



EUROZ  
LIMITED

Annual Report 2011

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# CORPORATE DIRECTORY

**Euroz Limited**  
ABN 53 000 364 465

## **Directors**

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**Peter Diamond**  
Executive Chairman

**Andrew McKenzie**  
Managing Director

**Jay Hughes**  
Executive Director

**Doug Young** (appointed 8 February 2011)  
Executive Director

**Greg Chessell** (appointed 8 February 2011)  
Executive Director

## **Company Secretary**

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**Anthony Hewett**

## **Principal registered office and place of business**

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Level 18 Alluvion  
58 Mounts Bay Rd  
Perth Western Australia 6000

Telephone +61 8 9488 1400

Facsimile +61 8 9488 1477

Email [info@euroz.com.au](mailto:info@euroz.com.au)

Website [www.euroz.com.au](http://www.euroz.com.au)

## **Share and debenture registers**

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### **Computershare Investor Services Pty Ltd**

Level 2 Reserve Bank Building  
45 St Georges Terrace  
PERTH WA 6000  
Telephone: 1300 787 575

## **Auditor**

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### **PKF Mack & Co**

Chartered Accountants  
Level 2  
35 Havelock Street  
WEST PERTH WA 6005  
Telephone: +61 8 9322 2798

## **Bankers**

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### **Westpac Banking Corporation**

109 St Georges Terrace  
PERTH WA 6000

## **Securities Exchange Listings**

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Euroz Limited shares are listed on the Australian Securities Exchange (ASX: EZL and EZLO).

# CHAIRMAN'S REPORT



The Directors of Euroz Limited are pleased to announce a pre-tax profit of \$34,409,119 (2010: \$33,502,495) and a net profit after tax of \$26,566,040 (2010: \$26,331,750). This profit equates to earnings per share for the financial year to 30 June 2011 on a normalised basis of 18.2 cents.

The Directors have declared a final dividend of 15 cents per share (fully franked) in addition to the interim dividend of 3 cents per share fully franked.

The increased profit from last year's result was pleasing given the continued turbulence encountered in financial markets during the year. This result again reflects the strong business base that Euroz Limited has achieved in the past eleven years and continues to give us confidence in our strategy going forward.

Euroz Securities Limited has delivered solid returns during an extremely volatile year where the market direction completely reversed on numerous occasions. Our key Research, Institutional Dealing, Retail Dealing and Corporate Finance departments are improving their co-ordinated approach to our clients and the Euroz Group as a whole.

Although market conditions were volatile it was pleasing that during the year performance from Westoz Funds Management in terms of returns for investors improved from the previous year. Funds under management as at 30 June 2011 were approximately \$286m. The gross investment return for the year was 14.4% for Westoz Investment Company Limited and 26.7% for Ozgrowth Limited. Since inception, both investment companies have returned above average returns.

The Directors believe that our funds management strategy will continue to reap benefits for shareholders and investors alike in the long term and through all market conditions. Euroz Limited will continue to invest in Westoz Funds Management products and new initiatives. At the date of this report Euroz Limited has invested approximately \$52m in Westoz Investment Company Limited and Ozgrowth Limited.

The financial year ending 30 June 2011 represented an improvement on the previous year but still provided its challenges with continued market volatility. Since year end market conditions have improved around the globe but as always we remain cautious about predicting outcomes in the short term.

A pleasing milestone that was reached during the year was when the Company paid out its final dividend for the year ended 30 June 2011. This represents a total of \$130m of fully franked dividends paid to our shareholders over the last eleven years. We are extremely proud of reaching this milestone and hope to maintain our ongoing theme of rewarding shareholders with consistent dividend returns.

The Directors believe that our long-term future remains on track and that our expansion initiatives, consistent strategy, and strong balance sheet will provide the group with a solid platform for growth in the medium to long term.

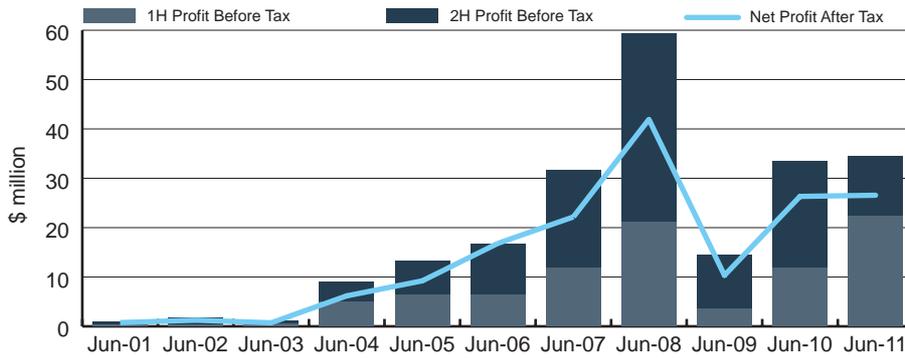
The contribution of our employees this year has again been a significant factor in our continued profitability. Our employees' motivation is also supported by their strong share ownership in the company which is currently around 50% of Euroz Limited.

The Directors would like to thank our three core stakeholders: our shareholders, staff and clients for their support and efforts in what has been a challenging year. Euroz Limited is currently trading profitably, has no debt and with a strong balance sheet. With our long term growth initiatives, the Euroz Group is in a strong position in the medium and long-term to capitalise on behalf of its shareholders.

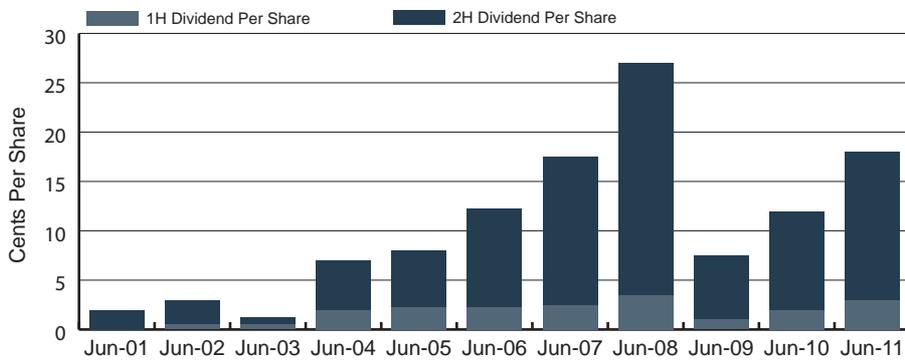
A handwritten signature in black ink, appearing to read 'Peter Diamond', written over a horizontal line that extends to the right and then curves upwards at the end.

**PETER DIAMOND**  
Executive Chairman

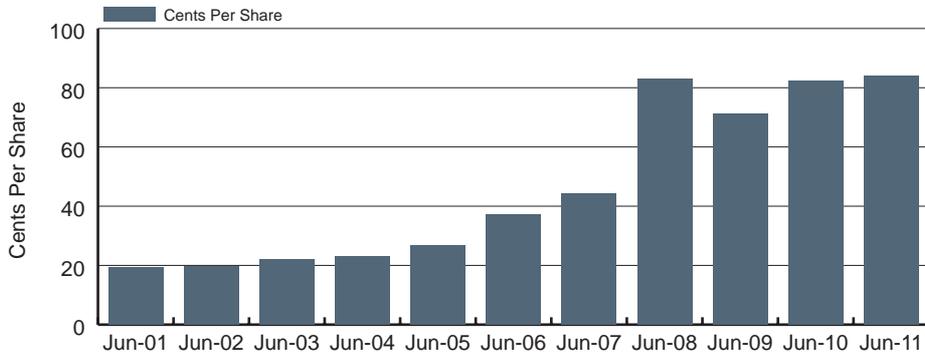
### Euroz Limited Profit Before Tax & Net Profit After Tax



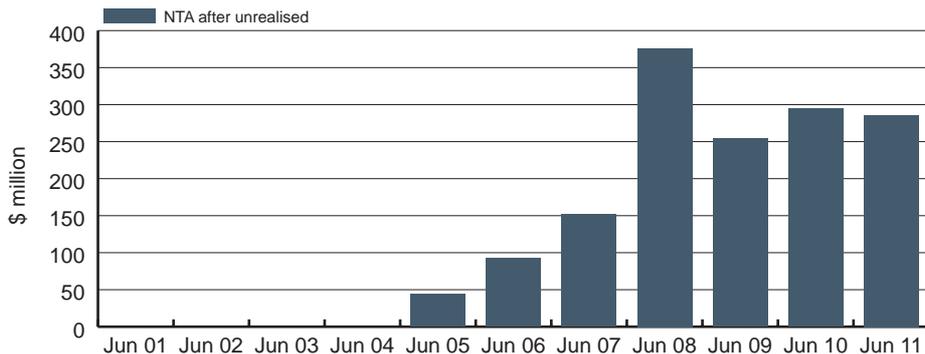
### Euroz Limited Dividend History



### Euroz Limited NTA Per Share



### Westoz Funds Management Pty Ltd Funds Under Management



# MANAGING DIRECTOR'S REPORT



Euroz Limited is a Western Australian focused company that provides highly specialized stockbroking, corporate finance and funds management services.

The past financial year was again an extremely volatile year for our clients and for our businesses. Despite this volatility our business remained profitable through every single month of the year. Our lower cost structure and strong business platform remain leveraged to the upside and so whilst there were quiet months we also experienced individual months of high profitability.

The net result of the year's activities was a NPAT of \$26.5m which in the context of our 11 years of consecutive profits was our second best ever result on this measure.

Whilst we rarely comment on our competitors we note that this past financial year has seen unprecedented competition from smaller players pushing up into our space and larger investment banks pushing down. It is our view that we are uniquely positioned with an extremely strong balance sheet and a long track record within our small to mid cap market niche. We foresee that ever increasing regulatory costs, higher general cost structures and staffing pressures are already starting to impact these same competitors and the service they can offer to our part of the market.

Major financial highlights for the past financial year include:

- Payment of 18¢ in fully franked dividends (up 50%)
- Normalised net profit of \$25.6m (up 58%)
- NTA of 84¢ per share (up 12%)

This year our staff numbers have increased from 64 to 70 which further highlights our commitment to our people and the strength of our business model. We have seen numerous promotions across our business and we see the increasingly flat nature of our organizational structure as a great positive for the Group.

Our staff remain our greatest asset and we remain absolutely committed to providing them with a secure, profitable and enjoyable workplace.

## **Euroz Limited**

Euroz Limited (ASX code: EZL) is the listed holding company for all our businesses, is a major investor in our two Listed Investment Companies (LIC's) and also invests in its own right.

At 30 June 2011 our investments in Westoz Investment Company Limited and Ozgrowth Limited had a combined cost value of \$51.3m and a look through NTA value of \$65.6m.

## **Euroz Securities**

Euroz Securities is our stockbroking business that provides highly specialised research, dealing and corporate finance services which in turn provides essential deal flow and investment opportunities for all parts of our Group. We have further improved the communication and co-operation between departments to ensure a better integrated approach to researching, dealing and raising capital for the companies we support.

Highlights of the past year for Euroz Securities include:

- ASX turnover of \$5.2bn
- Consistent innovation in new and existing research coverage
- Improved institutional dealing capabilities
- Equity capital market raisings of \$1.2bn (up 66%)
- Incremental expansion of our retail dealing operations

# WESTOZ FUNDS MANAGEMENT

## Westoz Funds Management

Westoz Funds Management is responsible for \$286m of funds under management at 30 June 2011, which is invested through two Listed Investment Companies; Westoz Investment Company Limited and Ozgrowth Limited. Both companies have enjoyed solid investment returns and paid attractive dividends in the past year.

Westoz Investment Company Limited commenced trading on the ASX in September 2009 after 4 years as an unlisted company. Westoz Investment Company Limited reported investment returns for the past year of 14.4% and has paid 11¢ in fully franked dividends for the past year.

Ozgrowth Limited has been listed on the ASX since January 2008 and reported investment returns of 26.7% and fully franked dividends of 1.7¢ for the past year.

Westoz Investment Company Limited and Ozgrowth Limited have now paid \$59m in dividends to shareholders since inception.

## In summary

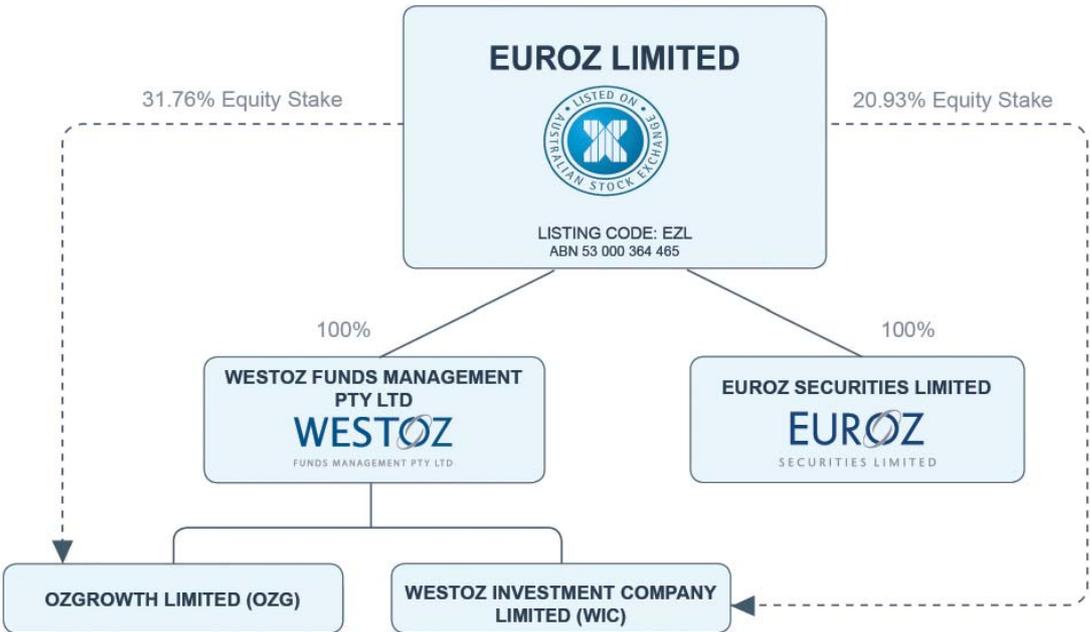
Perhaps the best overall measure of our performance is by calculating our overall shareholder return. This longer term shareholder return can be demonstrated by looking at the returns from an investment of \$10,000 in Euroz Limited in November 2000. We are pleased to report this investment would be worth \$107,740 as at 30 June 2011 from a combination of dividends, a bonus option issue and share price performance.

Our business exists to service our shareholders, our clients and our staff and as always I would like to thank all of these stakeholders for their contributions and loyalty during the past year.



**Andrew McKenzie**  
Managing Director

## Euroz Group Organisational chart as at 30 June 2011



# EUROZ SECURITIES LIMITED DIRECTORS' PROFILES



**ANDREW CLAYTON** Executive Director

Andrew is a research analyst specialising in resource companies. He has worked in the stockbroking industry since 1994. Andrew holds a Bachelor of Science (Hons) in Geology, as well as a Diploma in Finance from the Financial Services Institute of Australia (FINSIA).

**ANDREW MCKENZIE** Managing Director

Andrew holds a Bachelor of Economics (B. Econ) is an Associate of FINSIA and is a Fellow of the Australian Institute of Company Directors (FAICD). Andrew has worked in the stockbroking industry since 1991.

**ANTHONY BRITTAIN** Executive Director

Anthony is the Chief Operating and Financial Officer. Prior to joining Euroz he spent 7 years at a WA stockbroker holding roles including Executive General Manager and Head of Operations. Prior to that Anthony worked in London and Singapore for 7 years with a UK fund manager. Anthony holds a Bachelor of Commerce (UWA), is a member of the Institute of Chartered Accountants (CA), a Certified Information Systems Auditor (CISA), holds a Grad. Diploma in Applied Finance and Investment from FINSIA, is a Graduate of the Australian Institute of Company Directors and is a member (Master Stockbroking) of the Stockbrokers Association of Australia (SAA).

**AUSTEN FRESSON** Executive Director

Austen has over ten years of mergers, acquisitions and divestitures experience in both the UK and Australia, focused on the upstream oil and gas sector. Austen holds a Bachelor of Law and a Bachelor of Commerce (UWA). He is a member of the Institute of Chartered Accountants in Australia (CA) and FINSIA (Grad. Diploma in Applied Finance & Investment).

**BEN LAIRD** Executive Director

Ben holds a Bachelor of Science degree and a post-graduate Diploma in Finance with FINSIA. He is also a Level 2 candidate for the Chartered Financial Analyst (CFA) program and has been with Euroz since 2001.

**BRIAN BERESFORD** Executive Director

Prior to joining Euroz, Brian was a corporate finance partner at PwC, which he joined in 2007 when PwC acquired GEM Consulting (GEM). Brian was a director and shareholder of GEM, and had previously worked for Arthur Andersen in London. He has managed capital raisings, and provided advisory services to clients across the resources, mining services, engineering, technology and manufacturing sectors. Brian holds a Masters in Finance from London Business School, and a Bachelor of Commerce and Bachelor of Laws (UWA).

**DOUGLAS YOUNG** Executive Director

Doug is Head of Corporate Finance. He has over 25 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 (UWA), is a graduate in Applied Finance from FINSIA, a Fellow of FINSIA and a Fellow of the Australian Society of Certified Practising Accountants (CPA).

**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 1995. Greg holds a B.App.Sc. in Geology and a Grad.Dip. Business qualification.

**GAVIN ALLEN** Executive Director

Prior to joining Euroz Securities, Gavin was a senior manager in the Corporate Finance division of a major accounting firm, specialising in the financial analysis of mergers and acquisitions. Gavin has a Bachelor of Commerce, is a member of the Institute of Chartered Accountants in Australia (CA) and holds a Chartered Financial Analyst (CFA) designation.

**JAMES MACKIE** Executive Director

James has been working in the stockbroking industry since 1998. He holds a Bachelor of Commerce in Finance and a Graduate Diploma also in Finance. His role is servicing high net worth investors on the retail desk.

# EUROZ SECURITIES LIMITED DIRECTORS' PROFILES



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. Jay holds a Graduate Diploma in Applied Finance and Investment from FINSIA. He was recognised as an affiliate of ASX in December 2000 and was admitted in May 2004 as a Practitioner Member (Master Stockbroking) of the SAA.

JON BISHOP Executive Director

Jon is a resource analyst focused upon both the mining and oil & gas sectors. He has more than 10 years technical and commercial experience within the petroleum and minerals industries. Jon holds a Bachelor of Science (Hons) in Geology, as well as a Graduate Diploma in Applied Finance and Investment from FINSIA.

MAURICE ARGENTO Executive Director

Maurice has more than 25 experience in corporate advisory and finance roles, in Australia and in Europe. Prior to joining Euroz Securities, Maurice was a Partner with PwC and Arthur Andersen and founder and Managing Director of Mainsheet Corporate. His experience spans corporate strategy, mergers and acquisitions, equity raisings and corporate finance. Maurice is a Fellow of the Institute of Chartered Accountants (CA) and holds a Bachelor of Commerce.

NICK MCGLEW Executive Director

Nick has over 12 years experience in mergers, acquisitions, corporate and commercial law and corporate finance with major firms in Australia and the United States. He holds a Bachelor in Economics (UWA) and Master of Laws (NYU, Corporate).

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 & Asia for two and a half years previously. Oliver holds a Bachelor of Science in Geology, as well as a Graduate Diploma in Applied Finance and Investment from FINSIA.

PETER DIAMOND Executive 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 is also chairman of Westoz Investment Company Limited and Ozgrowth Limited. He holds a Bachelor of Business and is a Member of Certified Practising Accountants Australia (CPA).

RICHARD CALDOW Executive Director

Richard holds a Bachelor of Commerce 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.

RUSSELL KANE Executive 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 resources and industrials stocks.

ROB BLACK Executive Director

Rob has been working in the stockbroking industry since 1995 and has spent time based in Sydney, Melbourne and London. Rob is Head of Institutional Dealing and is responsible for servicing domestic and international institutions. Rob holds a Bachelor of Business with majors in Finance and Accounting, and is a Graduate of the Australian Institute of Company Directors.

SIMON YEO Executive Director

Simon is Head of Retail Dealing and specialises in servicing high net worth clients and domestic institutions. He has been in the stockbroking industry since 1993. Simon has a Bachelor of Commerce (UWA) and was previously a chartered accountant and member of the Institute of Chartered Accountants (CA).

*NB. Jon Bishop, Ben Laird, James Mackie and Austen Fresson were appointed as Executive Directors of Euroz Securities Limited in July 2011.*

# EUROZ SECURITIES LIMITED OPERATING DIVISIONS

## RETAIL DEALING

- ▶ Team of highly experienced and qualified private client advisors
- ▶ Focus on dealing with high net worth individuals
- ▶ Extensive research support - high quality research on WA based resource and industrial companies enable 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
  - Web based access to portfolios and ledgers

## EQUITIES RESEARCH

- ▶ 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 & resource companies
- ▶ Research Products
  - Daily Briefing: Overnight market updates
  - Weekly Informer: Compilation of all company reports throughout the preceding week
  - Quarterly and/or Semi-annual Review: Regular coverage on midcap companies in book format
  - Company Reports: Detailed analysis on companies as opportunities emerge

## CORPORATE FINANCE

- ▶ Our corporate business is focused on developing strong, long term relationships with our clients
- ▶ Clients are provided with specialised Corporate Advisory services in:
  - Capital Raisings
  - Mergers and Acquisitions
  - Strategic Planning and Reviews
  - Privatisation and Reconstructions
- ▶ Established track record in raising equity capital via:
  - Initial Public Offerings (IPO)
  - Placements
  - Rights Issues
- ▶ Euroz has raised \$1.2bn in new equity this financial year

## INSTITUTIONAL DEALING

- ▶ Largest institutional dealing desk based in Western Australia
- ▶ Team of nine 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

# WESTOZ FUNDS MANAGEMENT

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Westoz Investment Company Limited commenced trading on the ASX in September 2009 after 4 years as an unlisted company. Westoz Investment Company Limited reported investment returns for the past year of 14.4% and declared 11¢ in fully franked dividends for the past year.

Ozgrowth Limited has been listed on the ASX since January 2008 and reported investment returns of 26.7% and fully franked dividends of 1.4¢ for the past year.

Westoz Investment Company Limited and Ozgrowth Limited have now paid \$59m in dividends to shareholders since inception.



PHILIP REES, CHIEF INVESTMENT OFFICER (WESTOZ FUNDS MANAGEMENT)

Mr Philip Rees is Chief Investment Officer of the Manager and is responsible for the operation and development of the Manager's business.

Mr Rees has worked in a range of roles focused on Australian investment markets for the last 24 years. He has previously managed large institutional investment portfolios and developed several early stage investment opportunities until he joined Westoz in April 2005.

# EUROZ GROUP COMMUNITY ACTIVITIES

**2011 has seen the ongoing development of two of the Euroz Group of Companies initiatives; namely the Euroz Charitable Foundation and the Euroz Green Office Initiative.**

## Euroz Charitable Foundation

The Euroz Group has been fortunate to have been a beneficiary of strong investment markets and a strong local economy over many years. This prompted us to consider ways in which we could make a contribution to the broader community and as a result the Euroz Charitable Foundation was formed in 2007. The Foundation represents our ongoing commitment to our local community.

During the past four and a half years all businesses within the Euroz Group and many of our staff members have made donations to this Foundation.

The Foundation's assets have continued to grow strongly and in the past year we are pleased to have supported the following Western Australian charities; Autism West, Princess Margaret Hospital Foundation, Riding for the Disabled Association of Western Australia, Foodbank and Ngala Community Services, among others. During the year we also donated a forklift to Foodbank which was delivered to them in April.

As part of Euroz' ongoing commitment to community involvement we have a staff volunteer program whereby Euroz staff volunteer their time during office hours assisting particular charities. We recently participated in a busy bee for the Riding for the Disabled Association of Western Australia. Euroz staff are very enthusiastic in their support of such initiatives and consider volunteer experiences such as these very rewarding.

We would like to thank all staff for their continued support of the Euroz Charitable Foundation.



*Euroz staff participating in the Riding for the Disabled Association of Western Australia busy bee.*

## Euroz Green Office Initiative

In recognition of changing business and community attitudes toward increasing environmental responsibility in both the home and office we have formalised some simple environmental policies for the Euroz Group of companies. The Euroz Group of companies seeks to promote an environmentally aware workplace through a series of key objectives.

Our move to a new, premium 4.5 star NABERS Energy rated building in early September 2010 is consistent with our green office initiatives and has facilitated the achievement of some of our targets whereby we:

- Aim to increase recycling and reduce waste
- Aim to reduce the use of power
- Aim to reduce energy consumption
- Aim to purchase environmentally friendly products
- Are educated, engaged and aware of sustainable office management initiatives.

This initiative has been strongly supported by members of the Euroz Group of companies since its inception four years ago.

# FINANCIAL REPORT 2011

# DIRECTORS' REPORT

Your Directors present their report on the consolidated group consisting of Euroz Limited and the entities it controlled at the end of, or during the year ended 30 June 2011.

## Directors and Executive Disclosures

The following persons were Directors of Euroz Limited at any time during or since the end of the financial year and up to the date of this report:

### EXECUTIVE CHAIRMAN

Peter Diamond

### EXECUTIVE DIRECTORS

Andrew McKenzie - *Managing Director*

Jay Hughes - *Director*

Doug Young - *Director* (appointed 8 February 2011)

Greg Chessell - *Director* (appointed 8 February 2011)

### 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 and up to the date of this report:

NAME	POSITION	EMPLOYER
R Caldwell	Director	Euroz Securities Limited
S Yeo	Director	Euroz Securities Limited
K Paganin	Director	Euroz Securities Limited (resigned 22 July 2010)
O Foster	Director	Euroz Securities Limited
M Hepburn	Director	Euroz Securities Limited (resigned 8 February 2011)
R Kane	Director	Euroz Securities Limited
A Clayton	Director	Euroz Securities Limited
A Brittan	Director	Euroz Securities Limited
G Allen	Director	Euroz Securities Limited
R Black	Director	Euroz Securities Limited
N McGlew	Director	Euroz Securities Limited (appointed 1 July 2010)
M Argento	Director	Euroz Securities Limited (appointed 14 February 2011)
B Beresford	Director	Euroz Securities Limited (appointed 21 March 2011)
B Laird	Director	Euroz Securities Limited (appointed 5 July 2011)
J Bishop	Director	Euroz Securities Limited (appointed 5 July 2011)
J Mackie	Director	Euroz Securities Limited (appointed 5 July 2011)
A Fresson	Director	Euroz Securities Limited (appointed 6 July 2011)
P Rees	Director	Westoz Funds Management Pty Ltd
D Woods	Director	Westoz Funds Management Pty Ltd (appointed 1 July 2010)

### Company Secretary

Anthony Hewett held the position at the end of the financial year. Anthony was appointed Company Secretary in 2007 and brings to the role more than a decade of experience in Operations, Risk and Compliance having worked for a variety of firms in Perth.

### Principal Activities

During the year the principal activities of the Euroz group consisted of:

- (a) Stockbroking;
- (b) Corporate Finance; and
- (c) Funds Management.

### Review of Results

The Directors of Euroz Limited are pleased to announce a consolidated pre tax profit of \$34,409,119 for the year ended 30 June 2011.

The consolidated net profit after tax was \$26,566,040 compared with the 2010 year's consolidated net profit after tax of \$26,331,750. This profit represents basic earnings per share of 19.38 cents versus 20.07 cents in the 2010 year.

# DIRECTORS' REPORT

The Directors have declared a final dividend of 15 cents per share fully franked which, combined with the interim dividend of 3 cent per share, represents a total dividend of 18 cents per share fully franked.

## Review of operations

	Segment revenues		Segment results	
	2011	2010	2011	2010
	\$	\$	\$	\$
Stockbroking	49,225,611	40,841,201	9,916,246	13,227,400
Principal Trading	9,547,185	13,738,675	1,574,237	215,117
Funds Management	9,154,027	10,192,515	5,661,366	6,333,425
Unallocated revenue	9,880,174	11,765,435	9,414,191	6,555,808
	<b>77,806,997</b>	<b>76,537,826</b>	<b>26,566,040</b>	<b>26,331,750</b>

These results have been achieved through strong contributions from all divisions of the business.

## Financial Position

The net assets of the consolidated group have increased from \$109,417,413 at 30 June 2010 to \$118,518,350 at 30 June 2011. This increase has largely resulted from adjustments to the carrying value of investments.

The company's strong financial performance has enabled it to continue to pay dividends to shareholders during the year while maintaining a healthy working capital ratio. The consolidated group's working capital, being current assets less current liabilities, has increased from \$45,191,982 in 2010 to \$45,289,428 in 2011.

During the past five years the company has invested in expanding each of its business units to secure its long term success. In particular it has made strategic investments in the investment products of Westoz Funds Management Pty Ltd. The company's holdings in associated subsidiaries are \$26,450,000 as at 30 June 2011.

The Directors believe the company is in a strong and stable financial position to expand and grow its current operations.

	2011	2010
	Cents	Cents
<b>Earnings per share</b>		
Basic earnings per share	19.38	20.07
Diluted earnings per share	16.66	18.49

## Dividends - Euroz Limited

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

	2011	2010
	\$	\$
Interim ordinary dividend of 3 cent (2009 – 2 cents) per fully paid ordinary share was paid on 28 January 2011.	4,296,456	2,633,325
Provision for final ordinary dividend for 30 June 2011 of 15 cents (2010 – 10 cents) per fully paid ordinary share paid on 29 July 2011.	21,134,214	13,257,014
	<b>25,430,670</b>	<b>15,890,339</b>

## Significant changes in the state of affairs

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

## Share options

A total of 4,844,623 options were exercised during the year at an exercise price of \$0.75. At the date of this report, there are 6,357,713 unissued ordinary shares of Euroz Limited under option.

## After balance date events

The Directors are not aware of any other matter or circumstance subsequent to 30 June 2011 that has significantly affected, or may significantly affect:

- the consolidated group's operations in future financial years; or
- the results of those operations in future financial years; or
- the consolidated group's state of affairs in future financial years.

# DIRECTORS' REPORT

## Likely developments and expected results of operations

The Directors are confident that a strong balance sheet and established business platforms will support the company in increasingly volatile market conditions. However, it is likely that we will experience increasingly volatile trading conditions in the next financial year.

Further information on likely developments in the operations of the consolidated group 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 group.

## Environmental regulation

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

## Information on Directors

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 <i>Chairman</i>	Mr Diamond has worked in the stockbroking industry since 1986.	Executive Chairman Chairman of Audit Committee Chairman of Remuneration Committee Holds a Bachelor of Business Degree (BBus) and is a member of CPA Australia.	10,000,000	-
A McKenzie <i>Managing Director</i>	Mr McKenzie has worked in the stockbroking industry since 1991.	Managing Director Member of Audit Committee Member of Remuneration Committee Holds a Bachelor of Economics Degree, is an Associate of the Financial Services Institute of Australia and is a Fellow of the Australian Institute of Company Directors.	9,928,500	-
J Hughes <i>Director</i>	Mr Hughes has worked in the stockbroking industry since 1986.	Member of the Remuneration Committee Holds a Graduate Diploma in Applied Finance and Investment from FINSIA. He was recognised as an affiliate of the ASX in December 2000 and was admitted in May 2004 as a Practitioner Member (Master Stockbroking) of the Stockbrokers Association of Australia.	9,928,500	-
D Young <i>Director</i>	Mr Young has worked in corporate finance since 1984.	Head of Corporate Finance of our 100% owned subsidiary Euroz Securities Limited. He holds a Bachelor of Commerce degree from the University of Western Australia and a Graduate Diploma in Applied Finance from FINSIA, is a Fellow of FINSIA and a Fellow of the Australian Society of Certified Practising Accountants.	4,202,001	-
G Chessell <i>Director</i>	Mr Chessell has worked in the stockbroking industry since 1996.	Head of Research of our 100% owned subsidiary Euroz Securities Limited and is our senior resources analyst. Greg holds a B.App.Sc. degree in geology and a Grad.Dip. Business qualification.	3,102,000	-

# DIRECTORS' REPORT

## Meetings of Directors

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

Director	Directors Meetings		Committee Meetings			
			Audit		Remuneration	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Peter Diamond	13	13	1	1	12	12
Andrew McKenzie	13	9	1	1	12	12
Jay Hughes	13	10	N/A	N/A	12	12
Greg Chessell	5	3	N/A	N/A	N/A	N/A
Doug Young	5	5	N/A	N/A	N/A	N/A

## Remuneration Report (Audited)

This Remuneration Report outlines the director and executive remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 and its regulations. It also provides the remuneration disclosures required by paragraphs Aus 25.4 to Aus 25.7.2 of AASB 124 Related Party Disclosures, which have been transferred to the Remuneration Report in accordance with Corporations Regulation 2M.6.04. For the purposes of this report Key Management Personnel of the group are defined as those persons having authority for the strategic management and direction of the group including any director (whether executive or otherwise) of the parent company, and includes the five executives in the parent and the group receiving the highest remuneration.

### Directors & Executives Remuneration

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

### Remuneration Policy

The remuneration policy has been tailored to align the interests of shareholders, Directors and executives. There have been three methods applied in achieving this aim, the first being a participation in the profit share pool, the second being commission and the third being Head of Retail incentive. The company believes this policy to have been effective in increasing shareholder wealth since inception.

The following table shows the gross revenue, profits and dividends for the last five years for the listed entity, as well as the share price at the end of the respective financial years.

	2007	2008	2009	2010	2011
	\$	\$	\$	\$	\$
Revenue (including net profit/(loss) of associates)	63,805,598	121,889,088	43,288,071	76,080,544	77,806,998
Net profit after tax	22,171,176	41,931,627	10,335,056	26,331,750	26,566,040
Share price at year end	4.4	4	0.93	1.28	1.62
Dividends paid or recommended	17,500,000	34,560,000	9,625,081	15,890,339	25,430,670

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 ensure 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.

# DIRECTORS' REPORT

## 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
- Head of Retail incentive

## Equity based payments

There is no entitlement to equity based remuneration.

## Commission

Executives that do not participate in the profit share pool are paid either a bonus or 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) are calculated on 30% of pre tax profit from Euroz Securities Limited and are payable in December and / or June. Using these 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 net 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.

### Executive Directors of Euroz Limited

2011	Short Term			Post-employment	Total	Performance related %
	Base salary \$	Profit Share/ bonus \$	Other benefits \$	Super-annuation \$		
Name						
P Diamond	275,000	590,000	31,225	25,000	921,225	64%
A McKenzie	275,000	590,000	30,911	25,000	920,911	64%
J Hughes	275,000	590,000	28,549	25,000	918,549	64%
D Young (appointed 8 Feb '11)	244,615	590,000	25,891	50,000	910,506	65%
G Chessell (appointed 8 Feb '11)	229,231	590,000	17,757	25,000	861,988	68%
<b>TOTAL</b>	<b>1,298,846</b>	<b>2,950,000</b>	<b>134,333</b>	<b>150,000</b>	<b>4,533,179</b>	

Current Directors did not receive any Directors fees.

# DIRECTORS' REPORT

## Executive Directors of Euroz Limited

2010	Short Term			Post-employment		
Name	Base salary \$	Profit Share/ bonus \$	Other benefits \$	Super- annuation \$	Total \$	Performance related %
P Diamond	275,001	495,000	26,909	24,999	821,909	60%
A McKenzie	275,001	495,000	21,680	24,999	816,680	61%
J Hughes	277,127	495,000	20,183	22,873	815,183	61%
<b>Total</b>	<b>827,129</b>	<b>1,485,000</b>	<b>68,772</b>	<b>72,871</b>	<b>2,453,772</b>	

Current Directors did not receive any Directors fees.

2011	Short Term				Post-employ't		
Name	Base salary \$	Profit Share/ bonus \$	Other benefits \$	Commis- sion \$	Super- annuation \$	Total \$	Perform- ance related %
R Caldwell*	73,393	-	12,825	261,704	15,199	363,121	72
S Yeo*	73,394	132,019	22,603	384,615	15,199	627,830	82
K Paganin*	36,878	-	505,334	-	23,216	565,428	0
O Foster*	199,801	325,000	15,265	-	15,199	555,265	59
A Clayton*	146,002	348,872	16,002	-	24,412	535,288	65
R Kane*	155,803	288,872	14,766	-	14,611	474,052	61
M Hepburn*	132,506	149,436	6,137	-	9,193	297,272	50
G Allen *	155,803	288,872	13,632	-	14,611	472,918	61
R Black *	146,083	398,498	14,988	-	14,173	573,742	69
A Brittain *	190,000	210,000	13,580	-	25,000	438,580	48
N McGlew *	185,000	300,000	13,561	-	25,000	523,561	57
P Rees**	170,447	205,000	7,775	-	49,553	432,775	47
D Woods **	204,801	205,000	9,965	-	15,199	434,965	47
M Argento*	98,585	190,000	4,692	-	6,757	300,034	63
B Beresford*	71,200	150,000	450	-	4,293	225,943	66
<b>TOTAL</b>	<b>2,539,696</b>	<b>3,191,569</b>	<b>171,575</b>	<b>646,319</b>	<b>271,615</b>	<b>6,820,774</b>	

\* Director of Euroz Securities Limited

\*\* Director of Westoz Funds Management Pty Ltd

# DIRECTORS' REPORT

## Specified executives of the consolidated group

2010 Name	Short Term				Post- employ't	Total \$	Perform- ance related %
	Base salary \$	Profit Share/ bonus \$	Other benefits \$	Commis- sion \$	Super- annuation \$		
R Caldwell*	69,130	-	18,426	231,601	17,143	336,300	69
G Chessell*	190,001	495,000	8,856	-	25,000	718,857	69
S Yeo*	65,720	24,000	20,602	347,375	19,914	477,611	78
K Paganin*	265,001	495,000	20,668	-	25,000	805,669	61
D Young*	240,000	495,000	24,331	-	50,000	809,331	61
O Foster*	188,275	180,000	14,604	-	26,725	409,604	44
A Clayton*	156,541	210,000	14,182	-	14,461	395,184	53
R Kane*	146,541	190,000	17,330	-	24,461	378,332	50
M Hepburn*	144,595	205,000	17,160	-	26,407	393,162	52
A Brittain *	190,060	150,000	7,240	-	24,940	372,240	40
G Allen *	146,002	220,000	13,995	-	25,000	404,997	54
R Black *	125,001	230,000	14,263	-	24,999	394,263	58
N McGlew *	175,000	180,000	5,459	-	25,000	385,459	47
P Rees**	195,000	200,000	6,103	-	25,000	426,103	47
D Woods **	170,084	200,000	1,687	-	14,916	386,687	52
<b>Total</b>	<b>2,466,951</b>	<b>3,474,000</b>	<b>204,906</b>	<b>578,976</b>	<b>368,966</b>	<b>7,093,799</b>	

\* Directors of Euroz Securities Limited

\*\* Director of Westoz Funds Management Pty Ltd

## 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 2011 of \$300,000 (2010 - \$300,000) plus profit share.
- 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 2011 of \$300,000 (2010 - \$300,000) plus profit share.
- 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 2011 of \$300,000 (2010 - \$300,000) plus profit share.
- Payment on termination of employment by the employer, other than for gross misconduct – three months salary.

### Greg Chessell, Director Euroz Securities Limited

- Term of contract – ongoing employment contract
- Base salary, inclusive of superannuation for the year ended 30 June 2011 of \$300,000 (2010 - \$215,000) plus profit share.
- Payment on termination of employment by the employer, other than for gross misconduct – three months salary.

### Doug Young, Director Euroz Securities Limited

- Term of contract – ongoing employment contract
- Base salary, inclusive of superannuation for the year ended 30 June 2011 \$300,000 (2010 - \$290,000) plus profit share.
- Payment on termination of employment by the employer, other than for gross misconduct – three months salary.

### Karl Paganin, Director Euroz Securities Limited (resigned 22 July 2010)

- Term of contract ongoing employment contract but resigned 22 July 2010. Eligible termination payment of \$500,000.

# DIRECTORS' REPORT

## **Richard Caldwell**, Director Euroz Securities Limited

- Term of contract – ongoing employment contract
- Base salary, inclusive of superannuation for the year ended 30 June 2011 of \$80,000 (2010 - \$80,000) plus commission.
- Payment on termination of employment by the employer, other than for gross misconduct – commission earned.

## **Simon Yeo**, Director Euroz Securities Limited

- Term of contract – ongoing employment contract
- Base salary, inclusive of superannuation for the year ended 30 June 2011 of \$80,000 (2010 - \$80,000) plus HOR bonus and commission.
- Payment on termination of employment by the employer, other than for gross misconduct – commission earned.

## **Oliver Foster**, Director Euroz Securities Limited

- Term of contract – ongoing employment contract
- Base salary, inclusive of superannuation for the year ended 30 June 2011 of \$215,000 (2010 - \$215,000) plus profit share.
- Payment on termination of employment by the employer, other than for gross misconduct – three months salary.

## **Mark Hepburn**, Director Euroz Securities Limited (*resigned 8 February 2011*)

- Term of contract – ongoing employment contract but resigned 8 February 2011.

## **Andrew Clayton**, Director Euroz Securities Limited

- Term of contract – ongoing employment contract
- Base salary, inclusive of superannuation for the year ended 30 June 2011 of \$171,002 (2010 - \$171,002) plus profit share.
- Payment on termination of employment by the employer, other than for gross misconduct – three months salary.

## **Russell Kane**, Director Euroz Securities Limited

- Term of contract – ongoing employment contract
- Base salary, inclusive of superannuation for the year ended 30 June 2011 of \$171,002 (2010 - \$171,002) plus profit share.
- Payment on termination of employment by the employer, other than for gross misconduct – three months salary.

## **Anthony Brittain**, Director Euroz Securities Limited

- Term of contract – ongoing employment contract
- Base salary, inclusive of superannuation for the year ended 30 June 2011 of \$215,000 (2010 - \$215,000) plus profit share.
- Payment on termination of employment by the employer, other than for gross misconduct – three months salary.

## **Gavin Allen**, Director Euroz Securities Limited

- Term of contract – ongoing employment contract
- Base salary, inclusive of superannuation for the year ended 30 June 2011 of \$171,002 (2010 - \$171,002) plus profit share.
- Payment on termination of employment by the employer, other than for gross misconduct – three months salary.

## **Robert Black**, Director Euroz Securities Limited

- Term of contract – ongoing employment contract
- Base salary, inclusive of superannuation for the year ended 30 June 2011 of \$170,000 (2010 - \$150,000) plus profit share.
- Payment on termination of employment by the employer, other than for gross misconduct – three months salary.

## **Nick McGlew**, Director Euroz Securities Limited (*appointed 1 July 2010*)

- Term of contract – ongoing employment contract
- Base salary, inclusive of superannuation for the year ended 30 June 2011 of \$210,000 (2010 - \$200,000) plus profit share.
- Payment on termination of employment by the employer, other than for gross misconduct – three months salary.

## **Maurice Argento**, Director Euroz Securities Limited (*appointed 14 February 2011*)

- Term of contract – ongoing employment contract
- Base salary, inclusive of superannuation contract of \$300,000 per annum plus profit share.
- Payment on termination of employment by the employer, other than for gross misconduct – three months salary.

## **Brian Beresford**, Director Euroz Securities Limited (*appointed 21 March 2011*)

- Term of contract – ongoing employment contract
- Base salary, inclusive of superannuation contract of \$300,000 per annum plus profit share.
- Payment on termination of employment by the employer, other than for gross misconduct – three months salary.

## **Phil Rees**, Director Westoz Funds Management Pty Ltd

- Term of contract – ongoing employment contract minimum period 1 year
- Base salary, inclusive of superannuation for the year ended 30 June 2011 of \$220,000 (2010 - \$220,000) plus bonus
- Payment on termination of employment by the employer other than for gross misconduct – three months salary.

## **Dermot Woods**, Director Westoz Funds Management Pty Ltd (*appointed 1 July 2010*)

- Term of contract – ongoing employment contract minimum period 1 year
- Base salary, inclusive of superannuation for the year ended 30 June 2011 of \$220,000 (2010 - \$190,000) plus bonus
- Payment on termination of employment by the employer other than for gross misconduct – three months salary.

# DIRECTORS' REPORT

## Share based compensation

No options or shares were issued to Directors or specified executives during the year ended 30 June 2011.

## Share holdings

The number of shares held at the date of this report by each director of Euroz Limited and each of the key management personnel of the consolidated group, including their personal-related entities, are set out below.

	No. of ordinary shares	No. of options over ordinary shares
<b>Directors of Euroz Limited</b>		
<b>Ordinary shares</b>		
P Diamond	10,000,000	-
A McKenzie	9,928,000	-
J Hughes	9,928,000	-
G Chessell (appointed 8 February 2011)	3,102,000	-
D Young (appointed 8 February 2011)	4,202,001	-
<b>Key management personnel of the consolidated entity</b>		
<b>Ordinary shares</b>		
R Caldwell	4,950,000	-
S Yeo	3,520,000	-
K Paganin (resigned 22 July 2010)	4,905,522	418,791
O Foster	2,301,200	-
P Rees	1,100,000	-
M Hepburn (resigned 8 February 2011)	1,222,000	122,200
R Kane	2,359,377	233,000
A Clayton	2,100,000	100,000
A Brittain	303,400	-
G Allen	500,000	41,200
R Black	1,800,000	300,000
N McGlew (appointed 1 July 2010)	225,291	-
D Woods (appointed 1 July 2010)	373,260	-
M Argento (appointed 14 February 2011)	1,000,000	-
B Beresford (appointed 21 March 2011)	2,000,000	-
B Laird (appointed 5 July 2011)	655,000	60,000
J Bishop (appointed 5 July 2011)	91,112	-
J Mackie (appointed 5 July 2011)	847,000	-
A Fresson (appointed 6 July 2011)	260,511	-

## Loans to Directors and executives

No loans were made to Directors of Euroz Limited and the key management personnel of the consolidated group, including their personally related entities during the year.

## Indemnifying Officers

During the financial year, Euroz Limited paid a premium 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 group.

## Proceedings on Behalf of Company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to such proceedings during the year.

## Non-Audit Services

The following non-audit services were provided by the group's auditor, PKF Mack & Co. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

PKF Mack & Co. received or are due to receive the following amounts for the provision of non-audit services:

Tax compliance services \$

15,000

# DIRECTORS' REPORT

## **Auditor's Independence Declaration**

The lead auditor's independence declaration for the year ended 30 June 2011 has been received and follows the Directors report. This report is made in accordance with a resolution of the Directors.



**Peter Diamond**  
Chairman



**Jay Hughes**  
Director  
15 August 2011

# AUDITOR'S INDEPENDENCE DECLARATION

**PKF MACK & CO**

Chartered Accountants & Business Advisers

**Auditor's Independence Declaration  
Under Section 307c of the Corporations Act 2001  
To The Directors of Euroz Limited**

I declare that to the best of my knowledge and belief, during the year ended 30 June 2011 there has been:

- (i) No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) No contraventions of any applicable code of professional conduct in relation to the audit.

*PKF Mack and Co.*

**PKF MACK & CO**

*Simon Fermanis*

**SIMON FERMANIS  
PARTNER**

15 AUGUST 2011  
WEST PERTH,  
WESTERN AUSTRALIA

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# CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2011

	Notes	2011 \$	2010 \$
<b>Revenue</b>	4	<b>70,012,360</b>	67,111,208
Share of net profit (loss) of associates		<b>7,794,638</b>	8,969,336
Employee benefits expense		<b>(23,214,359)</b>	(18,924,567)
Depreciation and amortisation expenses	5	<b>(1,145,045)</b>	(185,064)
Regulatory expenses		<b>(274,756)</b>	(566,639)
Consultancy expenses		<b>(2,008,990)</b>	(1,736,041)
Conference and seminar expenses		<b>(1,244,605)</b>	(1,062,262)
Brokerage & underwriting expense		<b>(3,182,413)</b>	(3,391,695)
Communication expenses		<b>(288,980)</b>	(308,789)
Carrying amount of principal trading securities sold		<b>(7,870,761)</b>	(13,562,514)
Other expenses		<b>(4,167,970)</b>	(2,840,478)
<b>Profit for the period</b>	5	<b>34,409,119</b>	33,502,495
Income tax expense	6	<b>(7,843,079)</b>	(7,170,745)
<b>Profit for the period</b>		<b>26,566,040</b>	<b>26,331,750</b>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	33	<b>19.38</b>	20.07
Diluted earnings per share	33	<b>16.66</b>	18.49

The above Income Statements should be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2011

	2011 \$	2010 \$
<b>Profit for the period</b>	<b>26,566,040</b>	<b>26,331,750</b>
<b>Other comprehensive income</b>		
Gain/(loss) on available for sale investment taken to equity	-	(893,576)
<b>Total comprehensive income for the period</b>	<b><u>26,566,040</u></b>	<b><u>25,438,174</u></b>

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2011

	Notes	2011 \$	2010 \$
<b>Current assets</b>			
Cash and cash equivalents	7	<b>68,059,994</b>	62,472,744
Trade and other receivables	8	<b>1,909,730</b>	452,001
Inventories	9	<b>348,675</b>	386,086
Other current assets	10	<b>2,184,432</b>	967,615
Total current assets		<b>72,502,831</b>	64,278,446
<b>Non-current assets</b>			
Long term receivable	11	<b>5,000,000</b>	5,000,000
Investments accounted for using equity method	12	<b>65,596,600</b>	58,792,688
Financial assets	13	<b>219,746</b>	351,592
Plant and equipment	14	<b>3,067,837</b>	584,507
Deferred tax assets	15	<b>563,305</b>	415,653
Total non-current assets		<b>74,447,488</b>	65,144,440
<b>Total assets</b>		<b>146,950,319</b>	129,422,886
<b>Current liabilities</b>			
Trade and other payables	16	<b>2,057,798</b>	2,367,819
Current tax liabilities	17	<b>3,494,336</b>	3,013,685
Short term provisions	18	<b>21,661,269</b>	13,704,960
Total current liabilities		<b>27,213,403</b>	19,086,464
<b>Non-current liabilities</b>			
Deferred tax liabilities	19	<b>548,361</b>	231,735
Long term provisions	20	<b>670,205</b>	687,274
Total non-current liabilities		<b>1,218,566</b>	919,009
<b>Total liabilities</b>		<b>28,431,969</b>	20,005,473
<b>Net assets</b>		<b>118,518,350</b>	109,417,413
<b>Equity</b>			
Issued capital	21	<b>87,261,731</b>	79,296,164
Reserves	21	<b>186,000</b>	186,000
Retained earnings	21	<b>31,070,619</b>	29,935,249
<b>Total equity</b>		<b>118,518,350</b>	109,417,413

The above Balance Sheet should be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2011

	Share Capital \$	Retained Profit \$	Asset Revaluation Reserve \$	Option Premium Reserves \$	Total \$
<b>Balance at 1 July 2009</b>	<b>75,711,764</b>	<b>19,504,347</b>	<b>893,576</b>	<b>186,000</b>	<b>96,295,687</b>
Profit for the period	-	26,331,750	-	-	26,331,750
Changes in fair value of financial asset	-	-	(893,576)	-	(893,576)
Total comprehensive income for the period	-	26,331,750	(893,576)	-	25,438,174
<i>Transactions with owners, recorded directly in equity</i>					
Shares issued during the period	3,584,400	-	-	-	3,584,400
Dividends to equity holders	-	(15,900,848)	-	-	(15,900,848)
Total contributions by and distributions to owners	3,584,400	(15,900,848)	-	-	(12,316,448)
<b>Balance at 30 June 2010</b>	<b>79,296,164</b>	<b>29,935,249</b>	<b>-</b>	<b>186,000</b>	<b>109,417,413</b>
<b>Balance at 1 July 2010</b>	<b>79,296,164</b>	<b>29,935,249</b>	<b>-</b>	<b>186,000</b>	<b>109,417,413</b>
Profit for the period	-	26,566,040	-	-	26,566,040
Changes in fair value of financial asset	-	-	-	-	-
Total comprehensive income for the period	-	26,566,040	-	-	26,566,040
<i>Transactions with owners, recorded directly in equity</i>					
Shares issued during the period	7,965,567	-	-	-	7,965,567
Dividends to equity holders	-	(25,430,670)	-	-	(25,430,670)
Total contributions by and distributions to owners	7,965,567	(25,430,670)	-	-	(17,465,103)
<b>Balance at 30 June 2011</b>	<b>87,261,731</b>	<b>31,070,619</b>	<b>-</b>	<b>186,000</b>	<b>118,518,350</b>

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2011

	Notes	2011 \$	2010 \$
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of goods and services tax)		54,239,791	51,600,529
Payments to suppliers and employees (inclusive of goods and services tax)		<u>(34,694,192)</u>	<u>(33,677,185)</u>
		19,545,599	17,923,344
Dividends received		2,571	499,719
Interest received		2,901,341	2,159,100
Proceeds from sale of trading shares		9,444,069	13,862,728
Income taxes (paid)/refunded		(7,193,455)	(5,239,806)
Payments for trading shares		<u>(7,949,366)</u>	<u>(14,072,653)</u>
<b>Net cash flows from operating activities</b>	31	<u>16,750,759</u>	<u>15,132,432</u>
<b>Cash flows from investing activities</b>			
Net (payments)/receipts from investments		2,066,701	(8,760,432)
Payments for plant and equipment		<u>(3,628,376)</u>	<u>(393,367)</u>
<b>Net cash flows used in investing activities</b>		<u>(1,561,675)</u>	<u>(9,153,799)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issues of shares and other equity securities		7,965,567	3,584,400
Dividends paid		<u>(17,567,401)</u>	<u>(10,974,983)</u>
<b>Net cash flows from/(used in) financing activities</b>		<u>(9,601,834)</u>	<u>(7,390,583)</u>
<b>Net increase/(decrease) at cash and cash equivalents</b>		5,587,250	(1,411,950)
Cash and cash equivalents at 1 July		<u>62,472,744</u>	<u>63,884,694</u>
<b>Cash and cash equivalents at 30 June</b>	7	<u>68,059,994</u>	<u>62,472,744</u>

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

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2011

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# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2011

## Note 1. Statement of Significant Accounting Policies

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Euroz Limited is a listed public company, trading on the Australian Securities Exchange, limited by shares, incorporated and domiciled in Australia.

The financial report of Euroz Limited and controlled entities (the consolidated group), complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS).

Separate financial information of the parent company has been included in Note 34 as permitted by amendments to the Corporations Act 2001.

The following is a summary of the material accounting policies adopted by the consolidated group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

### **Basis of preparation**

#### ***Reporting Basis and Conventions***

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

### **Accounting Policies**

#### **(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 2011 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.

Subsidiaries are all those entities over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the consolidated entity controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the consolidated entity.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. All controlled entities have a 30 June financial year end.

#### **(b) Income Tax**

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on either accounting profit or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2011

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Euroz Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the Tax Consolidation Regime. Euroz Limited is responsible for recognising the current and deferred tax assets and liabilities for the tax consolidated group. The group formed an income tax consolidated group to apply from 1 July 2003. The tax consolidated group has entered a tax sharing agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

## (c) Acquisition of investments

The purchase method of accounting is used for all business combinations 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.
- Interest income is recognised as it accrues.
- Dividend revenue is recognised when the right to receive a dividend has been established.

All revenue is stated net of the amount of goods and services tax (GST).

## (e) Receivables

Trade debtors are recognised as current receivables as they are generally settled within 30 days from the date of recognition. Collectability 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.

All trade debtors relating to brokerage and principal trading have been transferred to Penson Financial Services Australia Pty Ltd ("Penson") who provides a trust account facility as part of the clearing and settlement service.

## (f) Inventories

Inventories are stocks held in the operating (jobbing) account at year end. All inventory is held at fair value. Refer to Note 1 (u) (i) financial assets at fair value through profit or loss.

## (g) Investments

Interests in listed and unlisted securities are initially bought to account at cost.

Controlled entities are accounted for in the consolidated financial statements as set out in Note 1 (a).

Other securities are included at fair value at balance date. Unrealised gains/losses on securities held for short term investment are accounted for as set out in Note 1 (u) (i) financial assets at fair value through profit or loss. Unrealised gains/losses on securities held for long term investment are accounted for as set out in Note 1 (u) (iii) available for sale financial assets.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2011

## (h) Investments in associates

The Group's investment in its associates is accounted for using the equity method of accounting in the consolidated financial statements. The associates are entities over which the Group has significant influence and that are neither subsidiaries nor joint ventures.

Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill or gain on bargain purchase relating to an associate is included in the carrying amount of the investment and is not amortised. After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to the Group's net investment in associates. Goodwill or gain on bargain purchase included in the carrying amount of the investment in associate is not tested separately, rather the entire carrying amount of the investment is tested for impairment as a single asset. If an impairment is recognised, the amount is not allocated to the goodwill of the associate.

The Group's share of its associates' post-acquisition profits or losses is recognised in the statement of comprehensive income, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the parent entity's statement of comprehensive income as a component of other income.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables and loans, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The reporting dates of the associates and the Group are identical and the associates' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

## (i) Plant and equipment

Each class of plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed as the greater of the fair value less costs to sell and the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows are discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

### **Depreciation**

The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the consolidated group commencing from the time the asset is held ready for use. The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Leasehold improvements	25%
Plant and equipment	25 – 33%

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2011

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to the asset are transferred to retained earnings.

## **(j) Leasehold improvements**

The cost of improvements to or on leasehold properties are amortised over the unexpired period of the lease or the estimated useful life of the improvement to the consolidated group, whichever is the shorter.

## **(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 incidental 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 income statement 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**

Trade and other creditors also includes other 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.

All trade creditors relating to brokerage and principal trading have been transferred to Penson who provides a trust account facility as part of the clearing and settlement service.

## **(m) Dividends**

Provision is made for the amount of any dividend declared and authorised by the directors on or before the end of the financial year, but not distributed at balance date.

## **(n) Options**

The fair value of options in the shares of the company issued to directors and other parties is recognised as an expense in the financial statements in relation to the granting of these options.

## **(o) 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) Employee benefits payable later than one year*

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

### *(iii) Superannuation*

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

### *(iv) Employee benefit on costs*

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

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2011

(v) *Options*

The fair value of options granted is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date.

The fair value at grant date is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

(vi) *Profit-sharing*

The consolidated entity recognises a liability and an expense for profit-sharing based on a formula that takes into consideration the profit attributable to the company's employees after certain adjustments.

(vii) *Termination benefits*

The consolidated entity recognises a liability and an expense when the entity demonstrate commitment to either terminate the employee before the normal retirement date or provide termination benefits as a result of an offer made to the employee prior to retirement date.

**(p) Cash and cash equivalents**

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

**(q) Earnings per share**

(i) *Basic earnings per share*

Basic earnings per share is determined by dividing the net profit after income tax attributable to members of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) *Diluted earnings per share*

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

**(r) Fair value estimation**

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the consolidated entity is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The consolidated entity uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the consolidated entity for similar financial instruments.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2011

## (s) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

## (t) Comparative figures

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

## (u) Financial instruments

The consolidated group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

### *Initial recognition and measurement*

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

### *Classification and subsequent measurement*

Financial instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- the amount at which the financial asset or financial liability is measured at initial recognition;
- less principal repayments;
- plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

#### (i) *Financial assets at fair value through profit or loss*

This category has two sub-categories; financial assets held for trading, and those designated at fair value through profit or loss on initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. The policy of management is to designate a financial asset if there exists the possibility it will be sold in the short term and the asset is subject to frequent changes in fair value. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2011

(ii) *Loans and receivables*

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the consolidated group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in receivables in the balance sheet.

(iii) *Available-for-sale financial assets*

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets.

Purchases and sales of investments are recognised on trade-date being the date on which the consolidated group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as available-for-sale investments revaluation reserve are recognised in equity in the "available for sale revaluation reserve". When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the consolidated entity establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing methods refined to reflect the issuer's specific circumstances.

The consolidated group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss, is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(v) **Business combinations**

Acquisitions by the group of additional interests in equity accounted investments are brought to account in accordance with the provision of AASB 3 Business Combinations.

(w) **Contributed equity**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2011

## (x) New standards and interpretations not yet adopted

The AASB has issued the following new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards, and has not yet determined the potential impact on the financial statements from the adoption of these standards and interpretations.

AASB No.	Title	Issue Date	Operative Date (Annual reporting periods beginning on or after)
9	Financial Instruments	Dec-10	1-Jan-13
1053	Application of Tiers of Australian Accounting Standards	Jun-10	1-Jul-13
2009 – 10	Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132]	Oct-09	1-Feb-10
2009 – 12	Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	Dec-09	1-Jan-11
2010 – 2	Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements	Jun-10	1-Jul-13
2010 – 3	Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 3, AASB 7, AASB 121, AASB 128, AASB 131, AASB 132 & AASB 139]	Jun-10	1-Jul-10
2010 – 4	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13]	Jun-10	1-Jan-11
2010 – 5	Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]	Oct-10	1-Jan-11
2010 – 6	Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7]	Nov-10	1-Jul-11
2010 – 7	Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	Dec-10	1-Jan-13
2010 – 8	Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112]	Dec-10	1-Jan-12
2010 – 9	Amendments to Australian Accounting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [AASB 1]	Dec-10	1-Jul-11
2010 – 10	Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters [AASB 2009-11 & AASB 2010-7]	Dec-10	1-Jan-13
<b>Australian Interpretations</b>			
19	Extinguishing Financial Liabilities with Equity Instruments	Dec-09	1-Jul-10

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2011

## Note 2. Significant accounting estimates and judgements

Estimates and judgements incorporated in the financial statements are based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

### Key Estimates

(i) Impairment

At each reporting date, the group compares the carrying values and market values of the associates to determine whether there is any indication of impairment. If significant and prolonged impairment indicators exist, any excess of the associate's carrying value over the recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

### Key judgements

(i) Classification of investments

The group has decided to classify investments in listed securities as available for sale. These securities are accounted for at fair value. Any increments or decrements in their value at year end are charged or credited to the income statement.

(ii) Taxation

Judgement is required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised on the balance sheet. Deferred tax assets, including those arising from temporary differences, are recognised only where it is considered more likely than not they will be recovered, which is dependent on the generation of sufficient future taxable profits. Deferred tax liabilities arising from temporary differences are recognised to the extent that there are future profits.

## Note 3. Segment information

### Identification of reportable segments

The group has identified its operating segments based on the internal reports that are reviewed and used by the executive team (the chief operating decision makers) in assessing performance and in allocating resources.

### Types of products and services

#### *Stockbroking*

Stockbroking business offering trading of Australian securities, post trade reporting, corporate finance opportunities, provision of company research.

#### *Principal Trading*

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

#### *Funds Management*

The consolidated group provides advice in relation to fund management.

### Basis of accounting for purpose of reporting by operating segments

The accounting policies used by the group in reporting segments internally are consistent with those adopted in the financial statements of the group, unless otherwise stated.

### Segment assets and liabilities

Where an asset is used across multiple segments, the asset is allocated to that segment that receives majority economic value from that asset.

Liabilities are allocated to segments where there is a direct nexus between the liability and the operations of the segment.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2011

## Unallocated items

The following items of revenue, expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segments:

- Dividend revenue
- Fair value gains or losses on financial instruments
- Share of profits and losses of equity-accounted investments
- Corporate assets and liabilities not specific to any segments
- Deferred tax assets and liabilities
- Current tax liabilities

	Stockbroking \$	Principal Trading \$	Funds Management \$	Total \$	Unallocated Items \$	Total (Consolidated) \$
<b>2011</b>						
Sales and other fees	47,730,545	9,547,185	8,974,867	66,252,597	-	66,252,597
Other revenues	1,495,066	-	179,160	1,674,226	9,880,174	11,554,400
Total segment revenue	49,225,611	9,547,185	9,154,027	67,926,823	9,880,174	77,806,997
Segment net operating profit after tax	9,916,246	1,574,237	5,661,366	17,151,849	9,414,191	26,566,040
Interest revenue	1,392,803	-	179,160	1,571,963	1,347,278	2,919,241
Depreciation and amortisation	1,144,507	-	538	1,145,045	-	1,145,045
Share of associate	-	-	-	-	7,794,638	7,794,638
Segment assets	32,920,874	348,675	5,967,911	39,237,460	107,712,859	146,950,319
Investments in associate	-	-	-	-	65,596,600	65,596,600
Capital expenditure	3,627,846	-	-	3,627,846	-	3,627,846
Segment liabilities	7,762,756	-	3,381,939	11,144,695	17,287,273	28,431,968
Cash flow information						
Net cash flow from operating activities	9,275,914	1,690,253	5,183,577	16,149,744	601,015	16,750,759
Net cash flow from investing activities	(3,628,376)	-	-	(3,628,376)	2,066,701	(1,561,675)
Net cash flow from financing activities	-	-	-	-	(9,601,834)	(9,601,834)

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2011

	Stockbroking \$	Principal Trading \$	Funds Management \$	Total \$	Unallocated Items \$	Total (Consolidated) \$
<b>2010</b>						
Sales and other fees	39,490,501	13,738,675	10,102,074	63,331,250	-	63,331,250
Other revenues	1,350,700	-	90,441	1,441,141	11,765,435	13,206,576
Total segment revenue	40,841,201	13,738,675	10,192,515	64,772,391	11,765,435	76,537,826
Segment net operating profit after tax	13,227,400	215,117	6,333,425	19,775,942	6,555,808	26,331,750
Interest revenue	1,227,179	-	90,441	1,317,620	841,480	2,159,100
Depreciation and amortisation	177,756	-	7,308	185,064	-	185,064
Share of associate	-	-	-	-	(457,282)	(457,282)
Segment assets	31,102,083	-	5,980,304	37,082,387	92,340,499	129,422,886
Investments in associate	-	-	-	-	58,792,688	58,792,688
Capital expenditure	391,385	-	1,982	393,367	-	393,367
Segment liabilities	6,549,254	-	3,862,605	10,411,859	9,593,614	20,005,473
Cash flow information						
Net cash flow from operating activities	9,396,088	(209,925)	9,310,727	18,496,890	(3,364,458)	15,132,432
Net cash flow from investing activities	(391,385)	-	(1,982)	(393,367)	(8,760,432)	(9,153,799)
Net cash flow from financing activities	-	-	-	-	(7,390,583)	(7,390,583)

## Note 4. Revenue

	2011 \$	2010 \$
<b>Revenue from operating activities</b>		
Brokerage	22,846,828	20,509,908
Underwriting and management fees	31,767,263	27,849,180
Proceeds on sale of principal trading shares	9,468,579	13,738,675
	2,091,321	1,233,487
	66,173,991	63,331,250
<b>Other income</b>		
Interest received	2,919,241	2,159,100
Dividends received	2,571	503,199
Other revenue	104,279	123,521
Fair value gain on derivatives	(131,849)	351,592
Gain arising from acquisition of further interests in associates	944,127	642,546
	3,838,369	3,779,958
Total Revenue	70,012,360	67,111,208

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2011

## Note 5. Profit before income tax expense

	2011 \$	2010 \$
<b>Profit for the year arrived at after charging following expenses</b>		
Plant and equipment – depreciation	451,536	119,604
Leasehold improvements – amortisation	693,509	65,460
Employee entitlements costs	145,789	101,938
Rental expenses relating to operating lease	1,244,708	413,966

## Note 6. Income tax

	2011 \$	2010 \$
The components of tax expense comprise:		
Current tax	7,648,412	7,232,714
Deferred tax	194,667	(61,969)
	<b>7,843,079</b>	<b>7,170,745</b>

### Numerical reconciliation between tax expense and pre tax accounting profit

Income tax rate using company's tax rate of 30% (2010: 30%)	10,322,736	10,050,748
Add tax effect of:		
- imputation credits	231	65,021
- other non-allowable items	115,009	92,588
- prior year under provision	27,503	62,689
- share of loss of associate	-	137,185
	<b>10,465,479</b>	<b>10,408,231</b>
Less tax effect of:		
- rebateable fully franked dividends	(771)	(216,737)
- gain on acquisition of associates	(2,621,629)	(3,020,749)
Income tax attributable to entity	<b>7,843,079</b>	<b>7,170,745</b>

The applicable weighted average effective tax rates are as follows: 22.8%      21.4%

The increase in the weighted average effective consolidated tax rate for 2011 is due to the accounting requirement to recognise the gain on acquisition of associates.

### Reconciliations

i. Gross movements		
The overall movement in the deferred tax account is as follows:		
Balance at 1 July	183,918	(3,534,378)
Recognised in income statement	(194,667)	185,511
Recognised in other comprehensive income	25,693	4,645,865
Balance at 30 June	<b>14,944</b>	<b>1,296,998</b>
ii. Deferred tax liability		
Movement in temporary differences during the year		
Fair value gain adjustments		
Balance at 1 July	77,982	-
Recognised in other comprehensive income	(25,693)	77,982
Balance at 30 June	<b>52,289</b>	<b>77,982</b>
Other		
Balance at 1 July	153,753	198,750
Recognised in the income statement	342,319	(44,997)
Balance at 30 June	<b>496,072</b>	<b>153,753</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2011

iii.	Deferred tax assets		
	Movement in temporary difference during the year		
	Fair value gain adjustments		
	Balance at 1 July	-	1,097,067
	Recognised in other comprehensive income	-	(1,097,067)
	Balance at 30 June	-	-
	Provisions		
	Balance at 1 July	<b>415,653</b>	398,681
	Recognised in the income statement	<b>147,652</b>	16,972
	Balance at 30 June	<b>563,305</b>	415,653

## Tax losses

No part of the deferred tax asset shown in Note 15 is attributable to tax losses. The directors advise that the potential future income tax benefit at 30 June 2011 in respect of tax losses not brought to account is nil.

## Tax consolidation legislation

Euroz Limited and its wholly-owned Australian subsidiaries implemented the tax consolidation legislation as of 1 July 2003. 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.

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.

## Note 7. Cash and cash equivalents

	2011	2010
	\$	\$
Cash at bank and on hand	<b>68,059,994</b>	62,472,744

## Note 8. Trade and other receivables

	2011	2010
	\$	\$
Trade debtors	<b>1,909,730</b>	452,001

All trade debtors relating to brokerage and principal trading have been transferred to Penson who provides a trust account facility as part of the clearing and settlement service.

## Note 9. Inventories

	2011	2010
	\$	\$
Trading securities in listed companies (at cost)	<b>394,122</b>	510,139
Fair value adjustments (i)	<b>(45,447)</b>	(124,053)
Total	<b>348,675</b>	386,086

(i) The fair value adjustment is based on the closing price of each investment at year end.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2011

## Note 10. Other current assets

	2011	2010
	\$	\$
Prepayments	541,854	455,108
Accrued income	1,642,578	512,507
Total	<u>2,184,432</u>	<u>967,615</u>

## Note 11. Long term receivable

	2011	2010
	\$	\$
Security deposit (unsecured)	<u>5,000,000</u>	5,000,000

Deposit held by Penson (clearing participant on behalf of Euroz Securities Limited) in order to meet the capital requirements under ASX Clear Pty Ltd.

## Note 12. Investments accounted for using the equity method

	2011	2010
	\$	\$
Associated company	<u>65,596,600</u>	<u>58,792,688</u>

### (a) Movements during the year in equity accounted investment in associated companies

	2011	2010
	\$	\$
Balance at 1 July	58,792,688	20,220,165
Add:		
Recognised as investment during the year	2,426,942	27,581,673
Acquisition on additional interest in associate during the year (Note 1(v))	944,126	1,643,833
Share of profits after tax	7,264,655	2,448,929
Gain arising from acquisition of further interests in associate	544,890	10,139,498
Less:		
Share of loss after tax	-	(2,906,205)
Dividend received/receivable	(4,376,701)	(335,205)
Balance at 30 June	<u>65,596,600</u>	<u>58,792,688</u>

### (b) Interest held in the associated company

Name of entity	Country of Incorporation	Principal activity	Ownership interest	
			2011	2010
			%	%
Ozgrowth Limited	Australia	Investment company	31.76	28.49
Westoz Investment Company Limited	Australia	Investment company	20.93	20.07

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2011

Summarised financial information in respect of the group's associates is set out below:

	2011 \$	2010 \$
<b>(c) Summarised financial information</b>		
<b>Financial position:</b>		
Total assets	<b>286,598,020</b>	270,923,668
Total liabilities	<b>(34,138,215)</b>	(27,491,610)
Net assets	<b>252,459,805</b>	243,432,058
Share of associates' net assets	<b>65,596,600</b>	58,792,688
<b>Financial performance:</b>		
Total revenue	<b>48,789,859</b>	54,013,447
Total profit/(loss) for the year after tax	<b>31,716,373</b>	32,106,573

## Note 13. Financial assets

	2011 \$	2010 \$
Fair value movement on derivatives (i)	<b>219,746</b>	351,592
Total	<b>219,746</b>	351,592

(i) The company is a listed company. The company's fair value at year end is determined by the current share price as at 30 June 2011.

### Non-current assets pledged as security

See Note 32 for information on non-current assets pledged as security by the parent entity or its controlled entities.

## Note 14. Plant and equipment

	2011 \$	2010 \$
Leasehold improvements		
At cost	<b>2,524,118</b>	481,686
Less: Accumulated amortisation	<b>(627,935)</b>	(256,466)
	<b>1,896,183</b>	225,220
Software		
At cost	<b>31,170</b>	31,170
Less: Accumulated depreciation	<b>(28,625)</b>	(19,041)
	<b>2,545</b>	12,129
Office equipment		
At cost	<b>1,061,736</b>	368,470
Less: Accumulated depreciation	<b>(343,445)</b>	(199,805)
	<b>718,291</b>	168,665
Furniture, fixtures and fittings		
At cost	<b>603,846</b>	295,695
Less: Accumulated depreciation	<b>(153,028)</b>	(117,202)
	<b>450,818</b>	178,493
	<b>3,067,837</b>	584,507

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2011

## Reconciliations

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

	Leasehold improvements \$	Plant and equipment \$	Total \$
<b>2011</b>			
Carrying amount at 1 July 2010	225,220	359,287	584,507
Additions	2,364,472	1,263,374	3,627,846
Depreciation/amortisation expense (Note 5)	(693,509)	(451,007)	(1,144,516)
	<hr/>	<hr/>	<hr/>
Carrying amount at 30 June 2011	1,896,183	1,171,654	3,067,837
<b>2010</b>			
Carrying amount at 1 July 2009	125,680	250,524	376,204
Additions	165,000	228,367	393,367
Depreciation/amortisation expense (Note 5)	(65,460)	(119,604)	(185,064)
	<hr/>	<hr/>	<hr/>
Carrying amount at 30 June 2010	225,220	359,287	584,507

## Note 15. Deferred tax assets

	2011 \$	2010 \$
Deferred tax asset (Note 6)	<b>563,305</b>	415,653
Deferred tax assets comprises:		
Provisions	<b>563,305</b>	415,653
Fair value loss adjustments	-	-
	<hr/>	<hr/>
Total	<b>563,305</b>	415,653

## Note 16. Trade and other payables

	2011 \$	2010 \$
Trade creditors	<b>310,207</b>	233,055
Other payables and accruals	<b>1,747,591</b>	2,134,764
	<hr/>	<hr/>
Total	<b>2,057,798</b>	2,367,819

All trade creditors relating to brokerage and principal trading have been transferred to Penson who provides a trust account facility as part of the clearing and settlement service.

## Note 17. Current tax liabilities

	2011 \$	2010 \$
Provision for taxation	<b>3,494,336</b>	3,013,685

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2011

## Note 18. Short term provisions

	2011	2010
	\$	\$
Dividends	21,134,214	13,270,946
Employee entitlements (annual leave)	527,055	434,014
<b>Total</b>	<b>21,661,269</b>	<b>13,704,960</b>

## Note 19. Deferred tax liabilities

	2011	2010
	\$	\$
Deferred tax liability (Note 6)	548,361	231,735
Deferred tax liability comprises:		
Fair value gain adjustments	52,289	77,982
Other	496,072	153,753
<b>Total</b>	<b>548,361</b>	<b>231,735</b>

## Note 20. Long term provisions

	2011	2010
	\$	\$
Lease incentive	129,524	199,341
Employee entitlements (long service leave)	540,681	487,933
<b>Total</b>	<b>670,205</b>	<b>687,274</b>

## Note 21. Contributed equity

	Consolidated group		Parent entity	
	2011	2010	2011	2010
	Shares	Shares	\$	\$
<b>(a) Share capital</b>				
<b>Ordinary shares</b>				
Issued and paid up capital - consisting of ordinary shares	140,894,763	132,570,140	87,261,731	79,296,164
<b>(b) Movements in ordinary share capital</b>				
			<b>Consolidated entity</b>	
			2011	2010
			Shares	Shares
At the beginning of the reporting period			132,570,140	128,385,858
Shares issued during the year (i)			3,480,000	3,000,000
Exercise of options (ii)			4,844,623	1,184,282
At the end of the reporting period			<b>140,894,763</b>	<b>132,570,140</b>

(i) On 4 February 2011, the company issued 3,480,000 shares at \$1.25 each for cash.

(ii) Options were exercised at various times during the financial year. The options were granted on 27 February 2009 at an exercise price of 75 cents and expire on 1 March 2014.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2011

## (c) Movements in ordinary share capital

	Consolidated entity	
	2011	2010
	\$	\$
	Shares	Shares
At the beginning of the reporting period	<b>79,296,164</b>	75,711,764
Shares issued during the year	<b>4,350,000</b>	2,700,000
Exercise of options	<b>3,633,467</b>	893,706
Capital raising costs	<b>(17,900)</b>	(9,306)
At the end of the reporting period	<b>87,261,731</b>	79,296,164

## (d) 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.

## (e) Options

A total of 4,844,623 options were exercised during the year at an exercise price of \$0.75. There are 6,357,713 number of options on issue at 30 June 2011 (2010: 11,202,336). These options are convertible into shares at \$0.75.

## (f) Movements in retained earnings

	2011	2010
	\$	\$
Balance 1 July 2010	<b>29,935,249</b>	19,504,347
Opening adjustments	-	-
Net profit	<b>26,566,040</b>	26,331,750
Dividends paid	<b>(25,430,670)</b>	(15,900,848)
Balance 30 June 2011	<b>31,070,619</b>	29,935,249

## (g) Movement in reserves

	2011	2010
	\$	\$
Asset revaluation reserve		
Opening balance	-	893,576
Fair value of available for sale investments	-	(893,576)
Closing balance	-	-
Options reserve	<b>186,000</b>	186,000
Total reserves	<b>186,000</b>	186,000

The asset revaluation reserve is used to record increments and decrements in the fair value of available for sale investments. Refer to Note 1(u) (iii).

There has been no movement in the options reserve.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2011

## (h) Capital management

The Directors primary objective is to maintain a capital structure that ensures the lowest cost of capital available to the group. At balance date, the group has no external borrowings.

The group is not subject to any externally imposed capital requirements.

## Note 22. Dividends

	2011 \$	2010 \$
Ordinary shares		
Interim dividend for the half year ended 31 December 2010 of 3 cents (2010 - 2 cents) per fully paid ordinary share paid on 28 January 2011. Fully franked based on tax paid @ 30%	4,296,456	2,633,325
Final dividend declared and provided for at 30 June 2011 of 15 cents (2010 - 10 cents) per fully paid ordinary share Fully franked based on tax paid @ 30%	<u>21,134,214</u>	<u>13,257,014</u>
Total dividends provided for or paid	<u>25,430,670</u>	<u>15,890,339</u>

### Franked dividends

The franked portions of the dividends recommended after 30 June 2011 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 2011.

	Consolidated group	
	2011 \$	2010 \$
Franking credits available for subsequent financial years based on a tax rate of 30% (2010: 30%)	<u>7,132,251</u>	<u>13,038,463</u>

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.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2011

## Note 23. Financial instruments

### (a) Financial risk management

The group's financial instruments consist of deposits with banks, trade receivables and payables, short term investments and available for sale investments. Derivative financial instruments are not used by the group. Senior executives meet regularly to analyse and monitor the financial risk associated with the financial instruments used by the group.

### (b) Financial risk exposure and management

#### (i) Interest rate risk

The group has no borrowings and therefore is not exposed to interest rate risk associated with debt. The group has significant cash reserves and the interest income earned from these cash reserves will be effected by movements in the interest rate. A sensitivity analysis has been provided in the note to illustrate the effect of interest rate movements on interest income earned.

#### (ii) Liquidity risk

The group manages liquidity risk using forward cashflow projections, maintaining cash reserves and having no borrowings or debt. In addition, at balance sheet date, the group has unutilised credit facilities totalling \$20,000,000.

Trade and other payables are expected to be paid as follows:

	2011	2010
	\$	\$
Less than 1 month	2,057,798	2,367,819

#### (iii) Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or security, at balance date is the carrying amount of the financial assets disclosed in the balance sheet. There is no collateral or security held for those assets at 30 June 2011.

Credit risk arises from exposure to customers and deposits with banks. Senior management monitors its exposure to customers on a regular basis to ensure recovery and repayment of outstanding amounts. Cash deposits are only made with Australian based banks. All trade debtors relating to brokerage and principal trading have been transferred to Penson who provides a trust account facility as part of the clearing and settlement service.

The group invests in listed held for trade financial assets. These investments are held in companies listed on the Australian Securities Exchange and are considered to be liquid in nature. The group also invests in unlisted available for sale financial assets. The financial performance and return of all investments are regularly reviewed by senior management.

#### Exposure to credit risk

The carrying amount of the consolidated entity's financial assets represents the maximum credit exposure.

The consolidated entity's maximum exposure to credit risk at the reporting date was:

	Carrying Amount	
	2011	2010
	\$	\$
Financial assets at fair value through profit or loss	219,746	351,592
Cash and cash equivalents	68,059,994	62,472,744
Receivables	1,909,730	452,001
	<u>70,189,470</u>	<u>63,276,337</u>

#### Impairment losses

None of the consolidated entity's other receivables are past due (2010: Nil).

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2011

(iv) Financial instruments composition and materiality analysis

	Weighted average effective interest rate		Floating interest rate		Non interest bearing	
	2011 %	2010 %	2011 \$	2010 \$	2011 \$	2010 \$
FINANCIAL ASSETS						
Cash and cash equivalents	4.81	3.75	68,059,994	62,472,744	-	-
Receivables	-	-	-	-	1,909,730	452,001
Loan term deposit	4.81	3.75	5,000,000	5,000,000	-	-
Total financial assets			<u>73,059,994</u>	<u>67,472,744</u>	<u>1,909,730</u>	<u>452,001</u>
FINANCIAL LIABILITIES						
Trade and other payables	-	-	-	-	2,057,798	2,367,819

(v) Sensitivity analysis

The Group has performed a sensitivity analysis in relation to interest income and movements in interest rates. The analysis highlights the post tax effect on the current year's results and equity which would have resulted from movement in interest rates with all other variables remaining constant.

	2011 \$	2010 \$
Change in profit		
- increase in interest rate by 1%	<b>476,420</b>	437,309
- decrease in interest rate by 1%	<b>(476,420)</b>	(437,309)
Change in equity		
- increase in interest rate by 1%	<b>476,420</b>	437,309
- decrease in interest rate by 1%	<b>(476,420)</b>	(437,309)

## Note 24. Remuneration of auditors

	2011 \$	2010 \$
<b>Assurance services</b>		
<b>Audit services</b>		
Audit and review of financial reports for the company		
Fees paid to PKF Mack & Co firm	<u>156,200</u>	175,450
<b>Taxation services</b>		
Tax compliance services		
Fees paid to PKF Mack & Co firm	<u>15,000</u>	21,000

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2011

## Note 25. Contingent liabilities

The parent entity and consolidated group had contingent liabilities at 30 June 2011 as follows:

	2011	2010
	\$	\$
Secured guarantees in respect of:		
operating lease of a controlled group entity	791,000	821,000

## Note 26. Commitments for expenditure

	2011	2010
	\$	\$
<b>(a) Operating leases</b>		
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	1,126,508	1,079,582
Later than one year but not later than five years	3,948,029	4,072,658
Later than five years	4,408,558	5,410,437
	<u>9,483,095</u>	<u>10,562,677</u>
Commitments not recognised in the financial statements		

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 has been sublet to Rio Tinto until the expiry of the lease.

A new lease has been entered on the premises at Level 18, 54-58 Mounts Bay Road for the period of 10 years commencing 2 July 2010 and expiring on 1 July 2020.

### (b) Plant, Property and Equipment

Within a year		
Commitments contracted for	-	2,635,000
Commitments not contracted for	-	3,524,000
	<u>-</u>	<u>6,159,000</u>

### (c) Other commitments

Commitments for the cost of services supplied to the Group but not recognised as liabilities, payable:

Within one year	<u>-</u>	<u>-</u>
-----------------	----------	----------

## Note 27. Employee benefits

	2011	2010
	\$	\$
Employee benefit and related on-costs liabilities		
Provision for employee entitlements – current	1,067,736	921,947
Aggregate employee benefit and related on costs liabilities	<u>1,067,736</u>	<u>921,947</u>

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2011

## Note 28. Related parties

All key management personnel have the title of director.

### (a) Key management personnel compensation

	2011	2010
	\$	\$
Short-term employee benefits		
- Executive Directors	4,383,179	2,380,901
- Specified executives	6,549,159	6,724,833
	<u>10,932,338</u>	<u>9,105,734</u>
Post-employment benefits		
- Executive Directors	150,000	72,871
- Specified executives	271,615	368,966
	<u>421,615</u>	<u>441,837</u>
Total compensation	<u>11,353,953</u>	<u>9,547,571</u>

### (b) Individual directors' and executives' compensation disclosure

Information regarding individual directors' and executives' compensation and some equity instruments disclosures as required by Corporation Regulation 2M.3.03 is provided in the remuneration report section of the directors' report.

Apart from the details disclosed in this note, no director has entered into a material contract with the group since the end of the previous financial year and there were no material contracts involving directors' interest existing at year end.

### (c) Parent entity

The ultimate parent entity within the Group is Euroz Limited.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2011

## (d) Wholly-owned group transactions

### (i) Loans to key management personnel

There were no loans to key management personnel at the end of the year.

### (ii) Shareholdings of key management personnel

The movement during the reporting period in the number of shares in Euroz Limited held, directly, indirectly or beneficially, by each key management person, including related parties, is as follows:

2011	Balance at 1 July 2010	Grant as remuneration	On exercise of options	Bought & (sold) *	Balance at 30 June 2011
<b>Directors of Euroz Limited</b>					
<b>Ordinary shares</b>					
P Diamond	9,000,000	-	900,000	100,000	10,000,000
A McKenzie	9,100,000	-	50,000	-	9,150,000
J Hughes	9,400,000	-	500,000	-	9,900,000
G Chessell	3,102,000	-	-	-	3,102,000
D Young	4,000,000	-	202,001	-	4,202,001
<b>Key management personnel of the consolidated entity</b>					
<b>Ordinary shares</b>					
R Caldwell	4,500,000	-	-	-	4,500,000
S Yeo	3,200,000	-	-	-	3,200,000
K Paganin (resigned 22 July 2010)	4,905,522	-	-	-	4,905,522
O Foster	2,101,200	-	-	-	2,101,200
P Rees	1,000,000	-	100,000	-	1,100,000
M Hepburn	1,222,000	-	-	-	1,222,000
R Kane	2,330,000	-	-	-	2,330,000
A Clayton	2,000,000	-	-	-	2,000,000
A Brittain	265,400	-	-	38,000	303,400
G Allen	500,000	-	-	-	500,000
R Black	1,800,000	-	-	-	1,800,000
N McGlew (appointed 1 July 2010)	150,094	-	-	67,712	217,806
D Woods (appointed 1 July 2010)	350,000	-	-	-	350,000
M Argento (appointed 14 February 2011)	-	-	-	1,000,000	1,000,000
B Beresford (appointed 21 March 2011)	-	-	-	2,000,000	2,000,000
	58,926,216	-	1,752,001	3,205,712	63,883,929

\*Only disclosed to date of resignation.

2010	Balance at 1 July 2009	Grant as remuneration	On exercise of options	Bought & (sold) *	Balance at 30 June 2010
<b>Directors of Euroz Limited</b>					
<b>Ordinary shares</b>					
P Diamond	9,000,000	-	-	-	9,000,000
A McKenzie	9,000,000	-	100,000	-	9,100,000
J Hughes	9,000,000	-	400,000	-	9,400,000
<b>Key management personnel of the consolidated entity</b>					
<b>Ordinary shares</b>					
R Caldwell	4,500,000	-	-	-	4,500,000
G Chessell	2,820,000	-	282,000	-	3,102,000
S Yeo	3,200,000	-	-	-	3,200,000
K Paganin (resigned 22 July 2010)	4,905,522	-	-	-	4,905,522
D Young	4,000,000	-	-	-	4,000,000
O Foster	2,099,000	-	2,200	-	2,101,200
P Rees	1,000,000	-	-	-	1,000,000
M Hepburn	1,222,000	-	-	-	1,222,000
R Kane	2,330,000	-	-	-	2,330,000
A Clayton	2,000,000	-	-	-	2,000,000
A Brittain	15,400	-	-	250,000	265,400
G Allen	412,000	-	-	88,000	500,000
R Black	1,800,000	-	-	-	1,800,000
N McGlew (appointed 1 July 2010)	75,540	-	7,554	67,000	150,094
D Woods (appointed 1 July 2010)	275,200	-	-	74,800	350,000
	57,654,662	-	791,754	479,800	58,926,216

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2011

## (iii) Option holdings of key management personnel

The movement during the reporting period in the number of options over ordinary shares in Euroz Limited held, directly, indirectly or beneficially, by each key management person, including related parties, is as follows:

	Balance at 1 July 2010	Granted as remuner- ation	Exercised	Bought	Balance at 30 June '11	Total exercisable at 30 June '11	Total not exercisable at 30 June '11
<b>2011</b>							
<b>Directors of Euroz Limited</b>							
<b>Ordinary shares</b>							
P Diamond	900,000	-	(900,000)	-	-	-	-
A McKenzie	800,000	-	(50,000)	-	750,000	750,000	-
J Hughes	500,000	-	-	-	500,000	500,000	-
G Chessell	-	-	-	-	-	-	-
D Young	202,001	-	(202,001)	-	-	-	-
<b>Key management personnel of the consolidated entity</b>							
<b>Ordinary shares</b>							
R Caldwell	450,000	-	-	-	450,000	450,000	-
S Yeo	320,000	-	-	-	320,000	320,000	-
K Paganin (resigned 22 July 2010)	391,552	-	-	27,239	418,791	418,791	-
O Foster	200,000	-	-	-	200,000	200,000	-
P Rees	100,000	-	-100,000	-	-	-	-
M Hepburn (resigned 8 February 2011)	122,200	-	-	-	122,200	122,200	-
R Kane	233,000	-	-	29,377	262,377	262,377	-
A Clayton	200,000	-	-	-	200,000	200,000	-
A Brittain	-	-	-	-	-	-	-
G Allen	41,200	-	-	-	41,200	41,200	-
R Black	180,000	-	-	91,251	271,251	271,251	-
N McGlew (appointed 1 July 2010)	-	-	-	-	-	-	-
D Woods (appointed 1 July 2010)	23,260	-	-	-	23,260	23,260	-
M Argento (appointed 14 Feb 2011)	-	-	-	-	-	-	-
B Beresford (appointed 21 March 2011)	-	-	-	-	-	-	-
	4,663,513	-	(1,252,001)	147,867	3,559,079	3,559,079	-

## (iv) Option holdings of key management personnel

	Balance at 1 July 2009	Granted as remuner- ation	Exercised	Bought	Balance at 30 June '10	Total exercisable at 30 June '10	Total not exercisable at 30 June '10
<b>2010</b>							
<b>Directors of Euroz Limited</b>							
<b>Ordinary shares</b>							
P Diamond	900,000	-	-	-	900,000	900,000	-
A McKenzie	900,000	-	100,000	-	800,000	800,000	-
J Hughes	900,000	-	400,000	-	500,000	500,000	-
<b>Key management personnel of the consolidated entity</b>							
<b>Ordinary shares</b>							
R Caldwell	450,000	-	-	-	450,000	450,000	-
G Chessell	282,000	-	282,000	-	-	-	-
S Yeo	320,000	-	-	-	320,000	320,000	-
K Paganin (resigned 22 July 2010)	391,552	-	-	-	391,552	391,552	-
D Young	202,001	-	-	-	202,001	202,001	-
O Foster	202,200	-	2,200	-	200,000	200,000	-
P Rees	100,000	-	-	-	100,000	100,000	-
M Hepburn	122,200	-	-	-	122,200	122,200	-
R Kane	233,000	-	-	-	233,000	233,000	-
A Clayton	200,000	-	-	-	200,000	200,000	-
A Brittain	-	-	-	-	-	-	-
G Allen	41,200	-	-	-	41,200	41,200	-
R Black	180,000	-	-	-	180,000	180,000	-
N McGlew (appointed 1 July 2010)	7,554	-	7,554	-	-	-	-
D Woods (appointed 1 July 2010)	23,260	-	-	-	23,260	23,260	-
	5,454,967	-	791,754	-	4,663,213	4,663,213	-

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2011

The company has applied the option under Corporations Amendments Regulation to transfer key management personnel remuneration disclosures required by AASB 124 paragraphs 25.4 to 25.7.2 to the Remuneration Report in the Directors' report.

## 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 and Westoz Funds Management Pty Ltd. Ownership interests in these controlled entities are set out in Note 29.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

	2011 \$	2010 \$
Transactions with subsidiaries consists of:		
(i) Subsidiaries company		
- Loans advanced by Euroz Limited to subsidiaries	7,359,828	6,915,909
- Payments of dividends to Euroz Limited by subsidiaries	16,400,000	16,400,000
(ii) Director related entities		
- A former Director of Euroz Securities Limited has a brother who is a partner in a law firm Steinepreis Paganin. The consolidated entity received legal advisory services from Steinepreis Paganin recognised as legal fee expense.	-	48,530
(iii) Associated Companies		
- Dividends received by Euroz Limited from Associates	4,376,702	834,924
- Performance fee received by the Euroz Group from Associates	5,859,837	6,939,430
- Management fee received by the Euroz Group from Associates	3,115,030	3,162,643

## Ownership interests in related parties

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

(a) controlled entities - Note 29

## Other transactions with directors and specified executives

During the year ended 30 June 2011 the Directors and key management personnel transacted share business through Euroz Securities Limited on normal terms and conditions.

Aggregate amounts of the above transactions with Directors and key management personnel of the consolidated group:

	2011 \$	2010 \$
<b>Amounts recognised as revenue</b>		
Brokerage earned by Euroz Securities Limited on Directors' accounts	73,481	67,671

## Note 29. Investments in controlled entities

Name of entity	Country of incorporation	Class of shares	Equity holding		Cost of parent entity's investment	
			2011 %	2010 %	2011 \$	2010 \$
Euroz Securities Limited	Australia	Ordinary	100	100	25,000,000	25,000,000
Detail Nominees Pty Limited	Australia	Ordinary	100	100	-	-
Zero Nominees Pty Limited	Australia	Ordinary	100	100	-	-
Westoz Funds Management Pty Ltd	Australia	Ordinary	100	100	1,450,000	1,450,000

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

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2011

## Note 30. Events occurring after reporting date

The directors are not aware of any other matter or circumstance subsequent to 30 June 2010 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 31. Reconciliation of cash flows from operating activities

	2011	2010
	\$	\$
Profit for the period	<b>26,566,040</b>	26,331,750
Adjustments for:		
Depreciation and amortisation	<b>1,145,045</b>	185,064
Share of net profits of associate	<b>(7,794,638)</b>	457,282
Dividend received from associate	-	335,205
Realised gain in associates	<b>(944,127)</b>	(10,069,163)
Fair value movement on inventories	-	124,053
Fair value movement on derivatives	-	(351,592)
Changes in assets and liabilities		
Decrease in trade debtors and other receivables	<b>(1,457,729)</b>	13,977,035
Decrease/(increase) in prepayments	<b>(86,746)</b>	111,702
Decrease in accrued income	<b>(1,130,071)</b>	149,993
(Increase)/decrease in inventories	<b>37,411</b>	(510,139)
Increase in long term deposit	-	(5,000,000)
Decrease in deferred tax asset	<b>(253,131)</b>	67,400
Decrease in trade creditors and other liabilities	<b>(310,020)</b>	(12,581,275)
Increase/(decrease) in provision for income taxes payable	<b>480,651</b>	1,936,025
Decrease in provision for deferred tax liabilities	<b>422,104</b>	(72,493)
Increase in provisions	<b>75,970</b>	41,585
Net cash from operating activities	<b>16,750,759</b>	15,132,432

## Note 32. Credit facilities

	2011	2010
	\$	\$
Unrestricted access was available at balance date to the following lines of credit:		
Credit standby arrangements		
Bank overdrafts	<b>20,000,000</b>	20,000,000
Unused at balance date		
Bank overdrafts	<b>20,000,000</b>	20,000,000

Euroz Securities Ltd, a wholly owned subsidiary of Euroz Limited, has a bank overdraft facility as at 30 June 2011 for up to \$10,000,000. 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.

Euroz Limited has a bank overdraft facility as at 30 June 2011 for up to \$10,000,000. 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.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2011

## Note 33. Earnings per share

	2011	2010
	¢	¢
Basic earnings per share	<b>19.38</b>	20.07
Diluted earnings per share	<b>16.66</b>	18.49

	2011	2010
	Number	Number
<b>Weighted average number of shares used as the denominator</b>		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share.	<b>137,062,530</b>	131,232,079

Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share.	<b>159,497,978</b>	<b>142,434,415</b>
---	--------------------	--------------------

The profit after tax figures used to calculate the earnings per share for both the basic and diluted calculations was the same as the profit figure from income statement.

## Note 34. Parent entity disclosures

	2011	2010
	\$	\$
<b>Financial position</b>		
<b>Assets</b>		
Current assets	<b>41,990,525</b>	39,325,967
Non-current assets	<b>81,981,042</b>	70,795,039
Total assets	<b>123,971,567</b>	110,121,006
<b>Liabilities</b>		
Current liabilities	<b>24,663,701</b>	16,355,870
Non-current liabilities	-	-
Total liabilities	<b>24,663,701</b>	16,355,870
<b>Equity</b>		
Issued capital	<b>87,261,731</b>	79,296,164
Retained earnings	<b>15,703,870</b>	19,647,318
Reserves		
Asset revaluation reserve	<b>(3,843,735)</b>	(5,364,346)
Option premium reserve	<b>186,000</b>	186,000
<b>Total equity</b>	<b>99,307,866</b>	93,765,136
<b>Financial performance</b>		
Profit for the year	<b>21,487,221</b>	17,776,852
Other comprehensive income	-	(2,804,522)
<b>Total comprehensive income</b>	<b>21,487,221</b>	14,972,330

## Note 35. Company details

The registered office and principal place of business address of the company is:

Euroz Limited  
Level 18 Alluvion  
58 Mounts Bay Road  
PERTH WA 6000

# DIRECTORS' DECLARATION

for the year ended 30 June 2011

The Directors declare that:

1. The financial statements, notes and additional disclosures included in the Directors' report and designated as audited, are in accordance with the Corporations Act 2001 and:
  - (a) comply with Accounting Standards and Corporations Regulations 2001;
  - (b) give a true and fair view of the company's and consolidated group's financial position as at 30 June 2011 and of their performance for the year ended on that date;
  - (c) the financial statements are in compliance with International Financial Reporting Standards, as stated in note 1 to the financial statements.
2. The Chief Financial Officer has declared that:
  - (a) the financial records of the company for the financial year have been properly maintained in accordance with section 295A of the Corporations Act 2001;
  - (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
  - (c) the financial statements and notes for the financial year give a true and fair view;
3. In the Directors' opinion 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 Board of Directors.



Peter Diamond  
Executive Chairman



Jay Hughes  
Director

15 August 2011

# INDEPENDENT AUDIT REPORT

To Members Of Euroz Limited

**PKF MACK & CO**

Chartered Accountants & Business Advisers

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EUROZ LIMITED

### Report on the Financial Report

We have audited the accompanying financial report of Euroz Limited, which comprises the statements of financial position as at 30 June 2011, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies, other explanatory information, and the directors' declaration of Euroz Limited (the company) and the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

### Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

### Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

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# INDEPENDENT AUDIT REPORT

To Members Of Euroz Limited

**PKF MACK & CO**

Chartered Accountants & Business Advisers

## Opinion

In our opinion:

- (a) the financial report of Euroz Limited and the consolidated entity is in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2011 and of their performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

## Report on the Remuneration Report

We have audited the Remuneration Report included in pages 6 to 12 of the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

## Opinion

In our opinion, the Remuneration Report of Euroz Limited for the year ended 30 June 2011, complies with section 300A of the Corporations Act 2001.



**PKF MACK & CO**



**SIMON FERMANIS  
PARTNER**

15 AUGUST 2011  
WEST PERTH,  
WESTERN AUSTRALIA

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# CORPORATE GOVERNANCE STATEMENT

## Introduction – the Euroz Group

Euroz Limited (“**Euroz**”) is the listed holding company of the Euroz group of companies (“the **Euroz Group**”). The Euroz Group consists of Euroz together with its wholly owned subsidiaries Euroz Securities Limited (“**Euroz Securities**”) and Westoz Funds Management Limited (“**Westoz Funds Management**”).

Euroz Securities conducts a substantial stockbroking and corporate finance business which generates the majority of the revenues of the Euroz Group and which employs the majority of staff within the Euroz Group. Revenue generated by Euroz Securities is paid by way of dividends to Euroz. Euroz Securities holds an Australian Financial Services Licence (“**AFSL**”) and is regulated by the Australian Securities and Investments Commission (“**ASIC**”) pursuant to the Corporations Act 2001 and the ASIC Market Integrity Rules. Euroz Securities is a Participant of the ASX Group and is regulated pursuant to the Operating Rules of the ASX Group.

Westoz Funds Management is a specialist manager of equity funds managing the portfolios of Westoz Investment Company Limited and Ozgrowth Limited which are both listed investment companies. Revenue generated by Westoz Funds Management through management and performance fees is paid by way of dividends to Euroz. Westoz Funds Management also holds an AFSL and its activities are therefore regulated by ASIC pursuant to the Corporations Act.

## Approach to Corporate Governance

Euroz is committed to maintaining a high standard of corporate governance. In this regard, Euroz has adopted the ASX Corporate Governance Council’s Corporate Governance Principles and Recommendations with 2010 Amendments (“**2010 Principles and Recommendations**”).

In considering its approach to Corporate Governance in the context of the Revised Principles and Recommendations, Euroz has taken account of the following:

- Euroz is a holding company and the majority of the activity within the Euroz Group is conducted by its wholly owned subsidiary Euroz Securities which conducts a substantial stockbroking and corporate advisory business.
- Euroz Securities and Westoz Funds Management are subject to a rigorous regulatory regime (administered by both ASX and ASIC, where applicable) which includes extensive governance, risk management and reporting obligations.
- Each member of the Board works day to day in the business of the Euroz Group and each member holds a substantial quantity of Euroz shares.
- Many staff within the Euroz Group are largely remunerated by commission based payments and many staff hold Euroz shares. In these circumstances, the interests of the Directors and staff of the Euroz Group are closely aligned to the interests of Euroz’s shareholders.
- Euroz has a relatively small number of employees and operates from a single location.

In these circumstances, Euroz has decided to adopt an owner-manager model (“the **Direct Governance Model**”) to Corporate Governance. The key features of the Direct Governance Model being that:

- each member of the Board and the senior executives work in an operational capacity in the business of the Euroz Group on a daily basis;
- Corporate Governance is largely achieved as a result of this close operational involvement rather than via the use of mechanisms and structures which are more suited to different types of businesses including those which have large numbers of employees who operate from various locations; and
- many corporate governance related issues are dealt with as part of compliance related activities that the Euroz Group undertakes pursuant to obligations created by the Corporations Act, the ASIC Market Integrity Rules and the Operating Rules of the ASX Group.

More generally, Euroz believes that the Direct Governance Model (as opposed to other corporate governance mechanisms and structures) is best suited to dealing with the various types of risk that are an inherent and unavoidable part of conducting a stockbroking and corporate advisory style business.

In accordance with ASX Listing Rule 4.10.3, Euroz provides the following statement regarding the extent to which it has followed the 2010 Principles and Recommendations.

# CORPORATE GOVERNANCE STATEMENT

## PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

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

The Board has adopted a Charter which sets out the role and functions of Board. The Charter is available from Euroz's website.

In accordance with the Direct Governance Model, the members of the Board are also the most senior executives of the Euroz Group and play an integral part in the day-to-day management of the Group's activities. Accordingly, Euroz does not delegate functions in the manner anticipated by this Recommendation.

The roles and responsibilities of the Board are to:

- Oversee control and accountability of the company.
- Set 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.

The Directors due to their long association with Euroz, their extensive relevant business experience and the fact that their interests are closely aligned to shareholders' interests clearly understand what is required of them. Accordingly, Euroz has formed the view that letters of appointment are not required with respect to the Directors.

Similarly in the context of the matters referred to above, with respect to senior executives (including the Company Secretary and the Chief Operating Officer/Chief Financial Officer of Euroz Securities), Euroz has formed the view that written position statements are not required at this time.

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

The performance of senior executives is reviewed by the Board on an annual basis and also pursuant to the Board's involvement in the day to day operations of the Euroz Group. The performance of senior executives is assessed against 3 broad criteria:

- the financial performance of the respective group or department managed by the senior executive (as applicable);
- the extent to which the senior executive has contributed to the Euroz Group achieving its organisational aims with a particular focus on the maintenance of the commercial reputation of the Euroz Group; and
- the extent to which the senior executive has personally and each member of staff under his or her control has acted in a manner which is in accordance with Euroz's compliance related policies and procedures.

Each member of the Board assesses other Board members performance against these criteria.

The Remuneration Policy set out on pages 6-7 of the Directors Report outlines the methodology used to assess the performance and remuneration of the members of the Board.

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

This information is set out above.

# CORPORATE GOVERNANCE STATEMENT

## PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

### **Recommendation 2.1: A majority of the Board should be independent Directors.**

In accordance with the Direct Governance Model, Euroz has elected to not comply with this recommendation with the result being that no Director is an Independent Director. Euroz has made this decision as it has formed the view that in the circumstances set out above, the interests of the Board are so closely aligned with the interests of shareholders that independent Directors are not required to achieve an effective system of corporate governance.

More generally, given the specialised nature of Euroz's business, the fact that a person, generally speaking, may not be a director of more than one ASX Group Participant and the relatively low level of fees paid to non-executive Directors, Euroz has formed the view that it will be difficult to attract suitable candidates to be non-executive Directors. However, the Board continues to keep this matter under review.

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 which will be not unreasonably withheld.

The skills experience and expertise of each Director is set out at page 14 of the Annual Report.

The composition of the Board has recently changed (by the addition of 2 directors) this being the first time that a change in the composition of the Board has occurred since official quotation of Euroz's Securities commenced. It is not anticipated that the composition of the Board will change again in the immediate future. Should it become apparent that it is likely that new members will need to be appointed to the Board, Euroz will develop a policy about the mix of skills including diversity related issues that should be taken account of in reviewing potential candidates to be a member of the Board.

### **Recommendation 2.2: The chair should be an independent director.**

In accordance with the Direct Governance Model, Euroz has elected to not comply with this recommendation. Euroz has made this decision as it has formed the view that in the circumstances set out above, the interests of the Board and its Chair are so closely aligned with the interests of shareholders that an independent director as Chair is not required to achieve an effective system of corporate governance.

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

Euroz, in its role as a holding company, does not have a Chief Executive Officer but an analogous role is undertaken in the form of the Managing Director with respect to both Euroz Limited and Euroz Securities Limited. The role of the Chair and the Managing Director are not exercised by the same individual.

### **Recommendation 2.4: The Board should establish a nomination committee.**

Given that the composition of the Board is unlikely to vary in the near future and the significant level of employees (of the Euroz Group) ownership, Euroz has formed the view that a nomination committee is not necessary for Euroz to achieve an effective system of corporate governance.

Should it become necessary, Euroz will consider putting a Board selection process in place that is in accordance with this Recommendation but which reflects the particular characteristics of Euroz's business.

### **Recommendation 2.5: Companies should disclose the process for evaluating the performance of the Board, its committees and individual Directors.**

A review of the performance of the Board and its Directors is undertaken by each Director with respect to each other Director and the performance of the Board itself on an annual basis and also as part of the day to day operations of the Euroz Group in accordance with the matters set out with respect to Recommendation 1.2.

The Remuneration Policy set out on pages 16-18 of the Directors Report outlines the methodology used to assess the performance and remuneration of the members of the Board.

An outcome and an advantage of the Direct Governance Model is that the Board has real time access to information regarding all aspects of Euroz's operations and has direct access, at all times, to the Company Secretary.

The Directors have extensive experience with respect to all aspects of the operations of the Euroz Group. In this regard, the section "Information on Directors" set out on page 14 of the Directors Report outlines the experience and qualifications of the Directors. The Directors, pursuant to obligations imposed by the Corporations Act the ASIC Market Integrity Rules and the Operating Rules of the ASX Group and generally, undertake a substantial level of continuing education and therefore continue to be fully aware of developments with respect to the industry and commercial environment in which Euroz operates.

# CORPORATE GOVERNANCE STATEMENT

## **Recommendation 2.6: Companies should provide the information indicated in the Guide to reporting on Principle 2.**

*This information is set out above.*

## **PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING**

### ***Recommendation 3.1: Companies should establish a code of conduct and disclose the code or a summary of the code as to:***

- the practices necessary to maintain confidence in the company's integrity;
- the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and
- the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

In its role as holding company and given the particular circumstances of the Euroz Group, Euroz does not have a code of conduct of the type anticipated by this recommendation. However, Euroz Securities and Westoz Funds Management, in the context of the onerous obligations imposed upon them by the Corporations Act, the ASIC Market Integrity Rules and the ASX Operating Rules (as applicable) have detailed written compliance policies and procedures in place that include a code of conduct. These compliance policies and procedures including the code of conduct apply to every person who works in the Euroz Group.

Due to their length it is not practical to make these compliance related policies and procedures available on Euroz's website. More generally, these policies and procedures contain intellectual property of the Euroz Group, the confidentiality of which the Euroz Group wishes to maintain.

The Euroz Group is committed to all Directors and employees maintaining high standards of integrity and to ensuring that their activities are in compliance with the letter and spirit of both the law and Euroz Group policies. In this regard, each Staff member is issued with the Company's Policies and Procedures Manual at the commencement of their employment with the Euroz Group Euroz conducts a substantial level of training regarding the operation of these policies and procedures.

The Group provides a number of full time resources for the purpose of monitoring compliance with its policies and procedures. These resources report directly to the Board for matters of compliance, governance and internal controls.

### ***Recommendation 3.2: Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress is achieving them.***

Euroz has recently put in place a Diversity Policy that applies to each company within the Euroz Group. That policy is available from Euroz's website.

In accordance with the matters set out in the Diversity Policy, Euroz, given the small size and relatively stable nature of its workforce has formed the view that it would not be appropriate or practical to, at this time, establish measurable objectives for achieving gender diversity. The Board will review this position, at least, annually.

### ***Recommendation 3.3: Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.***

In accordance with the reasons set out above with respect to recommendation 3.2 Euroz does not, at this time, intend to comply with this recommendation. However, this position will be reviewed, at least annually.

### ***Recommendation 3.4: Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.***

Given the relatively small size of the Euroz Group's workforce and the stable nature of that workforce Euroz does not, at this time, intend to disclose this information. The Euroz has formed this view as given the particular characteristics of Euroz's workforce, such disclosure would be statistically meaningless. Euroz will review this position, at least, on an annual basis.

## ***Recommendation 3.4: companies should provide the information indicated in the Guide to reporting on Principle 3***

*This information is set out above.*

## **PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING**

### ***Recommendation 4.1: the Board should establish an audit committee.***

The Board has established an audit committee consisting of Mr Diamond and Mr McKenzie.

# CORPORATE GOVERNANCE STATEMENT

## ***Recommendation 4.2: The audit committee should be structured so that it:***

- consists only of non-executive Directors;
- consists of a majority of independent Directors;
- is chaired by an independent chair, who is not chair of the Board; and
- has at least 2 members.

Given the size and composition of the Board it Euroz considers that it is not possible for Euroz to comply with this recommendation. However, in accordance with the matter set out above, the interests of the members of the audit committee are closely aligned with the interests of shareholders in circumstances where the members of the audit committee have sufficient skills and experience such that they are properly able to discharge this function.

## ***Recommendation 4.3: the audit committee should have a formal charter***

A Charter has been adopted which sets out the role and functions of Audit Committee. The Charter is available from Euroz's website.

Further to the Charter, 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 Euroz's auditor, PKF Mack & Co, and senior management of the Euroz Group may also attend meetings of the Audit Committee by invitation.

Given the size and nature of Euroz's business and in the context of the Direct Governance Model, Euroz has formed the view that it is not necessary for Euroz to have an internal audit function so as to achieve its corporate governance objectives.

External Auditors are selected by the Board in consultation with relevant Euroz staff members as the Board see fit.

The rotation of engagement Partners is in accordance with regulatory requirements and is on a 5 year within a 7 year basis.

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

This information is set out above.

## **PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE**

### ***Recommendation 5.1: Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.***

Given the nature of its business, Euroz, its Directors and staff are fully aware of ASX Listing Rule disclosure requirements. In the context of the Direct Governance Model and given the close alignment between the interests of shareholders, the Directors and staff of the Euroz Group, Euroz has formed the view that it does not require written policies with respect to this issue. In this regard, Euroz views compliance with this obligation as being the collective responsibility of the Directors and of the senior executives of the Euroz Group.

The Company Secretary has been appointed as the person responsible for communications with the Australian Securities Exchange. 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 Australian Securities Exchange, analysts, brokers, shareholders, the media and the public.

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

This information is set out above.

# CORPORATE GOVERNANCE STATEMENT

## PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

***Recommendation 6.1: Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.***

Euroz is committed to keeping shareholders fully informed of significant developments. In addition to the public announcement of its financial information and disclosure of significant matters pursuant to the ASX Listing Rules, the Company provides the opportunity for shareholders to question the Board and senior executives about its activities at the Company's annual general meeting.

The Company's auditor, PKF Mack & Co, attends each annual general meeting and is available to answer questions from shareholders about the conduct of the audit and the preparation and content of the auditor's report.

Euroz's website provides detailed information regarding the operations of the Euroz Group including copies of all information that has been released to the market.

Given the relatively small size of Euroz's shareholder base, Euroz has formed the view that it does not need to put a written communications policy in place at this time.

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

This information is set out above.

## PRINCIPLE 7: RECOGNISE AND MANAGE RISK

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

Euroz undertakes risk management in the context of the activities undertaken by the Euroz Group. The Euroz Group is subject to extensive risk management obligations pursuant to the Corporations Act, the ASIC Market Integrity Rules and the Operating Rules of the ASX Group and written policies and procedures are in place so as to ensure compliance with these obligations. Risk management is achieved by way of the implementation of these policies and procedures in the context of the day to day involvement of the Board in the business of the Euroz Group pursuant to the Direct Governance Model. In particular, the financial position of Euroz and matters of risk are considered by the Board on a daily basis. The main area of exposure for Euroz is failure of trade settlements by clients and counter-parties in the context of a third party clearing arrangement that has been entered into by Euroz Securities. Settlements and exposure are monitored on a daily basis in the context of that third party clearing arrangement. Investments made by Euroz are undertaken pursuant to criteria determined by the Board. Euroz's investments are monitored by 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, are being maintained and are being adhered to.

For the reasons set out above, Euroz has decided to not make the relevant policies and procedures available on its website.

***Recommendation 7.2: the Board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.***

In accordance with the above, risk management is dealt with pursuant to the Direct Governance Model and accordingly this recommendation is not appropriate for Euroz. More generally, the Board performs an internal audit function in circumstances where the interests of the Board are closely aligned with the interests of shareholders. Euroz engages external assistance with respect to this issue, as required.

Euroz has formed the view that, in all of the circumstances set out above, it is not necessary for the Board to convene a risk management committee.

# CORPORATE GOVERNANCE STATEMENT

**Recommendation 7.3: The Board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.**

Annually, the Chief Financial Officer states 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.

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

This information is set out above.

## PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

**Recommendation 8.1: The Board should establish a remuneration committee.**

Euroz has formed the view that, given the relatively small size of the Board and the close alignment between the interests of Board members and the interests of shareholders, a remuneration committee is not required. Instead, the Board performs the functions that would otherwise be allocated to a remuneration committee. In this regard, the Board convenes separately as a remuneration committee. In performing the functions that would be allocated to the remuneration committee the Board undertakes its functions according to the principles set out below.

The objective of Euroz'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 remuneration satisfies the following key criteria:

- Competitiveness and reasonableness.
- Acceptability to shareholders.
- Performance linked.
- Transparency.
- Capital management.

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

In accordance with the above, the remuneration committee has decided that there will be no equity-based remuneration paid to Directors or staff of the Euroz Group.

Detailed information regarding the remuneration paid to Directors and senior executives of the Euroz Group is set out at pages 8-12 of this report.

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

Euroz does not have any non-executive Directors. The remuneration structure adopted by the Euroz Group is in accordance with the mechanisms usually adopted within the stockbroking/financial advisory industries and is appropriate to Euroz's circumstances and goals.

Detailed information regarding both the remuneration paid to Directors and Staff of the Euroz Group and the structure that underlies remuneration payments is set out at pages 8-12.

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

This information is set out above.

# SHAREHOLDER INFORMATION as at 30 September 2011

## DISTRIBUTION OF SHAREHOLDERS

Size of Holdings	Total Holders	Units	Issued Capital (%)
1 - 1,000	365	179,836	0.13
1,001 - 5,000	760	2,246,751	1.56
5,001 - 10,000	435	3,459,087	2.41
10,001 - 100,000	773	23,129,017	16.11
100,001 - 9,999,999,999	119	114,560,636	79.79
Rounding	0		
<b>Total</b>	<b>2,452</b>	<b>143,575,327</b>	<b>100</b>

## Unmarketable Parcels

Minimum Parcel Size	Minimum Parcel Size	Holders	Units
Minimum \$ 500.00 parcel at \$ 1.32 per unit	379	167	33638

## SHAREHOLDERS - TOP 20

Rank	Name	Units	%
1.	ZERO NOMINEES PTY LTD	43,620,721	30.38
2.	NAVIGATOR AUSTRALIA LTD <NAVIGATOR PERS PLAN SETT A/C>	17,616,975	12.27
3.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,660,123	3.25
4.	ICON HOLDINGS PTY LTD <THE K J PAGANIN FAMILY AC>	3,500,000	2.44
5.	JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	3,364,990	2.34
6.	ICE COLD INVESTMENTS PTY LTD	2,500,000	1.74
7.	ICE COLD INVESTMENTS PTY LTD <G & J BROWN SUPER FUND A/C>	2,420,000	1.69
8.	MR A. W. MCKENZIE + MRS C. P. MCKENZIE <A W MCKENZIE SUPER FUND A/C>	2,071,500	1.44
9.	YANDAL INVESTMENTS PTY LIMITED	1,530,000	1.07
10.	ICE COLD INVESTMENTS PTY LTD <BROWNS CHELTENHAM RD S/F A/C>	1,500,000	1.04
11.	AUSTRALIAN EXECUTOR TRUSTEES LIMITED <NO 1 ACCOUNT>	1,299,868	0.91
12.	WESTRADE RESOURCES PTY LTD <SHEPPARD SUPER FUND A/C>	1,163,200	0.81
13.	BNM HOLDINGS PTY LTD <BJD BERESFORD FAMILY A/C>	1,000,000	0.70
14.	BNM HOLDINGS PTY LTD <BJD BERESFORD FAMILY A/C>	1,000,000	0.70
15.	OSSON PTY LTD <PRIVATE A/C>	1,000,000	0.70
16.	TPIC PTY LTD	1,000,000	0.70
17.	ICON HOLDINGS PTY LTD <THE K & A PAGANIN S/F A/C>	990,000	0.69
18.	NATIONAL NOMINEES LIMITED	831,061	0.58
19.	ONYX (WA) PTY LTD	770,000	0.54
20.	CITICORP NOMINEES PTY LIMITED	757,469	0.53
	<b>TOTAL</b>	<b>92,595,907</b>	<b>64.49</b>

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