

EUROZ LIMITED **Annual Report**



2002

EUROZ
LIMITED

www.euroz.com.au

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Corporate Directory

Euroz Limited
ABN 53 000 364 465

Executive Directors

Peter Diamond *Chairman*
Andrew McKenzie *Managing Director*
Jay Hughes *Executive Director*
Shane Gherbaz *Company Secretary*

Registered Office

Street Address

Level 14 AMP Building
140 St Georges Terrace
Perth Western Australia 6000

Postal Address

PO Box Z5036
St Georges Terrace
Perth Western Australia 6000

Telephone +61 8 9488 1400
Facsimile +61 8 9488 1477
Web Site www.euroz.com.au

Share Register

Computershare Investor Services
GPO Box D182
Perth Western Australia 6840

Telephone +61 8 9323 2000
Facsimile +61 8 9323 2033

Auditors

PricewaterhouseCoopers
1 William Street
Perth Western Australia 6000

Australian Stock Exchange Listings

Euroz Limited (ASX:EZL)
Euroz Limited Options (ASX:EZLO)

Banking

Westpac Banking Corporation
109 St Georges Terrace
Perth Western Australia 6000

"Euroz Securities Limited - Trust Account"
BSB 036 000
A/C 379 182

Chairman's Report

Dear Shareholder

The Directors of Euroz Limited are pleased to announce a pre-tax profit of \$1,843,579, an increase of 73% over the 2001 year pre-tax profit of \$1,061,236. The net profit after tax of \$1,247,744 is an increase of 64% over the 2001 net profit after tax of \$758,964. This profit represents earnings per share of 6.7 cents versus 4.08 cents in the 2001 year.

The Directors have declared a final dividend of 5 cents per share fully franked which, combined with the interim dividend of 1 cent per share, represents a total dividend for the year of 6 cents per share fully franked - a 50% increase on the previous years dividend.

The primary asset of Euroz Limited is its 100% owned stockbroking operations Euroz Securities Limited. The company was particularly successful during the year in gaining leading national market shares and raising new capital for our key stock recommendations. Euroz Securities Limited has been named the highest ranked WA based broker in equity capital raisings in Calendar 2001 and for the first half of 2002 (respective sources: Thompson Financial Services and Bloomberg).

The investment community's recognition of the Euroz brand name and associated services in combination with our niche philosophy and low cost structure will serve the company well in this challenging market.

The Directors intend to add further resources to our corporate finance and investment banking activities to increase the level of specialist services to our growing clientele.

The year ahead will provide many challenges and like most service industries, Euroz Securities relies on the quality of its employees. We are extremely fortunate to employ some of the most competent and experienced personnel in the stockbroking industry. One of the most important factors which sets us apart from our competitors is that as part of our team culture all employees are encouraged to be shareholders; a factor that contributes to the ongoing success of the company.

We thank all our shareholders and clients for their support during the year and look forward to another successful year.



Peter Diamond

Chairman



“Euroz Securities Limited was the highest ranked WA based broker in equity capital raisings in calendar 2001 and first half 2002”

Source Thompson Financial Services and Bloomberg

Managing Director's Report

Euroz Securities had another successful year where we further consolidated our brand name and position in the Australian Equity and Capital markets.

The company has continued to provide solid financial results despite difficult and volatile market conditions.

In a year where many broking firms contracted or even withdrew from the market Euroz staff levels modestly increased from twenty six to twenty eight people. This is a reflection of our successful niche business position and the high quality of our people.

Euroz Securities remains committed to its simple business philosophy of maintaining a low cost structure and specialising in its core broking operations:

- ▶ Equities Research
- ▶ Private Client Services
- ▶ Institutional Dealing
- ▶ Corporate / Capital Raisings

Our equities research is based on fundamental analysis, strict financial modelling and regular company contact.

Quality research provides the foundation for our two primary business aims:

- ▶ Gain leading national market shares in our key stock recommendations
- ▶ Raise capital to assist the growth of these companies

Euroz Securities recorded \$1.25 billion in ASX turnover in the past financial year. The company continued its success in transacting major market shares in our major research recommendations as illustrated in the table.

Key Market Share Statistics for Euroz Securities Limited

From 1 July 2001 to 30 June 2002

Industrial Companies	National Market Share in Period	National Market Share Ranking	Resources Companies	National Market Share in Period	National Market Share Ranking
Austal Ltd	24.80%	1	Aquarius Platinum Ltd	32.10%	1
Clough Ltd	15.20%	1	Arc Energy NL	15.30%	1
Foundation Healthcare Ltd	19.30%	1	GRD NL	24.80%	1
Yates Ltd	16.60%	1	Jubilee Mines Ltd	24.40%	1
United Group Ltd	14.50%	2	Resolute Mining Ltd	16.30%	1
iiNet Ltd	20.70%	2	Portman Ltd	14.70%	2
Mermaid Marine Ltd	11.10%	2	Ranger Minerals Ltd	18.00%	2
Housewares International Ltd	4.00%	3	Voyager Energy Ltd	13.10%	2
Monadelphous Ltd	7.30%	3	Dwyka Diamonds Ltd	14.90%	2
Intellect Holdings Ltd	3.30%	5	Equigold NL	18.30%	3
Silex Systems Ltd	6.10%	6	Perilya Ltd	6.30%	4
Alintagas Ltd	4.30%	7	Hill 50 Gold NL	5.90%	5
Downer EDI Ltd	3.70%	7	Consolidated Minerals Ltd	3.50%	6
Evans & Tate Ltd	5.00%	7	Basin Minerals	3.50%	7
Macmahon Holdings Ltd	4.30%	7	Tap Oil Ltd	4.00%	7
Henry Walker Eltin Ltd	3.90%	9			
Sonic Healthcare Ltd	3.30%	9			

During the year Euroz has raised a significant amount of new capital via:

- ▶ Initial Public Offerings (IPO)
- ▶ Placements
- ▶ Rights Issues

We are particularly pleased to have been named the highest ranked WA based broker in equity capital raisings in Calendar 2001 and for the first half of 2002 (respective sources: Thompson Financial Services and Bloomberg).

Euroz will look to add further resources to its highly profitable corporate business over the coming year.

Our institutional dealing desk is now the largest based in Western Australia. The team of seven institutional dealers has an extensive client base of Australian and International investors who continue to rely on our "on the ground" information flows.

The strength of our institutional relationships was evident in March when Euroz hosted our second Annual Western Australian Institutional Conference at Rottnest Island. Twenty five companies presented their investment case to thirty five fund managers. This major promotional event will continue to receive strong support from all participants.

Our team of highly experienced private client advisors focus on providing a specialised service to high net worth individuals. Close interaction between our analysts and advisors allows timely communication of ideas to clients.

I would like to congratulate all staff for their efforts in building a solid foundation for the company. Our challenge is to maintain our focus on providing value adding services to our clients and to further refine our niche position in the market.



Andrew McKenzie
Managing Director



Major capital raisings this year

 **UNITED GROUP**

\$29
million

 **CLOUGH**

\$35
million



\$41
million

Operations

Equities Research

“Quality equities research is the foundation for our entire business”

- ▶ Team of six experienced analysts with access to the latest online news and financial information
- ▶ Based on fundamental analysis, strict financial modelling and regular company contact
- ▶ **Goal**
 - Identify and maximise equity investment opportunities for our clients
- ▶ **Approach**
 - Intimate knowledge of the companies we cover
- ▶ **Coverage**
 - Broad cross section of mostly WA based industrial and resource companies
- ▶ **Research Products**
 - *Daily Briefing*: Overnight market updates and ASX 200 analysis
 - *Weekly Informer*: Analysis on midcap companies
 - *Quarterly Updates*: Regular coverage on midcap companies
 - *Company Reports*: Detailed analysis on companies as opportunities emerge



Private Client Services

- ▶ Team of highly experienced and qualified private client advisors
- ▶ Focus on dealing with high net worth individuals
- ▶ Extensive research support - high quality local and ASX 200 research enables our advisors to provide quality investment and trading advice
- ▶ **Niche broking allows**
 - Close interaction between research analysts and private client advisors
 - Timely communication of ideas with clients
- ▶ Sophisticated investors are often able to participate in many of our corporate capital raisings
- ▶ **We pride ourselves on offering a tailored service to our clients based on**
 - Quality research
 - Personalised service
 - Wealth creation
- ▶ **Client services**
 - Exclusive web based research
 - Margin lending
 - Money market
 - Portfolio management

Institutional Dealing

- ▶ Largest institutional dealing desk based in Western Australia
- ▶ Team of seven institutional dealers with an extensive client base of Australian and International investors
- ▶ Distribution network strength - long standing relationships with major institutional investors in the small to mid cap market
- ▶ Western Australia's geographic isolation makes it difficult for institutional investors to maintain close contact with companies based here - investors can rely on our "on the ground" information
- ▶ Institutional dealing team "highly focused" on providing the following services
 - Quality advice and idea generation
 - Efficient execution
 - Regular company contact
 - Site visits
 - Roadshows



Corporate

- ▶ Our corporate business is based on local knowledge and strong, long term relationships
- ▶ Strong emphasis on our due diligence processes to help ensure quality offerings for our investors
- ▶ Established track record in raising capital via
 - Initial Public Offerings (IPO)
 - Placements
 - Rights Issues
- ▶ We specialise in linking the appropriate type of investor to each particular raising
- ▶ Long standing relationships with major institutional investors in the small to mid cap market
- ▶ Euroz has raised significant amounts of new equity and provided corporate advice for a number of leading companies including
 - Aquarius Platinum Limited
 - Clough Limited
 - GRD NL
 - United Group Limited
- ▶ "Euroz was the highest ranked WA based broker in equity capital raisings in Calendar 2001 and 1H 2002"

(Source: Thompson Financial Services and Bloomberg)

Euroz Securities Limited

Director's Profile

Euroz Securities Limited is a wholly owned subsidiary of Euroz Limited

PETER DIAMOND

Chairman

Peter has worked in the stockbroking industry since 1986. He is responsible for dealing with institutional and high net worth clients both domestically and overseas. Peter holds a Bachelor of Business Degree (BBus) and is a Member of Australian Society of Accountants (ASA).

ANDREW MCKENZIE

Managing Director

Andrew is a Member of the Australian Stock Exchange, holds a Bachelor of Economics (UWA), is an Associate of the Securities Institute of Australia and is a Fellow of the Australian Institute of Company Directors. Andrew has worked in the stockbroking industry since 1990. He is responsible for the operations of the institutional dealing department with a particular emphasis on Western Australian based industrial and resource companies.

JAY HUGHES

Executive Director

Jay has worked in stockbroking since 1986, starting his career on the trading floor. He is a Member of the Australian Stock Exchange and is an Institutional Dealer specialising in promoting Australian stocks to international clients.

SHANE GHERBAZ

Executive Director

Shane is a member of The Australian Stock Exchange. He has worked as an advisor within the stockbroking industry since 1986.

RICHARD CALDOW

Executive Director

Richard is joint head of the private client division. He holds a Bachelor of Commerce degree from UWA with a double major in Accounting & Finance. Richard has worked as an advisor in the stockbroking industry since 1992 and previously worked in chartered accounting.

GREG CHESSELL

Executive Director

Greg heads the resources research team. He spent 10 years working as a geologist in WA prior to entering the stockbroking industry in 1996. Greg holds a B.App.Sc. degree in geology and a Grad. Dip. Business qualification.



L - R: Richard Caldow, Jay Hughes, Andrew McKenzie, Simon Yeo, Steve Suleski, Greg Chessell, Shane Gherbaz, Peter Diamond

STEVE SULESKI

Executive Director

Steve heads the industrial research team and specialises in servicing financial institutions on Western Australian small and mid cap industrial equities. He has worked in the investment markets as a research analyst since 1994 and was previously a senior consultant with a major accounting firm.

SIMON YEO

Executive Director

Simon is joint head of the private client division and specialises in blue chip portfolio investing and trading for high net worth individuals. He has been in the stockbroking industry since 1993. Simon has a Bachelor of Commerce majoring in Accounting and Finance (UWA) and was previously a chartered accountant and member of The Institute of Chartered Accountants.

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Directors' Report

Your directors present their report on the consolidated entity consisting of Euroz Limited and the entities it controlled at the end of, or during, the year ended 30 June 2002.

Directors

The following persons were directors of Euroz Limited during the whole of the financial year and up to the date of this report:

Peter Diamond, Chairman
Andrew McKenzie, Managing Director
Jay Hughes
Shane Gherbaz, Company Secretary

Principal activities

During the year the principal continuing activities of the consolidated entity consisted of:

- (a) Retail and Institutional Dealing
- (b) Stock Market Research
- (c) Capital Raisings
- (d) Corporate Advice

Review of Results

The Directors of Euroz Limited (EZL) are pleased to announce a pre-tax profit of \$1,843,579 for the year ended 30 June 2002 - an increase of 73% over the 2001 year's pre-tax profit of \$1,061,236.

The net profit after tax of \$1,247,744 is an increase of 64% over the 2001 year's net profit after tax of \$758,964. This profit represents a basic earnings-per-share of 6.7 cents versus 7.0 cents in the 2001 year.

The Directors have declared a final dividend of 5 cents per share fully franked which, combined with the interim dividend of 1 cent per share, represents a total dividend of 6 cents per share fully franked - a 50% increase on the previous year's dividend.

Review of operations

The primary asset of EZL is presently its 100% owned stockbroking firm - Euroz Securities Limited.

Earnings per share

	2002	2001
	\$	\$
Basic earnings per share	6.7	7.0
Diluted earnings per share	6.0	3.9

Dividends - Euroz Limited

The final ordinary dividend of \$743,833 (four cents per fully paid share) referred to in the directors' report dated 5 September 2001 was approved by shareholders and paid on 26 September 2001.

Details of dividends in respect of the current year are as follows:

	2002	2001
	\$	\$
Interim ordinary dividend of 1 cents (2001 - nil) per fully paid share was paid on 8 March 2002.	186,059	-
Final ordinary dividend of 5 cents (2001 - 4 cents) per fully paid share recommended by directors	929,792	743,833
Total dividends in respect of the year	<u>1,115,851</u>	<u>743,833</u>

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the consolidated entity during the year.

Matters subsequent to the end of the financial year

The Directors are not aware of any matter or circumstance subsequent to 30 June 2002 that has significantly affected, or may significantly affect:

- (a) the consolidated entity's operations in future financial years; or
- (b) the results of those operations in future financial years; or
- (c) the consolidated entity's state of affairs in future financial years.

Directors' Report

Likely developments and expected results of operations

Further information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Environmental regulation

The consolidated entity is not subject to significant environmental regulation in respect of its operations.

Information on directors

Particulars of directors' interests in shares and options of Euroz Limited

Director	Experience	Qualifications	Ordinary shares	Options
P Diamond Director	Mr Diamond has worked in the stockbroking industry since 1986	He holds a Bachelor of Business Degree (BBus) and is a Member of Australian Society of Accountants (ASA).	2,500,000	2,000,000
A McKenzie Director	Mr McKenzie has worked in the stockbroking industry since 1991	He is a Member of the Australian Stock Exchange and holds a Bachelor of Economics Degree, is an associate of the Securities Institute of Australia and is a Fellow of the Australian Institute of Company Directors.	2,500,000	2,325,000
J Hughes Director	Mr Hughes has worked in the stockbroking industry since 1986	He is a Member of the Australian Stock Exchange.	2,500,000	2,325,000
S Gherbaz Director	Mr Gherbaz has worked in the stockbroking industry since 1986	He is a Member of the Australian Stock Exchange.	220,000	500,000

Meetings of directors

The numbers of meetings of the company's board of directors held during the year ended 30 June 2002, and the numbers of meetings attended by each director were:

Full meeting of directors

	A	B
Peter Diamond	14	14
Andrew McKenzie	12	14
Jay Hughes	11	14
Shane Gherbaz	14	14

A = Number of meetings attended

B = Number of meetings held during the time the director held office or was a member of the committee during the year

Directors' and executives' emoluments

Remuneration packages are set at levels that are intended to attract and retain executives capable of managing the consolidated entity's operations. The board undertakes regular reviews of its performance and the performance of the board against expectations made at the start of the year. Performance related bonuses are available to executives based on their performance and that of the company.

Executive directors of Euroz Limited

Name	Base Salary \$	Bonus \$	Super-annuation \$	Other Benefits \$	Total \$
P Diamond, Director	241,584	164,079	8,416	-	414,079
A McKenzie, Director	236,311	164,079	12,000	1,689	414,079
J Hughes, Director	240,140	164,079	8,416	1,443	414,078
S Gherbaz, Director	127,747	21,040	9,864	1,952	160,603

Directors' Report

Other executives of the consolidated entity

Name	Commission \$	Base Salary \$	Bonus \$	Super- annuation \$	Other Benefits \$	Total \$
R Caldwell, Director	147,030	83,674	-	6,694	1,170	238,568
G Chessell, Director	-	115,339	117,801	8,416	661	242,217
S Suleski, Director	-	114,955	63,110	8,950	511	187,526
S Yeo, Director	88,068	83,099	-	6,648	1,791	179,606

Share options granted to directors and the most highly remunerated officers

No options were granted over unissued ordinary shares of Euroz Limited during or since the end of the financial year to any of the directors or the 5 most highly remunerated officers of the company and consolidated entity as part of their remuneration.

Shares under option

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

Date options granted	Expiry date	Issue price of shares	Number under option
	30 November 2004	\$0.50	5,110,000
27 November 2000	30 November 2004	\$0.50	500,000
13 February 2001	31 December 2005	\$0.45	10,000,000
22 May 2001	31 December 2005	\$0.45	400,000
Total shares under option			16,010,000

No options were exercised during the financial year.

Insurance of officers

During the financial year, Euroz Limited paid a premium of \$52,433 to insure the directors and secretary of the company and its Australian-based controlled entities, and the general managers of each of the divisions of the consolidated entity.

Auditor

PricewaterhouseCoopers continues in office in accordance with section 327 of the Corporations Act 2001

This report is made in accordance with a resolution of directors.



Peter Diamond

Director



Andrew McKenzie

Director

Perth, Western Australia

27 August 2002

Statements of Financial Performance

	Notes	Consolidated		Parent entity	
		2002 \$	2001 \$	2002 \$	2001 \$
Revenue from ordinary activities	3	8,248,753	4,870,020	1,329,150	977,002
Consultancy expenses		(529,057)	(377,610)	(45,960)	(143,074)
Depreciation and amortisation expenses	4	(116,526)	(93,671)	-	-
Employee benefits expense		(3,762,325)	(2,201,748)	-	(54,734)
Conference & seminar expenses		(299,901)	(125,265)	-	-
Brokerage & underwriting expenses		(807,703)	(392,535)	-	-
Regulatory expenses		(273,609)	(174,565)	(34,720)	(19,183)
Communication expenses		(134,668)	(87,416)	-	(228)
Other expenses from ordinary activities		(481,385)	(348,560)	(2,694)	(9,841)
Borrowing costs expense	4	-	(7,414)	-	-
Profit from ordinary activities before income tax expense	4	1,843,579	1,061,236	1,245,776	749,942
Income tax expense	5	(595,835)	(302,272)	1,968	7,032
Profit from ordinary activities after income tax expense		1,247,744	758,964	1,247,744	756,974
Total changes in equity other than those resulting from transactions with owners as owners	21	1,247,744	758,964	1,247,744	756,974
		Cents	Cents		
Basic earnings per share	34	6.7	7.0		
Diluted earnings per share	34	6.0	3.9		

The above statements of financial performance should be read in conjunction with the accompanying notes.

Statements of Financial Position

	Notes	Consolidated		Parent entity	
		2002	2001	2002	2001
		\$	\$	\$	\$
Current assets					
Cash assets	6,23	8,543,170	7,866,735	17,452	2,958
Receivables	7,23	11,640,597	9,588,464	1,177,547	962,440
Other	8	187,481	79,826	-	-
Total current assets		20,371,248	17,535,025	1,194,999	965,398
Non-current assets					
Other financial assets	9	-	-	7,115,000	7,115,000
Property, plant and equipment	10	197,935	278,005	-	-
Deferred tax assets	11	78,056	34,929	9,000	7,032
Other	12	250,000	250,000	-	-
Total non-current assets		525,991	562,934	7,124,000	7,122,032
Total assets		20,897,239	18,097,959	8,318,999	8,087,430
Current liabilities					
Payables	13	12,038,180	9,970,788	36,500	33,811
Current tax liabilities	14	463,247	96,399	-	-
Provisions	15	1,024,861	793,233	929,792	745,713
Total current liabilities		13,526,288	10,860,420	966,292	779,524
Non-current liabilities					
Payables	16	-	-	-	87,092
Deferred tax liabilities	18	13,317	11,798	-	-
Total non-current liabilities		13,317	11,798	-	87,092
Total liabilities		13,539,605	10,872,218	966,292	866,616
Net assets		7,357,634	7,225,741	7,352,707	7,220,814
Equity					
Contributed equity	19	8,131,642	8,131,642	8,131,642	8,131,642
Retained profits	20	(774,008)	(905,901)	(778,935)	(910,828)
Total equity	21	7,357,634	7,225,741	7,352,707	7,220,814

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

Statements of Cashflow

	Notes	Consolidated		Parent entity	
		2002	2001	2002	2001
		\$	\$	\$	\$
Cash flows from operating activities					
Receipts from customers (inclusive of goods and services tax)		6,484,212	4,928,305	-	-
Payments to suppliers and employees (inclusive of goods and services tax)		(4,870,633)	(3,857,225)	(80,209)	(264,729)
		1,613,579	1,071,080	(80,209)	(264,729)
Dividends received		-	6,100	1,109,930	-
Interest received		303,445	201,683	1,757	17,067
Other revenue		-	15,079	-	14,349
Borrowing costs		-	(7,414)	-	-
Income taxes paid		(270,595)	-	-	-
Net cash inflow (outflow) from operating activities	33	1,646,429	1,286,528	1,031,478	(233,313)
Cash flows from investing activities					
Payments for property, plant and equipment		(40,102)	(224,704)	-	-
Payments for investments in controlled entities		-	-	-	(5,750,000)
Repayment of loans (to) by related parties		-	-	(87,092)	225,261
Net cash outflow from investing activities		(40,102)	(224,704)	(87,092)	(5,524,739)
Cash flows from financing activities					
Proceeds from issues of shares and other equity securities		-	5,000,000	-	5,000,000
Dividends paid	22	(929,892)	-	(929,892)	-
Net cash (outflow) inflow from financing activities		(929,892)	5,000,000	(929,892)	5,000,000
Net increase (decrease) in cash held					
Cash at the beginning of the financial year		7,866,735	1,804,911	2,958	761,010
Cash at the end of the financial year	6	8,543,170	7,866,735	17,452	2,958
Financing arrangements	17				

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

Note 1. Summary of Significant Accounting Policies

This general purpose financial report has been prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Corporations Act 2001.

It is prepared in accordance with the historical cost convention, except for certain assets which, as noted, are at valuation. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

(a) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Euroz Limited ('company' or 'parent entity') as at 30 June 2002 and the results of all controlled entities for the year then ended. Euroz Limited and its controlled entities together are referred to in this financial report as the consolidated entity. The effects of all transactions between entities in the consolidated entity are eliminated in full.

(b) Income tax

Tax effect accounting procedures are followed whereby the income tax expense in the statements of financial performance is matched with the accounting profit after allowing for permanent differences. The future tax benefit relating to tax losses is not carried forward as an asset unless the benefit is virtually certain of realisation. Income tax on cumulative timing differences is set aside to the deferred income tax or the future income tax benefit accounts at the rates which are expected to apply when those timing differences reverse.

(c) Acquisition of assets

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is determined as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their fair value as at the acquisition date. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

(d) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised: Brokerage revenue earned from share trading is recognised on completion of the transactions. Underwriting and management fees are brought to account when the fee in respect of the services provided is receivable. Interest income is recognised as it accrues.

(e) Receivables

All trade debtors relating to brokerage are recognised at the amounts receivable as they are due for settlement no more than 3 days from the date of recognition.

Collectibility of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised when some doubt as to collection exists.

(f) Recoverable amount of non-current assets

The recoverable amount of an asset is the net amount expected to be recovered through the cash inflows and outflows arising from its continued use and subsequent disposal.

Where the carrying amount of a non-current asset is greater than its recoverable amount, the asset is written down to its recoverable amount. Where net cash inflows are derived from a group of assets working together, recoverable amount is determined on the basis of the relevant group of assets. The decrement in the carrying amount is recognised as an expense in net profit or loss in the reporting period in which the recoverable amount write-down occurs.

The expected net cash flows included in determining recoverable amounts of non-current assets are discounted to their present values using a market-determined, risk-adjusted discount rate. The discount rates used ranged from 8.0%-10.0% depending on the nature of the assets.

(g) Investments

Investments in controlled entities are accounted for in the consolidated financial statements as set out in note 1(a).

(h) Depreciation of property, plant and equipment

Depreciation is calculated on a straight line basis to write off the net cost or revalued amount of each item of property, plant and equipment over its expected useful life to the consolidated entity. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items. The expected useful lives are as follows:

Plant and equipment 3 - 5 years

(i) Leasehold improvements

The cost of improvements to or on leasehold properties is amortised over the unexpired period of the lease or the estimated useful life of the improvement to the company, whichever is the shorter. Leasehold improvements held at the reporting date are being amortised over 5 years.

(j) Leased non-current assets

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 non-current assets, and operating leases under which the lessor effectively retains substantially all such risks and benefits.

Other operating lease payments are charged to the statement of financial performance in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased assets.

(k) Trade and other creditors

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(l) Interest bearing liabilities

Loans are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due.

(m) Dividends

Provision is made for the amount of any dividend declared, determined, or publicly recommended by the directors on or before the end of the financial year, but not distributed at balance date, as well as any dividends to be paid out of retained profits at the end of the financial year where the dividend was proposed, recommended or declared between the end of the year and the completion of the financial report.

(n) Employee entitlements

(i) Wages, salaries and annual leave

Liabilities for wages, salaries and annual leave are recognised, and are measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date.

(ii) Superannuation

Contributions are made by the consolidated entity to superannuation funds as stipulated by statutory requirements and are charged as expenses when incurred.

(o) Borrowing costs

Borrowing costs are recognised as expenses in the period in which they are incurred.

Borrowing costs include interest on bank overdrafts and short-term and long-term borrowings.

(p) Cash

For purposes of the statement of cash flows, cash includes deposits at call which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

(q) Earnings per share

(i) Basic earnings per share

Basic earnings per share is determined by dividing the net profit after income tax attributable to members of the company, 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 year.

(ii) 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.

Change in basis of determining earnings per share

In previous years basic earnings per share was determined using the profit from ordinary activities after income tax and preference share dividends attributable to members of the company, thereby excluding extraordinary items from earnings. Diluted earnings per share in previous years adjusted the figures used in the determination of basic earnings per share by taking into account amounts unpaid on ordinary shares and earnings that would have arisen had the dilutive options been exercised during the financial year rather than adjusting the weighted average number of shares to include potential ordinary shares assumed to have been issued for no consideration.

The change in the basis for calculating earnings per share figures was made to comply with AASB 1027 Earnings per Share, issued in June 2001.

The earnings per share information for the year ended 30 June 2001 has been recalculated to present the comparative amounts on a consistent basis with the current financial year.

Note 2. Segment Information

The consolidated entity operates in one business segment being a stockbroking business offering trading of Australian securities, post trade reporting, corporate investment opportunities, provision of company research and funds management. The consolidated entity operates in one geographical segment, being Australia.

Note 3. Revenue

	Consolidated		Parent entity	
	2002	2001	2002	2001
	\$	\$	\$	\$
Revenue from operating activities				
Brokerage and jobbing	5,812,090	2,902,835	-	-
Underwriting and management fees	2,141,590	1,758,668	-	-
	7,953,680	4,661,503	-	-
Revenue from outside the operating activities				
Interest	294,951	201,683	1,757	17,067
Dividends	-	6,100	1,327,393	959,930
Other revenue	122	734	-	5
	295,073	208,517	1,329,150	977,002
Revenue from ordinary activities	8,248,753	4,870,020	1,329,150	977,002

Note 4. Profit from Ordinary Activities

	Consolidated		Parent entity	
	2002	2001	2002	2001
	\$	\$	\$	\$
Net gains and expenses				
Profit from ordinary activities before income tax expense includes the following specific net gains and expenses:				
Net Gains	-	-	-	-
Expenses				
Depreciation				
Plant and equipment	101,970	79,116	-	-
Total depreciation	101,970	79,116	-	-
Amortisation				
Leasehold improvements	14,556	14,555	-	-
Total amortisation	14,556	14,555	-	-
Other charges against assets				
Bad and doubtful debts - trade debtors	50,000	-	-	-
Borrowing costs				
Interest and finance charges paid/payable	-	7,414	-	-
Total borrowing costs	-	7,414	-	-
Other Provisions				
Employee entitlements	44,922	49,400	(1,880)	1,880
Total other provisions	44,922	49,400	(1,880)	1,880
Rental expense relating to operating leases				
Minimum lease payments	53,838	72,731	-	-
Total rental expense relating to operating leases	53,838	72,731	-	-

Note 5. Income Tax

	Consolidated		Parent entity	
	2002	2001	2002	2001
	\$	\$	\$	\$
The income tax expense for the financial year differs from the amount calculated on the profit. The differences are reconciled as follows:				
Profit from ordinary activities before income tax expense	1,843,579	1,061,236	1,245,776	749,942
Income tax calculated @ 30% (2001 - 34%)	553,074	360,821	373,733	254,980
Reversal of prior year provisions	-	(7,310)	-	(7,310)
Other non deductible items	17,964	37,289	-	22,832
Depreciation concessions	-	(332)	-	-
Inter-corporate dividend rebate	22,517	(1,360)	(375,701)	(326,376)
Income tax adjusted for permanent differences	593,555	389,108	(1,968)	(55,874)
Benefit of tax losses of prior years recouped	-	(85,351)	-	(45,573)
Net adjustment to deferred income tax liabilities and assets to reflect the decrease in company tax rate to 30% (2001 - 34%)	-	3,322	-	937
Tax losses transferred to subsidiary	-	-	-	94,008
Under (over) provision in prior year	2,280	(4,807)	-	(530)
Income tax expense	595,835	302,272	(1,968)	(7,032)
Aggregate income tax expense comprises:				
Current taxation provision	637,444	325,402	-	-
Deferred income tax provision	1,519	11,798	-	-
Future income tax benefit	(43,128)	(34,928)	(1,968)	(7,032)
	595,835	302,272	(1,968)	(7,032)

Adjustment to deferred income tax balances

Legislation reducing the company tax rate from 36% to 34% in respect of the 2000-2001 income tax year and then to 30% from the 2001-2002 income tax year was passed during the year ended 30 June 2001. As a consequence, deferred tax balances were remeasured during the year ended 30 June 2001 using the appropriate new rates, depending on the timing of their reversal.

Transfer of tax losses between group companies

No tax losses were transferred from Euroz Limited to Euroz Securities Limited during the year ended 30 June 2002 (2001 - \$269,792).

Note 6. Current Assets - Cash Assets

	Consolidated		Parent entity	
	2002	2001	2002	2001
	\$	\$	\$	\$
Cash at bank and on hand	4,370,830	2,865,591	17,452	2,958
Deposits at call	4,172,340	5,001,144	-	-
	8,543,170	7,866,735	17,452	2,958
The above figures are reconciled to cash at the end of the financial year as shown in the statements of cash flows as follows:				
Balances as above	8,543,170	7,866,735	17,452	2,958
Balances as per statements of cash flows	8,543,170	7,866,735	17,452	2,958

Deposits at call

The deposits are bearing floating interest rates between 4.05% and 4.8% (2001 - 4.2% and 4.8%)

Note 7. Current Assets - Receivables

	Consolidated		Parent entity	
	2002	2001	2002	2001
	\$	\$	\$	\$
Trade debtors	11,690,443	9,585,954	-	-
Less: Provision for doubtful debts	50,000	-	-	-
	<u>11,640,443</u>	<u>9,585,954</u>	<u>-</u>	<u>-</u>
Other debtors	154	2,510	154	2,510
Dividends due from subsidiary	-	-	1,177,393	959,930
	<u>11,640,597</u>	<u>9,588,464</u>	<u>1,177,547</u>	<u>962,440</u>

Note 8. Current Assets - Other

	Consolidated		Parent entity	
	2002	2001	2002	2001
	\$	\$	\$	\$
Prepayments	156,645	40,496	-	-
Accrued income	30,836	39,330	-	-
	<u>187,481</u>	<u>79,826</u>	<u>-</u>	<u>-</u>

Note 9. Non-Current assets - Other Financial Assets

	Consolidated		Parent entity	
	2002	2001	2002	2001
	\$	\$	\$	\$
Other (non-traded) investments				
Shares in other related parties - at cost (note 31)	-	-	7,250,000	7,250,000
Provision for diminution	-	-	(135,000)	(135,000)
Total non-traded shares - at cost	<u>-</u>	<u>-</u>	<u>7,115,000</u>	<u>7,115,000</u>

Note 10. Non-Current Assets - Property, Plant & Equipment

	Consolidated		Parent entity	
	2002	2001	2002	2001
	\$	\$	\$	\$
Land & buildings				
Leasehold improvements				
At cost	72,778	72,778	-	-
Less: Accumulated amortisation	36,389	21,833	-	-
	<u>36,389</u>	<u>50,945</u>	<u>-</u>	<u>-</u>
Total land and buildings	<u>36,389</u>	<u>50,945</u>	<u>-</u>	<u>-</u>
Plant and equipment				
Software				
At cost	30,000	30,000	-	-
Less: Accumulated depreciation	30,000	20,000	-	-
	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>-</u>
Office equipment				
At cost	266,523	235,227	-	-
Less: Accumulated depreciation	142,087	65,789	-	-
	<u>124,436</u>	<u>169,438</u>	<u>-</u>	<u>-</u>
Furniture, fixtures & fittings				
At cost	64,203	59,043	-	-
Less: Accumulated depreciation	27,093	11,421	-	-
	<u>37,110</u>	<u>47,622</u>	<u>-</u>	<u>-</u>
Total plant and equipment	<u>161,546</u>	<u>227,060</u>	<u>-</u>	<u>-</u>
Total property, plant and equipment	<u>197,935</u>	<u>278,005</u>	<u>-</u>	<u>-</u>

Non-current assets pledged as security

Refer to note 17 for information on non-current assets pledged as security by the parent entity or its controlled entities.

Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current and previous financial year are set out below:

	Leasehold	Plant and	Total
	Improvements	Equipment	
	\$	\$	\$
Consolidated			
Carrying amount at 1 July 2001	50,945	227,060	278,005
Additions	-	36,456	36,456
Depreciation/amortisation expense (note 4)	(14,556)	(101,970)	(116,526)
Carrying amount at 30 June 2002	<u>36,389</u>	<u>161,546</u>	<u>197,935</u>
Parent entity			
Carrying amount at 1 July 2001	-	-	-
Carrying amount at 30 June 2002	<u>-</u>	<u>-</u>	<u>-</u>

Note 11. Non-Current Assets - Deferred Tax Assets

	Consolidated		Parent entity	
	2002	2001	2002	2001
	\$	\$	\$	\$
Future income tax benefit	<u>78,056</u>	<u>34,929</u>	<u>9,000</u>	<u>7,032</u>

Note 12. Non-Current Assets - Other

	Consolidated		Parent entity	
	2002	2001	2002	2001
	\$	\$	\$	\$
ASX Licence	250,000	250,000	-	-

Note 13. Current Liabilities - Payables

	Consolidated		Parent entity	
	2002	2001	2002	2001
	\$	\$	\$	\$
Trade creditors	11,203,103	9,302,536	6,500	13,811
Other payables	835,077	668,252	30,000	20,000
	12,038,180	9,970,788	36,500	33,811

Note 14. Current Liabilities - Current Tax Liabilities

	Consolidated		Parent entity	
	2002	2001	2002	2001
	\$	\$	\$	\$
Income tax	463,247	96,399	-	-

Note 15. Current Liabilities - Provisions

	Consolidated		Parent entity	
	2002	2001	2002	2001
	\$	\$	\$	\$
Dividends	929,792	743,833	929,792	743,833
Employee entitlements	95,069	49,400	-	1,880
	1,024,861	793,233	929,792	745,713

Note 16. Non-Current Liabilities - Payables

	Consolidated		Parent entity	
	2002	2001	2002	2001
	\$	\$	\$	\$
Payable to wholly owned entities	-	-	-	87,092

Note 17. Financing Arrangements

	Consolidated		Parent entity	
	2002	2001	2002	2001
	\$	\$	\$	\$

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

Credit standby arrangements

Total facilities				
Bank overdrafts	750,000	750,000	-	-
Unused at balance date				
Bank overdrafts	750,000	750,000	-	-

Euroz Securities Ltd, a wholly owned subsidiary of Euroz Limited, has a bank overdraft facility as at 30 June 2002 for up to \$750,000 (\$nil drawn down at 30 June 2002). The facility may be drawn at any time, is repayable on demand and interest is incurred at the standard variable rate. The facility is secured by a fixed and floating charge over the assets of Euroz Limited and Euroz Securities Limited.

Assets pledged as security

The carrying amounts of non-current assets pledged as security are:

	Consolidated		Parent entity	
	2002	2001	2002	2001
	\$	\$	\$	\$
Floating charge				
Plant and equipment	197,935	278,005	-	-
Total non-current assets pledged as security	197,935	278,005	-	-

The following current assets are also pledged as security under the floating charge:

Cash assets	8,543,170	7,866,735	17,452	2,958
Receivables - current	11,640,597	9,588,464	1,177,547	962,440
Total assets pledged as security	20,381,702	17,733,204	1,194,999	965,398

Note 18. Non-Current Liabilities - Deferred Tax Liabilities

	Consolidated		Parent entity	
	2002	2001	2002	2001
	\$	\$	\$	\$
Provision for deferred income tax	13,317	11,798	-	-

Note 19. Contributed Equity

	Parent entity		Parent entity	
	2002	2001	2002	2001
	Shares	Shares	\$	\$
Issued and paid up capital	18,595,839	18,595,839	8,131,642	8,131,642

(a) Movements in ordinary share capital

Date	Details	Number of Shares	Issue Price	\$
01-07-2000	Opening balance	6,095,839		3,131,642
13-02-2001	Share placement	12,500,000	\$0.40	5,000,000
30-06-2001	Closing Balance	18,595,839		8,131,642
30-06-2002	Balance	18,595,839		8,131,642

(b) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(c) Options

500,000 listed options were granted to staff of Euroz Ltd, its controlled entities and other investors on 27 November 2000. 5,110,000 listed options remain outstanding from prior years. Each option is convertible into one ordinary share at any time on or before 30 November 2004 at a fixed price of 50 cents per share. The number of unissued ordinary shares under these options at 30 June 2002 is 5,610,000 (2001 - 5,610,000).

Subsequently 10,000,000 unlisted options were granted to staff of Euroz Ltd and its controlled entities on 13 February 2001 and 400,000 unlisted options were granted on the 22 May 2001. Each option is convertible into one ordinary share at any time on or before 31 December 2005 at a fixed price of 45 cents per share. The number of unissued ordinary shares under these options at 30 June 2002 is 10,400,000 (2001 - 10,400,000).

Note 20. Retained Profits

Notes	Consolidated		Parent entity	
	2002	2001	2002	2001
	\$	\$	\$	\$
Retained profits at the beginning of the financial year	(905,901)	(921,032)	(910,828)	(923,969)
Net profit attributable to members of Euroz Limited	1,247,744	758,964	1,247,744	756,974
Dividends provided for or paid	22 (1,115,851)	(743,833)	22 (1,115,851)	(743,833)
Retained profits at the end of the financial year	(774,008)	(905,901)	(778,935)	(910,828)

Note 21. Equity

Notes	Consolidated		Parent entity	
	2002	2001	2002	2001
	\$	\$	\$	\$
Total equity at the beginning of the financial year	7,225,741	2,210,610	7,220,814	2,207,673
Total changes in equity recognised in the statement of financial performance	1,247,744	758,964	1,247,744	756,974
Transactions with owners as owners:				
Contributions of equity, net of transaction costs	19 -	5,000,000	-	5,000,000
Dividends provided for or paid	22 (1,115,851)	(743,833)	22 (1,115,851)	(743,833)
Total equity at the end of the financial year	7,357,634	7,225,741	7,352,707	7,220,814

Note 22. Dividends

	Parent entity	
	2002	2001
	\$	\$
Ordinary shares		
Interim dividend of 1 cent (2001 - Nil) per fully paid share paid 8 March 2002		
Franked @ 30% - 1 cent per share	186,059	-
	<u>186,059</u>	<u>-</u>
Final dividend of 5 cents (2001 - 4 cents) per fully paid share recognised as a liability and expected to be paid 13 September 2002 (2001 - 21 September 2001)		
Franked @ 30%	929,792	743,833
	<u>929,792</u>	<u>743,833</u>
Total dividends provided for or paid	<u>1,115,851</u>	<u>743,833</u>

Franked dividends

The franked portions of the dividends proposed as at 30 June 2002 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ending 30 June 2003.

	Parent entity	
	2002	2001
	\$	\$
Franking credits available for subsequent financial years based on a tax rate of 30% (2001 - 34%)	426,793	15,438
	<u>426,793</u>	<u>15,438</u>

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

- (a) franking credits that will arise from the payment of the current tax liability
- (b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- (c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date, and
- (d) franking credits that may be prevented from being distributed in subsequent financial years.

The consolidated amounts include franking credits that would be available to the parent entity if distributable profits of controlled entities were paid as dividends.

The Government introduced legislation into Parliament on 28 June 2001 to require companies to convert their existing Class C franking account balances from an underlying tax rate of 34% to an underlying tax rate of 30% on 1 July 2001. Although this legislation lapsed when Parliament rose on 8 October 2001, it is expected to be re-introduced and apply retrospectively to ensure that the balances of franking accounts as at 1 July 2001 and all franking debits and credits arising on or after that date (including those relating to dividends) will be entered into the converted franking account using the new rate of 30%.

Note 23. Financial Instruments

(a) Net fair value of financial assets and liabilities

(i) On-balance sheet

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the consolidated entity approximates their carrying amounts.

The net fair value of other monetary financial assets and financial liabilities is based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rates for assets and liabilities with similar risk profiles.

(ii) Off-balance sheet

There are no off-balance sheet financial assets and financial liabilities.

(b) Credit risk exposures

The credit risk on financial assets of the consolidated entity which have been recognised on the statement of financial position, other than investments in shares, is generally the carrying amount, net of any provisions for doubtful debts.

Notes to the Financial Statements for the Year Ended 30 June 2002

(c) Interest rate risk exposures

The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate is set out in the following table. For interest rates applicable to each class of asset or liability refer to individual notes to the financial statements.

2002	Notes	Weighted Average Interest Rate %	Floating Interest Rate \$	Non Interest Bearing \$	Total \$
Financial assets					
Cash and deposits	6	4.04	8,543,170	-	8,543,170
Receivables	7,8		-	11,671,433	11,671,433
			8,543,170	11,671,433	20,214,603
Financial liabilities					
Trade and other creditors	13		-	12,038,180	12,038,180
Net financial assets (liabilities)			8,543,170	(366,747)	8,176,423
2001					
2001	Notes	Weighted Average Interest Rate %	Floating Interest Rate \$	Non Interest Bearing \$	Total \$
Financial assets					
Cash and deposits	6	4.61	7,866,735	-	7,866,735
Receivables	7,8		-	9,627,794	9,627,794
			7,866,735	9,627,794	17,494,529
Financial liabilities					
Trade and other creditors	13		-	9,970,788	9,970,788
Net financial assets (liabilities)			7,866,735	(342,994)	7,523,741

Note 24. Remuneration of Directors

	Directors of Entities in the Consolidated Entity		Directors of Parent Entity	
	2002 \$	2001 \$	2002 \$	2001 \$
Income paid or payable, or otherwise made available, to directors by entities in the consolidated entity and related parties in connection with the management of affairs of the parent entity or its controlled entities	2,250,758	1,388,804	1,402,840	982,392

No options have been granted to directors during the year.

The numbers of parent entity directors whose total income from the parent entity or related parties was within the specified bands are as follows:

	2002	2001
\$160,000 - \$169,999	1	1
\$250,000 - \$259,999	-	3
\$410,000 - \$419,999	3	-

No director received any retirement benefits during the financial year to 30 June 2002 (2001: \$nil).

Note 25. Remuneration of Executives

	Executive Officers of the Consolidated Entity		Executive Officers of the Parent Entity	
	2002	2001	2002	2001
	\$	\$	\$	\$
Remuneration received, or due and receivable, from entities in the consolidated entity and related parties by Australian based executive officers (including directors) whose remuneration was at least \$100,000:				
Executive officers of the parent entity	1,402,840	925,262	1,402,840	925,262
Executive officers of other entities in the consolidated entity	847,918	259,846	-	-
Total	2,250,758	1,185,108	1,402,840	925,262

No options have been granted to executive officers during the year.

The numbers of Australian based executive officers (including directors) whose remuneration from entities in the consolidated entity and related parties was within the specified bands are as follows:

	Executive Officers of the Consolidated Entity		Executive Officers of the Parent Entity	
	2002	2001	2002	2001
	\$	\$	\$	\$
\$110,000 - \$119,999	-	1	-	-
\$140,000 - \$149,999	-	1	-	-
\$160,000 - \$169,999	1	1	1	1
\$170,000 - \$179,999	1	-	-	-
\$180,000 - \$189,999	1	-	-	-
\$230,000 - \$239,999	1	-	-	-
\$240,000 - \$249,999	1	-	-	-
\$250,000 - \$259,999	-	3	-	3
\$410,000 - \$419,999	3	-	3	-

Note 26. Remuneration of Auditors

	Consolidated		Parent entity	
	2002	2001	2002	2001
	\$	\$	\$	\$
During the year, the auditor of the parent entity and its related practices earned the following remuneration:				
PricewaterhouseCoopers - Australian firm				
Audit or review of financial reports of the entity or any entity in the consolidated entity	34,300	20,000	28,500	20,000
Total audit and other assurance services	34,300	20,000	28,500	20,000
Advisory services	12,000	25,335	6,000	10,480
Taxation	6,750	-	2,500	-
Total remuneration	53,050	45,335	37,000	30,480

Note 27. Contingent Liabilities

	Consolidated		Parent entity	
	2002	2001	2002	2001
	\$	\$	\$	\$

Details and estimates of maximum amounts of contingent liabilities are as follows:

Guarantees

Secured guarantees by the parent entity in respect of a bank overdraft of a controlled entity	750,000	750,000	750,000	750,000
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No material losses are anticipated in respect of any of the above contingent liabilities.

Note 28. Commitments for Expenditure

	Consolidated		Parent entity	
	2002	2001	2002	2001
	\$	\$	\$	\$
Other commitments				
Commitments for the cost of services supplied to the consolidated entity but not recognised as liabilities, payable:				
Within one year	135,000	130,800	-	-
Later than one year but not later than 5 years	100,000	15,000	-	-
	235,000	145,800	-	-
Operating leases				
Commitments for minimum lease payments in relation to non-cancelable operating leases are payable as follows:				
Within one year	53,838	79,244	-	-
Later than one year but not later than 5 years	-	139,388	-	-
Commitments not recognised in the financial statements	53,838	218,632	-	-

Note 29. Employee Entitlements

	Consolidated		Parent entity	
	2002	2001	2002	2001
	\$	\$	\$	\$
Employee entitlement liabilities				
Provision for employee entitlements Current (note 15)	95,069	49,400	-	1,880
Aggregate employee entitlement liability	95,069	49,400	-	1,880
	Number	Number	Number	Number
Employee numbers				
Average number of employees during the financial year	27	26	4	4

Note 30. Related Parties

Directors

The names of persons who were directors of Euroz Limited at any time during the financial year are as follows:

Peter Diamond
 Andrew McKenzie
 Jay Hughes
 Shane Gherbaz

All of these persons were also directors during the year ended 30 June 2001.

Remuneration and retirement benefits

Information on remuneration and retirement benefits of directors is disclosed in note 24.

Transactions of directors and director-related entities concerning shares or share options

Aggregate numbers of shares and share options of Euroz Limited acquired or disposed of by directors of the company and consolidated entity or their director-related entities from the company:

	Parent entity and consolidated	
	2002	2001
	Number	Number
Acquisitions		
Ordinary shares	-	9,822,000
Options over ordinary shares	-	9,056,800
Disposals		
Ordinary shares	-	350,000

Notes to the Financial Statements for the Year Ended 30 June 2002

Aggregate numbers of shares and share options of Euroz Limited held directly, indirectly or beneficially by directors of the company or the consolidated entity or their director-related entities at balance date:

	2002 Number	2001 Number
Ordinary shares	9,592,000	9,592,000
Options over ordinary shares	8,876,800	8,876,800

Other transactions with directors and director-related entities

During the year Mr Gerbaz, Mr McKenzie, Mr Diamond and Mr Hughes and entities related to these directors transacted share business through Euroz Securities Limited.

Aggregate amounts of each of the above types of other transactions with directors and their director-related entities:

	Consolidated		Parent entity	
	2002 \$	2001 \$	2002 \$	2001 \$
Brokerage earned by Euroz Securities Limited on director's accounts	8,807	7,038	-	-
Accounting, secretarial and corporate services	-	45,756	-	45,756
Aggregate amounts payable/receivable to directors and their director-related entities at balance date:				
Current liabilities	47,212	-	-	-
Current assets	104	-	-	-

Wholly-owned group

The wholly-owned group consists of Euroz Limited and its wholly-owned controlled entities, Euroz Securities Limited, Detail Nominees Pty Limited and Zero Nominees Pty Limited. Ownership interests in these controlled entities are set out in note 31.

Transactions between Euroz Limited and other entities in the wholly-owned group during the years ended 30 June 2002 and 2001 consisted of:

- (a) loans advanced by Euroz Limited
- (b) loans advanced to Euroz Limited
- (c) loans repaid to Euroz Limited
- (d) the payment of dividends to Euroz Limited

	Parent entity	
	2002 \$	2001 \$
Aggregate amounts included in the determination of profit from ordinary activities before income tax that resulted from transactions with entities in the wholly-owned group:		
Dividend revenue	1,327,393	959,930
Aggregate amounts receivable from/payable to entities in the wholly-owned group at balance date:		
Current receivables - dividends receivable	1,177,393	959,930
Current payables - dividends payable	1,177,393	959,930

Aggregate amounts brought to account in relation to other transactions with entities in the wholly owned group:

	Consolidated		Parent Entity	
	2002 \$	2001 \$	2002 \$	2001 \$
Loans advanced from Controlled entities	-	-	-	87,902
Loan repayments to Controlled entities	-	-	87,902	-

Controlling entities

The ultimate parent entity in the wholly-owned group is Euroz Limited.

Note 31. Investments in Controlled Entities

Name of entity	Country of Incorporation	Class of Shares	Equity Holdings		Cost of Parent Entity's Investment	
			2002	2001	2002	2001
			%	%	\$	\$
Euroz Securities Limited	Australia	Ordinary	100	100	7,250,000	7,250,000
Detail Nominees Pty Limited	Australia	Ordinary	100	100	-	-
Zero Nominees Pty Limited	Australia	Ordinary	100	100	-	-
					7,250,000	7,250,000

Note 32. Events Occurring after Reporting Date

The directors are not aware of any subsequent event that would materially affect this financial report.

Note 33. Reconciliation of Profit from Ordinary Activities after Income Tax to Net Cash inflow from Operating Activities

	Consolidated		Parent entity	
	2002	2001	2002	2001
	\$	\$	\$	\$
Profit from ordinary activities after income tax	1,247,744	758,964	1,247,744	756,974
Depreciation and amortisation	116,526	93,671	-	-
Provisions	95,669	52,331	-	-
Net gain on sale of non-current assets	3,647	-	-	-
(Increase) decrease in trade debtors and bills of exchange	(2,098,436)	(9,729,763)	2,357	(962,441)
Increase in future income tax benefit	(43,127)	(34,713)	(1,968)	(7,032)
(Increase) decrease in other operating assets	(105,299)	36,203	(217,463)	-
Increase (decrease) in trade creditors	2,061,338	9,738,348	2,688	(20,814)
Increase in provision for income taxes payable	366,848	359,688	-	-
Increase in provision for deferred income tax	1,519	11,798	-	-
Decrease in other provisions	-	-	(1,880)	-
Net cash inflow (outflow) from operating activities	1,646,429	1,286,527	1,031,478	(233,313)

Note 34. Earnings Per Share

	Consolidated	
	2002	2001
	Cents	Cents
Basic earnings per share	6.7	7.0
Diluted earnings per share	<u>6.0</u>	<u>3.9</u>

	Consolidated	
	2002	2001
	Number	Number
Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share and alternative basic earnings per share	<u>18,595,839</u>	<u>10,821,866</u>

Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share and alternative diluted earnings per share	<u>20,924,021</u>	<u>20,008,579</u>
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	Consolidated	
	2002	2001
	\$	\$
Reconciliations of earnings used in calculating earnings per share		
Basic earnings per share		
Net profit	<u>1,247,744</u>	758,964
Earnings used in calculating basic earnings per share	<u>1,247,744</u>	<u>758,964</u>
Diluted earnings per share		
Net profit	<u>1,247,744</u>	758,964
Earnings used in calculating diluted earnings per share	<u>1,247,744</u>	<u>758,964</u>

Information concerning the classification of securities

Options

Options granted are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share. The options have not been included in the determination of basic earnings per share. Details relating to the options are set out in note 19(c).

Directors' Declaration

Euroz Limited Directors' Declaration

The directors declare that the financial statements and notes set out on pages 9 to 37:

- (a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) give a true and fair view of the company's and consolidated entity's financial position as at 30 June 2002 and of their performance, as represented by the results of their operations and their cash flows, for the financial year ended on that date.

In the directors' opinion:

- (a) the financial statements and notes are in accordance with the Corporations Act 2001; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



Peter Diamond

Director

Perth, Western Australia

27 August 2002



Independent audit report to the members of Euroz Limited

Audit opinion

In our opinion, the financial report, set out on pages 9 to 38:

- Presents a true and fair view, as required by the Corporations Act 2001 in Australia, of the financial position of Euroz Limited and the Euroz Limited Group (defined below) as at 30 June 2002 and of their performance for the year ended on that date.
- Is presented in accordance with the Corporations Act 2001, Accounting Standards and other mandatory professional reporting requirements in Australia, and the Corporations Regulations 2001

This opinion must be read in conjunction with the following explanation of the scope and summary of our role as auditor.

Scope and summary of our role

The financial report – responsibility and content

The preparation of the financial report for the year ended 30 June 2002 is the responsibility of the directors of Euroz Limited. It includes the financial statements for Euroz Limited (the Company) and for the Euroz Limited Group (the Group), which incorporates Euroz Limited and the entities it controlled during the year ended 30 June 2002.

The auditor's role and work

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the Company. Our role was to conduct the audit in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. Our audit did not involve an analysis of the prudence of business decisions made by the directors or management.

In conducting the audit, we carried out a number of procedures to assess whether in all material respects the financial report presents fairly a view in accordance with the Corporations Act 2001, Accounting Standards and other mandatory reporting requirements in Australia, and the Corporations Regulations 2001, which is consistent with our understanding of the Company's and the Group's financial position, and their performance as represented by the results of their operations and cash flows.

The procedures included:

- Selecting and examining evidence, on a test basis, to support amounts and disclosures in the financial report. This included testing, as required by auditing standards, certain internal controls, transactions and individual items. We did not examine every item of available evidence
- Evaluating the accounting policies applied and significant accounting estimates made by the directors in their preparation of the financial report
- Obtaining written confirmation regarding material representations made to us in connection with the audit
- Reviewing the overall presentation of information in the financial report

Our audit opinion was formed on the basis of these procedures.

Independent Audit Report



Independence

As auditor, we are required to be independent of the Group and free of interests which could be incompatible with integrity and objectivity. In respect of this engagement, we followed the independence requirements set out by The Institute of Chartered Accountants in Australia, the Corporations Act 2001 and the Auditing and Assurance Standards Board.

In addition to our statutory audit work, we were engaged to undertake other services for the Group. These services are disclosed in note 26 to the financial statements. In our opinion the provision of these services has not impaired our independence.

A handwritten signature in black ink that reads "PricewaterhouseCoopers".

PricewaterhouseCoopers

A handwritten signature in black ink that reads "Alan Good".

Alan Good

Partner

Perth, Western Australia

27 August 2002

Corporate Governance Statement

The directors are responsible to the shareholders for the performance of the company, in both the short and the longer term, and seek to balance these sometimes competing objectives in the best interest of the company as a whole.

The directors' focus is to enhance the interest of shareholders and to ensure the company, including its controlled entities, is properly managed.

The functions of the board include:

- review and approval of corporate strategies and financial plans
- overseeing and monitoring organisational performance and the achievement of the company's strategic goals and objectives
- monitoring financial performance including approval of the annual and half-year financial reports and liaison with the company's auditors
- appointment of, and assessment of the performance of, the Managing Director and the members of the senior management team
- ensuring the significant risks facing the company and its controlled entities have been identified and appropriate and adequate control, monitoring and reporting mechanisms are in place, and
- reporting to shareholders.

The board of directors

The board operates in accordance with the broad principles set out in its charter including that:

- the board should undertake an annual board performance review and consider the appropriate mix of skills required by the board to maximise its effectiveness and its contribution to the company. When a vacancy exists, for whatever reason, or where it is considered that the board would benefit from the services of a new director with particular skills, the board selects appropriate candidates with relevant qualifications, skills and experience. External advisors may be used to assist in such a process. The board then appoints the most suitable candidate who must stand for election at the next general meeting of shareholders.

The maximum number of directors shall not exceed 10 without the approval of shareholders at a meeting of shareholders.

Directors appointed by the board hold office until the next Annual General Meeting and are eligible for re-election. At least one third of the directors shall retire by rotation at each Annual General Meeting, though the Managing Director is not required to retire by rotation.

The directors are not required to hold any shares in the company.

Directors of the company may be proposed by shareholders at the Annual General Meeting in accordance with the Constitution of the company. However, in most cases, the board of directors nominates and appoints new directors with due regard to the company's needs and the skills and contribution which a proposed director can bring to the company.

Independent professional advice

Each director has the right to seek independent professional advice at the company's expense for which the prior approval of the Chairman is required and is not unreasonably withheld.

Remuneration

The board reviews the remuneration packages and policies applicable to directors and senior executives on an annual basis. Remuneration levels are competitively set to attract the most qualified and experienced directors and senior executives. Where necessary, the board obtains independent advice on the appropriateness of remuneration packages.

Risk assessment and management

The board monitors the company's strategic direction, including specific focus on the identification of the key business and financial risks which could prevent the company from achieving its objectives. Management is then required to ensure that appropriate controls are in place to effectively manage those risks.

Ethical standards

The board's policy is for the directors and management to conduct themselves with the highest ethical standards. All directors and employees are expected to act with integrity and objectivity, striving at all times to enhance the reputation and performance of the consolidated entity.

Corporate Governance Statement

Continuous disclosure

The company secretary has been appointed as the person responsible for communications with the Australian Stock Exchange (ASX). This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX listing rules and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

Share and Option Schemes

The company does not operate a 'Share and Options' scheme and no shares or options were issued in this current year.

Audit Committees

In accordance with guidelines outlined by the Corporate Governance Council, the board deems it not necessary to have a totally independent Audit Committee as the company is outside the top 500 listed companies. As such, the board deals with matters related to audits at its meetings throughout the year.

Distribution of Shareholders

Distribution of Shareholders

Size of Holdings	Holders	Units
1 to 1,000	166	46,902
1,001 to 5,000	60	172,424
5,001 to 10,000	23	190,336
10,001 to 100,000	56	2,501,210
100,001 +	9	15,986,967
Totals	314	18,897,839

Top 20 Shareholders

Top 20 Shareholders

No.	Name	Units	%
1	Zero Nominees Pty Ltd	14,043,650	74.31
2	Ice Cold Investments Pty Ltd	450,000	2.38
3	Mr William Charles & Mrs Jeanette Ann Caldwell	350,000	1.85
4	Chesilton Pty Ltd	300,000	1.59
5	Saltbush Nominees Pty Ltd	298,317	1.58
6	Mr William Hugh Mckenzie	200,000	1.06
7	Mrs Dayle Gherbaz	120,000	0.63
8	National Nominees Limited	120,000	0.63
9	Mr Sydney Edward & Mrs Christina Lorraine Newman	105,000	0.56
10	Sir James Winter Cruthers	100,000	0.53
11	Danwell Holdings Ltd	100,000	0.53
12	Darenth Securities Limited	100,000	0.53
14	Mr Shane Gherbaz	100,000	0.53
15	Mrs Daphne Lambert	100,000	0.53
16	Onyx (WA) Pty Ltd	100,000	0.53
17	Phipps Coronet Fund Ltd	100,000	0.53
18	Piat Corp Pty Ltd	100,000	0.53
19	Pillage Investments Pty Ltd	100,000	0.53
20	Mr Malachy & Mrs Margaret Ferris	84,700	0.45
	Total	17,071,667	90.34

Distribution of Optionholders

Distribution of Optionholders

Size of Holdings	Holders	Units
1 to 1,000	2	2,000
1,001 to 5,000	16	63,895
5,001 to 10,000	11	100,118
10,001 to 100,000	24	1,002,105
100,001 +	12	4,141,882
Totals	65	5,310,000

Top 20 Optionholders

Top 20 Optionholders (Expiring 30/11/2004)

No.	Name	Units	%
1	Zero Nominees Pty Ltd	1,100,000	20.72
2	Brislan Nominees Pty Ltd	695,000	13.09
3	Bell Potter Nominees Pty Ltd	400,000	7.53
4	Mr Malachy & Mrs Margaret Ferris	400,000	7.53
5	Detail Nominees Pty Limited	265,000	4.99
6	Mr Rodney Young	245,500	4.62
7	Mr Shane Gherbaz	216,000	4.07
8	Mrs Dayle Gherbaz	204,000	3.84
9	Ms Justine Mary Young	199,382	3.75
10	Mytece Pty Ltd	150,000	2.82
11	Beirne Trading Pty Ltd	140,000	2.64
12	Piranha Nominees Pty Ltd	127,000	2.39
13	Mr Peter De Haan	100,000	1.88
14	Mr Richard Ian Fairley	100,000	1.88
15	Lismont Pty Ltd	100,000	1.88
17	Wall Street Nominees Pty Ltd	74,300	1.40
18	Mr Andrew Bruce Every	72,905	1.37
19	Tizoku Securities Pty Limited	70,000	1.32
20	Ellamar Pty Ltd	40,000	0.75
	Total	4,799,087	90.35

Euroz Securities Limited

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