	(2,100)	(1,488)	-	-	(3,588)
	<u>48,334</u>	<u>20,080</u>	<u>1,407</u>	<u>19,190</u>	<u>276</u>	<u>89,287</u>
Balance at 30 June 2011	<u>48,334</u>	<u>20,080</u>	<u>1,407</u>	<u>19,190</u>	<u>276</u>	<u>89,287</u>

Note 15. Non-current assets - intangibles (continued)

Impairment tests for goodwill and indefinite life intangibles

Goodwill and indefinite life intangibles acquired through business combinations is allocated to the single cash generating unit (CGU), being the home financing segment within Australia.

The recoverable amount of the single CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five year period. Cash flows beyond the five year period are extrapolated using the estimated growth rates stated below.

Key assumptions used for value-in-use calculations:

Overall approach

Revenue projections are based on detailed plans for the year ending 30 June 2012 and growth projections based on the key drivers in the current business. Commissions and other expenses are based on detailed knowledge of the business, historic activity, weighted average inflation rates and detailed plans for the year ending 30 June 2012. This has been extrapolated in future years based on knowledge and assumptions around the growth in revenue and the level of expense required to support this.

Loan settlements

The cash flow projections are influenced by the loan settlement forecast. This forecast takes account of historical loan settlement volumes. Management considers the growth rate from this base of approximately 6.5% (2010: 7%), excluding any future acquisitions, to be conservative. A growth rate of 3% (2010: 3%) or less is assumed for new settlements in the following years.

Trail income

The settlement volumes noted above influence the trail income estimates in the year ending 30 June 2012 and following financial years in association with the estimates relating to the types and frequency of loan products settled in the period. Management believes that the estimate is reasonable given current market circumstances and business growth plans. The projection of trail income is less sensitive to loan settlements in the short term due to the overriding influence of the trail commissions from the current loan book.

Loan discharge rates

Discharges of current loans are forecast to be within the prior 12 to 24 months experience. Newly settled loans are expected to have a lower discharge rate early in their lives with the rate increasing over time.

Note 15. Non-current assets - intangibles (continued)

Gross margins

Gross margin has been calculated with reference to the actual commission rates currently in place. The rates used are differentiated depending on when the loan settled as new settlements are commissioned at a lower rate due to changes in the commission rate structure from the lenders.

Overhead expenses

Overhead costs have been contained through taking advantage of operational synergies with acquired entities and continue to centralise head office function. Further synergies are expected to be realised over the coming 12 months as the newly acquired businesses are integrated into the consolidated entity. Overhead expenses for the year ending 30 June 2012 have been projected in line with the current business structure and future growth expectations.

Discount rate

The discount rate applied to cash flow projections is 12.25% pre-tax (2010: 17.50% pre-tax). Discount rates applied reflect management's estimate of the time value of money and the consolidated entity's weighted average cost of capital, the risk free rate and the volatility of the share price relative to market movements. During the 2011 financial year the volatility in share price reduced resulting in a lower discount rate.

Sensitivity

As disclosed in note 2, the directors have made judgements and estimates in respect of impairment testing of goodwill and indefinite intangibles. Should these judgements and estimates not occur the resulting goodwill and intangibles may vary in carrying value. The points noted below are sensitivities of these estimates:

- a) Revenue would need to decrease by more than 4.3% (2010: 1%) before goodwill or indefinite life intangibles would need to be impaired, with all other assumptions remaining constant.
- b) Settlements would need to decline by more than 21% (2010: 3%) before goodwill or indefinite life intangibles would need to be impaired, with all other assumptions remaining constant.
- c) The discount rate would be required to increase by 4.2% (2010: 1.25%) before goodwill or indefinite life intangibles would need to be impaired, with all other assumptions remaining constant.

Management believes that any reasonable change in the key assumptions on which the recoverable amount of the single CGU is based would not cause the cash generating unit's carrying amount to exceed its recoverable amount.

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Note 16. Non-current assets - deferred tax

	Consolidated	
	2011	2010
	\$'000	\$'000
<i>The balance comprises temporary differences attributable to:</i>		
Amounts recognised in profit or loss:		
Tax losses	3,486	685
Property, plant and equipment	138	507
Employee benefits	322	-
Accrued expenses	701	-
Other	170	-
	<u>4,817</u>	<u>1,192</u>
Deferred tax asset	<u>4,817</u>	<u>1,192</u>
<i>Movements:</i>		
Opening balance	1,192	685
Credited to profit or loss (note 8)	3,594	-
Additions through business combinations (note 34)	31	507
	<u>4,817</u>	<u>1,192</u>
Closing balance	<u>4,817</u>	<u>1,192</u>

Note 17. Current liabilities - trade and other payables

	Consolidated	
	2011	2010
	\$'000	\$'000
Trade payables	557	872
Commission accrued	4,561	4,582
Other payables and accruals	3,479	2,763
	<u>8,597</u>	<u>8,217</u>
	<u>8,597</u>	<u>8,217</u>

Refer to note 27 for detailed information on financial instruments.

Firstfolio Limited
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Note 18. Current liabilities - borrowings

	Consolidated	
	2011	2010
	\$'000	\$'000
Bank loans	1,000	1,519
Deferred cash and contingent consideration	1,853	8,108
Loan from other entities	-	9
Lease liability	73	5
	<u>2,926</u>	<u>9,641</u>

Refer to note 21 for further information on assets pledged as security and financing arrangements and note 27 for detailed information on financial instruments.

Note 19. Current liabilities - income tax

	Consolidated	
	2011	2010
	\$'000	\$'000
Provision for income tax	<u>767</u>	<u>207</u>

Note 20. Current liabilities - provisions

	Consolidated	
	2011	2010
	\$'000	\$'000
Employee benefits	726	662
Deferred lease incentives	16	16
	<u>742</u>	<u>678</u>

Deferred lease incentives

The provision represents operating lease incentives received. The incentives are allocated to profit or loss in such a manner that the rent expense is recognised on a straight-line basis over the lease term.

Firstfolio Limited
Notes to the financial statements
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Note 20. Current liabilities - provisions (continued)

Amounts not expected to be settled within the next 12 months

The current provision for long service leave includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the consolidated entity does not have an unconditional right to defer settlement. However, based on past experience, the consolidated entity does not expect all employees to take the full amount of accrued long service leave or require payment within the next 12 months.

The following amounts reflect leave that is not expected to be taken within the next 12 months:

	Consolidated	
	2011	2010
	\$'000	\$'000
Long service leave obligation expected to be settled after 12 months	129	113
Annual leave expected to be settled after 12 months	70	186
	<u>199</u>	<u>299</u>
Total obligations expected to be settled after 12 months	<u><u>199</u></u>	<u><u>299</u></u>

Note 21. Non-current liabilities - borrowings

	Consolidated	
	2011	2010
	\$'000	\$'000
Bank loans	26,500	860
Deferred cash and contingent consideration	4,796	9,304
Loan from director related entity	29,308	23,350
Lease liability	88	2
	<u>60,692</u>	<u>33,516</u>
	<u><u>60,692</u></u>	<u><u>33,516</u></u>

Refer to note 27 for detailed information on financial instruments.

Total secured liabilities

The total secured liabilities (current and non-current) are as follows:

	Consolidated	
	2011	2010
	\$'000	\$'000
Bank loans	27,500	2,379
Lease liability	161	7
	<u>27,661</u>	<u>2,386</u>
	<u><u>27,661</u></u>	<u><u>2,386</u></u>

Firstfolio Limited
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Note 21. Non-current liabilities - borrowings (continued)

Assets pledged as security

The loan from NAB is secured by a first ranking fixed and floating charge over Club FS Pty Ltd, Club Promotional Pty Ltd, Rate Slayer Home Loans Pty Ltd, Fee Slayer Home Loans Pty Ltd, Club Financial Services Pty Ltd, National Finance Club Pty Ltd and Club Financial Services Holdings Pty Ltd (the Club entities).

The Loan from Commonwealth Bank is secured by a second ranking fixed and floating charge over the Club entities and a fixed and floating charge over all other group entities.

The lease liabilities are effectively secured as the rights to the leased assets recognised in the statement of financial position revert to the lessor in the event of default.

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated	
	2011	2010
	\$'000	\$'000
Total facilities		
Bank loans	27,500	2,379
Loans from director related entities	45,000	25,000
	<u>72,500</u>	<u>27,379</u>
Used at the reporting date		
Bank loans	27,500	2,379
Loans from director related entities	29,308	23,350
	<u>56,808</u>	<u>25,729</u>
Unused at the reporting date		
Bank loans	-	-
Loans from director related entities	15,692	1,650
	<u>15,692</u>	<u>1,650</u>

Note 22. Non-current liabilities - provisions

	Consolidated	
	2011	2010
	\$'000	\$'000
Employee benefits	50	105
Deferred lease incentives	61	78
Lease make good	51	57
	<u>162</u>	<u>240</u>

Deferred lease incentives

The provision represents operating lease incentives received. The incentives are allocated to profit or loss in such a manner that the rent expense is recognised on a straight-line basis over the lease term.

Lease make good

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

Firstfolio Limited
Notes to the financial statements
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Note 22. Non-current liabilities - provisions (continued)

Movements in provisions

Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

	Deferred lease incentives \$'000	Lease make good \$'000
Consolidated - 2011		
Carrying amount at the start of the year	78	57
Amounts used	<u>(17)</u>	<u>(6)</u>
Carrying amount at the end of the year	<u><u>61</u></u>	<u><u>51</u></u>

Note 23. Equity - contributed

	Consolidated		Consolidated	
	2011	2010	2011	2010
	Shares	Shares	\$'000	\$'000
Ordinary shares - fully paid	<u>765,136,809</u>	<u>732,396,174</u>	<u>41,330</u>	<u>39,932</u>

Movements in ordinary share capital

Details	Date	No of shares	Issue price	\$'000
Balance	1 July 2009	440,201,118		27,149
Shares issued to FFF Remuneration Pty Limited	18 August 2009	28,000,000	\$0.000	-
Exercise of options	27 November 2009	7,500,000	\$0.040	300
Exercise of options	2 December 2009	6,750,000	\$0.040	270
1 for 2 rights issue	18 December 2009	241,225,668	\$0.050	12,061
Rights issue transaction costs	18 December 2009			(392)
Chartered Capital Corporation Pty Limited	21 December 2009	5,000,000	\$0.050	250
Exercise of options	22 December 2009	60,000	\$0.030	2
Shares issued on acquisition of Xplore Capital Limited	15 June 2010	137,712	\$0.070	10
Shares issued on acquisition of Xplore Capital Limited	30 June 2010	<u>3,521,676</u>	\$0.080	<u>282</u>
Balance	30 June 2010	732,396,174		39,932
Shares issued on acquisition of Apple Loans Pty Ltd	1 July 2010	17,947,635	\$0.059	1,062
Shares issued on acquisition of Apple Loans Pty Ltd	27 August 2010	5,000,000	\$0.059	297
Shares issued to FFF Remuneration Pty Ltd	19 November 2010	5,500,000	\$0.000	-
Exercise of options	8 March 2011	236,000	\$0.030	7
Exercise of options	4 May 2011	1,057,000	\$0.030	32
Shares issued to FFF Remuneration Pty Ltd	12 May 2011	<u>3,000,000</u>	\$0.000	<u>-</u>
Balance	30 June 2011	<u><u>765,136,809</u></u>		<u><u>41,330</u></u>

Firstfolio Limited
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Note 23. Equity - contributed (continued)

The shares issued to FFF Remuneration Pty Limited were in relation to the Senior Executive Share Scheme (the Scheme). These shares are linked to limited recourse interest-free loans and as a result the amounts receivable and the related contributed equity are not recognised in the financial statements. When, or if, these loans are repaid to the consolidated entity, the shares will be transferred to the participants and the amounts repaid will be recognised in contributed equity. Refer to note 40 for further information on the Scheme.

There were 28,320,000 (2010: 46,086,000) unissued ordinary shares of Firstfolio Limited under option as at 30 June 2011.

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

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

Capital risk management

The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current parent entity's share price at the time of the investment.

The capital risk management policy remains unchanged from the 2010 Annual Report.

Note 24. Equity - reserves

	Consolidated		
	2011	2010	
	\$'000	\$'000	
Capital profits reserve	25	25	
Equity-settled benefits reserve	2,831	2,721	
	<u>2,856</u>	<u>2,746</u>	
	Capital profits	Equity-settled	
	\$'000	benefits	
		Total	
		\$'000	
Consolidated			
Balance at 1 July 2009	25	2,637	2,662
Share-based payments	-	84	84
	<u>25</u>	<u>2,721</u>	<u>2,746</u>
Balance at 30 June 2010	-	110	110
Share-based payments	<u>25</u>	<u>2,831</u>	<u>2,856</u>
Balance at 30 June 2011	<u>25</u>	<u>2,831</u>	<u>2,856</u>

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Note 24. Equity - reserves (continued)

Capital profits reserve

The reserve is used to quarantine capital profits from accumulated losses.

Equity-settled benefits reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Note 25. Equity - accumulated losses

	Consolidated	
	2011	2010
	\$'000	\$'000
Accumulated losses at the beginning of the financial year	(14,992)	(19,520)
Profit after income tax benefit for the year	<u>6,412</u>	<u>4,528</u>
Accumulated losses at the end of the financial year	<u><u>(8,580)</u></u>	<u><u>(14,992)</u></u>

Note 26. Equity - dividends

Dividends

There were no dividends paid or declared during the current or previous financial year.

Franking credits

	Consolidated	
	2011	2010
	\$'000	\$'000
Franking credits available for subsequent financial years based on a tax rate of 30%	<u>7,972</u>	<u>7,709</u>

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

Note 27. Financial instruments

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate risk and ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('Board'). Finance identifies and evaluates financial risks within the consolidated entity.

Note 27. Financial instruments (continued)

Market risk

Foreign currency risk

The consolidated entity is not exposed to foreign currency risk.

Price risk

The consolidated entity is not exposed to any significant price risk.

Interest rate risk

The consolidated entity's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the consolidated entity to interest rate risk. Borrowings issued at fixed rates expose the consolidated entity to fair value interest rate risk. The consolidated entity has not entered into any interest rate swap agreements.

For the consolidated entity the interest bearing loans outstanding total \$56,808,000 (2010: \$25,729,000) and are all subject to variable interest rates. An official increase/decrease in interest rates of one percentage point (2010 one percentage point) would have an adverse/positive affect on profit of \$568,000 (2010: \$257,000) per annum. In the next 12 months minimum principal repayments of \$1,000,000 (2010: \$1,519,000) are due.

Credit risk

Credit risk is managed on a consolidated entity basis. Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

Due to the nature of the industry in which the consolidated entity operates, it does have a recognised concentration of credit risk in relation to trade and other receivables, having entered into transactions with six main banks with high monthly account balances

The consolidated entity's trade and other receivables from these six main banks as at 30 June 2011 amounted to \$5,703,000 (2010: \$5,496,000) i.e. approximately 54% (2010: 60%) of the total receivables balance.

Liquidity risk

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements

Unused borrowing facilities at the reporting date:

	Consolidated	
	2011	2010
	\$'000	\$'000
Loans from director related entities	15,692	1,650

The director related loan facility may be drawn at any time and has an average maturity of 4 years.

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Note 27. Financial instruments (continued)

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2011	Weighted average interest rate %	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Remaining contractual maturities \$'000
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	557	-	-	-	557
Other payables	-	3,479	-	-	-	3,479
Deferred cash consideration	-	1,907	874	-	-	2,781
<i>Interest-bearing - variable</i>						
Bank loans	7.89	3,126	3,038	26,497	-	32,661
Loans from director related entities	9.14	2,679	2,679	33,326	-	38,684
<i>Interest-bearing - fixed rate</i>						
Lease liability	8.00	88	94	-	-	182
Total non-derivatives		11,836	6,685	59,823	-	78,344

Consolidated - 2010	Weighted average interest rate %	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Remaining contractual maturities \$'000
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	872	-	-	-	872
Other payables	-	2,763	-	-	-	2,763
Deferred cash considerations	-	9,044	6,703	3,273	-	19,020
Loans from other entities	-	9	-	-	-	9
<i>Interest-bearing - variable</i>						
Bank loans	6.57	1,625	888	-	-	2,513
Loans from director related entities	8.30	1,938	1,938	26,257	-	30,133
<i>Interest-bearing - fixed rate</i>						
Lease liability	8.00	5	3	-	-	8
Total non-derivatives		16,256	9,532	29,530	-	55,318

The cash flows in the maturity analysis above are not expected to occur significantly earlier than disclosed.

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Note 27. Financial instruments (continued)

Fair value of financial instruments

The following tables detail the consolidated entity's fair values of financial instruments categorised by the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Consolidated - 2011	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Liabilities</i>				
Contingent consideration	-	-	3,922	3,922
Total liabilities	-	-	3,922	3,922

Movements in level 3 financial instruments

Movements in level 3 financial instruments during the current and previous financial year are set out below:

	Contingent consideration \$'000	Total \$'000
Consolidated - 2011		
Balance at 1 July 2009	-	-
Balance at 30 June 2010	-	-
Contingent consideration initially recognised on business combination	3,762	3,762
Change in contingent consideration recognised in profit or loss	160	160
Balance at 30 June 2011	3,922	3,922

Contingent consideration due to be paid in July 2012 is estimated to be \$4,300,000 based on the modelling forecasts of the performance of the acquired business, being the maximum amount due to be paid in accordance with the agreement based on settlement volumes during specified timeframes. The amount has been initially been recognised at fair value of \$3,762,000 using a discount rate of 8.75%. Reasonable likely increase in expected performance would have no impact on profit as the maximum amount has been provided. Any reduction in performance will have a positive impact on profit. If the hurdles are not met the contingent consideration is reduced on a pro-rata basis.

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments.

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Note 28. Key management personnel disclosures

Directors

The following persons were directors of Firstfolio Limited during the financial year:

Thomas J. Hartigan	Chairman
Mark Forsyth (appointed on 29 July 2010)	Executive Director and Chief Executive Officer
Anthony N. Wales	Non-Executive Director
Anthony B. Harris	Non-Executive Director
Michael Hogg	Non-Executive Director
Mark K. Flack	Executive Director
Gregory J. Paramor (appointed on 29 July 2010)	Non-Executive Director

Other key management personnel

The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, directly or indirectly, during the financial year:

Andrew Russell (resigned on 31 August 2010)	General Manager - Third Party and Product Distribution
---	--

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2011	2010
	\$	\$
Short-term employee benefits	894,290	1,080,000
Post-employment benefits	41,504	72,883
Termination benefits	61,162	45,872
Share-based payments	28,937	45,370
	<u>1,025,893</u>	<u>1,244,125</u>

Shareholding

The number of shares in the parent entity held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

2011	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
<i>Ordinary shares</i>					
Thomas J. Hartigan	13,274,852	-	-	-	13,274,852
Mark Forsyth	35,087,500	-	-	-	35,087,500
Anthony N. Wales	125,818,881	-	-	-	125,818,881
Anthony Harris	2,839,470	-	-	-	2,839,470
Michael Hogg	6,250,001	-	-	-	6,250,001
Gregory J. Paramor **	-	-	-	8,700,000	8,700,000
Mark K. Flack	31,972,258	-	-	-	31,972,258
Andrew Russell ***	3,500,000	-	-	(3,500,000)	-
	<u>218,742,962</u>	<u>-</u>	<u>-</u>	<u>5,200,000</u>	<u>223,942,962</u>

** Disposals/other - represents shares held by Gregory J Paramor on being a key management personnel

*** Disposals/other - represents Andrew Russell no longer being a key management personnel, not necessary physical disposal of holding

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Note 28. Key management personnel disclosures (continued)

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
2010					
<i>Ordinary shares</i>					
Thomas J. Hartigan	8,425,819	-	4,849,033	-	13,274,852
Mark Forsyth	6,058,333	-	30,362,500	(1,333,333)	35,087,500
Anthony N. Wales	55,935,683	-	69,883,198	-	125,818,881
Anthony Harris	1,892,980	-	946,490	-	2,839,470
Michael Hogg	5,166,667	-	5,083,334	(4,000,000)	6,250,001
Mark K. Flack	16,960,000	-	15,012,258	-	31,972,258
Andrew Russell	-	-	3,500,000	-	3,500,000
	<u>94,439,482</u>	<u>-</u>	<u>129,636,813</u>	<u>(5,333,333)</u>	<u>218,742,962</u>

Option holding

The number of options over ordinary shares in the parent entity held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
2011					
<i>Options over ordinary shares</i>					
Mark Forsyth	15,000,000	-	-	(7,500,000)	7,500,000
Michael Hogg	7,500,000	-	-	(3,750,000)	3,750,000
	<u>22,500,000</u>	<u>-</u>	<u>-</u>	<u>(11,250,000)</u>	<u>11,250,000</u>

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
2010					
<i>Options over ordinary shares</i>					
Mark Forsyth	30,000,000	-	(7,500,000)	(7,500,000)	15,000,000
Michael Hogg	14,250,000	-	(3,000,000)	(3,750,000)	7,500,000
	<u>44,250,000</u>	<u>-</u>	<u>(10,500,000)</u>	<u>(11,250,000)</u>	<u>22,500,000</u>

Related party transactions

Related party transactions are set out in note 32.

Note 29. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Pitcher Partners, the auditor of the company, and its related practices:

	Consolidated	
	2011	2010
	\$	\$
<i>Audit services - Pitcher Partners</i>		
Audit or review of the financial report	<u>100,000</u>	<u>140,285</u>

Firstfolio Limited
Notes to the financial statements
30 June 2011

Note 30. Contingent liabilities

	Consolidated	
	2011	2010
	\$'000	\$'000
Bank guarantees	348	453

Bank guarantees are secured by cash on deposit.

Note 31. Commitments for expenditure

	Consolidated	
	2011	2010
	\$'000	\$'000
<i>Lease commitments - operating</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	1,106	1,079
One to five years	2,728	3,194
More than five years	-	461
	<u>3,834</u>	<u>4,734</u>
<i>Lease commitments - finance</i>		
Committed at the reporting date and recognised as liabilities, payable:		
Within one year	88	5
One to five years	94	3
	<u>182</u>	<u>8</u>
Total commitment	182	8
Less: Future finance charges	(21)	(1)
	<u>161</u>	<u>7</u>
Net commitment recognised as liabilities	<u>161</u>	<u>7</u>
Representing:		
Lease liability - current (note 18)	73	5
Lease liability - non-current (note 21)	88	2
	<u>161</u>	<u>7</u>

Operating lease commitments includes contracted amounts for various offices and plant and equipment under non-cancellable operating leases expiring within one to ten years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. The consolidated entity has provided lease guarantees amounting to \$250,000.

Finance lease commitments includes contracted amounts for various plant and equipment with a written down value of \$130,000 (2010: \$5,000) under finance leases expiring within one to five years. Under the terms of the leases, the consolidated entity has the option to acquire the leased assets for predetermined residual values on the expiry of the leases.

Firstfolio Limited
Notes to the financial statements
30 June 2011

Note 32. Related party transactions

Parent entity

Firstfolio Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 35.

Key management personnel

Disclosures relating to key management personnel are set out in note 28 and the remuneration report in the directors' report.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	2011	2010
	\$	\$
Payment for goods and services:		
Business acquisition and related services from Peak Partners (an entity related to the director Mark Flack)	420,000	300,000
Other transactions:		
Interest capitalised on loan from Welas Pty Limited (an entity related to the director Anthony Wales)	-	180,660
Interest paid on loan from Welas Pty Limited (an entity related to the director Anthony Wales)	2,699,000	746,137
Interest capitalised on preference shares issued to Welas Pty Limited (an entity related to the director Anthony Wales)	-	115,576
Interest paid on convertible notes issued to The Cobra Group Pty Limited (an entity related to the director Michael Hogg)	-	53,610

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the reporting date.

Loans to/from related parties

The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	2011	2010
	\$	\$
Non-current borrowings:		
Loan from Welas Pty Limited (an entity related to the director Anthony Wales)	29,307,662	23,350,000

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Firstfolio Limited
Notes to the financial statements
30 June 2011

Note 33. Parent entity information

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

Statement of comprehensive income

	Parent	
	2011	2010
	\$'000	\$'000
Profit after income tax	1,902	2,137
Total comprehensive income	<u>1,902</u>	<u>2,137</u>

Statement of financial position

	Parent	
	2011	2010
	\$'000	\$'000
Total current assets	<u>9,333</u>	<u>2,614</u>
Total assets	<u>77,516</u>	<u>57,238</u>
Total current liabilities	<u>3,630</u>	<u>10,495</u>
Total liabilities	<u>60,651</u>	<u>43,783</u>
Equity		
Contributed equity	41,330	39,932
Reserves	2,856	2,746
Accumulated losses	<u>(27,321)</u>	<u>(29,223)</u>
Total equity	<u><u>16,865</u></u>	<u><u>13,455</u></u>

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2011 and 30 June 2010.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for the purchase of property, plant and equipment at as 30 June 2011 and 30 June 2010.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity. Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Firstfolio Limited
Notes to the financial statements
30 June 2011

Note 34. Business combinations

Loan Services Australia Pty Limited (prior period acquisition)

On 1 December 2009 Firstfolio Limited acquired 100% of the ordinary shares of Loan Services Australia Pty Limited, a subsidiary, for \$15,461,000. The principal activity of Loan Services Australia Pty Limited is the wholesaling and management of mortgages in the home loan financing segment. The acquired subsidiary contributed since acquisition revenues of \$9,308,000 and net profit of \$3,428,000 to the consolidated entity for the year ended 30 June 2010. If the acquisition had occurred on 1 July 2009, contributed total revenue for the year ended 30 June 2010 would have been \$15,361,000. Due to the significant integration changes within the consolidated entity, the cost allocation cannot be made to give a meaningful entire year profit attributable to the consolidated entity. The values identified in relation to the acquisition of Loan Services Australia Pty Limited are final at 30 June 2011.

Details of the acquisition are as follows:

	Acquiree's carrying amount \$'000	Fair value \$'000
Cash equivalents	21	21
Trade receivables	1,123	1,123
Other receivables	556	556
Prepayments	7	7
Contract rights	-	7,588
Intellectual property	-	1,700
Software	-	1,016
Trade payables	(711)	(711)
Other payables	(490)	(490)
Provision for income tax	(330)	(330)
Employee benefits	(166)	(166)
	<u>10</u>	<u>10,314</u>
Net assets acquired		<u>5,147</u>
Goodwill		<u>15,461</u>
Acquisition-date fair value of the total consideration transferred		<u><u>15,461</u></u>
Representing:		
Cash paid or payable to vendor		<u><u>15,461</u></u>

	Consolidated 2011 \$'000	2010 \$'000
Cash used to acquire business, net of cash acquired:		
Acquisition-date fair value of the total consideration transferred	-	15,461
Add: payments made for prior period acquisition	143	-
Less: cash equivalents	-	(21)
Less: payments made in prior periods	-	(2,791)
Less: payments to be made in future periods	-	(143)
	<u>143</u>	<u>(2,506)</u>
Net cash used	<u><u>143</u></u>	<u><u>12,506</u></u>

On finalisation of the business combination accounting, intangible assets increased by \$10,304,000, additional payments of \$143,000 with a reduction of goodwill of \$10,161,000.

Firstfolio Limited
Notes to the financial statements
30 June 2011

Note 34. Business combinations (continued)

First Chartered Capital Corporation Pty Limited (prior period acquisition)

On 1 December 2009 Firstfolio Limited acquired 100% of the ordinary shares of First Chartered Capital Corporation Pty Limited, a subsidiary, for \$1,735,000. The principal activity of First Chartered Capital Corporation Pty Limited is the management and aggregation of mortgages in the home loan financing segment. The acquired subsidiary contributed since acquisition revenues of \$6,044,000 and net profit of \$538,000 to the consolidated entity for the year ended 30 June 2010. If the acquisition had occurred on 1 July 2009, contributed total revenue for the year ended 30 June 2010 would have been \$11,819,000. Due to the significant integration changes within the consolidated entity, the cost allocation cannot be made to give a meaningful entire full-year profit attributable to the consolidated entity. The values identified in relation to the acquisition of First Chartered Capital Corporation Pty Limited are final at 30 June 2011.

Details of the acquisition are as follows:

	Acquiree's carrying amount \$'000	Fair value \$'000
Cash equivalents	25	25
Trade receivables	876	876
Other receivables	40	367
Prepayments	50	50
Bonds and deposits	25	25
Plant and equipment	88	88
Contract rights	-	4,168
Intellectual property	-	560
Deferred tax asset	42	157
Trade payables	(17)	(17)
Other payables	(640)	(1,739)
Employee benefits	(108)	(108)
Other loans	(3,570)	(3,570)
	<hr/>	<hr/>
Net assets/(liabilities) acquired	(3,189)	882
Goodwill		853
		<hr/>
Acquisition-date fair value of the total consideration transferred		1,735
		<hr/>
Representing:		
Cash paid or payable to vendor		1,485
Firstfolio Limited shares issued to vendor		250
		<hr/>
		1,735
		<hr/> <hr/>

Firstfolio Limited
Notes to the financial statements
30 June 2011

Note 34. Business combinations (continued)

	Consolidated	
	2011	2010
	\$'000	\$'000
Cash used to acquire business, net of cash acquired:		
Acquisition-date fair value of the total consideration transferred	-	1,735
Add: payments made for prior period acquisition	839	-
Less: cash equivalents	-	(25)
Less: payments to be made in future periods	-	(839)
Less: shares issued by parent entity as part of consideration	-	(250)
	<u>-</u>	<u>(250)</u>
Net cash used	<u>839</u>	<u>621</u>

On finalisation of the business combination accounting, intangible assets increased by \$4,728,000, deferred tax asset increased by \$157,000 and goodwill reduced by \$4,885,000.

Xplore Capital Limited (prior period acquisition)

Between 10 April 2010 and 30 June 2010 Firstfolio Limited acquired 100% of the ordinary shares of Xplore Capital Limited, a subsidiary, for \$3,181,000. The principal activity of Xplore Capital Limited is the management and aggregation of mortgages in the home loan financing segment. The acquired subsidiary contributed since acquisition revenues of \$420,000 and net profit of \$151,000 to the consolidated entity for the year ended 30 June 2010. If the acquisition had occurred on 1 July 2009, contributed total revenue for the year ended 30 June 2010 would have been \$2,009,000. Due to the significant integration changes within the consolidated entity, the cost allocation cannot be made to give a meaningful entire full year profit attributable to the consolidated entity. The values identified in relation to the acquisition of Xplore Capital Limited are final at 30 June 2011.

Firstfolio Limited
Notes to the financial statements
30 June 2011

Note 34. Business combinations (continued)

Details of the acquisition are as follows:

	Acquiree's carrying amount \$'000	Fair value \$'000
Cash equivalents	1,221	1,221
Trade receivables	140	140
Other receivables	324	324
Prepayments	21	21
Plant and equipment	18	18
Contract rights	-	1,820
Intellectual property	-	250
Deferred tax asset	398	350
Trade payables	(80)	(80)
Other payables	(20)	(20)
Employee benefits	(233)	(233)
	<u>1,789</u>	<u>3,811</u>
Discount on acquisition		(630)
		<u>3,181</u>
Acquisition-date fair value of the total consideration transferred		<u><u>3,181</u></u>
Representing:		
Cash paid or payable to vendor		2,890
Firstfolio Limited shares issued to vendor		291
		<u>3,181</u>
		<u><u>3,181</u></u>
	Consolidated	
	2011	2010
	\$'000	\$'000
Cash used to acquire business, net of cash acquired:		
Acquisition-date fair value of the total consideration transferred	-	3,181
Add: payments made for prior period acquisition	68	-
Less: cash equivalents	-	(1,221)
Less: payments to be made in future periods	-	(68)
Less: shares issued by parent entity as part of consideration	-	(292)
	<u>-</u>	<u>(292)</u>
Net cash used	<u>68</u>	<u>1,600</u>

On finalisation of the business combination accounting, intangible assets increased by \$2,070,000 deferred tax asset increased by \$350,000, goodwill reduced by \$1,722,000, additional payments of \$68,000 and a discount on acquisition of \$630,000 was recognised as other income.

Firstfolio Limited
Notes to the financial statements
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Note 34. Business combinations (continued)

LeaseChoice (prior period acquisition)

On 1 April 2010 Firstfolio Limited acquired part of the business of Leasechoice for \$2,400,000. The principal activity of LeaseChoice is asset finance. The acquired business contributed since acquisition revenues of \$239,000 and net profit of \$82,000 to the consolidated entity for the year ended 30 June 2010. Due to the significant integration changes within the consolidated entity, full year revenues or the cost allocation cannot be made to give a meaningful entire full year profit attributable to the consolidated entity. The values identified in relation to the acquisition of LeaseChoice are final at 30 June 2011.

Details of the acquisition are as follows:

	Acquiree's carrying amount \$'000	Fair value \$'000
Intellectual property	-	980
Employee benefits	(121)	(121)
	<u>(121)</u>	<u>(121)</u>
Net assets/(liabilities) acquired	(121)	859
Goodwill		1,541
		<u>2,400</u>
Acquisition-date fair value of the total consideration transferred		<u><u>2,400</u></u>
Representing:		
Cash paid or payable to vendor		2,150
Contingent consideration		250
		<u>2,400</u>
		<u><u>2,400</u></u>
	Consolidated	
	2011	2010
	\$'000	\$'000
Cash used to acquire business, net of cash acquired:		
Acquisition-date fair value of the total consideration transferred	-	2,400
Less: contingent consideration	-	(250)
	<u>-</u>	<u>(250)</u>
Net cash used	<u><u>-</u></u>	<u><u>2,150</u></u>

On finalisation of the business combination accounting, intangible assets increased by \$980,000 with a corresponding reduction in goodwill.

Apple Loans Pty Limited

On 1 July 2010 the consolidated entity acquired 100% of the ordinary shares of Apple Loans Pty Limited for the total consideration transferred of \$4,547,000. The acquired finance business has a \$600 million loan book consisting of nearly 6,000 small and medium sized businesses and high net worth individuals. The goodwill of \$2,149,000 represents the expected synergies and resulting additional profits that will eventuate by securing access to the greater scale of wholesale funding available to the consolidated entity. The acquired business contributed revenues of \$1,543,000 and profit before tax of \$1,089,000 to the consolidated entity for the year to 30 June 2011. The values identified in relation to the acquisition are final as at 30 June 2011.

Firstfolio Limited
Notes to the financial statements
30 June 2011

Note 34. Business combinations (continued)

Details of the acquisition are as follows:

	Acquiree's carrying amount \$'000	Fair value \$'000
Trade receivables	192	192
Other receivables	196	196
Plant and equipment	39	39
Contract rights	-	1,720
Intellectual property	-	600
Deferred tax asset	31	31
Trade payables	(177)	(177)
Other payables	(87)	(87)
Employee benefits	(43)	(43)
Bank overdraft	(62)	(62)
Lease liability	(11)	(11)
	<u>78</u>	<u>2,398</u>
Net assets acquired		<u>2,149</u>
Goodwill		<u>4,547</u>
Acquisition-date fair value of the total consideration transferred		<u><u>4,547</u></u>
Representing:		
Cash paid or payable to vendor		2,688
Firstfolio Limited shares issued to vendor		1,359
Deferred consideration		<u>500</u>
		<u><u>4,547</u></u>
	Consolidated	
	2011	2010
	\$'000	\$'000
Cash used to acquire business, net of cash acquired:		
Acquisition-date fair value of the total consideration transferred	4,547	-
Add: bank overdraft	62	-
Add: payments made for prior period acquisition	(1,950)	1,950
Less: shares issued by parent entity as part of consideration	(1,359)	-
Less: deferred consideration	(500)	-
	<u>800</u>	<u>1,950</u>
Net cash used	<u><u>800</u></u>	<u><u>1,950</u></u>

Firstfolio Limited
Notes to the financial statements
30 June 2011

Note 34. Business combinations (continued)

Club Financial Services Holdings Pty Ltd

On 1 October 2010 the consolidated entity acquired 100% of the share capital of Club Financial Services Holdings Pty Ltd and its subsidiaries for the total consideration transferred of \$19,462,000. The acquisition provides the consolidated entity with a \$3 billion wholesale and aggregated loan book. The goodwill of \$7,537,000 represents the national distribution network acquired and the expected synergies the consolidated entity will have by accessing competitive priced wholesale funds and complementing its existing arrangements with ING and Adelaide Bank. The acquired business contributed revenues of \$14,038,000 and profit before tax of \$1,583,000 to the consolidated entity for the period 1 October 2010 to 30 June 2011. Had the business been held for the entire year, contributed revenues would have been \$18,717,000. Due to significant integration changes within the consolidation entity it is not practical to provide a meaningful profit for the entire financial year. The values identified in relation to the acquisition are final as at 30 June 2011.

Details of the acquisition are as follows:

	Acquiree's carrying amount \$'000	Fair value \$'000
Cash equivalents	602	602
Trade receivables	815	815
Prepayments	52	52
Other current assets	450	450
Plant and equipment	397	397
Contract rights	-	7,600
Intellectual property	-	3,400
Software	-	200
Trade payables	(986)	(986)
Other payables	(307)	(307)
Provision for income tax	(142)	(142)
Employee benefits	(131)	(131)
Other provisions	(25)	(25)
	<hr/>	<hr/>
Net assets acquired	725	11,925
Goodwill		7,537
		<hr/>
Acquisition-date fair value of the total consideration transferred		<u>19,462</u>
Representing:		
Cash paid or payable to vendor		15,700
Contingent consideration		3,762
		<hr/>
		<u>19,462</u>

Firstfolio Limited
Notes to the financial statements
30 June 2011

Note 34. Business combinations (continued)

	Consolidated	
	2011	2010
	\$'000	\$'000
Cash used to acquire business, net of cash acquired:		
Acquisition-date fair value of the total consideration transferred	19,462	-
Less: cash equivalents	(602)	-
Less: contingent consideration	(3,762)	-
	<u>15,098</u>	<u>-</u>
Net cash used	<u>15,098</u>	<u>-</u>

Note 35. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name of entity	Country of incorporation	Equity holding	
		2011	2010
		%	%
Aptura Developments Pty Limited	Australia	100.00	100.00
Bloom Platform Pty Limited	Australia	100.00	100.00
Bricks and Mortar Securities Pty Limited	Australia	100.00	100.00
Domain Financial Services Loan Company Pty Limited	Australia	100.00	100.00
Domain Financial Services Pty Limited	Australia	100.00	100.00
eChoice Insurance Services Pty Limited	Australia	100.00	100.00
eChoice Pty Limited	Australia	100.00	100.00
eChoice Securities Pty Limited	Australia	100.00	100.00
FFF Remuneration Pty Limited	Australia	100.00	100.00
First Chartered Capital Card Services Pty Limited	Australia	100.00	100.00
First Chartered Capital Corporation Pty Limited	Australia	100.00	100.00
First Chartered Capital Operations Pty Limited	Australia	100.00	100.00
First Chartered Capital Services Pty Limited	Australia	100.00	100.00
Firstfolio Aggregation Pty Limited	Australia	100.00	100.00
Firstfolio One Pty Limited	Australia	100.00	100.00
Firstfolio Services Pty Limited	Australia	100.00	100.00
Firstfolio Wholesale Pty Limited	Australia	100.00	100.00

Firstfolio Limited
Notes to the financial statements
30 June 2011

Note 35. Subsidiaries (continued)

Name of entity	Country of incorporation	Equity holding	
		2011 %	2010 %
Lawfund Asset Finance Pty Limited	Australia	100.00	100.00
Lawrealty Victoria Pty Limited	Australia	100.00	100.00
LeaseChoice Pty Limited	Australia	100.00	100.00
Loan Services Australia Pty Limited	Australia	100.00	100.00
New-Loan Australia Pty Limited	Australia	100.00	100.00
Probitas Group Pty Limited	Australia	100.00	100.00
Property Giant Pty Limited	Australia	100.00	100.00
Quicksmart Online Pty Limited	Australia	100.00	100.00
Xplore Capital (NZ) Limited	New Zealand	100.00	100.00
Xplore Capital Pty Limited	Australia	100.00	100.00
Xplore Financial Planning Pty Limited	Australia	100.00	100.00
Apple Loans Pty Limited	Australia	100.00	-
Club Financial Services Holdings Pty Limited	Australia	100.00	-
Club FS Pty Limited	Australia	100.00	-
Club Promotional Pty Limited	Australia	100.00	-
Club Financial Services Pty Limited	Australia	100.00	-
National Finance Club Pty Limited	Australia	100.00	-
Rate Slayer Home Loans Pty Limited	Australia	100.00	-
Fee Slayer Home Loans Pty Limited	Australia	100.00	-

The consolidated entity has also consolidated its 100% interest in The Club Financial Services Unit Trust, The Club Promotional Unit Trust, National Finance Club Unit Trust, Slayer Home Loans Unit Trust.

Note 36. Events occurring after the reporting date

No matter or circumstance has arisen since 30 June 2011 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Firstfolio Limited
Notes to the financial statements
30 June 2011

Note 37. Reconciliation of profit after income tax to net cash from operating activities

	Consolidated	
	2011	2010
	\$'000	\$'000
Profit after income tax benefit for the year	6,412	4,528
Adjustments for:		
Depreciation and amortisation	4,014	2,177
Write off of property, plant and equipment	336	-
Net loss on disposal of non-current assets	-	78
Share-based payments	110	84
Unwinding of the discount on provisions	1,050	2,075
Discount on acquisition	-	(630)
Interest received - non-cash	(55)	-
Change in operating assets and liabilities:		
Decrease in trade and other receivables	1,783	363
Increase in deferred tax assets	(3,594)	-
Increase in prepayments	(691)	(201)
Increase/(decrease) in trade and other payables	(1,186)	387
Increase/(decrease) in provision for income tax	418	(370)
Decrease in employee benefits	(165)	(187)
Increase/(decrease) in other provisions	(48)	99
Net cash from operating activities	<u>8,384</u>	<u>8,403</u>

Note 38. Non-cash investing and financing activities

	Consolidated	
	2011	2010
	\$'000	\$'000
Shares issued in relation to business combinations	<u>1,359</u>	<u>542</u>

Firstfolio Limited
Notes to the financial statements
30 June 2011

Note 39. Earnings per share

	Consolidated	
	2011	2010
	\$'000	\$'000
Profit after income tax attributable to the owners of Firstfolio Limited	<u>6,412</u>	<u>4,528</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	758,591,606	604,410,543
Adjustments for calculation of diluted earnings per share:		
Options	<u>-</u>	<u>12,897,192</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>758,591,606</u>	<u>617,307,735</u>
	Cents	Cents
Basic earnings per share	0.850	0.750
Diluted earnings per share	0.850	0.730

Comparative weighted average number of share rebased due to 2 for 1 rights issue on 18 December 2009.

Note 40. Share-based payments

Senior Executive Share Scheme

On 27 November 2009 shareholders approved the introduction of the Senior Executive Share Scheme (the Scheme).

On 19 November 2010 the parent entity issued 5,500,000 shares and on 12 May 2011 issued a further 3,000,000 shares (2009: 28,000,000 shares) to FFF Remuneration Pty Limited, a subsidiary that will act as trustee and will hold the shares in trust for the Scheme.

The objectives of the Scheme are as follows:

- (a) to provide an incentive to senior executives of the consolidated entity to lift the performance of the consolidated entity and maximise the price of the parent entity's shares; and
- (b) to assist in attracting and retaining senior executives.

The Board may issue shares under the Scheme to any senior executive of the consolidated entity, including executive directors and non-executive directors.

Shares will be issued upon senior executives receiving a limited recourse interest-free loan from the consolidated entity for the purchase price of the shares. Shares financed by the loan are held in trust for the senior executives. The requirement for repayment of the loan generally arises only at the time of selling the shares or upon the senior executive's employment or engagement with the consolidated entity ends.

Senior executives are restricted from selling the shares in the first year following issuing of the shares. Following the first year, the shares will progressively become unrestricted over a three year period, subject to that senior executive's continuous employment with the consolidated entity. The shares cannot be sold until certain performance hurdles have been met.

Firstfolio Limited
Notes to the financial statements
30 June 2011

Note 40. Share-based payments (continued)

At 30 June 2011 FFF Remuneration Pty Limited held 36,500,000 (2010: 28,000,000 shares in trust under the Scheme, on behalf of two (2010: one) executive director and four (2010: six) executives and three former executives. At 30 June 2011 limited recourse interest- free loans totalling \$1,387,000 (2010: \$1,004,000) were provided to participants of the Scheme for these shares.

For the year ended 30 June 2011 a share-based payment expense of \$62,000 (2010: \$71,000) has been recognised in relation to the Scheme.

Options

For the year ended 30 June 2011 a share-based payment expense of \$48,000 (2010: \$13,000) has been recognised in relation to options.

Firstfolio Limited
Directors' declaration

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the directors



Thomas J. Hartigan
Chairman

17 August 2011
Sydney



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**FIRSTFOLIO LIMITED
AND CONTROLLED ENTITIES**

**INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF
FIRSTFOLIO LIMITED**

We have audited the accompanying financial report of Firstfolio Limited and controlled entities (the consolidated entity). The financial report comprises the Statement of Financial Position as at 30 June 2011, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes 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 and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian Accounting Standards ensures that the financial report, comprising the financial statements and notes, complies 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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 entity's preparation and fair presentation of the financial report 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 entity'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*.

Audit Opinion

In our opinion,

- (a) the financial report of Firstfolio 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 2011 and of its 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*; and
- (b) the financial report complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2011. 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.

Auditor's Opinion

In our opinion the Remuneration Report of Firstfolio Limited and its controlled entities for the year ended 30 June 2011, complies with section 300A of the *Corporations Act 2001*.



M A GODLEWSKI

Partner

17 August 2011



PITCHER PARTNERS

SYDNEY

Firstfolio Limited
Shareholder information
30 June 2011

The shareholder information set out below was applicable as at 10 August 2011.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares
1 to 1,000	267
1,001 to 5,000	410
5,001 to 10,000	131
10,001 to 100,000	529
100,001 and over	407
	<hr/>
	1,744
	<hr/> <hr/>
Holding less than a marketable parcel	814
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Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	% of total
	Number held	shares issued
Welas Pty Ltd	124,280,358	16.24
FFF Remuneration Pty Ltd <FF Senior Exec S/Plan A/C>	41,500,000	5.42
Mr John Barlow	36,000,000	4.71
Citicorp Nominees Pty Limited	20,983,595	2.74
Mr Maxwell Thomas Quirk	18,565,311	2.43
Rosanne Investments Limited	17,250,000	2.25
Nbt Pty Limited	15,386,941	2.01
Mr Thomas Joseph Hartigan + Mrs Felicity Clinton Hartigan <Hartigan Super Fund Account>	13,274,852	1.73
Mr Mark Kevin Flack	13,000,000	1.70
Bell Potter Nominees Ltd <Bb Nominees A/C>	12,300,000	1.61
Mr Mark Kevin Flack	12,036,774	1.57
NPN Investments Pty Ltd <Ayiazoni A/C>	11,849,000	1.55
Eyemouth Pty Ltd <The Forsyth Family A/C>	11,250,000	1.47
Lost Ark Nominees Pty Limited <Tera Fam A/C>	10,282,435	1.34
Sandhurst Trustees Ltd <LMA A/C>	10,460,882	1.37
Mr Leo Hoogstad + Mrs Valerie Hoogstad <Hoogstad Family Super A/C>	10,050,000	1.31
A & B Asset Management Limited <Fund III A/C>	9,189,342	1.20
G J P Investments Pty Ltd <The Langham A/C>	8,700,000	1.14
Bond Street Custodians Ltd <Macq Aust Microcap Fund A/C>	8,353,780	1.09
Katdan Investments Pty Ltd <Super Fund A/C>	8,148,617	1.06
	<hr/>	
	412,861,887	53.94
	<hr/> <hr/>	

Unquoted equity securities

There are no unquoted equity securities.

Firstfolio Limited
Shareholder information
30 June 2011

Substantial holders

Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Welas Pty Limited	124,280,358	16.24
FFF Remuneration Pty Ltd <FF Senior Exec S/Plan A/C>	41,500,000	5.42

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

Corporate Directory

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www.firstfolio.com.au

Directors

Tom Hartigan

(Non-executive Chairman)

Mark Forsyth

(Chief Executive Officer & Director)

Mark Flack

(Executive Director)

Anthony Harris

(Non-executive Director)

Michael Hogg

(Non-executive Director)

Greg Paramor

(Non-executive Director)

Anthony Wales

(Non-executive Director)

Legal Advisers

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Company Secretary

Dustine Pang

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