

INVESTORINFO LIMITED

A.C.N. 088 838 779

REVIEW OF OPERATIONS AND SCHEME OF ARRANGEMENT

REVIEW OF OPERATIONS

For the financial year ending 30 June 2005, InvestorInfo Limited (**InvestorInfo**) has recorded an unaudited net loss before tax in the order of \$702,000.

The total revenue for the period was in the order of \$5,275,000 – a 17% decrease on the previous corresponding period.

The disappointing result was due, among other things, to the following factors:

- significant senior management changes occurred during the first half of the financial year that resulted in a temporary period of instability and reduced management focus on the core business;
- increased promotional costs associated with the relaunch of the company's existing magazines; and
- establishment costs associated with the launch of the company's new magazines.

The company has already announced that it has experienced negative net operating cash flow during the 2005 financial year of \$648,000. InvestorInfo's cash balance stood at \$4,464,145 at the end of 30 June 2005.

SCHEME OF ARRANGEMENT

Transaction overview and pricing

InvestorInfo has entered into binding heads of agreement with Aspect Huntley Pty Limited (**Aspect Huntley**) to effect the following transactions (**Transaction**):

- (a) return surplus cash of \$3.6 million to existing shareholders (representing approximately 3.35 cents per share); and
- (b) propose a scheme of arrangement to effect the sale of the company's shares to Aspect Huntley for a total consideration (subject to adjustments on settlement, including the costs of the Scheme) currently estimated to be between 3.65 cents and 3.9 cents per share. Details of the calculation methodology of the price per share to be paid by Aspect Huntley are set out in the attached Schedule 1.

Should the Scheme be approved by shareholders, as a guide, the combined return to shareholders of the Transaction is currently estimated to be between 7.0 cents and 7.25 cents per share. Using the lower estimate of 7.0 cents per share, this represents a premium of 3 cents per share or about 75% to the closing price of InvestorInfo shares on ASX on 1 August 2005 of 4 cents.

These amounts are estimates only and may change once the actual costs of the Scheme and the actual adjustments at settlement are determined.

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Recommendation of Directors

Having regard to this premium and the financial and operational position of InvestorInfo, the independent directors recommend that shareholders approve the Transaction in the absence of a superior offer and subject to receiving advice on the reasonableness of the Transaction from an independent expert. However, until the booklet of shareholder material is approved by the Court and released to shareholders, the independent directors recommend that shareholders take no action with respect to their shares in InvestorInfo.

Mr Anthony Young and Mr Paul Osborne do not wish to make a recommendation regarding the transaction as each has a material personal interest in the outcome of the Transaction.

Mr Anthony Young, a non-executive director and substantial shareholder of InvestorInfo, is also a non-executive director and a holder of approximately 20% of Aspect Huntley. Mr Paul Osborne, the managing director of InvestorInfo, will be leaving InvestorInfo but will be assisting the development of the proposed transition plan with AspectHuntley. Day to day management of the company's business will now be under the control of the Board. If the Transaction is approved, the combined Aspect Huntley/InvestorInfo businesses will be managed by Mr Andrew Bird, the managing director of Aspect Huntley.

Background to Transaction

In late 2003 as a result of a strategic review of operation, the board of InvestorInfo determined that the company's fixed cost infrastructure needed to be spread over more magazine titles beyond the financial services publications that had been the focus of the company's activities up to that time and that the existing small business base did not provide enough scale to generate sufficient organic growth for the company. As a result, the board determined to undertake an acquisition strategy to be funded by a \$3.6 million rights issue. The board also determined that if a suitable acquisition was not identified, the funds raised by the issue would be returned to shareholders.

In light of:

- InvestorInfo's inability, following the rights issue, to find acquisition and growth opportunities consistent with the returns required by the Board;
- the ongoing losses suffered during the year;
- the factors mentioned above, some of which are ongoing; and
- the low share price,

it became clear to the directors that action was needed to find a way to return the InvestorInfo's surplus cash to shareholders while maintaining the integrity of the underlying InvestorInfo business for the future.

Terms of the Transaction

Aspect Huntley's involvement in the Transaction and the Transaction itself is subject to Aspect Huntley being satisfied with a limited due diligence to be completed by 5.00pm (Sydney time) on 8 August 2005. If Aspect Huntley concludes its due diligence inquiries to its satisfaction, the parties

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intend to enter into a scheme implementation agreement that records the substantive terms of the heads of agreement and any other issues that may be agreed by the parties.

There are ongoing conditions that, if not met, entitle Aspect Huntley to withdraw from the Scheme. Details of these ongoing conditions are set out in Schedule 2.

InvestorInfo will be obtaining an independent expert's report to opine on the consideration payable by Aspect Huntley for all of the issued capital of InvestorInfo and the return of capital.

Both the return of surplus cash and subsequent acquisition of InvestorInfo by Aspect Huntley will require the approval of InvestorInfo's shareholders as well as court and regulatory approval. For the Transaction to proceed, it must be approved by a majority in number of InvestorInfo's shareholders who vote at the shareholders meeting (in person or by proxy) and at least 75% of the total number of shares voted at the shareholders meeting (in person or by proxy).

The scheme booklet outlining all relevant information known to InvestorInfo required by shareholders to assess the proposal is presently being prepared. This booklet must be approved by the Court. It is anticipated that if so approved, the meeting will take place in conjunction with the InvestorInfo Limited annual general meeting.

If the scheme of arrangement is successful, all shares in InvestorInfo will be acquired by Aspect Huntley and the company will be delisted. If shareholder or court approval is not obtained, the Transaction will not proceed. The directors will consider other alternatives to realise the value of InvestorInfo's underlying business and the possibility of returning surplus cash. However, if a return is to take place at all, it is expected that part of the \$3.6 million capital return presently proposed will be retained to meet the company's ongoing working capital requirements.

Prior to approval of the Transaction by shareholders, InvestorInfo will consult with the CEO of Aspect Huntley on all non-routine and major decisions and will consider his views in good faith. InvestorInfo will also work with him to develop an integration strategy for the businesses post-Transaction.

InvestorInfo has agreed to reimburse Aspect Huntley for reasonable costs associated with its obtaining legal, accounting and tax advice in connection with the transaction up to a maximum of \$75,000 if the shareholders of InvestorInfo do not approve the Transaction.

About InvestorInfo

InvestorInfo provides media information and services to the financial services and funds management industry. The company produces magazines, on-line, research and events.

The financial services publishing division produces: Investor Weekly magazine, IFA magazine and the InvestorDaily website and daily newswire service.

InvestorInfo continually strives to ensure that its titles are relevant and contemporary, providing thorough coverage of news, events, research and trends in the investment market.

The marketing services and event division services the funds management industry providing

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educational conferences, seminars and events for both the institutional and retail investment industries.

The research division provides analysis into the institutional investment industry through two proprietary products – InvestorSupermarket (Institutional and Retail). The research division is also able to produce customised reports for clients targeting specific market priorities or trends.

About Aspect Huntley

Aspect Huntley is one of Australia's largest independent financial information and research groups providing:

- financial and reporting information on all ASX listed companies, incorporating more than 15 years of financial history
- investment newsletters, incorporating opinions and recommendations on researched stocks and model portfolios
- data and research for stockbrokers, information providers and financial websites.

Aspect Huntley was formed in 2003 through a merger between Aspect Financial and Huntley Investment Information. Mr Andrew Bird is Aspect Financial's founder. Mr Ian Huntley, who established Huntley Publishing more than 30 years ago, is the chairman of the company and continues to write extensively and maintains editorial leadership of the newsletters.

Mark Cohen
Chairman

Dated this 2nd day of August 2005

SCHEDULE 1

Calculation of acquisition price

The share price component of the scheme of arrangement is to be determined by applying the following methodology (based on the audited balance sheet of InvestorInfo as at 30 June 2005):

$$\text{Share price} = \frac{(\text{Asset Value} + \text{Balance sheet adjust} - \text{Capital Returned} - \text{Agreed Adjustments})}{\text{divided by } 107.4\text{m}}$$

Where:

Asset Value	=	\$3.25 million
Balance sheet adjust	=	Adjusted current assets + security deposits - Specific Liabilities
Adjusted current assets	=	Total current assets less prepayments
Specific Liabilities	=	Trade Payables + Accrued Expenses + Tax liabilities + Other provisions
Capital Returned	=	The amount of capital returned under the scheme (\$3.6 m approx)
Agreed Adjustments	=	The total of the following amounts: <ul style="list-style-type: none">(a) agreed redundancy and pre-Transaction rationalisation costs; plus(b) InvestorInfo's costs incurred in connection with the Scheme (including legal costs, independent experts report, court costs and notices to shareholders) to the extent such costs exceed \$125,000.

SCHEDULE 2

Withdrawal from scheme

The occurrence of any one or more of the following events on or before shareholders approve the Scheme will entitle Aspect Huntley to withdraw from the Scheme:

- (a) before 5.00pm (Sydney time) on 8 August 2005, Aspect Huntley notifies InvestorInfo in writing that the results of the due diligence enquiries are unsatisfactory to Aspect Huntley and that Aspect Huntley withdraws from the Scheme;
- (b) InvestorInfo becomes an externally administered body corporate (as defined in sec 9 of the Corporations Act) or there are circumstances in existence prior to the approval of the Scheme by shareholders that would cause InvestorInfo to become an externally administered body corporate;
- (c) InvestorInfo's capital is changed otherwise pursuant to the proposed Scheme or except to cancel options issued to InvestorInfo's employees;
- (d) There is any encumbrance over the assets or undertaking of InvestorInfo or any of its subsidiaries that was not in existence as at 30 June 2005;
- (e) A change occurs or is announced in the structure, business, financial or trading position or condition and assets or liabilities of InvestorInfo, which when taken as a whole, fundamentally change the nature and character of the InvestorInfo business;
- (f) Any action is taken by any government or statutory authority under any statute or regulation which would prohibit, restrict or impose conditions on Aspect Huntley from or in acquiring all of InvestorInfo's shares in accordance with the proposed Scheme;
- (g) InvestorInfo declares or pays a dividend or resolves to make or makes a distribution in respect of any of its shares otherwise than pursuant to the proposed Scheme;
- (h) InvestorInfo or any of its subsidiaries sells, transfers, grants any options over, enters into any joint venture or partnership in relation to or otherwise disposes of any of its material assets;
- (i) InvestorInfo or any of its subsidiaries is involved in any litigation and the claim against InvestorInfo involves an amount in excess of \$100,000 or after the date of these Heads of Agreement an event occurs which is likely to result in such litigation;
- (j) The audited accounts for the financial year ending 30 June 2005 for InvestorInfo disclose Shareholders Equity of less than \$5.2 million or losses before tax of more than \$800,000;
- (k) InvestorInfo fails (other than in respect of an immaterial matter or event) to comply with its obligations to consult with Aspect Huntley regarding non-routine and major decisions.

None of the above events will apply to the extent Aspect Huntley has given its consent to the event, such consent not to be unreasonably withheld.