

EUROZ LIMITED

Annual Report 2004



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

Principal Registered Office in Australia

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Perth Western Australia 6000

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Share and Debenture Registers

Computershare Investor Services Pty Ltd
Level 2 Reserve Bank Building
45 St Georges Terrace
Perth Western Australia 6000

Telephone 1300 787 575

Auditor

PricewaterhouseCoopers Chartered Accountants
QV1 Building
250 St Georges Terrace
Perth Western Australia 6000

Bankers

Westpac Banking Corporation
109 St Georges Terrace
Perth Western Australia 6000

Stock Exchange Listings

Euroz Limited shares and options are listed on the Australian Stock Exchange.

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

Chairman's Report

The Directors of Euroz Limited are pleased to announce a pre-tax profit of \$9,001,754 (2003: \$1,056,910) and a net profit after tax of \$6,185,712 (2003: \$718,714). This profit represents earnings per share for the financial year to 30 June 2004 of 16.6 cents.

The Directors have declared a final dividend of 10 cents per share fully franked which, combined with the interim dividend of 4 cents per share, represents a total dividend of 14 cents per share fully franked.

This excellent result was driven by strong contributions from all divisions of Euroz Securities, buoyant small to mid-cap market conditions and strong commodity/resource markets.

Shareholders should be mindful that it is unlikely market activity in the small to mid-cap sector will continue at the same levels as the 2004 financial year. For this reason the Directors believe that it is unlikely that the same level of profitability will be achieved in 2005. However, over time we will aim to continue to grow our balance sheet and deliver solid shareholder returns.

Since our last Annual Report, Euroz Ltd has had approximately 13 million options exercised, raising \$6,100,000. These funds have resulted in a significantly stronger balance sheet and provide Euroz Ltd with cash and investments of approximately \$20 million. Our challenge will be to obtain an acceptable return on these funds through continued investment in our core broking business, investing in our own right and logical expansions into related financial services.

To maintain consistent returns the quality, and not the quantity, of our employees will become more important. In an increasingly volatile business environment we are confident that our experienced and competent team can perform well in all circumstances. Our employees' motivation is also supported by the fact that as shareholders they can participate in the ongoing success of the company.

We thank all our shareholders, staff and clients for their support and contribution in what has been an excellent year. The platform for growth that has been created at Euroz in its four years of operations has been quite remarkable and we look forward to the future with growing confidence and optimism.

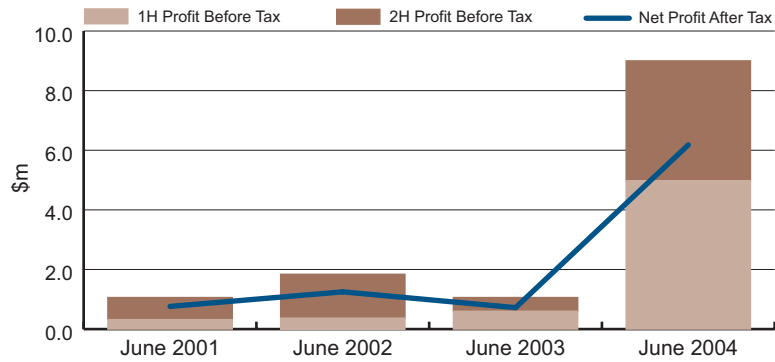


PETER DIAMOND

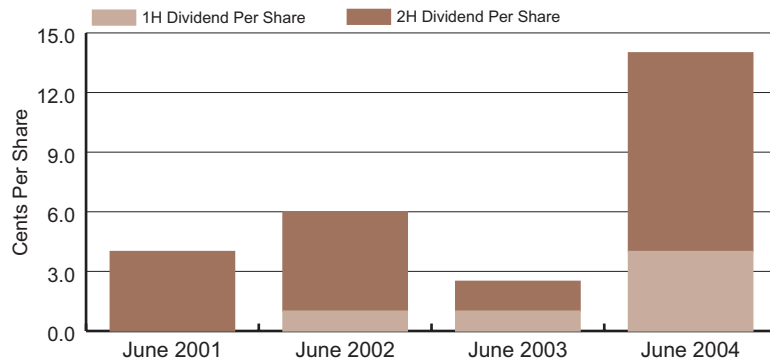
Chairman



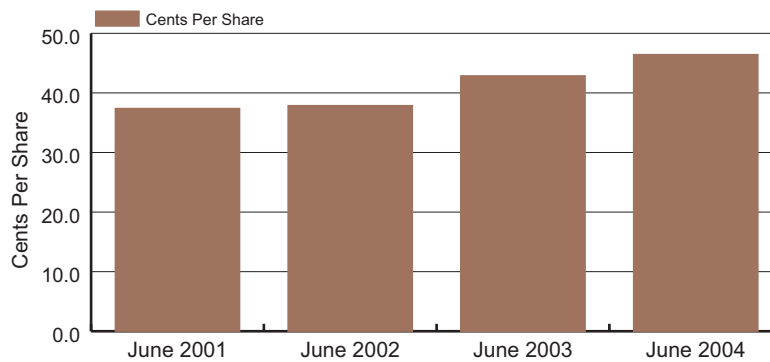
Euroz Limited Profit Before Tax & Net Profit After Tax



Euroz Limited Dividend History



Euroz Limited NTA Per Share



Managing Director's Report

In the past four years Euroz has followed a simple and consistent business strategy of incremental expansion that has provided excellent returns to shareholders.

Stronger small to mid cap markets and commodity price strength have provided significant leverage for our business over the past year.

In the past financial year Euroz Securities transacted \$2.3 billion in ASX turnover versus \$1.4 billion in 2002/3. We continue to achieve National No. 1 market share rankings in many leading companies including ARC Energy, iiNet, GRD and Clough.

The Research department is the analytical foundation behind the success of all our core broking operations.

Our team of six analysts will continue to provide front end, innovative and insightful analysis, which drives the marketing and promotional efforts of the entire company.

Our desk of eight institutional dealers is the largest dedicated small-mid cap sales team in the domestic market. The Institutional department increased its brokerage revenues by 80% on the previous year through dealings with a rapidly expanding list of institutional clients, particularly in the Asian and UK markets.

A more structured business approach has assisted the Retail Dealing department to increase its revenue for the year by 157%. The high net worth clients of our retail advisors continue to benefit from the specialised advice and opportunities provided by our unique strategy.

Our institutional and retail dealing teams have combined to provide a major increase in our equity distribution capability.

In a record year in which Australian companies raised nearly \$40 billion our Corporate Finance Department has enjoyed a particularly successful year where Euroz raised \$564 million in 29 separate transactions. Three of our capital raisings were named in the Top 50 best performing stocks in the S+P/ASX 200: Hardman (number 1), AWE (Number 12), ARC Energy (Number 50).

Our continued investment in our corporate finance team has seen us broaden the services offered to our corporate client base beyond our traditional equity capital markets business to include advisory and merger and acquisition offerings.

In a significant year of profits, growth and brand recognition I would like to congratulate and thank all staff and their families for their tremendous contributions.

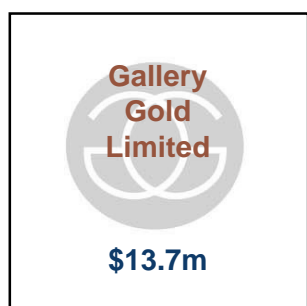
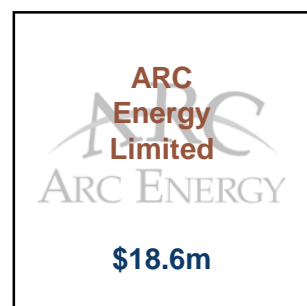


ANDREW MCKENZIE

Managing Director



Major capital raisings this financial year



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 100 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 100 research enables our advisors to provide quality investment and trading advice
- ▶ **Specialised broking allows**
 - Close interaction between research analysts and private client advisors
 - Timely communication of ideas with clients
- ▶ Sophisticated investors are 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
- ▶ Largest dedicated small-mid cap institutional sales team in Australia.
- ▶ Team of eight 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 Finance

- ▶ Our corporate business is based on local knowledge and strong, long term relationships.
- ▶ Focus on servicing clients with specialised Corporate Advisory services including:
 - Capital Raisings
 - Mergers and Acquisitions Advice
 - Strategic Planning and Reviews
 - Privatisation and Reconstructions
 - Takeovers and Takeover Defences
- ▶ Established track record in raising capital via:
 - Initial Public Offerings (IPO)
 - Placements
 - Rights Issues
- ▶ Euroz has raised \$564 million in new equity this financial year.

Three of our raisings in Hardman Resources, Australian Worldwide Exploration and ARC Energy were rated in the top 50 best performing stocks in the S+P/ASX 200 this year.
- ▶ "Euroz was the highest ranked WA based broker in equity capital raisings for the last four years."
(Source: Thomson Financial Services)



Euroz Securities Limited

Euroz Securities Limited is a wholly owned subsidiary of Euroz Limited



*Back row: Oliver Foster, Douglas Young, Richard Caldow, Simon Yeo, Greg Chessell, Jay Hughes, Karl Paganin
Front row: Andrew McKenzie, Peter Diamond, Shane Gherbaz*

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 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 1991. He is responsible for the operations of the institutional dealing department.

JAY HUGHES Executive Director

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

SHANE GHERBAZ Executive Director

Shane has worked as an advisor within the stockbroking industry since 1986.

RICHARD CALDOW Executive Director

Richard 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.

Director's & Associate's Profile

GREG CHESSELL Executive Director

Greg is Head of Research and is our senior resources analyst. 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.

OLIVER FOSTER Executive Director

Oliver is a resource analyst specialising in the oil & gas sector. He worked offshore as a Petroleum Geologist in the North West of Australia and Asia for two and a half years previously. Oliver holds a B.Sc degree in Geology, as well as a Graduate Diploma in Applied Finance and Investment with the Securities Institute of Australia.

KARL PAGANIN Executive Director

Karl is the Head of the Corporate Finance Department. He holds degrees in Law (B JURIS, LLB) and Arts (BA) and is an Associate of the Securities Institute of Australia. Karl has extensive experience in Corporate Finance and Corporate and Commercial Law with major Australian Companies.

SIMON YEO Executive Director

Simon is responsible for the operations 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.

DOUGLAS YOUNG Executive Director

Doug Young has more than 20 years of corporate finance experience, covering mergers and acquisitions, debt and equity raisings in domestic and international financial markets, corporate restructuring and other corporate finance transactions. He holds a Bachelor of Commerce degree from the University of Western Australia and holds a Graduate Diploma in Applied Finance from the Securities Institute of Australia, an Associate of the Securities Institute of Australia and a Fellow of the Australian Society of Certified Practising Accountants.



Mark Hepburn, Russell Kane, Andrew Clayton

ANDREW CLAYTON Associate Director

Andrew is a research analyst specialising in resource companies. He has worked in the stockbroking industry since 1994. Andrew holds a BSc (Hons) degree in Geology, as well as a Diploma in Finance with the SIA.

MARK HEPBURN Associate Director

Mark has been an institutional dealer since 1992. After trading on the Sydney Futures Exchange Floor, he ran an overnight derivatives desk for 3 years with a large Eastern States broking operation. Mark is a member of the Institutional Dealing team.

RUSSELL KANE Associate Director

Russell has worked in the stockbroking industry since 1994. He holds a Bachelor of Business and is responsible for servicing both domestic institutions and high net worth clients, with a particular emphasis on WA based Resource and Industrial stocks.

Financial Statements

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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 2004.

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
Andrew McKenzie
Jay Hughes
Shane Gherbaz

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; and
- (e) Principal Trading.

Review of results

The directors of Euroz Limited are pleased to announce a pre-tax profit of \$9,001,754 for the year ended 30 June 2004 - compared with the 2003 year's pre-tax profit of \$1,056,910.

The net profit after tax was \$6,185,712 compared with the 2003 year's net profit after tax of \$718,714. This profit represents a basic earnings per share of 20.3 cents versus 2.9 cents in the 2003 year.

The directors have declared a final dividend of 10 cents per share fully franked which, combined with the interim dividend of 4 cents per share, represents a total dividend of 14 cents per share fully franked.

Review of operations

	Segment revenues		Segment results	
	2004	2003	2004	2003
	\$	\$	\$	\$
Stockbroking	22,440,667	7,599,990	7,753,469	789,590
Principal Trading	5,356,144	2,044,263	755,109	2,536
Unallocated revenue	685,982	381,966	-	-
	28,482,793	10,026,219	8,508,578	792,126
Unallocated revenue less unallocated expenses			493,176	264,784
Profit from ordinary activities before income tax expense			9,001,754	1,056,910
Income tax expense			2,816,042	338,196
Net profit			6,185,712	718,714

The primary asset of Euroz Limited is presently its 100% owned stockbroking firm - Euroz Securities Limited (Euroz Securities). Euroz Securities has continued to operate successfully during the year in favourable market conditions. The result was driven by strong contributions from all divisions of Euroz Securities, buoyant small to mid-cap market conditions and strong commodity/resource markets.

The statement of financial position has been further strengthened during the year with the exercise of 10,281,400 options raising additional capital of \$4,737,870.

Earnings per share

	2004	2003
	Cents	Cents
Basic earnings per share	20.3	2.9
Diluted earnings per share	17.7	2.8

Dividends - Euroz Limited

Dividends paid or provided for during the financial year were as follows:

	2004	2003
	\$	\$
Provision for final ordinary dividend for 30 June 2004 of 10 cents (2003 - 1.5 cents) to be paid 15 September 2004	3,722,924	-
Interim ordinary dividend of 4 cents (2003 - 1 cent) per fully paid share was paid on 8 March 2004	1,193,674	284,578
Final ordinary dividend for 30 June 2003 of 1.5 cents (2002 - 1 cent) paid 5 September 2003	406,092	929,792
	5,322,690	1,214,370

Directors' Report

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 not otherwise dealt with in this report.

Matters subsequent to the end of the financial year

The directors are not aware of any matter or circumstance subsequent to 30 June 2004 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.

Likely developments and expected results of operations

The directors are confident that its established niche business philosophy and low cost structure will assist the consolidated entity in the current stockbroking environment.

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	Special responsibilities and qualifications	Ordinary shares	Options
P Diamond	Mr Diamond has worked in the stockbroking industry since 1986	Executive Chairman Chairman of Audit Committee Chairman of Remuneration Committee He holds a Bachelor of Business Degree (BBus) and is a member of Australian Society of Accountants (ASA)	4,500,000	-
A McKenzie	Mr McKenzie has worked in the stockbroking industry since 1991	Managing Director. Member of Audit Committee Member of Remuneration Committee He 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	4,500,000	-
J Hughes	Mr Hughes has worked in the stockbroking industry since 1986	Member of Remuneration Committee	4,435,000	65,000
S Gherbaz	Mr Gherbaz has worked in the stockbroking industry since 1986	Member of Audit Committee	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 2004, and the numbers of meetings attended by each director were:

	Full meeting of directors		Meetings of committees			
	A	B	Audit		Remuneration	
	A	B	A	B	A	B
Peter Diamond	20	20	2	2	10	10
Andrew McKenzie	19	20	2	2	10	10
Jay Hughes	15	20	**	**	10	10
Shane Gherbaz	20	20	2	2	**	**

A = Number of meetings attended

B = Number of meetings held during the time the director held office during the year

** = Not a member of the relevant committee.

Directors' Report

Remuneration report

Principles used to determine the nature and amount of remuneration

The objective of the company's remuneration framework is to ensure reward for performance is competitive and appropriate to the results delivered. The board / Remuneration Committee ensures that executive rewards satisfy the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linked
- transparency
- capital management.

The company has structured an executive remuneration framework that is market competitive and complimentary to the reward strategy of the organisation.

Directors' fees

No directors fees are paid.

Base pay

Directors and executives are offered a competitive base and participation in the Profit Share pool. Base pay for senior executives is reviewed semi-annually by the Remuneration Committee to ensure that executive's pay is competitive with the market, and is also reviewed upon promotion or additional responsibilities.

There is no guarantee of base pay increases fixed in any senior executive or directors contracts.

Executives are offered a competitive salary that comprises of a base salary inclusive of superannuation and a combination of some of the following, dependant on the terms of the individual employment contract.

- Participation in the profit share pool
- Commission
- HOR incentive

Equity based payments

One of the specified executives of the consolidated entity was entitled to an equity based component as part of his employment package. This entitlement ceased on 28 July 2003.

Commission

Executives that do not participate in the profit share pool are paid commission on the income they have generated for the company. This is calculated on a sliding scale set out in the employment contract. Any salary paid to the employee is deducted from the commission payment.

Short-term incentives

Cash incentives (Profit Share) is calculated on 30% of pre tax profit from Euroz Securities Limited and are payable in December and or June. Using this criteria ensures reward is only available when value has been created for shareholders. The distribution of the profit share is leveraged to performance as described below.

Profit share pool

The Remuneration Committee determines the allocation of the 30% pre-tax profit on an ongoing basis. In consultation with relevant department heads the committee uses the following informal criteria to assist in the allocation

- Ability to perform individual tasks within the relevant department
- Ability to add value and innovate beyond the job standard specifications
- Development of new and existing client relationships
- Ability to interact with other relevant departments as part of a larger team approach
- Relevant industry salary benchmarking
- General requirements to attract and retain staff.

The three executives on the Remuneration Committee are also entitled to participate in the profit share pool. In these circumstances two members assess the performance of the third member.

Head of Retail (HOR) incentive

The calculation of this payment is based on the income generated by the members of the Retail Desk and overall management of the Retail Desk.

Directors' Report

Details of remuneration

Remuneration packages are set at levels that are intended to attract and retain executives capable of managing the consolidated entity's operations.

Executive directors of Euroz Limited

	Primary			Post-employment	Total \$
	Base Salary \$	Profit Share/Bonus \$	Other Benefits \$	Super-annuation \$	
P Diamond - Director	241,102	425,000	12,661	11,002	689,765
A McKenzie - Director	230,883	409,867	13,849	34,439	689,038
J Hughes - Director	239,459	425,000	16,454	11,002	691,915
S Gherbaz - Director	130,046	84,786	10,555	36,755	262,142

Current directors did not receive any directors fees from the consolidated entity.

Other executives of the consolidated entity

	Primary				Post-employment	Equity	Total \$
	Base Salary \$	Profit Share/Bonus \$	Other Benefits \$	Comm-ission \$	Super-annuation \$	Options \$	
R Caldwell - Director*	86,149	-	6,215	249,587	18,878	-	360,829
G Chessell - Director*	148,383	350,000	3,702	-	11,002	-	513,087
S Suleski - Director*	138,728	110,000	1,910	-	11,002	-	261,640
S Yeo Director*	109,128	60,068	11,295	213,282	14,785	-	408,558
K Paganin Director*	118,098	323,980	13,289	-	36,754	102,400	594,521
D Young - Director*	186,732	269,853	10,293	-	91,149	-	558,027

* Directors of Euroz Securities Limited

Share-based compensation

The amount disclosed for remuneration relating to options is the assessed fair value of options at the date they were granted to executive directors and other executives during the year ended 30 June 2004. Fair values have been assessed using the Black-Scholes option pricing model. Factors taken into account by the Black-Scholes option pricing model include the exercise price, the term of the option, the current price and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The terms and conditions of each grant of options by Euroz Limited affecting remuneration in this or future reporting periods are as follows:

Grant date	Expiry date	Exercise price	Value per option at grant date
28 July 2003	31 January 2006	\$0.50	\$0.16

Using the Black-Scholes option pricing model, the model inputs for determining the value of options granted during the year ended 30 June 2004 included:

- (a) exercise price: \$0.50
- (b) grant date: 28 July 2003
- (c) expiry date: 31 January 2006
- (d) share price at grant date: \$0.58
- (e) expected price volatility of the company's shares: 41%
- (f) expected dividend yield: 2.5 cents
- (g) risk-free interest rate: 4%

640,000 options over unissued ordinary shares of Euroz Limited were granted during the financial year to Karl Paganin on 28 July 2003 as part of his employment package. The options expire on 31 January 2006 and are exercisable at 50 cents at any time prior to that date. These options vested on date of grant.

No other directors or executives were issued options during the year.

Other executives of the consolidated entity

Options granted

Karl Paganin - Director 640,000

Loans to directors and executives

Information on loans to directors and executives, including amounts, interest rates and repayment terms are set out in note 24 to the financial statements.

Directors' Report

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
8/2/00, 10/2/00, 23/2/00, 27/10/00	30 November 2004	\$0.50	3,175,200
13/2/01, 22/5/01, 11/12/02	31 December 2005	\$0.45	503,400
28/7/03	31 January 2006	\$0.50	500,000
Total shares under option			<u>4,178,600</u>

No option holder has any right under the options to participate in any other share issue of the company or of any other entity.

Shares issued on the exercise of options

The following ordinary shares of Euroz Limited were issued during the year ended 30 June 2004 on the exercise of options. No amounts are unpaid on any of the shares.

Date options granted	Issue price of shares	Number of shares issued
8 February 2000	0.50	2,084,800
13 February 2001	0.45	7,696,600
22 May 2001	0.45	200,000
11 December 2002	0.45	160,000
28 July 2003	0.50	140,000
Total options exercised		<u>10,281,400</u>

Insurance of officers

During the financial year, Euroz Limited paid a premium of \$211,750 to insure the directors and secretaries of the company and its Australian-based controlled entities. The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in 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 the directors.



Peter Diamond
Chairman



Andrew McKenzie
Managing Director

Perth, Western Australia
30 August 2004

Statements of Financial Performance

	Notes	Consolidated		Parent entity	
		2004	2003	2004	2003
		\$	\$	\$	\$
Revenue from ordinary activities	3	28,482,793	10,026,219	7,627,961	571,148
Employee benefits expense		(9,819,088)	(3,957,870)	-	-
Depreciation and amortisation expenses	4	(193,701)	(175,518)	-	-
Write down of investment in traded entities		-	(25,000)	-	(25,000)
Regulatory expenses		(397,825)	(284,102)	(39,175)	(33,231)
Consultancy expenses		(590,973)	(595,920)	(35,546)	(27,497)
Conference and seminar expenses		(418,436)	(296,326)	-	(232)
Brokerage & underwriting expense		(1,136,319)	(598,205)	-	-
Communication expenses		(168,994)	(151,863)	-	-
Reversal of writedown of investments in controlled entity		-	-	-	135,000
Carrying amount of principal trading stock sold		(4,601,035)	(2,041,737)	-	-
Carrying amount of investments sold		(855,620)	(200,000)	(855,620)	(200,000)
Other expenses from ordinary activities		(1,049,048)	(642,768)	(2,959)	(2,914)
ASX membership fee written off	4	(250,000)	-	-	-
Profit from ordinary activities before related income tax expense	4	9,001,754	1,056,910	6,694,661	417,274
Income tax expense	5	(2,816,042)	(338,196)	(212,705)	(11,339)
Profit from ordinary activities after related income tax expense		6,185,712	718,714	6,481,956	405,935
Total changes in equity attributable to members of Euroz Limited other than those resulting from transactions with owners as owners	21	6,185,712	718,714	6,481,956	405,935

		Cents	Cents
Basic earnings per share	34	20.3	2.9
Diluted earnings per share	34	17.7	2.8

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

Statements of Financial Position

	Notes	Consolidated		Parent entity	
		2004	2003	2004	2003
		\$	\$	\$	\$
Current assets					
Cash assets	6,23	21,318,049	9,968,798	10,317,137	3,535,587
Receivables	7,23	20,618,652	7,010,906	1,721,758	270,971
Inventories	8	294,984	-	-	-
Other	9	304,280	317,947	-	-
Total current assets		42,535,965	17,297,651	12,038,895	3,806,558
Non-current assets					
Other financial assets	10,23	1,061,789	532,795	11,061,789	7,782,795
Property, plant and equipment	11	564,762	651,000	-	-
Deferred tax assets	12	203,169	90,942	203,169	9,150
Other	13	-	250,000	-	-
Total non-current assets		1,829,720	1,524,737	11,264,958	7,791,945
Total assets		44,365,685	18,822,388	23,303,853	11,598,503
Current liabilities					
Payables	14,23	20,635,334	6,805,284	29,899	37,950
Current tax liabilities	15	2,076,975	11,489	2,076,975	11,489
Provisions	16	3,895,270	110,855	3,722,924	-
Total current liabilities		26,607,579	6,927,628	5,829,798	49,439
Non-current liabilities					
Deferred tax liabilities	17	27,855	27,990	27,855	-
Provisions	18	262,589	-	-	-
Total non-current liabilities		290,444	27,990	27,855	-
Total liabilities		26,898,023	6,955,618	5,857,653	49,439
Net assets		17,467,662	11,866,770	17,446,200	11,549,064
Equity					
Contributed equity	19	16,944,512	12,206,642	16,944,512	12,206,642
Retained profits	20	523,150	(339,872)	501,688	(657,578)
Total equity	21	17,467,662	11,866,770	17,446,200	11,549,064

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

Statements of Cashflow

	Notes	Consolidated		Parent entity	
		2004	2003	2004	2003
		\$	\$	\$	\$
Cash flows from operating activities					
Receipts from customers (inclusive of goods and services tax)		21,106,678	12,696,494	-	-
Payments to suppliers and employees (inclusive of goods and services tax)		(12,939,762)	(12,354,456)	(86,078)	(63,763)
		8,166,916	342,038	(86,078)	(63,763)
Dividends received		8,310	7,500	6,259,089	1,177,393
Interest received		678,154	293,738	202,933	101,670
Proceeds from sale of trading shares		5,352,176	2,036,763	-	-
Net movement in client balances		(266,779)	-	-	-
Income taxes paid		(780,800)	(870,285)	(33,301)	-
Payments for trading shares		(4,890,170)	(2,041,737)	-	-
Net cash inflow (outflow) from operating activities	32	8,267,807	(231,983)	6,342,643	1,215,300
Cash flows from investing activities					
Payments for investments		(1,384,614)	(757,795)	(1,384,614)	(757,795)
Payments for investments in controlled entity		-	-	(2,750,000)	-
Payments for property, plant and equipment		(107,463)	(645,224)	-	-
Proceeds from sale of investments		1,435,417	200,000	1,435,417	200,000
Net cash (outflow) from investing activities		(56,660)	(1,203,019)	(2,699,197)	(557,795)
Cash flows from financing activities					
Proceeds from issues of shares and other equity securities		4,737,870	4,075,000	4,737,870	4,075,000
Proceeds from borrowings		-	-	3,000,000	-
Repayment of borrowings		-	-	(3,000,000)	-
Dividends paid	22	(1,599,766)	(1,214,370)	(1,599,766)	(1,214,370)
Net cash inflow from financing activities		3,138,104	2,860,630	3,138,104	2,860,630
Net increase in cash held		11,349,251	1,425,628	6,781,550	3,518,135
Cash at the beginning of the financial year		9,968,798	8,543,170	3,535,587	17,452
Cash at the end of the financial year	6	21,318,049	9,968,798	10,317,137	3,535,587
Non-cash financing and investing activities	33				

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. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

The Australian Accounting Standards Board (AASB) has adopted International Financial Reporting Standards (IFRS) for application to reporting periods beginning on or after 1 January 2005. Information about how the transition to Australian equivalents to IFRS is being managed, and the key differences in accounting policies that are expected to arise, is set out in note 1(s).

(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 2004 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.

Euroz Limited and its wholly-owned Australian controlled entities implemented the tax consolidation legislation as of 1 July 2003. The Australian Taxation Office has not yet been notified of this decision.

As a consequence, Euroz Limited, as the head entity in the tax consolidated group, recognises current and deferred tax amounts relating to transactions, events and balances of the controlled entities in this group as if those transactions, events and balances were its own, in addition to the current and deferred tax amounts arising in relation to its own transactions, events and balances. Amounts receivable or payable under a tax sharing agreement with the tax consolidated entities are recognised separately as tax-related amounts receivable or payable. Expenses and revenues arising under the tax sharing agreement are recognised as a component of income tax expense (revenue).

The deferred tax balances recognised by the parent entity in relation to wholly-owned entities joining the tax consolidated group are measured based on their carrying amounts at the level of the tax consolidated group before the implementation of the tax consolidation regime. The impact on the income tax expense for the year is disclosed in note 5.

(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.

(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 on behalf of clients is recognised on completion of the transactions. That is the day the security is traded not the day of settlement. Underwriting, management fees and corporate retainers are brought to account when the fee in respect of the services provided is receivable. Share trading revenue from the sale of stocks in the Jobbing account is recognised on the day the security is traded. Revenue comprises the gross proceeds on sale of the security. Previously only the profit was shown as revenue. Comparatives have been amended to conform with the current year presentation. Interest income is recognised as it accrues.

(e) Receivables

All trade debtors relating to brokerage and principal trading 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) Inventories

Inventories are stocks held in the operating (jobbing) account at year end. All inventory is held at the lower of cost or market value.

(g) 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 not discounted.

(h) Investments

Interests in listed and unlisted securities, other than controlled entities in the consolidated financial statements are initially bought to account at cost. Stock held in the inventory (Jobbing) account is also brought to account at cost. Controlled entities are accounted for in the consolidated financial statements as set out in note 1(a). If the fair value of an investment is below its initial cost, a provision is made against the investment to reduce its carrying amount to its fair value.

(i) 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 (excluding artwork) 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

Artwork is not depreciated, but is reviewed annually for impairment.

(j) 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 consolidated entity, whichever is the shorter. Leasehold improvements held at the reporting date are being amortised over 5 years.

(k) 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 incident to ownership of leased non-current assets, and operating leases under which the lessor effectively retains substantially all such risks and benefits.

Incentives received on entering into operating leases are recognised as liabilities. Lease payments are allocated between rental expense and reduction of the liability.

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

(l) Trade and other creditors

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. The amounts are unsecured and are usually paid within 30 days of recognition.

(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.

(n) Employee share options

The fair value of options in the shares of the company issued to directors or executives is included in the amounts disclosed in the financial report for the aggregate remuneration. No expense is recognised in the financial statements in relation to the granting of these options.

(o) ASX membership fee

The consolidated entity's ASX membership fee was written off during the year ended 30 June 2004 as the directors wish to include only tangible assets in the statement of financial position. In prior years the membership fee was carried at cost. No amortisation was charged against the fee as the directors had determined the fee to have a very long useful life. An assessment of the recoverable amount of the membership fee was made in each reporting period in accordance with note 1(g).

(p) Employee benefits

(i) Wages, salaries and annual leave

Liabilities for wages, salaries and annual leave expected to be settled within 12 months of the reporting date are recognised 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.

(ii) Superannuation

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

(iii) Employee benefit on-costs

Employee benefit on-costs, including payroll tax, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

(q) 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.

(r) 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.

(s) International Financial Reporting Standards (IFRS)

The Australian Accounting Standards Board (AASB) has adopted IFRS for application to reporting periods beginning on or after 1 January 2005. The AASB have issued Australian equivalents to IFRS, and the Urgent Issues Group will issue abstracts corresponding to IASB interpretations originated by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee. The adoption of Australian equivalents to IFRS will be first reflected in the consolidated entity's financial statements for the half year ending 31 December 2005 and the year ending 30 June 2006.

Entities complying with Australian equivalents to IFRS for the first time will be required to restate their comparative financial statements to amounts reflecting the application of IFRS to that comparative period. Most adjustments required on transition to IFRS will be made, retrospectively, against opening retained earnings as at 1 July 2004.

In some cases choices of accounting policies are available, including elective exemptions under Accounting Standard AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards. Some of these choices are still being analysed to determine the most appropriate accounting policy for the consolidated entity.

Minimal work has been performed to date to assess the impacts of the transition to Australian equivalents to IFRS. Potential changes identified to date that may be required to the consolidated entity's existing accounting policies include the following:

(i) Income tax

Under AASB 112 Income Taxes, deferred tax balances are determined using the balance sheet method which calculates temporary differences based on the carrying amounts of an entity's assets and liabilities in the statement of financial position and their associated tax bases. In addition, current and deferred taxes attributable to amounts recognised directly in equity are also recognised directly in equity. This will result in a change to the current accounting policy, under which deferred tax balances are determined using the income statement method, items are only tax-effected if they are included in the determination of pre-tax accounting profit or loss and/or taxable income or loss and current and deferred taxes cannot be recognised directly in equity.

(ii) Financial instruments

Under AASB 132 Financial Instruments: Disclosure and Presentation the current classification of financial instruments issued by entities in the consolidated entity will not change.

Under AASB 139 Financial Instruments: Recognition and Measurement there may be major impacts as a result of financial assets held by the consolidated entity being subject to classification as either held for trading, available for sale or loans and receivables and, depending upon classification, measured at fair value or amortised cost. The most likely accounting change is that investments in equity securities will be classified as either available for sale or held for trading and measured at fair value, with changes in fair value recognised directly in equity and through the profit and loss respectively. Currently investment and trading securities are recorded at the lower of cost or net realisable value. Revenue is only recognised on sale of these securities.

The above should not be regarded as a complete list of changes in accounting policies that will result from the transition to Australian equivalents to IFRS, as not all standards have been analysed as yet, and some decisions have not yet been made where choices of accounting policies are available. For these reasons it is not yet possible to quantify the impact of the transition to Australian equivalents to IFRS on the consolidated entity's financial position and reported results. A more detailed analysis of the potential impact of the move to IFRS will be undertaken in the next six months.

Note 2. Segment information

Business Segments

The consolidated entity operates in one geographical segment for secondary reporting, being Australia. The consolidated entity operates in two business segments for primary reporting, being as follows:

Stockbroking

Stockbroking business offering trading of Australian securities, post trade reporting, corporate investment opportunities, provision of company research and funds management.

Principal Trading

Principal trading relates to the purchase and sale of securities by the consolidated entity.

Notes to the Financial Statements for the year ended 30 June 2004

Primary reporting - business segments

	Stockbroking \$	Principal Trading \$	Unallocated \$	Consolidated \$
2004				
Sales and other fees	21,005,250	5,352,176	-	26,357,426
Other revenue	1,435,417	3,968	685,982	2,125,367
Total segment revenue	<u>22,440,667</u>	<u>5,356,144</u>	<u>685,982</u>	<u>28,482,793</u>
Segment result	<u>7,753,469</u>	<u>755,109</u>	<u>-</u>	<u>8,508,578</u>
Unallocated revenue less unallocated expenses				493,176
Profit from ordinary activities before income tax expense				9,001,754
Income tax expense				(2,816,042)
Profit from ordinary activities after income tax expense				6,185,712
Segment assets	<u>43,867,532</u>	<u>294,984</u>	<u>-</u>	<u>44,162,516</u>
Unallocated assets				203,169
Total assets				<u>44,365,685</u>
Segment liabilities	<u>21,070,269</u>	<u>-</u>	<u>-</u>	<u>21,070,269</u>
Unallocated liabilities				5,827,754
Total liabilities				<u>26,898,023</u>
Acquisition of property, plant and equipment, intangibles and other non-current segment assets	<u>1,492,077</u>	<u>-</u>	<u>-</u>	<u>1,492,077</u>
Depreciation and amortisation expense	<u>193,701</u>	<u>-</u>	<u>-</u>	<u>193,701</u>
Other non-cash expenses	<u>250,000</u>	<u>-</u>	<u>-</u>	<u>250,000</u>
	Stockbroking \$	Principal Trading \$	Unallocated \$	Consolidated \$
2003				
Sales and other fees	7,399,990	2,036,763	-	9,436,753
Total sales revenue	7,399,990	2,036,763	-	9,436,753
Other revenue	200,000	7,500	381,966	589,466
Total segment revenue	<u>7,599,990</u>	<u>2,044,263</u>	<u>381,966</u>	<u>10,026,219</u>
Segment result	<u>789,590</u>	<u>2,536</u>	<u>-</u>	<u>792,126</u>
Unallocated revenue less unallocated expenses				264,784
Profit from ordinary activities before income tax expense				1,056,910
Income tax expense				(338,196)
Profit from ordinary activities after income tax expense				718,714
Net profit				<u>718,714</u>
Segment assets	<u>18,649,328</u>	<u>-</u>	<u>-</u>	<u>18,649,328</u>
Unallocated assets				173,060
Total assets				<u>18,822,388</u>
Segment liabilities	<u>6,916,139</u>	<u>-</u>	<u>-</u>	<u>6,916,139</u>
Unallocated liabilities				39,479
Total liabilities				<u>6,955,618</u>
Acquisition of property, plant and equipment, intangibles and other non-current segment assets	<u>1,403,019</u>	<u>-</u>	<u>-</u>	<u>1,403,019</u>
Depreciation and amortisation expense	<u>175,518</u>	<u>-</u>	<u>-</u>	<u>175,518</u>

Notes to and forming part of the segment information

(a) Accounting policies

Segment information is prepared in conformity with the accounting policies of the entity as disclosed in note 1 and the accounting standard AASB 1005 Segment Reporting for the first time during the year ended 30 June 2004. The comparative information has been restated to present the information on a consistent basis with the current year disclosures.

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment. Segment assets include all assets used by a segment, net of related provisions. Segment liabilities consist primarily of trade and other creditors and provisions. Segment assets and liabilities do not include income taxes.

Note 3. Revenue

	Consolidated		Parent entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
Revenue from operating activities				
Brokerage	10,556,400	5,330,752	-	-
Underwriting and management fees	9,844,650	1,823,738	-	-
Proceeds on sale of principal trading shares	5,352,176	2,036,763	-	-
Corporate retainers	604,200	245,500	-	-
	26,357,426	9,436,753	-	-
Revenue from outside the operating activities				
Interest	678,154	377,659	202,933	101,670
Dividends	8,311	7,500	5,989,611	269,478
Other revenue	3,485	4,307	-	-
Proceeds on sale of investments	1,435,417	200,000	1,435,417	200,000
	2,125,367	589,466	7,627,961	571,148
Revenue from ordinary activities	28,482,793	10,026,219	7,627,961	571,148

Note 4. Profit from ordinary activities

	Consolidated		Parent entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
Net gains and expenses				
Profit from ordinary activities before income tax expense includes the following specific net gains and expenses:				
Net Gains				
Net gain on disposal				
Investments	579,797	-	579,797	-
Expenses				
Cost of sales of principal trading	4,601,035	2,041,737	-	-
Depreciation				
Plant and equipment	103,453	106,289	-	-
Total depreciation	103,453	106,289	-	-
Amortisation				
Leasehold improvements	90,248	69,229	-	-
Total amortisation	90,248	69,229	-	-
Other charges against assets				
Write down of ASX membership fee (note 1(o))	250,000	-	-	-
Write down of investments to recoverable amount	-	25,000	-	25,000
Bad and doubtful debts - trade debtors	50,000	-	-	-
Net loss on disposal of property, plant and equipment	-	16,713	-	-
Other Provisions				
Employee entitlements	137,371	78,764	-	-
Total other provisions	137,371	78,764	-	-
Rental expense relating to operating leases				
Minimum lease payments	262,589	47,978	-	-
Total rental expense relating to operating leases	262,589	47,978	-	-

Note 5. Income tax

	Consolidated		Parent entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
Income tax expense				
The income tax expenses 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	9,001,754	1,056,910	6,694,661	417,274
Income tax calculated @ 30%	2,700,526	317,073	2,008,398	125,182
Non-deductible entertainment	35,343	17,152	-	-
Write off ASX licence	75,000	-	-	-
Imputation credits	49	964	769,583	-
Capital professional fees	-	23,911	-	-
Non deductible capital expenses	-	332	-	-
Non-deductible expenses	81	-	-	-
Prior year adjustment - FBT	(3,538)	-	-	-
Timing differences not previously recognised	-	(18,794)	-	-
Capital loss - not recognised	-	7,500	-	7,500
Reversal of writedown	-	-	-	(40,500)
Inter-corporate dividend rebate	(161)	(3,214)	(2,565,276)	(80,843)
Under (over) provision in prior year	8,742	(6,728)	-	-
Income tax expense attributable to profit from ordinary activities before impact of tax consolidation	2,816,042	338,196	212,705	11,339
Profit from ordinary activities before income tax expense - tax consolidated group (excluding parent entity)			8,292,362	-
Income tax calculated @ 30%			2,487,709	-
Tax effect of permanent differences:				
Entertainment expense			35,343	-
Write off ASX licence			75,000	-
Non-deductible expenses			81	-
Prior year adjustment - FBT			(3,538)	-
Income tax adjusted for permanent differences			2,594,595	-
Under (over) provision in previous year			8,742	-
Income tax expense - tax consolidated group (excluding parent entity)			2,603,337	-
			2,816,042	11,339
Compensation received from tax consolidated group entities	-	-	(2,603,337)	-
Income tax expense attributable to profit from ordinary activities	2,816,042	338,196	212,705	11,339

	Consolidated		Parent entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
Aggregate income tax expense comprises:				
Current taxation provision	2,928,404	336,260	2,928,404	11,339
Deferred income tax provision	(135)	18,739	27,855	-
Future income tax benefit	(112,227)	(10,075)	(194,019)	-
Net income tax attributable to wholly-owned tax consolidated entities	-	(6,728)	(2,549,535)	-
	2,816,042	338,196	212,705	11,339

Tax losses

No part of the future income tax benefit shown in note 12 is attributable to tax losses. The directors advise that the potential future income tax benefit at 30 June 2004 in respect of tax losses not brought to account is nil.

Tax consolidation legislation

Euroz Limited and its wholly-owned Australian subsidiaries have decided to implement the tax consolidation legislation as of 1 July 2003. The Australian Taxation Office has not yet been notified of this decision. The accounting policy on implementation of the legislation is set out in note 1(b). The impact on the income tax expense for the year is disclosed in the tax reconciliation above.

Notes to the Financial Statements for the year ended 30 June 2004

The entities have also entered into a tax sharing and funding agreement. Under the terms of this agreement, the wholly-owned entities reimburse Euroz Limited for any current income tax payable by Euroz Limited arising in respect of their activities. The reimbursements are payable at the same time as the associated income tax liability falls due and have therefore been recognised as a current tax-related receivable by Euroz Limited. In the opinion of the directors, the tax sharing agreement is also a valid agreement under the tax consolidation legislation and limits the joint and several liability of the wholly-owned entities in the case of a default by Euroz Limited.

The wholly-owned entities have fully compensated Euroz Limited for deferred tax liabilities assumed by Euroz Limited on the date of the implementation of the legislation and have been fully compensated for any deferred tax assets transferred to Euroz Limited.

On entering tax consolidation on 1 July 2003, Euroz Securities Limited transferred net deferred tax assets of \$53,802 to Euroz Limited. Euroz Limited has compensated Euroz Securities for this transfer by way of a reduction of the tax related loan by Euroz Securities Limited to Euroz Limited as shown at note 7.

Note 6. Current assets - Cash assets

	Consolidated		Parent entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
Cash at bank and on hand	14,818,049	8,596,458	10,317,137	3,535,587
Deposits at call	6,500,000	1,372,340	-	-
	21,318,049	9,968,798	10,317,137	3,535,587

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	21,318,049	9,968,798	10,317,137	3,535,587
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Deposits at call

The deposits are bearing floating interest rates between 4.05% and 4.68% (2003 - 3.8% and 4.55%).

Note 7. Current assets - Receivables

	Consolidated		Parent entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
Trade debtors	20,716,812	6,977,295	9,053	-
Less: Provision for doubtful debts	100,000	50,000	-	-
	20,616,812	6,927,295	9,053	-
Other debtors	-	1,493	-	1,493
Intercompany tax related loan receivable	-	-	1,710,865	-
Dividends due from controlled entity	-	-	-	269,478
Income tax refundable	-	82,118	-	-
Goods and services tax (GST) receivable	1,840	-	1,840	-
	20,618,652	7,010,906	1,721,758	270,971

Other debtors

These amounts generally arise from transactions outside the consolidated entity's usual operating activities.

Note 8. Current assets - Inventories

	Consolidated		Parent entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
Trading securities - listed	294,984	-	-	-

Net fair value

The aggregate net fair value of trading securities in listed corporations at 30 June 2004 is \$358,099 based on the market value at that date.

Note 9. Current assets - Other

	Consolidated		Parent entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
Prepayments	237,464	203,190	-	-
Accrued income	66,816	114,757	-	-
	304,280	317,947	-	-

Note 10. Non-current assets - Other financial assets

	Consolidated		Parent entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
Investments traded on organised markets				
Shares in other corporations - at cost	1,061,789	532,795	1,061,789	532,795
Other (non-traded) investments				
Shares in controlled entities - at cost (note 30)	-	-	10,000,000	7,250,000
	1,061,789	532,795	11,061,789	7,782,795

Net fair value

The aggregate net fair value of investments in listed corporations at 30 June 2004 is \$1,363,050 (2003 - \$597,800) based on the market value at that date.

Non-current assets pledged as security

See note 33 for information on non-current assets pledged as security by the parent entity or its controlled entities.

Note 11. Non-current assets - Property, plant & equipment

	Consolidated		Parent entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
Land & buildings				
Leasehold improvements				
At cost	451,773	437,466	-	-
Less: Accumulated amortisation	123,088	32,840	-	-
Total land and buildings	328,685	404,626	-	-
Plant and equipment				
Software				
At cost	30,000	30,000	-	-
Less: Accumulated depreciation	30,000	30,000	-	-
	-	-	-	-
Office equipment				
At cost	381,601	297,814	-	-
Less: Accumulated depreciation	287,076	224,089	-	-
	94,525	73,725	-	-
Furniture, fixtures & fittings				
At cost	206,034	196,665	-	-
Less: Accumulated depreciation	64,482	24,016	-	-
	141,552	172,649	-	-
Total plant and equipment	236,077	246,374	-	-
	564,762	651,000	-	-

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 over the page:

Notes to the Financial Statements for the year ended 30 June 2004

	Leasehold improvements \$	Plant and equipment \$	Total \$
Consolidated			
Carrying amount at 1 July 2003	404,626	246,374	651,000
Additions	14,307	93,156	107,463
Depreciation/amortisation expense (note 4)	(90,248)	(103,453)	(193,701)
Carrying amount at 30 June 2004	<u>328,685</u>	<u>236,077</u>	<u>564,762</u>

Consolidated			
Carrying amount at 1 July 2002	36,389	161,546	197,935
Additions	437,466	207,758	645,224
Disposals	-	(16,641)	(16,641)
Depreciation/amortisation expense (note 4)	(69,229)	(106,289)	(175,518)
Carrying amount at 30 June 2003	<u>404,626</u>	<u>246,374</u>	<u>651,000</u>

Note 12. Non-current assets - Deferred tax assets

	Consolidated		Parent entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
Future income tax benefit	<u>203,169</u>	90,942	<u>203,169</u>	9,150

Note 13. Non-current assets - Other

	Consolidated		Parent entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
ASX membership fee - at cost	<u>-</u>	250,000	<u>-</u>	-

The ASX membership fee was written off during the year ended 30 June 2004 in accordance with note 1(o).

Note 14. Current liabilities - Payables

	Consolidated		Parent entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
Trade creditors	20,066,899	6,491,318	29,899	7,450
Other payables	568,435	313,966	-	30,500
	<u>20,635,334</u>	6,805,284	<u>29,899</u>	37,950

Note 15. Current liabilities - Current tax liabilities

	Consolidated		Parent entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
Provision for taxation	<u>2,076,975</u>	11,489	<u>2,076,975</u>	11,489

Note 16. Current liabilities - Provisions

	Consolidated		Parent entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
Dividends	3,722,924	-	3,722,924	-
Employee entitlements	172,346	110,855	-	-
	<u>3,895,270</u>	110,855	<u>3,722,924</u>	-

Note 17. Non-current liabilities - Deferred tax liabilities

	Consolidated		Parent entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
Provision for deferred income tax	27,855	27,990	27,855	-

Note 18. Non-current liabilities - Provisions

	Consolidated		Parent entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
Provisions - lease incentive	262,589	-	-	-

Note 19. Contributed equity

	Parent entity		Parent entity	
	2004	2003	2004	2003
	Shares	Shares	\$	\$
(a) Share capital				
Ordinary shares				
Issued and paid up capital - consisting of ordinary shares	37,229,239	26,947,839	16,944,512	12,206,642

(b) Movements in ordinary share capital

Date	Details	of shares	Issue price	\$
01-07-2002	Opening balance	18,595,839		8,131,642
04-09-2002	Options converted	300,000	\$0.50	150,000
10-09-2002	Options converted	2,000,000	\$0.45	900,000
12-09-2002	Correction	2,000	-	-
23-09-2002	Options converted	50,000	\$0.50	25,000
29-10-2002	Capital raising	5,491,000	\$0.50	2,745,500
12-12-2002	Capital raising	509,000	\$0.50	254,500
30-06-2003	Closing Balance	26,947,839		12,206,642
01-08-2003	Options converted	95,000	\$0.50	47,500
22-08-2003	Options converted	30,000	\$0.50	15,000
10-09-2003	Options converted	40,000	\$0.45	18,000
25-09-2003	Options converted	869,200	\$0.45	391,140
27-10-2003	Options converted	322,600	\$0.50	161,300
22-12-2003	Options converted	50,000	\$0.50	25,000
25-02-2004	Options converted	1,487,200	\$0.50	743,600
23-03-2004	Options converted	6,947,400	\$0.45	3,126,330
23-03-2004	Options converted	140,000	\$0.50	70,000
15-04-2004	Options converted	200,000	\$0.45	90,000
11-06-2004	Options converted	100,000	\$0.50	50,000
30-06-2004	Balance	37,229,239		16,944,512

(c) 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.

(d) Options

Information relating to the options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year are set out in note 24.

Note 20. Retained profits

	Notes	Consolidated		Parent entity	
		2004	2003	2004	2003
	\$	\$	\$	\$	\$
Accumulated losses at the beginning of the financial year		(339,872)	(774,008)	(657,578)	(778,935)
Adjustment resulting from change in accounting policy for providing for dividends		-	929,792	-	929,792
Net profit attributable to members of Euroz Limited		6,185,712	718,714	6,481,956	405,935
Dividends provided for or paid	22	(5,322,690)	(1,214,370)	(5,322,690)	(1,214,370)
Retained profits / (accumulated losses) at the end of the financial year		<u>523,150</u>	<u>(339,872)</u>	<u>501,688</u>	<u>(657,578)</u>

Note 21. Equity

	Notes	Consolidated		Parent entity	
		2004	2003	2004	2003
		\$	\$	\$	\$
Total equity at the beginning of the financial year		11,866,770	7,357,634	11,549,064	7,352,707
Adjustment to accumulated losses at the beginning of the financial year resulting from change in accounting policy for providing for dividends		-	929,792	-	929,792
Total changes in equity recognised in the statements of financial performance		6,185,712	718,714	6,481,956	405,935
Transactions with owners as owners:					
Contributions of equity, net of transaction costs	19	4,737,870	4,075,000	4,737,870	4,075,000
Dividends provided for or paid	22	(5,322,690)	(1,214,370)	(5,322,690)	(1,214,370)
Total equity at the end of the financial year		<u>17,467,662</u>	<u>11,866,770</u>	<u>17,446,200</u>	<u>11,549,064</u>

Note 22. Dividends

	Parent entity	
	2004	2003
	\$	\$
Ordinary shares		
Interim dividend for the year ended 30 June 2004 of 4 cents (2003 - 1 cent) per fully paid share paid on 8 March 2004 Fully franked based on tax paid @ 30%	1,193,674	284,578
Final dividend for the year ended 30 June 2003 of 1.5 cents (2002 - 5 cents) per fully paid share paid on 5 September 2003 Fully franked based on tax paid @ 30%	406,092	929,792
Final dividend declared and provided for at 30 June 2004 of 10 cents per fully paid ordinary share Fully franked based on tax paid @ 30%	3,722,924	-
Total dividends provided for or paid	<u>5,322,690</u>	<u>1,214,370</u>

Franked dividends

The franked portions of the dividends recommended after 30 June 2004 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 2005.

	Consolidated entity	
	2004	2003
	\$	\$
Franking credits available for subsequent financial years based on a tax rate of 30%	<u>1,033,115</u>	<u>382,072</u>

Notes to the Financial Statements for the year ended 30 June 2004

The above 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.

Franking credits of \$279,388 were transferred from wholly-owned entities to the parent entity at the time these entities entered the tax consolidation group on 1 July 2003.

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, with the exception of investments and trading securities, the fair value of which is disclosed in notes 10 and 8 respectively.

(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.

(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.

2004	Notes	Weighted average interest rate %	Floating interest rate \$	Non interest bearing \$	Total \$
Financial assets					
Cash and deposits	6	4.63	21,318,049	-	21,318,049
Inventories	8		-	294,984	294,984
Receivables and accrued income	7,9		-	20,685,468	20,685,468
Other financial assets - investments	10		-	1,061,789	1,061,789
			21,318,049	22,042,241	43,360,290
Financial liabilities					
Trade and other creditors	14		-	20,635,334	20,635,334
				20,635,334	20,635,334
Net financial assets			21,318,049	1,406,907	22,724,956

2003	Notes	Weighted average interest rate %	Floating interest rate \$	Non interest bearing \$	Total \$
Financial assets					
Cash and deposits	6	4.14	9,968,798	-	9,968,798
Receivables and accrued income	7,9		-	7,125,663	7,125,663
Other financial assets - investments	10		-	532,795	532,795
			9,968,798	7,658,458	17,627,256
Financial liabilities					
Trade and other creditors	14		-	6,805,284	6,805,284
				6,805,284	6,805,284
Net financial assets (liabilities)			9,968,798	853,174	10,821,972

Note 24. Director and executive disclosures

Directors

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

Peter Diamond
Chairman

Andrew McKenzie
Managing Director

Jay Hughes
Director

Shane Gherbaz
Company Secretary/Director

Executives with the greatest authority for strategic direction and management

The following persons were the executives (other than directors of the parent entity) with the greatest authority for the strategic direction and management of the consolidated entity ("specified executives") during the financial year:

Name	Position	Employer
R Caldwell	Director	Euroz Securities Limited
G Chessell	Director	Euroz Securities Limited
S Suleski	Director	Euroz Securities Limited
S Yeo	Director	Euroz Securities Limited
K Paganin	Director	Euroz Securities Limited
D Young	Director	Euroz Securities Limited

Steve Suleski was an executive from the beginning of the financial year until his resignation on 17 June 2004.

Remuneration report of directors and executives

Principles used to determine the nature and amount of remuneration

The objective of the company's remuneration framework is to ensure reward for performance is competitive and appropriate to the results delivered. The board / Remuneration Committee ensures that executive rewards satisfy the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linked
- transparency
- capital management.

The company has structured an executive remuneration framework that is market competitive and complimentary to the reward strategy of the organisation.

Directors' fees

No directors fees are paid.

Base pay

Directors and executives are offered a competitive base and participation in the Profit Share pool. Base pay for senior executives is reviewed semi-annually by the Remuneration Committee to ensure that executive's pay is competitive with the market, and is also reviewed upon promotion or additional responsibilities.

There is no guarantee of base pay increases fixed in any senior executive or directors contracts.

Executives are offered a competitive salary that comprises of a base salary inclusive of superannuation and a combination of some of the following, dependant on the terms of the individual employment contract.

- Participation in the profit share pool
- Commission
- HOR incentive

Equity based payments

One specified executive of the consolidated entity was entitled to an equity based component as part of his employment package. This entitlement ceased on 28 July 2003.

Commission

Executives that do not participate in the profit share pool are paid commission on the income they have generated for the company. This is calculated on a sliding scale set out in the employment contract. Any salary paid to the employee is deducted from the commission payment as described below.

Short-term incentives

Cash incentives (Profit Share) is calculated on 30% of pre tax profit from Euroz Securities Limited and are payable in December and or June. Using this criteria ensures reward is only available when value has been created for shareholders. The distribution of the profit share is leveraged to performance as described below.

Profit share pool

The Remuneration Committee determines the allocation of the 30% pre-tax profit on an ongoing basis. In consultation with relevant department heads the committee uses the following informal criteria to assist in the allocation

- Ability to perform individual tasks within the relevant department
- Ability to add value and innovate beyond job standard specifications
- Development of new and existing client relationships
- Ability to interact with other relevant departments as part of a larger team approach
- Relevant industry salary benchmarking
- General requirements to attract and retain staff.

The three executives on the Remuneration Committee are also entitled to participate in the profit share pool. In these circumstances two members assess the performance of the third member.

Head of Retail (HOR) incentive

The calculation of this payment is based on the income generated by the members of the Retail Desk and overall management of the Retail Desk.

Details of remuneration

Details of the nature and amount of each element of the emoluments of each director of Euroz Limited and each of the specified executives of the consolidated entity are set out in the following tables. Amounts disclosed for remuneration of directors and specified executives exclude insurance premiums of \$211,750 paid by the consolidated entity in respect of directors' and officers' liability insurance contracts as the contracts do not specify premiums paid in respect of individual directors and officers. Information relating to the insurance contracts is set out in the directors' report.

Directors of Euroz Limited

2004	Primary			Post-employment	Total
	Base Salary	Profit Share/Bonus	Other Benefits	Super-annuation	
	\$	\$	\$	\$	\$
P Diamond	241,102	425,000	12,661	11,002	689,765
A McKenzie	230,883	409,867	13,849	34,439	689,038
J Hughes	239,459	425,000	16,454	11,002	691,915
S Gherbaz	130,046	84,786	10,555	36,755	262,142
Total	841,490	1,344,653	53,519	93,198	2,332,860

Total remuneration of directors of Euroz Limited for the year ended 30 June 2003 is set out below.

2003	Primary			Post-employment	Total
	Base Salary	Profit Share/Bonus	Other Benefits	Super-annuation	
	\$	\$	\$	\$	\$
P Diamond	241,584	61,949	12,272	10,520	326,325
A McKenzie	239,765	61,949	14,533	10,520	326,767
J Hughes	240,022	61,949	11,963	10,520	324,454
S Gherbaz	146,943	20,506	6,765	10,520	184,734
Total	868,314	206,353	45,533	42,080	1,162,280

Specified executives of the consolidated entity

2004	Primary				Post-employment	Equity	Total
	Base Salary	Profit Share/Bonus	Other Benefits	Comm-ission	Super-annuation	Options	
	\$	\$	\$	\$	\$	\$	\$
R Caldwell	86,149	-	6,215	249,587	18,878	-	360,829
G Chessell	148,383	350,000	3,702	-	11,002	-	513,087
S Suleski	138,728	110,000	1,910	-	11,002	-	261,640
S Yeo	109,128	60,068	11,295	213,282	14,785	-	408,558
K Paganin	118,098	323,980	13,289	-	36,754	102,400	594,521
D Young	186,732	269,853	10,293	-	91,149	-	558,027
Total	787,218	1,113,901	46,704	432,869	183,570	102,400	2,696,662

Total remuneration of specified executives of the consolidated entity for the year ended 30 June 2003 is set out below. Information for individual executives is not shown as this is the first financial report prepared since the issue of AASB 1046 Director and Executive Disclosures by Disclosing Entities and the change to specified executives during the year ended 30 June 2004.

Notes to the Financial Statements for the year ended 30 June 2004

2003	Primary				Post-employment	Equity	Total
	Base Salary	Profit Share/Bonus	Other Benefits	Commission	Super-annuation	Options	
	\$	\$	\$	\$	\$	\$	\$
Total	563,376	89,354	24,718	172,229	49,768	16,000	915,445

Service agreements

Remuneration and other terms of employment for the directors and specified executives are formalised in service agreements. Each of these agreements provide for the provision of performance-related cash bonuses and other benefits. Other major provisions of the agreements relating to remuneration are set out below.

Peter Diamond, Chairman

- Term of contract - ongoing employment contract
- Base salary, inclusive of superannuation for the year ended 30 June 2004 of \$252,104 plus profit share, to be reviewed annually by the Remuneration Committee.
- Payment on termination of employment by the employer, other than for gross misconduct - three months salary.

Andrew McKenzie, Managing Director

- Term of contract - ongoing employment contract
- Base salary, inclusive of superannuation for the year ended 30 June 2004 of \$265,322 plus profit share, to be reviewed annually by the Remuneration Committee.
- Payment on termination of employment by the employer, other than for gross misconduct - three months salary.

Jay Hughes, Director

- Term of contract - ongoing employment contract
- Base salary, inclusive of superannuation for the year ended 30 June 2004 of \$250,461 plus profit share, to be reviewed annually by the Remuneration Committee.
- Payment on termination of employment by the employer, other than for gross misconduct - three months salary.

Shane Gherbaz, Directors, Company Secretary

- Term of contract - ongoing employment contract
- Base salary, inclusive of superannuation for the year ended 30 June 2004 of \$166,801 plus profit share, to be reviewed annually by the Remuneration Committee.
- Payment on termination of employment by the employer, other than for gross misconduct - three months salary.

Greg Chessell, Director Euroz Securities

- Term of contract - ongoing employment contract
- Base salary, inclusive of superannuation for the year ended 30 June 2004 of \$159,385 plus profit share, to be reviewed annually by the Remuneration Committee.
- Payment on termination of employment by the employer, other than for gross misconduct - three months salary.

Karl Paganin, Director Euroz Securities

- Term of contract - ongoing employment contract
- Base salary, inclusive of superannuation for the year ended 30 June 2004 of \$154,852 plus profit share, to be reviewed annually by the Remuneration Committee.
- Payment on termination of employment by the employer, other than for gross misconduct - three months salary.

Doug Young, Director Euroz Securities

- Term of contract - ongoing employment contract.
- Base salary, inclusive of superannuation for the year ended 30 June 2004 of \$277,881 plus profit share, to be reviewed annually by the Remuneration Committee.
- Payment on termination of employment by the employer, other than for gross misconduct - three months salary.

Steve Suleski, Director Euroz Securities

- Term of contract - ongoing employment contract
- Base salary, inclusive of superannuation for the year ended 30 June 2004 of \$149,730 plus profit share, to be reviewed annually by the Remuneration Committee.
- Payment on termination of employment by the employer, other than for gross misconduct - three months salary.

Richard Caldwell, Director Euroz Securities

- Term of contract - ongoing employment contract
- Base salary, inclusive of superannuation for the year ended 30 June 2004 of \$105,027 plus commission.
- Payment on termination of employment by the employer, other than for gross misconduct - commission earned.

Simon Yeo, Director Euroz Securities

- Term of contract - ongoing employment contract
- Base salary, inclusive of superannuation for the year ended 30 June 2004 of \$123,913 plus HOR bonus and commission.
- Payment on termination of employment by the employer, other than for gross misconduct - commission earned.

Notes to the Financial Statements for the year ended 30 June 2004

Share-based compensation

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

Grant date	Expiry date	Exercise price	Value per option at grant date
28 July 2003	31 January 2006	\$0.50	\$0.16

These options over ordinary shares in the company were provided to the following specified executives of the consolidated entity. When exercisable, each option is convertible into one ordinary share of Euroz Limited.

Name	Number of options granted during the year	Number of options vested during the year
Specified executives of the consolidated entity		
Karl Paganin	640,000	640,000

The amount disclosed for remuneration relating to options is the assessed fair value of options at the date they were granted to executive directors and other executives during the year ended 30 June 2004. Fair values have been assessed using the Black-Scholes option pricing model. Factors taken into account by the Black-Scholes option pricing model include the exercise price, the term of the option, the current price and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The model inputs for determining the value of options granted during the year ended 30 June 2004 included:

- (a) exercise price: \$0.50
- (b) grant date: 28 July 2003
- (c) expiry date: 31 January 2006
- (d) share price at grant date: \$0.58
- (e) expected price volatility of the company's shares: 41%
- (f) expected dividend yield: 2.5 cents
- (g) risk-free interest rate: 4%.

Shares provided on exercise of remuneration options

Details of ordinary shares in the company provided as a result of the exercise of remuneration options to each director of Euroz Limited and each of the specified executives of the consolidated entity are set out below.

Name	Date of exercise of options	Number of ordinary ordinary shares issued on exercise of options during the year
Specified executives of the consolidated entity		
Karl Paganin	25 September 2003	100,000
Karl Paganin	23 March 2004	200,000

The amounts paid per ordinary share by each director and executive on the exercise of options at the date of exercise were as follows:

Exercise date	Amount paid per share
25 September 2003	\$0.45
23 March 2004	\$0.45
23 March 2004	\$0.50

Option holdings

The numbers of options over ordinary shares in the company held during the financial year by each director of Euroz Limited and each of the specified executives of the consolidated entity, including their personally-related entities, are set out below.

	Balance at the start of the year	Granted the year as remuneration	Exercise during the year	Other changes during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Directors of Euroz Limited						
P Diamond	2,000,000	-	-2,000,000	-	-	-
A McKenzie	2,325,000	-	-2,325,000	-	-	-
J Hughes	2,325,000	-	-2,260,000	-	65,000	65,000
S Gherbaz	500,000	-	-	-	500,000	500,000
Specified executives of the consolidated entity						
R Caldwell	629,200	-	-629,200	-	-	-
G Chessell	459,200	-	-329,200	-	130,000	130,000
S Suleski	259,200	-	-	-	259,200	259,200
S Yeo	379,200	-	-379,200	-	-	-
K Paganin	160,000	640,000	-300,000	-	500,000	500,000

Notes to the Financial Statements for the year ended 30 June 2004

Share holdings

The numbers of shares in the company held during the financial year by each director of Euroz Limited and each of the specified executives of the consolidated entity, including their personally-related entities, are set out below.

Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
Directors of Euroz Limited				
Ordinary shares				
P Diamond	2,500,000	2,000,000	-	4,500,000
A McKenzie	2,500,000	2,325,000	(325,000)	4,500,000
J Hughes	2,500,000	2,260,000	(325,000)	4,435,000
S Gherbaz	220,000	-	-	220,000
Specified executives of the consolidated entity				
Ordinary shares				
R Caldwell	474,000	629,200	10,000	1,113,200
G Chessell	564,000	329,200	220,000	1,113,200
S Suleski	500,000	-	-	500,000
S Yeo	600,000	379,200	73,000	1,052,200
K Paganin	200,000	300,000	800,000	1,300,000
D Young	345,510	-	700,081	1,045,591

Loans to directors and executives

Details of loans made to directors of Euroz Limited and the specified executives of the consolidated entity, including their personally-related entities, are set out below.

Aggregates for directors and specified executives

2004

Group	Balance at the start of the year \$	Interest paid and payable for the year \$	Interest not charged \$	Balance at the end of the year \$	Number in group at the end of the year
Directors of Euroz Securities Limited	999	-	-	-	-

Other transactions with directors and specified executives

Karl Paganin, a director of Euroz Securities Limited has a brother who is a partner in the law firm Steinepreis Paganin. During the year ended 30 June 2004, the consolidated entity received legal advisory services from Steinepreis Paganin. These services were on normal terms and conditions.

Aggregate amounts of the above types of transactions:

	2004 \$	2003 \$
Amounts recognised as expense		
Legal Fees	24,481	32,933

During the year ended 30 June 2004 the directors and specified executives transacted share business through Euroz Securities Limited on normal terms and conditions.

Aggregate amounts of the above transactions with directors and specified executives of the consolidated entity:

	2004 \$	2003 \$
Amounts recognised as revenue		
Brokerage earned by Euroz Securities Limited on directors' accounts	11,256	6,063

Note 25. Remuneration of auditors

	Consolidated		Parent entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
Assurance services				
Audit services				
Fees paid to PricewaterhouseCoopers Australian firm: Audit and review of financial reports for the company	46,000	35,822	15,000	19,747
Total remuneration for audit services	46,000	35,822	15,000	19,747
Taxation services				
Fees paid to PricewaterhouseCoopers Australian firm: Tax compliance services	7,850	7,200	2,000	7,200
Total remuneration for taxation services	7,850	7,200	2,000	7,200
Advisory services				
Fees paid to PricewaterhouseCoopers Australian firm: Compilation of financial reports and associated services	16,250	12,000	5,500	-
Total remuneration for advisory services	16,250	12,000	5,500	-

Note 26. Contingent liabilities

The parent entity and consolidated entity had contingent liabilities at 30 June 2004 in respect of guarantees.

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

	Consolidated		Parent entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
Secured guarantees in respect of:				
(a) operating lease of a controlled entity	450,000	450,000	-	-

No material losses are anticipated in respect of any of the above contingent liabilities.

27. Commitments for expenditure

	Consolidated		Parent entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
Other commitments				
Commitments for the cost of services supplied to the consolidated entity but not recognised as liabilities, payable:				
Within one year	280,000	160,000	-	-
Later than one year but not later than 5 years	220,000	40,000	-	-
	500,000	200,000	-	-
Operating leases				
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Later than one year but not later than 5 years	882,652	617,857	-	-
Later than 5 years	970,917	1,235,712	-	-
Commitments not recognised in the financial statements	1,853,569	1,853,569	-	-

The current lease on the premises at Level 14, 1 William Street is for the period of 10 years commencing on 1 February 2003 and expiring on 31 January 2013.

Note 28. Employee benefits

	Consolidated		Parent entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
Employee benefit and related on-costs liabilities				
Provision for employee entitlements - current (note 16)	172,346	110,855	-	-
Aggregate employee benefit and related on-costs liabilities	172,346	110,855	-	-

Notes to the Financial Statements for the year ended 30 June 2004

	Number		Number	
	2004	2003	2004	2003
Employee numbers				
Average number of employees during the financial year	40	33	-	-

Note 29. Related parties

Directors and specified executives

Disclosures relating to directors and specified executives are set out in note 24.

Wholly-owned group

The wholly-owned group consists of Euroz Limited and its wholly-owned controlled entities, Euroz Securities Limited, Detail Nominees Pty Ltd, Zero Nominees Pty Ltd, Euroz Corporate Pty Ltd, and Euroz Fund Management Pty Ltd. Ownership interests in these controlled entities are set out in note 30.

Transactions between Euroz Limited and other entities in the wholly-owned group during the years ended 30 June 2004 and 2003 consisted of:

- loans advanced by Euroz Limited
- loans repaid to Euroz Limited
- the payment of dividends to Euroz Limited
- transactions between Euroz Limited and its wholly-owned Australian controlled entities under the accounting tax sharing agreements described in note 5
- subscriptions for shares in Euroz Securities Limited by Euroz Limited of \$2,750,000.

	Parent entity	
	2004	2003
	\$	\$
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	5,985,268	269,478

Aggregate amounts brought to account in relation to other transactions with each class of other related parties:

	Consolidated		Parent entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
Loans advanced to Controlled entities	3,000,000	-	-	-
Loan repayments from Controlled entities	3,000,000	-	-	-

Ownership interests in related parties

Interests held in the following classes of related parties are set out in the following notes:

- controlled entities - note 30

Note 30. Investments in controlled entities

Name of entity	Country of incorporation	Class of shares	Equity holding		Cost of parent entity's investment	
			2004	2003	2004	2003
			%	%	\$	\$
Euroz Securities Limited	Australia	Ordinary	100	100	10,000,000	7,250,000
Detail Nominees Pty Limited	Australia	Ordinary	100	100	-	-
Zero Nominees Pty Limited	Australia	Ordinary	100	100	-	-
Euroz Corporate Pty Limited	Australia	Ordinary	100	100	-	-
Euroz Funds Management Pty Ltd	Australia	Ordinary	100	-	-	-

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

Incorporation of controlled entity

On 15 October 2003 a new company, Euroz Funds Management Pty Ltd, was incorporated. Euroz Limited holds 100% of the issued shares.

Note 31. Events occurring after reporting date

No matter or circumstance has arisen subsequent to 30 June 2004 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.

Note 32. Reconciliation of profit from ordinary activities after income tax to net cash inflow from operating activities

	Consolidated		Parent entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
Profit from ordinary activities after income tax	6,185,712	718,714	6,481,956	405,935
Depreciation and amortisation	193,701	175,518	-	-
Net (gain) loss on sale of non-current assets	(579,797)	16,713	(579,797)	-
Reversal of writedown of investments in controlled entities	-	-	-	(135,000)
Write down of investments	-	25,000	-	25,000
Decrease (increase) in trade debtors and other receivables	(13,609,805)	4,581,343	(1,450,787)	906,576
Decrease (increase) in inventories	(294,984)	-	-	-
Increase in future income tax benefit	(112,227)	(12,886)	(194,019)	(150)
(Decrease) increase in trade creditors and other liabilities	13,891,541	(5,544,039)	(8,051)	1,450
Increase in provision for income taxes payable	2,065,486	(207,019)	2,065,486	11,489
Increase in provision for deferred income tax	(135)	14,673	27,855	-
(Increase) in prepayments	(34,274)	-	-	-
ASX licence	250,000	-	-	-
Provision for doubtful debts	50,000	-	-	-
Provision for Rent	262,589	-	-	-
Net cash inflow from operating activities	8,267,807	(231,983)	6,342,643	1,215,300

Note 33. Non-cash financing and investing activities

	Consolidated		Parent entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
Unrestricted access was available at balance date to the following lines of credit: Credit standby arrangements				
Bank overdrafts	3,000,000	750,000	-	-
Unused at balance date				
Bank overdrafts	3,000,000	750,000	-	-

Euroz Securities Ltd, a wholly owned subsidiary of Euroz Limited, has a bank overdraft facility as at 30 June 2004 for up to \$3,000,000 (\$nil drawn down at 30 June 2004). The facility may be drawn down 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.

Note 34. Earnings per share

	Consolidated	
	2004	2003
	Cents	Cents
Basic earnings per share	20.3	2.9
Diluted earnings per share	17.7	2.8

	Consolidated	
	2004	2003
	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.	30,502,594	24,460,899

Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share.	35,023,725	25,969,192
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The profit figures used to calculate the earnings per share for both the basic and diluted calculations was the same as the profit figure from the statement of financial performance.

Directors' Declaration

The directors declare that the financial statements and notes set out on pages 16 to 38:

- (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 2004 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
Chairman



Andrew McKenzie
Managing Director

Perth, Western Australia
30 August 2004

Independent Audit Report



Independent audit report to the members of Euroz Limited

Audit opinion

In our opinion, the financial report of Euroz Limited:

- gives a true and fair view, as required by the Corporations Act 2001 in Australia, of the financial position of Euroz Limited and the [name of group] (defined below) as at 30 June 2004, and of their performance for the year ended on that date, and
- is presented in accordance with the Corporations Act 2001, Accounting Standards and other mandatory financial reporting requirements in Australia, and the Corporations Regulations 2001.

This opinion must be read in conjunction with the rest of our audit report.

Scope

The financial report and directors' responsibility

The financial report comprises the statements of financial position, statements of financial performance, statements of cash flows, accompanying notes to the financial statements, and the directors' declaration for both Euroz Limited (the company) and [name of group] (the consolidated entity), for the year ended 30 June 2004. The consolidated entity comprises both the company and the entities it controlled during that year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Auditor approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

When this audit report is included in an Annual Report, our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

Independent Audit Report



Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

In addition to our statutory audit work, we were engaged to undertake other services for the Group. These services are disclosed in note 25 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 "John O'Connor".

John O'Connor

Partner

Perth, Western Australia

30 August 2004

Corporate Governance Statement

As the framework of how the Board of directors of Euroz Limited ("Company") carries out its duties and obligations, the Board has considered the ten principles of corporate governance as set out in the ASX Good Corporate Governance and Best Practice Recommendations.

The essential corporate governance principles are:

1. Lay the foundation 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. Encourage enhanced performance
9. Remunerate fairly and responsibly
10. Recognise the legitimate interests of stakeholders

1. Lay the foundation for management and oversight

Recommendation 1.1: Formalise and disclose the functions reserved to the board and those delegated to management.

Besides governing the Company, members of the board are also executives of the Company and play an integral part in the day-to-day management of the Company's activities.

Roles and Responsibilities

The roles and responsibilities of the board are to:

- Oversee control and accountability of the company
- Set the broad targets, objectives and strategies
- Monitor financial performance
- Assess and review risk exposure and management
- Oversee compliance, corporate governance and legal obligations
- Approve all major purchases, disposals, acquisitions and issue of new shares
- Approve the annual and half-year financial statements
- Appoint and remove the Company's Auditor
- Appoint and assess the performance of the Managing Director and members of the senior management team
- Report to shareholders

2. Structure the board to add value

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

Recommendation 2.2: The chairperson should be an independent director.

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

Recommendation 2.4: The board should establish a nomination committee.

Membership

The board's membership and structure is selected to provide the Company with the most appropriate direction in the areas of business controlled by the Company. The board currently consists of 4 members; all of whom are executive directors. Refer to the Directors' Report for details of each director's profile.

Chairman and Managing Director

The roles of the Chairman and the Managing Director are separate. The Chairman is responsible for leading the Board in its duties, facilitating effective discussions at board level. The Managing Director is responsible for the efficient and effective operation of the Company.

Nomination Committee

The Board, as a whole, deals with areas that would normally fall within the charter of the Nomination Committee. These include matters relating to the renewal of Board members and Board performance.

Skills

Directors are required to have a solid understanding of financial markets. All directors meet this requirement. They bring a range of skills and backgrounds to the Board including financial services (stockbroking and investment banking), accountancy, auditing, technology and marketing.

Experience

The directors, collectively, have 67 years experience in the financial services industry.

Meetings

The board meets at least once a month on a formal basis.

Corporate Governance Statement

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.

3. Promote ethical and responsible decision making

Recommendation 3.1: Establish a code of conduct to guide the directors, the chief executive officer (or equivalent) and any other key executives as to:

3.1.1 The practices necessary to maintain confidence in the company's integrity

3.1.2 The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Recommendation 3.2: Disclose the policy concerning trading in company securities by directors, officers and employees.

Standards

The Company is committed to directors and employees maintaining high standards of integrity and ensuring that activities are in compliance with the letter and spirit of both the law and Company policies. Each staff member is issued with the Company's Policies and Procedures manual at the beginning of their employment with the Company.

Dealing in Company Securities

As part of its 'Policy and Procedures', employees are required to have written approval prior to the execution of any trade on the ASX, not just those in the securities of the Company. The purchase and sale of company securities by directors and employees is generally only permitted during the thirty day period following the release of the half-yearly and annual financial results to the market. The Board of Directors must approve any transactions undertaken within or outside of this window. Exceptions to this policy are considered by the board on a case-by-case basis.

Directors must advise the Company, which in turn advises the ASX, of any transaction conducted by them in the Company's securities within the specified time determined by the ASX after the transaction occurs.

4. Safeguard integrity in financial reporting

Recommendation 4.1: Require the chief executive officer (or equivalent) and the chief financial officer (or equivalent) to state in writing to the board that the company's financial reports present a true and fair view, in all material respects, of the company's financial condition and operational results and are in accordance with relevant accounting standards.

Recommendation 4.2: The board should establish an audit committee.

Recommendation 4.3: Structure the audit committee so that it consists of

- Only non-executive directors
- A majority of independent directors
- An independent chairperson, who is not chairperson of the board
- At least three members.

Recommendation 4.4: The audit committee should have a formal charter.

Integrity of Company's Financial Condition

The Company's Financial Controller and Company Secretary report in writing to the Audit Committee that the consolidated financial statements of the Company and its controlled entities for the half and full financial year present a true and fair view, in all material respects, of the Company's financial condition and operational results are in accordance with relevant accounting standards.

Audit Committee

Members of the Audit Committee are Peter Diamond, Andrew McKenzie and Shane Gherbaz.

The Audit Committee meets at least twice a year. Its key roles and responsibilities are to:

- Review the Company's accounting policies
- Review the content of financial statements
- Review the scope of the external audit, its effectiveness and independence of the external audit
- Ensure accounting records are maintained in accordance with statutory and accounting standard requirements
- Monitor systems used to ensure financial and other information provided is reliable, accurate and timely
- Review the audit process with the external auditors to ensure full and frank discussion of audit issues
- Present half and full year financial statements to the Board.

A partner of the Company's auditor, PricewaterhouseCoopers, and senior management of the Company may also attend meetings of the Audit Committee by invitation.

Corporate Governance Statement

5. Make timely and balanced disclosure

Recommendation 5.1: Establish written policies and procedures designed to ensure compliance with ASX Listing Rules disclosure requirements and to ensure accountability at a senior management level for that compliance.

Being a listed entity on the ASX, the Company has an obligation under the ASX Listing Rules to maintain an informed market with respect to its securities. Accordingly, the Company advises the market of all information required to be disclosed under the Rules which the Board believes would have a material effect on the price of the Company's securities.

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 of the ASX Listing Rules and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

All shareholders receive a copy of the Company's annual report.

6. Respect the rights of shareholders

Recommendation 6.1: Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.

Recommendation 6.2: Request the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

The Company is committed to keeping shareholders fully informed of significant developments at the Company. In addition to public announcements of its financial statements and significant matters, the Company provides the opportunity for shareholders to question the board and management about its activities at the Company's annual general meeting.

The Company's auditor, PricewaterhouseCoopers, will be in attendance at the annual general meeting and will also be available to answer questions from shareholders about the conduct of the audit and the preparation and content of the auditor's report.

7. Recognise and manage risk

Recommendation 7.1: The board or appropriate board committee should establish policies on risk oversight and management.

Recommendation 7.2: The chief executive officer (or equivalent) and the chief financial officer (or equivalent) to state in writing to the board that:

7.2.1 The statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board.

7.2.2 The company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

The Board oversees the Company's risk profile. The financial position of the Company and matters of risk are considered by the Board on a daily basis. The main area of exposure for the Company is failure of trade settlements by clients and counter-parties. Settlements and exposure are monitored on a daily basis. Investments made by the Company are done so under criteria determined by the board. The Company's investments are monitored by the board members on a daily basis. The Board is responsible for ensuring that controls and procedures to identify, analyse, assess, prioritise, monitor and manage risk are in place, being maintained and adhered to. To satisfy certain of the requirements of a Participant of the ASX, the Company is required to submit monthly reports to the ASX which determine and show such things as solvency, capital liquidity ratios, counter-party exposure, large exposure risk and position risk.

The financial controller and company secretary state in writing to the board that:

- The statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board.
- The company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

8. Encourage enhanced performance

Recommendation 8.1: Disclose the process for performance evaluation of the board, its committees and individual directors, and key executives.

Given the specific nature of the Company's activities and that all board members are executives of the Company, performance evaluation is an on-going process. Achievement of goals and business development and compliance issues is evaluated regularly on an informal basis.

Share Ownership

Directors and employees of the Company are encouraged to have a financial interest in the Company. This way Directors and employees participate in increased shareholder value on the same basis as all other shareholders.

Corporate Governance Statement

9. Remunerate fairly and responsibly

Recommendation 9.1: Provide disclosure in relation to the company's remuneration policies to enable investors to understand (i) the costs and benefits of the policies and (ii) the link between remuneration paid to directors and key executives and corporate performance.

Recommendation 9.2: The board should establish a remuneration committee.

Recommendation 9.3: Clearly distinguish the structure of non-executive directors' remuneration from that of executives.

Recommendation 9.4: Ensure that payment of equity-based executive remuneration is made in accordance with thresholds set in plans approved by shareholders.

Principles used to determine the nature and amount of remuneration

The objective of the company's remuneration framework is to ensure reward for performance is competitive and appropriate to the results delivered. The framework aligns executive reward with the creation of value for shareholders, and conforms to market best practice.

The remuneration committee ensures that executive rewards satisfy the following key criteria for good reward governance practices:

- Competitiveness and reasonableness
- Acceptability the shareholders
- Performance linked
- Transparency
- Capital management

The company has structured an executive remuneration framework that is market competitive and complimentary to the reward strategy of the organisation.

Remuneration Committee

Members of the Remuneration Committee are Peter Diamond, Andrew McKenzie and Jay Hughes.

Equity-based executive remuneration

There is no equity-based remuneration to executives of the Company except for the payment of options to one executive of Euroz Securities Ltd made in this financial year as part of his employment contract.

Directors' Remuneration

Further information on directors' and executives' remuneration is set out in the directors' report and note 24 to the financial statements.

The three members of the remuneration committee are also executives and board members. These three members also participate in the profit sharing pool. In these circumstances, two members evaluate the other.

10. Recognise the legitimate interests of stakeholders

Recommendation 10.1: Establish and disclose a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders.

Besides its accountability to its shareholders, the Company has expectations from a diverse group of stakeholders. The Company's policies and procedures manual outlines expectations of Directors and employees in dealing with the Company's obligations to these interested parties. It outlines responsibilities with regard to areas such as the law, the Company, the Market, Clients, ASX Listing Rules and ASX Market Rules.

Departure from Best Practice Recommendations

From 1 July 2003 to 30 June 2004, the Company complied with each of the Ten Essential Corporate Governance Principles and Best Practice Recommendations published by the ASX Corporate Governance Council, other than in relation to the table below.

General comment: The Company is not included in the ASX/S&P All Ordinaries Index and, as such, is excepted from certain of the recommendations regarding non-executive directors being on the Board and Committees. Furthermore, given the small size of the Company and the specialized financial services industry (Stockbroking) that the Company deals within, the criteria for inclusion of non-executive directors makes it difficult to attract suitable candidates; criteria such as not being a director on another company's board and low remuneration by way of director fees. However, the Board of Directors continues to review these matters.

Corporate Governance Statement

Council Rec.	Notification of Departure	Explanation for Departure
1.1	The board has not formalised a charter.	The board was operated within an informal charter. A formal charter for the board will be completed this year.
2.1	The Company has no independent directors.	Refer to the general comment above.
2.2	The Company's chairperson is not an independent director.	Refer to the general comment above.
2.3	OK.	-
2.4	The board does not have a nomination committee.	The whole board carries out the duties which would otherwise be undertaken by the nomination committee. The board can see no efficiencies to be gained by having a separate nomination committee given the size of the board.
3.1	The Company has not formalised a code of conduct.	The Company has an extensive Policy and Procedure manual for directors and employees of the Company - a subset of which outlines matters of conduct. A formal code of conduct will be completed this year.
4.3	The audit committee has no non-executive directors, no majority of independent directors and a chairperson who is not independent and who is also chairperson of the board.	Refer to the general comment above.
4.4	The audit committee has not formalised a charter.	The board considers that the audit committee acted in accordance with appropriate business practices. A charter will be formalised this year. Also, refer to the general comment above.
5.1	The Company has not formalised a written policy on disclosure.	The Company has operated its disclosure requirements according to its informal policy. A formalised, written policy will be completed this year.
7.1	The Company has not formalised a written policy on risk management.	The Company has operated its risk management according to its informal policy. The whole board carries out the duties which would otherwise be undertaken by a risk management committee. A formalised, written policy will be completed this year.
8.1	The process for evaluation of the board, individual directors and key executives has not been formalised.	Performance of the board, individual directors and key executives has been conducted on an informal basis at board meetings. A formal process of evaluation will be completed this year.
9.3	N/A.	The Company has no non-executive directors.
9.4	Payment of equity-based executive remuneration to an executive was not made in accordance with thresholds set in plans approved by shareholders.	No thresholds have been set in plans approved by shareholders. The Company has no intention of making further equity-based payments to executives as part of their remuneration package.
10.1	The Company has no formal Code of Conduct.	The Company has an extensive Policy and Procedure manual for directors and employees of the Company- a subset of which outlines matters of conduct. A formal code of conduct will be completed this year.

Shareholders & Optionholders as at 30 September 2004

DISTRIBUTION OF SHAREHOLDERS

Size of Holdings	Holders	Units
1 - 1000	177	56,535
1001 - 5000	130	434,855
5001 - 10000	95	814,709
10001 - 100000	142	4,936,354
100001 - Over	27	33,936,191
TOTAL	571	40,178,644

SHAREHOLDERS - TOP 20

No.	Name	Units	%
1	Zero Nominees Pty Ltd	23,781,491	59.19
2	RBC Global Services Australia	3,310,200	8.24
3	Ice Cold Investments Pty Ltd	1,000,000	2.49
4	Mr Geoffrey Francis Brown	702,900	1.75
5	SVL Pty Ltd	429,000	1.07
6	Cedar Park Pty Ltd	400,000	1.00
7	National Nominees Limited	400,000	1.00
8	Westrade Resources Pty Ltd	360,000	0.90
9	Onxy (WA) Pty Ltd	350,000	0.87
10	Mr William Hugh McKenzie	300,000	0.75
11	Mr Shane Gherbaz	286,000	0.71
12	Darenth Securities Limited	250,000	0.62
13	Mrs Dayle Gherbaz	249,000	0.62
14	Mrs Paola Bardwell	200,000	0.50
15	Effie Holdings Pty Ltd	200,000	0.50
16	Rygold Nominees Pty Ltd	175,000	0.44
17	Mr Sydney Edward & Mrs Christina Lorraine Newman	155,000	0.39
18	Mr Evan McGregor	154,900	0.39
19	Mr William Charles & Mrs Jeanette Ann Caldwell	150,000	0.37
20	Mr Keith William Sheppard	150,000	0.37
	TOTAL	33,003,491	82.17

DISTRIBUTION OF OPTIONHOLDERS

Size of Holdings	Holders	Units
1 - 1000	3	2,200
1001 - 5000	7	27,895
5001 - 10000	-	-
10001 - 100000	8	260,700
100001 - Over	-	-
TOTAL	18	290,795

OPTIONHOLDERS (Expiring 30/11/2004)

No.	Name	Units	%
1	Wall Street Nominees Pty Ltd	74,300	25.55
2	Mr Phillip & Mrs Natalie Cosh	40,000	13.76
3	Ellamar Pty Ltd	40,000	13.76
4	Malcolm Francis Spencer	30,000	10.32
5	Mrs Alison Bailey	21,000	7.22
6	Mr Craig Jones	20,400	7.02
7	Mr Bruce Albert Swanson	20,000	6.88
8	Wallace James Rae	15,000	5.16
9	Ms Julia Maria Bradley	5,000	1.72
10	Mr Robin & Mrs Kathleen Brennan	4,000	1.38
11	Ms Margaret & Mrs Kenneth Eastwood	4,000	1.38
12	Mr Michael Guy Flint	4,000	1.38
13	Intergral Management Services Pty Ltd	4,000	1.38
14	Mrs Asanga Steggewentz	4,000	1.38
15	Mr Lawrence & Mrs Norma Brown-Neaves	2,895	1.00
16	Mr Mark Joseph Brennan	1,000	0.34
17	Mr Andrew John Tenseldam	1,000	0.34
18	Mr Craig Robert Wise	200	0.07
	TOTAL	290,795	100.00

As at the date of the Annual Report, Zero Nominees Pty Ltd was a substantial shareholder, with 23,781,491 shares comprising 59.19% of the issued shares.

The number of holders of unmarketable parcels of ordinary shares was 134

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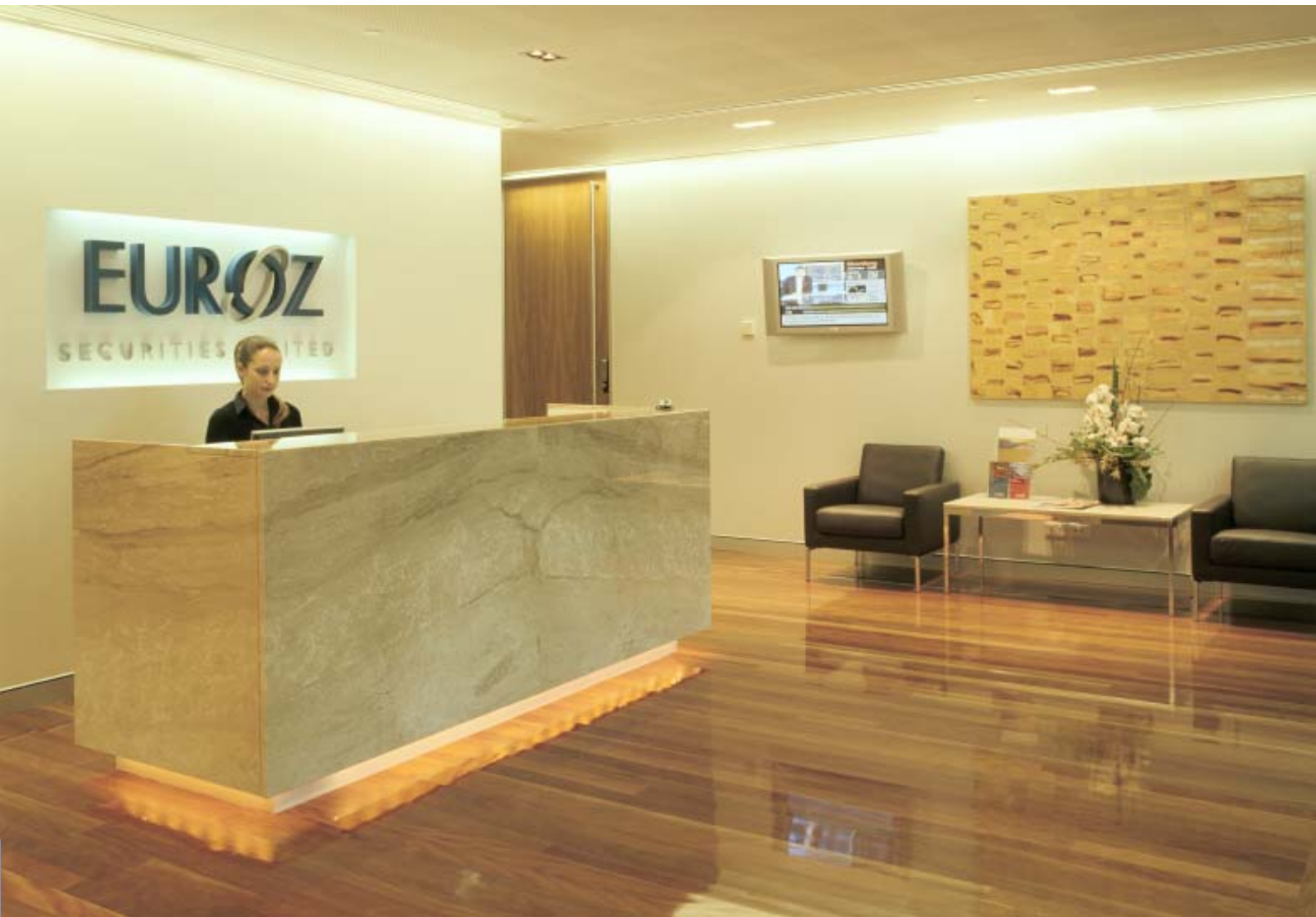
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