



EUROZ
LIMITED

ANNUAL REPORT 2012

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Corporate Directory

Euroz Limited

ABN 53 000 364 465

Directors

Peter Diamond
Executive Chairman

Andrew McKenzie
Managing Director

Jay Hughes
Executive Director

Doug Young
Executive Director

Greg Chessell
Executive Director

Company Secretary

Anthony Hewett

Principal registered office and place of business

Euroz Limited
ABN 53 000 364 465

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
Website: www.euroz.com.au

Share and Debenture Registers

Computershare Investor Services Pty Ltd
Level 2 Reserve Bank Building
45 St Georges Terrace
PERTH WA 6000

Telephone: 1300 787 575

Auditor

PKF Mack & Co
Chartered Accountants
Level 3
35 Havelock Street
WEST PERTH WA 6005

Telephone: +61 8 9322 2798

Bankers

Westpac Banking Corporation
109 St Georges Terrace
PERTH WA 6000

Securities Exchange Listings

Euroz Limited shares are listed
on the Australian Securities Exchange

(ASX: EZL and EZLO).

Website Address

www.euroz.com.au

Local Knowledge Global Distribution

We are a focused, specialist financial services company with a consistent track record of strong shareholder returns.

Chairman's Report

The Directors of Euroz Limited are pleased to announce a pre-tax profit of \$16,882,373 (2011: \$34,409,119) and a net profit after tax of \$11,760,189 (2011: \$26,566,040). This profit equates to earnings per share for the financial year to 30 June 2012 on a normalised basis of 7.3 cents.

The Directors have declared a final dividend of 6.5 cents per share (fully franked) in addition to the interim dividend of 1.5 cents per share fully franked.

Last year's result was achieved in particularly challenging market conditions. Turbulence in financial markets around the world has affected the trading and business environment that we operate in, and we expect these conditions to continue in the near future.

Due to challenging market conditions the performance from Westoz Funds Management in terms of returns for investors was down from the previous year. Funds under management as at 30 June 2012 were \$257m. The gross investment return for the year was minus 5.1% for Westoz Investment Company Limited and 1.7% 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 \$57.5m in Westoz Investment Company Limited and Ozgrowth Limited.

Upon payment of the final dividend of the year ended 30 June 2012, a total of \$142m of fully franked dividends have been paid to our shareholders over the last twelve years.

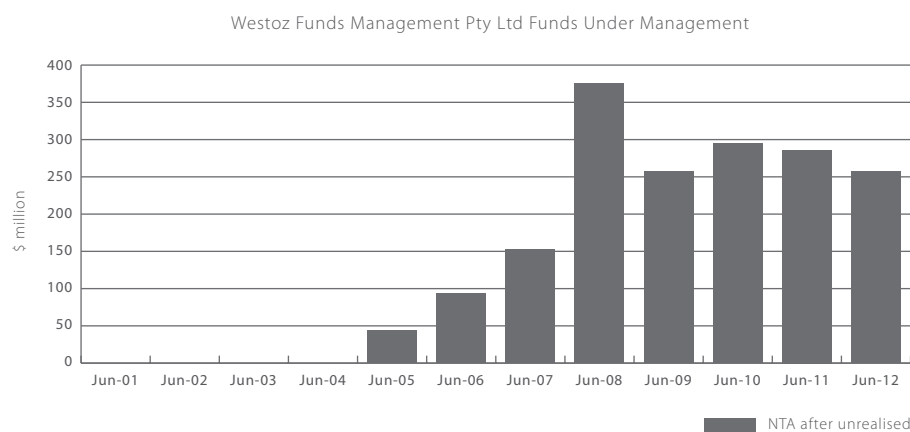
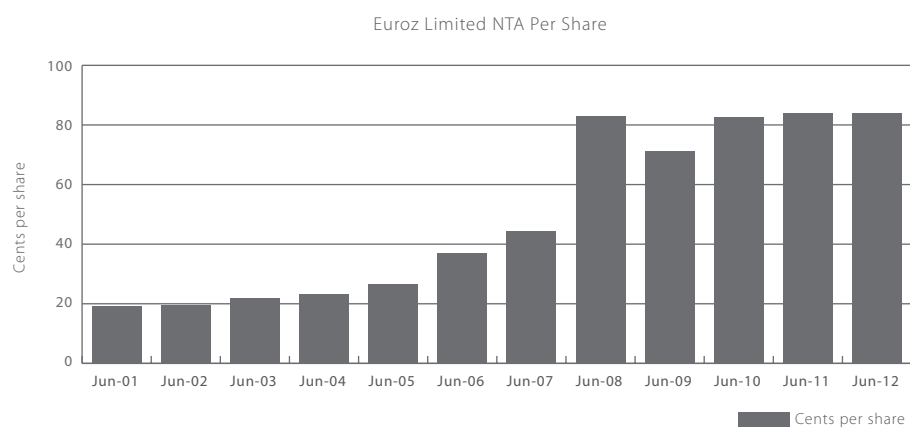
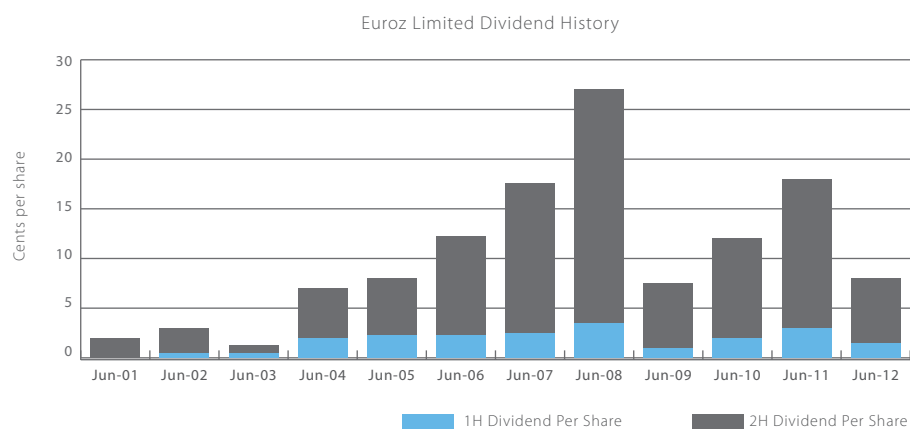
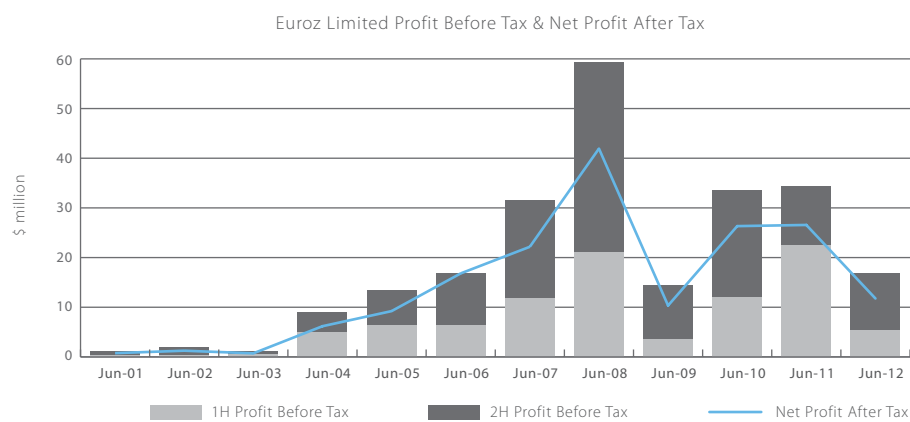
The Directors believe our long term future remains in focusing on West Australian based initiatives and that from time to time conditions in our market can be very challenging. In acknowledging that we are still in a difficult market, we remain positive that our consistent strategy and strong balance 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 45% 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, is optimistic that even in these challenging markets we look forward to the opportunities that our strong base and motivated employees can deliver us in the future.



Peter Diamond
Executive Chairman





Managing Director's Report

Euroz Limited remains true to its original strategy of being a Western Australian focused company that provides specialised stockbroking, corporate finance and funds management services.

The past year continues the five year trend of extremely volatile trading conditions since the GFC. Like many businesses we have experienced solid trading months which are often then undermined by any combination of uncertainties. These may take the form of European concerns, weaker Chinese growth and/or alternating commodity price movements.

Stable market conditions give traditional investors the confidence to invest and this continuing volatility is clearly affecting this decision making. This lack of investor confidence is demonstrated through lower overall daily ASX turnover for all participants in the past year.

I commented in last year's Annual Report that we were seeing unprecedented competition from both small and larger players. We can now report that our competition has been severely impacted by these difficult trading conditions and I believe that over time our relative market position and profitability will be seen to have improved.

Given this backdrop and the increasingly competitive landscape it has created, we are extremely pleased with our overall results for the financial year. Our entire team has worked hard to produce profits and dividends that, whilst down on previous periods, are significantly better than almost all of our competitors, either large or small.

Our Group net profit after tax of \$11,760,189 can therefore be regarded as one of our best ever financial results.

Major financial highlights for the past financial year include:

- Normalized net profit after tax of \$10,447,425
- Payment of 8 cents in fully franked dividends
- NTA steady at 84 cents per share
- Cash and investments of \$118m at 30 June 2012

As in previous downturns we have resisted the industry practice of shedding staff but we have made some modest cost adjustments to our businesses.

We very much appreciate our staff's loyalty and in turn they remain our greatest asset. We remain firmly committed to making Euroz an enjoyable, secure and rewarding place to work.

Euroz Limited

Euroz Limited(ASX code: EZL) is the listed holding company for all our businesses and is the major investor in our two Listed Investment Companies (LIC's): Westoz Investment Company Limited (ASX code: WIC) and Ozgrowth Limited (ASX code: OZG).

As at 30 June 2012 we have invested \$57.5m in these two companies which have a look through NTA of \$67.5m.

During the past year we have continued to increase our ownership in these two companies through a combination of on-market buying and their own respective ongoing buy backs.

As we consolidate their respective earnings into our consolidated Group results, these investments will have an increasing effect on our reported earnings.

Euroz Securities

Euroz Securities is our stockbroking business that provides highly specialised research, dealing and corporate finance services to our established retail, institutional and corporate client base.

The stock picking and deal flow from these activities provide leverage to our entire Group. We continue to question and refine our basic strategy to look to improve our share of the small-mid cap market.

It is worth commenting on the increasing emergence of High Frequency Trading (HFT) and unregulated "dark pool" trading. These are significant issues that will continue to affect the integrity and confidence of our markets and they require urgent attention from our regulators.

The past year has seen lower ASX brokerage revenues but our corporate finance revenues have increased on the previous year. We are particularly pleased with a major increase in our merger and acquisition and advisory revenues.

Westoz Funds Management

Westoz Funds Management is responsible for managing the funds of Westoz Investment Company Limited and Ozgrowth Limited.

As at 30 June 2012 these funds under management totalled \$257 million.

Whilst both of these funds are absolute return funds and our focus remains firmly on absolute profitability, we are pleased that both funds outperformed the ASX All Ordinaries Accumulation Index during this difficult investing year.

We will continue to focus on building reliable dividend streams for shareholders to better align their share prices with their LIC peers.

Westoz Investment Company Limited reported investment returns for the past year of minus 5.1% and paid fully franked dividends of 4 cents for the period.

Ozgrowth Limited reported investment returns of 1.7% and a fully franked dividend of 1 cent per share for the period.

We are pleased to note that both funds have paid \$69 million in fully franked dividends since inception.

In Summary

We are extremely pleased with the financial results of the past year and we are constantly improving our major market position in Western Australian capital markets.

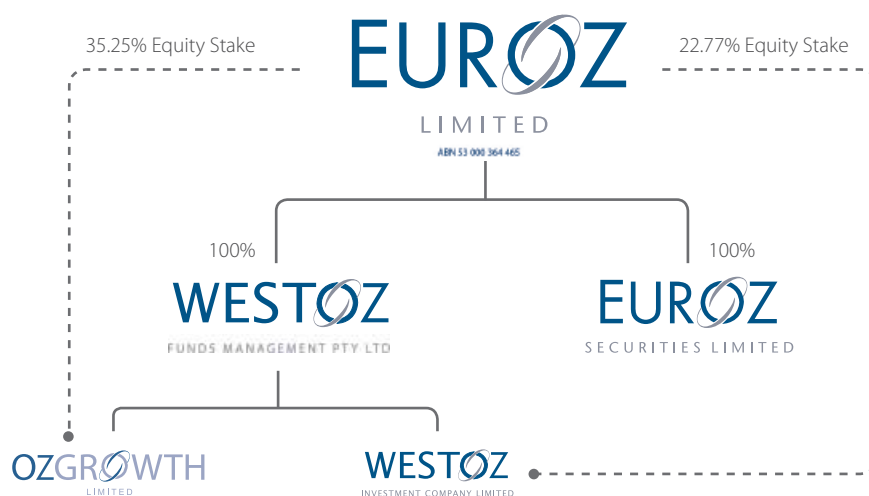
We continue to invest capital and resources in all of our businesses and believe that when markets inevitably improve we will reap significant rewards for all our shareholders.

Our strong balance sheet continues to differentiate us from our competitors and gives our Director's and staff the confidence to pursue our well defined strategies.

I would like to thank all of our loyal clients, staff and shareholders for their respective contributions.

Andrew McKenzie
Managing Director

Euroz Group Organisational chart



Euroz Securities Limited Directors' Profiles



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).



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 Financial Services Institute of Australasia (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 Stockbrokers Association of Australia (SAA).



Andrew McKenzie
Managing Director

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



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.



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).



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.

Euroz Securities Limited Directors' Profiles



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).



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.



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.



Lucas Robinson
Executive Director

Lucas has been advising in the stockbroking industry since 1998. He holds a Bachelor of Commerce (UWA) with a double major in Finance and Marketing with a minor in Business Law.

NB. Lucas Robinson was appointed as Executive Directors of Euroz Securities Limited in July 2012.



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).



Richard Caldwell
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).

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 seven 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 \$810.5m in new equity this financial year

Institutional Dealing

- Largest institutional dealing desk based in Western Australia
- Team of eleven 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

Westoz Funds Management is responsible for \$257m of funds under management at 30 June 2012. It manages funds under mandates from two Listed Investment Companies; Westoz Investment Company Limited and Ozgrowth Limited. Both companies have enjoyed competitive portfolio returns since inception.

Westoz Investment Company Limited commenced trading on the ASX in September 2009 after 4 years as an unlisted company. Westoz Investment Company Limited reported an investment return in line with the market for the past year and declared 4¢ in fully franked dividends.

Ozgrowth Limited has been listed on the ASX since January 2008 and reported a small positive investment return and a fully franked dividend of 1.0¢ for the past year.

Westoz Investment Company Limited and Ozgrowth Limited have now paid \$69m in dividends to shareholders since inception.



Philip Rees

Executive Director (Westoz Funds Management)

Mr Philip Rees is an Executive Director 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 26 years. He has previously managed large institutional investment portfolios and developed several early stage investment opportunities until he joined Westoz in April 2005.

Dermot Woods

Executive Director (Westoz Funds Management)

Mr Dermot Woods is an Executive Director of the manager and oversees the construction of its investment portfolios.

Mr Woods joined Westoz funds management in 2007. He has previously worked as an industrial analyst for Euroz Securities and prior to this role, as a fund manager specialising in European equities.

Euroz Group Community Activities

Euroz Charitable Foundation

The Euroz Group has been fortunate to have benefited from strong investment markets and a vibrant local economy over many years. Euroz are proudly West Australian focused and we believe we have an obligation to give back to Western Australian charities in need.

In 2007, the Euroz Charitable Foundation was formed in a Private Ancillary Fund (PAF) structure through which Euroz could make donations, invest these funds and make distributions to worthy charities and contribute to the broader community.

During the past 5 years all businesses within the Euroz Group and many of our staff members have made consistent donations to the Foundation. The funds of the Foundation are now significant and we will continue to contribute and make a difference to Western Australian charities.

Euroz Securities Scholarships

In addition to direct donations, Euroz have collaborated with The University of Western Australia in a program to provide financial assistance to outstanding students who otherwise would not have the opportunity to further their studies.

Euroz Securities is offering equity and merit based scholarships to assist students in financial hardship and achieve academic success.

The scholarship program was inaugurated in 2012 and currently supports three students through to graduation. Each year we will support three more students – by 2015, nine students will benefit annually from a Euroz Securities Scholarship.

Beneficiaries

The Euroz Charitable Foundation has been delighted to support the following charities, amongst others, during the past financial year:



**THE UNIVERSITY OF
WESTERN AUSTRALIA**
Achieve International Excellence





Financial Report 2012

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 2012.

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*

Greg Chessell – *Director*

Executives with the greatest authority for strategic direction and management

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

Name	Position	Employer
R Caldwell	Director	Euroz Securities Limited
S Yeo	Director	Euroz Securities Limited
O Foster	Director	Euroz Securities Limited (resigned 3 November 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
M Argentio	Director	Euroz Securities Limited (resigned 30 June 2012)
B Beresford	Director	Euroz Securities Limited
B Laird	Director	Euroz Securities Limited
J Bishop	Director	Euroz Securities Limited
J Mackie	Director	Euroz Securities Limited
N McGlew	Director	Euroz Securities Limited
A Fresson	Director	Euroz Securities Limited
L Robinson	Director	Euroz Securities Limited (appointed 1 July 2012)
P Rees	Director	Westoz Funds Management Pty Ltd
D Woods	Director	Westoz Funds Management Pty Ltd

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.

Directors' Report

Principal activities

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

- (a) Stockbroking;
- (b) Corporate Finance;
- (c) Funds Management, and
- (d) Investing

Review of results

The Directors of Euroz Limited are pleased to announce a consolidated pretax profit of \$16,882,373 for the year ended 30 June 2012.

The consolidated net profit after tax was \$11,760,189 compared with the 2011 year's consolidated net profit after tax of \$26,566,040. This profit represents basic earnings per share of 8.20 cents versus 19.38 cents in the 2011 year.

The Directors have declared a final dividend of 6.5 cents per share fully franked which, combined with the interim dividend of 1.5 cent per share, represents a total dividend of 8 cents per share fully franked.

Review of operations

	Segment revenues		Segment results	
	2012 \$	2011 \$	2012 \$	2011 \$
Stockbroking	47,564,481	49,225,611	9,652,609	9,916,246
Principal Trading	45,889,043	9,547,185	(132,361)	1,574,237
Funds Management	2,882,683	9,154,027	1,441,604	5,661,366
Unallocated revenue	2,403,935	2,085,537	798,337	9,414,191
	98,740,142	70,012,360	11,760,189	26,566,040

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 \$118,518,350 at 30 June 2011 to \$120,722,032 at 30 June 2012.

This increase has largely resulted from adjustments to the carrying value of investments as at 30 June 2012.

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 \$45,289,428 in 2011 to \$45,918,414 in 2012.

During the past six 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 entities are valued at \$67,480,289 as at 30 June 2012.

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

	2012 Cents	2011 Cents
Earnings per share		
Basic earnings per share	8.20	19.38
Diluted earnings per share	8.11	16.66

Directors' Report

	2012 \$	2011 \$
Dividends - Euroz Limited		
Dividends paid or provided for during the financial year were as follows:		
Interim ordinary dividend of 1.5 cent (2011 – 3 cents) per fully paid ordinary share was paid on 25 January 2012.	2,554,359	4,296,456
Provision for final ordinary dividend for 30 June 2012 of 6.5 cents (2011 – 15 cents) per fully paid ordinary share paid on 27 July 2012.	9,341,110	21,134,214
	11,895,469	25,430,670

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 2,814,625 options were exercised during the year at an exercise price of \$0.75. At the date of this report, there are 3,543,088 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 2012 that has significantly affected, or may significantly affect:

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

Likely developments and expected results of operations

The Directors are confident that a strong statement of financial position and established business platforms will support the company in increasingly volatile market conditions. However, it is likely that we will continue to experience 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.

Directors' Report

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 (FINSIA) and is a Fellow of the Australian Institute of Company Directors.	10,000,000	-
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.	10,000,000	-
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.	4,250,000	-
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	-

Meetings of Directors

The numbers of meetings of the company's board of Directors held during the year ended 30 June 2012, and the numbers of meetings attended by each director were:

Director	Directors Meetings		Committee Meetings			
	Number eligible to attend	Number attended	Audit		Remuneration	
			Number eligible to attend	Number Attended	Number eligible to attend	Number attended
Peter Diamond	14	13	1	1	12	12
Andrew McKenzie	14	13	1	1	12	12
Jay Hughes	14	8	-	-	12	12
Greg Chessell	14	13	-	-	-	-
Doug Young	14	12	-	-	-	-

Directors' Report

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 and 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.

	2008 \$	2009 \$	2010 \$	2011 \$	2012 \$
Revenue (including net profit/(loss) of associates)	121,889,088	43,288,071	76,080,544	77,806,998	97,609,657
Net profit after tax	41,931,627	10,335,056	26,331,750	26,566,040	11,760,189
Share price at year end	4.00	0.93	1.28	1.62	1.15
Dividends paid or recommended	34,560,000	9,625,081	15,890,339	25,430,670	11,895,469

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.

Base pay

Directors and executives are offered a competitive base and participation in the profit share pool. Base pay for senior executives is reviewed semiannually 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

Directors' Report

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.

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% pretax 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 overall performance of the members of the Retail Desk and the 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

	Short-term			Post employment		
	Base salary	Profit Share/ bonus	Other benefits	Super- annuation	Total	Performance related
	\$	\$	\$	\$	\$	\$
2012						
P Diamond	296,316	440,000	30,427	25,000	791,743	56%
A McKenzie	296,316	440,000	36,769	25,000	798,085	55%
J Hughes	296,316	440,000	24,421	25,000	785,737	56%
D Young	271,316	440,000	24,901	50,000	786,218	56%
G Chessell	296,316	440,000	8,752	25,000	770,068	57%
Total	1,456,580	2,200,000	125,270	150,000	3,931,851	
2011						
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 2011)	244,615	590,000	25,891	50,000	910,506	65%
G Chessell (appointed 8 Feb 2011)	229,231	590,000	17,757	25,000	861,988	68%
Total	1,298,846	2,950,000	134,333	150,000	4,533,179	

Current Directors did not receive any Directors fees.

Directors' Report

Specified executives of the consolidated group

2012	Short-term				Post employment	Total	Performance related %
	Base Salary \$	Profit Share/ Bonus \$	Other Benefits \$	Commission \$	Super annuation \$		
Name							
R Caldow*	90,935	-	14,049	105,232	13,378	223,595	47%
S Yeo*	156,115	100,000	20,798	331,062	15,775	623,750	69%
O Foster* (resigned 3 November 2011)	113,960	75,000	3,850	-	7,888	200,698	37%
A Clayton*	222,970	350,000	13,749	-	25,000	611,719	57%
R Kane*	184,248	200,000	13,748	-	25,000	422,996	47%
G Allen *	197,663	185,000	11,640	-	25,000	419,303	44%
R Black *	216,310	350,000	14,118	-	15,775	596,203	59%
A Brittain *	197,663	155,208	13,474	-	25,000	391,345	40%
N McGlew *	192,470	200,000	12,870	-	25,000	430,340	46%
P Rees**	178,280	130,000	13,100	-	49,575	370,955	35%
D Woods **	202,855	130,000	8,464	-	25,000	366,319	35%
M Argento* (resigned 30 June 2012)	330,919	220,000	325,788	-	15,775	892,482	25%
B Beresford*	305,541	440,000	9,798	-	15,775	771,114	57%
B Laird*	150,398	219,613	7,384	-	25,000	402,395	55%
J Bishop*	226,739	390,000	1,369	-	25,000	643,108	61%
A Fresson*	222,464	390,000	12,661	-	15,775	640,900	61%
J Mackie*	44,319	12,000	4,663	401,694	15,775	478,451	86%
Total	3,215,849	3,546,821	501,523	837,988	365,491	8,585,613	

2011

R Caldow*	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%
Total	2,039,696	3,191,569	671,575	646,319	271,615	6,820,774	

* Director of Euroz Securities Limited

** Director of Westoz Funds Management Pty Ltd

Directors' Report

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 2012 of \$310,000 (2011 - \$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 2012 of \$310,000 (2011 - \$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 2012 of \$310,000 (2011 - \$300,000) plus profit share.
- Payment on termination of employment by the employer, other than for gross misconduct three months salary.

Greg Chessell, *Director*

- Term of contract ongoing employment contract
- Base salary, inclusive of superannuation for the year ended 30 June 2012 of \$310,000 (2011 - \$300,000) plus profit share.
- Payment on termination of employment by the employer, other than for gross misconduct three months salary.

Doug Young, *Director*

- Term of contract ongoing employment contract
- Base salary, inclusive of superannuation for the year ended 30 June 2012 \$310,000 (2011 - \$300,000) plus profit share.
- Payment on termination of employment by the employer, other than for gross misconduct three months salary.

Richard Caldwell, *Director Euroz Securities Limited*

- Term of contract ongoing employment contract
- Base salary, inclusive of superannuation for the year ended 30 June 2012 of \$80,000 (2011 - \$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 2012 of \$80,000 (2011 - \$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 (resigned 3 November 2011)*

- Term of contract ongoing employment contract
- Base salary, inclusive of superannuation for the year ended 30 June 2012 of \$215,000 (2011 - \$215,000) plus profit share.
- Payment on termination of employment by the employer, other than for gross misconduct three months salary.

Andrew Clayton, *Director Euroz Securities Limited*

- Term of contract ongoing employment contract
- Base salary, inclusive of superannuation for the year ended 30 June 2012 of \$250,000 (2011 - \$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 2012 of \$215,000 (2011 - \$171,002) plus profit share.
- Payment on termination of employment by the employer, other than for gross misconduct three months salary.

Directors' Report

Anthony Brittain, *Director Euroz Securities Limited*

- Term of contract ongoing employment contract
- Base salary, inclusive of superannuation for the year ended 30 June 2012 of \$215,000 (2011 - \$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 2012 of \$215,000 (2011 - \$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 2012 of \$250,000 (2011 - \$170,000) 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*

- Term of contract ongoing employment contract
- Base salary, inclusive of superannuation for the year ended 30 June 2012 of \$210,000 (2011 - \$210,000) 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 (resigned 30 June 2012)*

- Term of contract ongoing employment contract
- Base salary, inclusive of superannuation for the year ended 30 June 2012 of \$310,000 (2011 - \$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*

- Term of contract ongoing employment contract
- Base salary, inclusive of superannuation for the year ended 30 June 2012 of \$310,000 (2011 - \$300,000) plus profit share.
- Payment on termination of employment by the employer, other than for gross misconduct three months salary.

Benjamin Laird, *Director Euroz Securities Limited*

- Term of contract ongoing employment contract
- Base salary, inclusive of superannuation for the year ended 30 June 2012 of \$180,000 (2011 - \$160,000) plus profit share.
- Payment on termination of employment by the employer, other than for gross misconduct three months salary.

Jonathan Bishop, *Director Euroz Securities Limited*

- Term of contract ongoing employment contract
- Base salary, inclusive of superannuation for the year ended 30 June 2012 of \$250,000 (2011 - \$215,000) plus profit share.
- Payment on termination of employment by the employer, other than for gross misconduct three months salary.

Austen Fresson, *Director Euroz Securities Limited*

- Term of contract ongoing employment contract
- Base salary, inclusive of superannuation for the year ended 30 June 2012 of \$230,000 (2011 - \$230,000) plus profit share.
- Payment on termination of employment by the employer, other than for gross misconduct three months salary.

Jamie Mackie, *Director Euroz Securities Limited*

- Term of contract ongoing employment contract
- Base salary, inclusive of superannuation for the year ended 30 June 2012 of \$80,000 (2011 - \$40,000) plus profit share.
- Payment on termination of employment by the employer, other than for gross misconduct commission earned.

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 2012 of \$220,000 (2011 - \$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*

- Term of contract – ongoing employment contract minimum period 1 year
- Base salary, inclusive of superannuation for the year ended 30 June 2012 of \$220,000 (2011 - \$220,000) plus bonus
- Payment on termination of employment by the employer other than for gross misconduct – three months salary

Directors' Report

Sharebased compensation

No options or shares were issued to Directors or specified executives during the year ended 30 June 2012.

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
<i>Directors of Euroz Limited</i>		
Ordinary shares		
P Diamond	10,000,000	-
A McKenzie	10,000,000	-
J Hughes	10,000,000	-
G Chessell	3,102,000	-
D Young	4,250,000	-
<i>Key management personnel of the consolidated entity</i>		
Ordinary shares		
R Caldwell	4,950,000	-
S Yeo	3,520,000	-
O Foster (resigned 3 November 2011)	-	-
P Rees	1,100,000	-
R Kane	2,370,000	233,000
A Clayton	2,100,000	100,000
A Brittain	303,400	-
G Allen	500,000	41,200
R Black	1,800,000	360,000
N McGlew	237,791	4,940
D Woods	373,260	-
M Argento (resigned 30 June 2012)	1,000,000	-
B Beresford	2,000,000	-
B Laird	655,000	60,000
J Bishop	102,612	-
J Mackie	847,000	-
A Fresson	278,511	-

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.

Directors' Report

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	15,600

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2012 has been received and follows the Directors report.

This report is made in accordance with a resolution of the Directors.



Peter Diamond
Chairman



Andrew McKenzie
Director

Date: 20 August 2012

Auditor's Independence Declaration



Chartered Accountants & Business Advisers

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF EUROZ LIMITED

In relation to our audit of the financial report of Euroz Limited for the year ended 30 June 2012, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

A handwritten signature in black ink that reads 'PKF Mack and Co.'.

PKF MACK & CO

A handwritten signature in black ink that reads 'Simon Fermanis'.

SIMON FERMANIS
PARTNER

20 AUGUST 2012
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 2010 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 18-19 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 6 of the Annual Report.

It is not anticipated that the composition of the Board will change 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.

The period of office held by each Director is set out at page 6 of the Annual Report.

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 18-19 of the Directors Report outlines the methodology used to assess the performance and remuneration of the members of the Board.

With respect to the assessment of the performance of the Board and its directors, 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 17 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, by way of the Head of Risk Management and the Chief Operating Officer, 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 3.5: Companies should provide the information indicated in the Guide to reporting on Principle 3

This information is set out above.

Corporate Governance Statement

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.

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.

Corporate Governance Statement

Recommendation 5.2: Companies should provide the information indicated in the Guide to reporting on Principle 5. This information is set out above.

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 19-20 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 19-20.

Recommendation 8.3: Companies should provide the information indicated in the Guide to reporting on Principle 8. This information is set out above.

Consolidated Income Statement

For the year ended 30 June 2012

	Notes	2012 \$	2011 \$
Revenue	4	98,740,142	70,012,360
Share of net profit (loss) of associates		(1,130,485)	7,794,638
Employee benefits expense		(20,796,411)	(23,214,359)
Depreciation and amortisation expenses	5	(1,190,337)	(1,145,045)
Regulatory expenses		(315,842)	(274,756)
Consultancy expenses		(1,579,477)	(2,008,990)
Conference and seminar expenses		(1,451,490)	(1,244,605)
Brokerage & underwriting expense		(5,237,660)	(3,182,413)
Communication expenses		(307,419)	(288,980)
Carrying amount of principal trading securities sold		(46,243,988)	(7,870,761)
Other expenses		(3,604,660)	(4,167,970)
Profit for the period	5	16,882,373	34,409,119
Income tax expense	6	(5,122,184)	(7,843,079)
Profit for the period		11,760,189	26,566,040
		Cents	Cents
Basic earnings per share	33	8.20	19.38
Diluted earnings per share	33	8.11	16.66

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

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2012

	2012 \$	2011 \$
Profit for the period	11,760,189	26,566,040
Other comprehensive income/(expense)	-	-
Total comprehensive income for the period	11,760,189	26,566,040

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

Consolidated Statement of Financial Position

As at 30 June 2012

	Notes	2012 \$	2011 \$
Current assets			
Cash and cash equivalents	7	53,741,715	68,059,994
Trade and other receivables	8	1,775,702	1,909,730
Inventories	9	1,458,820	348,675
Other current assets	10	2,321,929	2,184,432
Total current assets		59,298,166	72,502,831
Non-current assets			
Long term receivable	11	5,000,000	5,000,000
Investments accounted for using equity method	12	67,480,289	65,596,600
Financial assets	13	2,000	219,746
Plant and equipment	14	2,126,185	3,067,837
Deferred tax assets	15	772,752	563,305
Total non-current assets		75,381,226	74,447,488
Total assets		134,679,392	146,950,319
Current liabilities			
Trade and other payables	16	1,238,111	2,057,798
Current tax liabilities	17	1,487,851	3,494,336
Short term provisions	18	10,653,790	21,661,269
Total current liabilities		13,379,752	27,213,403
Non-current liabilities			
Deferred tax liabilities	19	367,517	548,361
Long term provisions	20	210,091	670,205
Total non-current liabilities		577,608	1,218,566
Total liabilities		13,957,360	28,431,969
Net assets		120,722,032	118,518,350
Equity			
Issued capital	21	89,373,600	87,261,731
Reserves	21	186,000	186,000
Retained earnings		31,162,432	31,070,619
Total equity		120,722,032	118,518,350

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

for the year ended 30 June 2012

	Share capital \$	Retained profits \$	Asset revaluation reserves \$	Option premium reserves \$	Total \$
Balance at 1 July 2010	79,296,164	29,935,249	-	186,000	109,417,413
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)
Balance at 30 June 2011	87,261,731	31,070,619	-	186,000	118,518,350
Balance at 1 July 2011	87,261,731	31,070,619	-	186,000	118,518,350
Profit for the period	-	11,760,189	-	-	11,760,189
Changes in fair value of financial asset	-	-	-	-	-
Total comprehensive income for the period	-	11,760,189	-	-	11,760,189
<i>Transactions with owners, recorded directly in equity</i>					
Investee equity	-	227,093	-	-	227,093
Shares issued during the period	2,111,869	-	-	-	2,111,869
Dividends to equity holders	-	(11,895,469)	-	-	(11,895,469)
Total contributions by and distributions to owners	2,111,869	(11,668,376)	-	-	(9,556,507)
Balance at 30 June 2012	89,373,600	31,162,432	-	186,000	120,722,032

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 2012

	Notes	2012 \$	2011 \$
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		49,010,336	54,239,791
Payments to suppliers and employees (inclusive of goods and services tax)		(33,980,001)	(34,694,192)
		15,030,335	19,545,599
Dividends received		-	2,571
Interest received		2,714,338	2,901,341
Proceeds from sale of trading shares		44,259,537	9,444,069
Income taxes (paid)/refunded		(7,518,959)	(7,193,455)
Payments for trading shares		(45,502,043)	(7,949,366)
Net cash flows from operating activities	31	8,983,208	16,750,759
Cash flows from investing activities			
Net (payments)/receipts from investments		(1,475,199)	2,066,701
Payments for plant and equipment		(248,684)	(3,628,376)
Net cash flows used in investing activities		(1,723,883)	(1,561,675)
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities		2,110,969	7,965,567
Dividends paid		(23,688,573)	(17,567,401)
Net cash flows from/(used in) financing activities		(21,577,604)	(9,601,834)
Net increase/(decrease) at cash and cash equivalents		(14,318,279)	5,587,250
Cash and cash equivalents at 1 July		68,059,994	62,472,744
Cash and cash equivalents at 30 June	7	53,741,715	68,059,994

The above Statements of Cash Flows should be read in conjunction with the accompanying notes.

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Notes to the Financial Statements

For the year ended 30 June 2012

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.

This financial report has been authorised by the Directors to be issued on 20 August 2012

Euroz Limited is a listed public company, trading on the Australian Securities Exchange, limited by shares, incorporated and domiciled in Australia. Euroz is a for profit entity for the purposes of preparing the financial statements.

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 financial report is presented in Australian dollars which is the group's functional and presentation currency.

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 2012 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 2012

Note 1. Statement of significant accounting policies (continued)

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 Pershing Securities Australia Pty Ltd ("Pershing") 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 reporting 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 2012

Note 1. Statement of significant accounting policies (continued)

(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 reporting 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.

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.

Notes to the Financial Statements

For the year ended 30 June 2012

Note 1. Statement of significant accounting policies (continued)

(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 Pershing 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 reporting 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. There have been no changes to the method used to calculate this liability.

(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.

(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.

Notes to the Financial Statements

For the year ended 30 June 2012

Note 1. Statement of significant accounting policies (continued)

(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 reporting 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 reporting 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.

(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 statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flow 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.

Notes to the Financial Statements

For the year ended 30 June 2012

Note 1. Statement of significant accounting policies (continued)

(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 reporting date.

(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 reporting date which are classified as non-current assets. Loans and receivables are included in receivables in the statement of financial position.

Notes to the Financial Statements

For the year ended 30 June 2012

Note 1. Statement of significant accounting policies (continued)

(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 reporting 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.

(x) Rounding of amounts

Amounts in this financial report have been rounded to the nearest dollar in accordance with class order 98/100.

(y) Impairment of non-financial assets

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

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

(z) 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.

Notes to the Financial Statements

For the year ended 30 June 2012

Note 1. Statement of significant accounting policies (continued)

AASB No.	Title	Issue Date	Operative Date
			(Annual reporting periods beginning on or after)
9	Financial Instruments	Dec 2010	1 Jan 2015
10	Consolidation	Aug 2011	1 Jan 2013
11	Joint Arrangements	Aug 2011	1 Jan 2013
12	Disclosure of Interests in Other Entities	Aug 2011	1 Jan 2013
13	Fair Value Measurement	Sep 2011	1 Jan 2013
1053	Application of Tiers of Australian Accounting Standards	Jun 2010	1 Jul 2013
2010 – 2	Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements	Jun 2010	1 Jul 2013
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 2010	1 Jan 2013
2010 – 8	Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112]	Dec 2010	1 Jan 2012
2010 – 10	Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters [AASB 2009-11 & AASB 2010-7]	Dec 2010	1 Jan 2013
2011 - 4	Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]	Jul 2011	1 Jul 2013
2012 - 2	Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 7 & AASB 132]	Jun 2012	1 Jan 2013
2012 - 3	Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]	Jun 2012	1 Jan 2014
2012 - 5	Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle [AASB 1, AASB 101, AASB 116, AASB 132 & AASB 134 and Interpretation 2]	Jun 2012	1 Jan 2013
Australian Interpretations			
20	Stripping Costs in the Production Phase of a Surface Mine	Nov 2011	1 Jan 2013

Notes to the Financial Statements

For the year ended 30 June 2012

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. Refer to note 12 regarding the equity accounting of associates.

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 inventories

The group has decided to classify investments in listed securities as held for trading. 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 statement of financial position. 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 2012

Note 3. Segment information (continued)

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

Segment performance

	Stockbroking \$	Principal Trading \$	Funds Management \$	Total \$	Unallocated Items \$	Total (Consolidated) \$
2012						
Sales and other fees	46,225,507	45,889,043	2,700,491	94,815,041	-	94,815,041
Other revenues	1,338,974	-	182,192	1,521,166	2,403,935	3,925,101
Total segment revenue	47,564,481	45,889,043	2,882,683	96,336,207	2,403,935	98,740,142
Segment net operating profit after tax	9,652,609	(132,361)	1,441,604	10,961,852	798,337	11,760,189
Interest revenue	1,321,521	-	182,192	1,503,713	1,309,797	2,813,510
Depreciation and amortisation	1,188,107	-	2,230	1,190,337	-	1,190,337
Share of associate	-	-	-	-	(1,130,485)	(1,130,485)
Segment assets	31,973,988	1,259,701	3,733,978	36,967,667	97,711,725	134,679,392
Investments in associate	-	-	-	-	67,480,289	67,480,289
Capital expenditure	248,793	-	-	248,793	-	248,793
Segment liabilities	7,265,755	-	1,006,401	8,272,156	5,685,204	13,957,360
Cash flow information						
Net cash flow from operating activities	5,981,675	(1,242,505)	2,934,241	7,673,411	1,309,797	8,983,208
Net cash flow from investing activities	(248,684)	-	-	(248,684)	(1,475,199)	(1,723,883)
Net cash flow from financing activities	-	-	-	-	(21,577,604)	(21,577,604)
2011						
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	2,085,537	3,759,763
Total segment revenue	49,225,611	9,547,185	9,154,027	67,926,823	2,085,537	70,012,360
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 2012

Note 4. Revenue	2012 \$	2011 \$
Revenue from operating activities		
Brokerage	16,998,213	22,846,828
Underwriting and management fees	27,284,696	31,767,263
Proceeds on sale of principal trading shares	45,889,043	9,468,579
Corporate retainers	4,643,089	2,091,321
	94,815,041	66,173,991
Other income		
Interest received	2,813,510	2,919,241
Dividends received	-	2,571
Other revenue	17,453	104,279
Fair value gain on derivatives	-	(131,849)
Gain arising from acquisition of further interests in associates	1,094,138	944,127
	3,925,101	3,838,369
Total Revenue	98,740,142	70,012,360
Note 5. Profit before income tax expense		
Profit for the year arrived at after charging following expenses		
Plant and equipment – depreciation	558,248	451,536
Leasehold improvements – amortisation	632,089	693,509
	1,190,337	1,145,045
Employee entitlements costs	405,157	145,789
Rental expenses relating to operating lease	1,054,301	1,244,708
Superannuation expense	630,744	533,602
Fair value of unrealised loss	742,827	(78,606)
Note 6. Income tax		
The components of tax expense comprise:		
Current tax	5,512,475	7,648,412
Deferred tax	(390,291)	194,667
	5,122,184	7,843,079
Numerical reconciliation between tax expense and pre tax accounting profit		
Income tax using company's tax rate of 30% (2011: 30%)	5,064,712	10,322,736
Add tax effect of:		
– imputation credits	-	231
– other non-allowable items	106,104	115,009
– prior year under provision	6,052	27,503
– share of loss of associate	339,145	-
	5,516,013	10,465,479
Less tax effect of:		
– rebateable fully franked dividends	-	(771)
– gain on acquisition of associates	(393,829)	(2,621,629)
Income tax attributable to entity	5,122,184	7,843,079
The applicable weighted average effective tax rates are as follows:	30.3%	22.8%

Notes to the Financial Statements

For the year ended 30 June 2012

Note 6. Income tax (continued)

2012
\$

2011
\$

The increase in the weighted average effective consolidated tax rate for 2012 is due to the reduction to the effect of the accounting requirement to recognise the gain on acquisition of associates, and share of net loss of associates.

Reconciliations

i. Gross movements

The overall movement in the deferred tax account is as follows:

Balance at 1 July	14,944	183,918
Recognised in income statement	390,291	(194,667)
Recognised in other comprehensive income	-	25,693
Balance at 30 June	405,235	14,944

ii. Deferred tax liability

Movement in temporary differences during the year

Fair value gain adjustments

Balance at 1 July	52,289	77,982
Recognised in the income statement	(227,440)	(25,693)
Balance at 30 June	(175,151)	52,289

Other

Balance at 1 July	496,072	153,753
Recognised in the income statement	46,596	342,319
Balance at 30 June	542,668	496,072

iii. Deferred tax assets

Movement in temporary difference during the year

Fair value gain adjustments

Balance at 1 July	-	-
Recognised in other comprehensive income	-	-
Balance at 30 June	-	-

Provisions

Balance at 1 July	563,305	415,653
Recognised in the income statement	209,447	147,652
Balance at 30 June	772,752	563,305

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 2012 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.

Notes to the Financial Statements

For the year ended 30 June 2012

	2012 \$	2011 \$
Note 7. Cash and cash equivalents		
Cash at bank and on hand	53,741,715	68,059,994

Note 8. Trade and other receivables

Trade debtors	1,775,702	1,909,730
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All trade debtors relating to brokerage and principal trading have been transferred to Pershing who provides a trust account facility as part of the clearing and settlement service.

Note 9. Inventories

Securities in unlisted companies (at cost) (i)	527,000	-
Trading securities in listed companies (at cost) (i)	1,720,094	394,122
Fair value adjustments (ii)	(788,274)	(45,447)
Total	1,458,820	348,675

(i) These securities are held for trade purposes.

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

Note 10. Other current assets

Prepayments	513,035	541,854
Accrued income	1,808,894	1,642,578
Total	2,321,929	2,184,432

Note 11. Long term receivable

Security deposit (unsecured)	5,000,000	5,000,000
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Deposit held by Pershing (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

Associated company	67,480,289	65,596,600
(a) Movements during the year in equity accounted investment in associated companies		
Balance at 1 July	65,596,600	58,792,688
Add:		
Recognised as investment during the year	5,877,470	2,426,942
Gain arising from acquisition of further interests in associate	1,312,764	944,126
Share of profits/(loss) after tax	(1,434,090)	7,264,655
Acquisition on additional interest in associate during the year (Note 1(v))	303,605	544,890
Less:		
Dividend received/receivable	(4,176,060)	(4,376,701)
Balance at 30 June	67,480,289	65,596,600

Notes to the Financial Statements

For the year ended 30 June 2012

Note 12. Investments accounted for using the equity method (continued)

(b) Interest held in the associated company

Name of entity	Country of Incorporation	Principal activity	Ownership interest	
			2012 %	2011 %
Ozgrowth Limited	Australia	Investment company	35.25%	31.76
Westoz Investment Company Limited	Australia	Investment company	22.77%	20.93

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

	2012 \$	2011 \$
(c) Summarised financial information		
Financial position:		
Total assets	256,809,686	286,598,020
Total liabilities	(13,650,755)	(34,138,215)
Net assets	243,158,931	252,459,805
	67,480,289	65,596,600
Share of associates' net assets		
Financial performance:		
Total revenue	7,707,403	51,789,081
Total profit/(loss) for the year after tax	(5,946,607)	31,716,373

Note 13. Financial assets

Fair value movement on derivatives (i)	2,000	219,746
Total	2,000	219,746

(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 2012.

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

Leasehold improvements		
At cost	2,528,511	2,524,118
Less: Accumulated amortisation	(1,260,023)	(627,935)
	1,268,488	1,896,183
Software		
At cost	31,811	31,170
Less: Accumulated depreciation	(8,925)	(28,625)
	22,886	2,545
Office equipment		
At cost	1,190,475	1,061,736
Less: Accumulated depreciation	(630,711)	(343,445)
	559,764	718,291
Furniture, fixtures and fittings		
At cost	587,965	603,846
Less: Accumulated depreciation	(312,918)	(153,028)
	275,047	450,818
	2,126,185	3,067,837

Notes to the Financial Statements

For the year ended 30 June 2012

Note 14. Plant and equipment (continued)

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 \$
2012			
Carrying amount at 1 July 2011	1,896,183	1,171,654	3,067,837
Additions	4,393	244,292	248,685
Depreciation/amortisation expense (Note 5)	(632,089)	(558,248)	(1,190,337)
Carrying amount at 30 June 2012	1,268,487	857,698	2,126,185
2011			
Carrying amount at 1 July 2010	225,220	359,287	584,507
Additions	2,364,472	1,263,903	3,628,375
Depreciation/amortisation expense (Note 5)	(693,509)	(451,536)	(1,145,045)
Carrying amount at 30 June 2011	1,896,183	1,171,654	3,067,837

	2012 \$	2011 \$
Note 15. Deferred tax assets		
Deferred tax asset (Note 6)	772,752	563,305
Deferred tax assets comprises:		
Provisions	772,752	563,305
Total	772,752	563,305

Note 16. Trade and other payables

Trade creditors	65,312	310,207
Other payables and accruals	1,172,799	1,747,591
Total	1,238,111	2,057,798

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

Note 17. Current tax liabilities

Provision for taxation	1,487,851	3,494,336
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Notes to the Financial Statements

For the year ended 30 June 2012

Note 18. Short term provisions	2012 \$	2011 \$
Dividends	9,341,110	21,134,214
Employee entitlements (annual leave)	602,920	527,055
Employee entitlements (long service leave)	709,760	-
Total	10,653,790	21,661,269

Dividends

This provision represents the dividend declared by the board to be paid out to shareholders on or before reporting date.

Movements in each class of provisions, other than employee benefits, are set out below:

	Dividends
Carrying amount at 1 July 2011	21,134,214
Additional provisions recognised	11,895,469
Amounts paid out	(23,688,573)
Carrying amount at 30 June 2012	9,341,110

Note 19. Deferred tax liabilities	2012 \$	2011 \$
Deferred tax liability (Note 6)	367,517	548,361
Deferred tax liability comprises:		
Fair value gain adjustments	(175,151)	52,289
Other	542,668	496,072
Total	367,517	548,361

Note 20. Long term provisions

Lease incentive	49,879	129,524
Employee entitlements (long service leave)	160,212	540,681
Total	210,091	670,205

Lease incentive

This provision represents the amounts of incentive received under the lease agreement for Level 14, 1 William Street, which is being amortised over the life of the lease.

Movements in each class of provisions, other than employee benefits, are set out below:

	Lease incentive
Carrying amount at 1 July 2011	129,524
Amounts paid out	(79,645)
Carrying amount at 30 June 2012	49,879

Notes to the Financial Statements

For the year ended 30 June 2012

Note 21. Contributed equity

	Consolidated entity		Consolidated entity	
	2012 Shares	2011 Shares	2012 \$	2011 \$
(a) Share capital				
Ordinary shares				
Issued and paid up capital - consisting of ordinary shares	143,709,388	140,894,763	89,373,600	87,261,731

	Consolidated entity	
	2012 Shares	2011 Shares
(b) Movements in ordinary share capital		
At the beginning of the reporting period	140,894,763	132,570,140
Shares issued during the year	-	3,480,000
Exercise of options (i)	2,814,625	4,844,623
At the end of the reporting period	143,709,388	140,894,763

(i) 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.

	Consolidated entity	
	2012 \$	2011 \$
(c) Movements in ordinary share capital		
At the beginning of the reporting period	87,261,731	79,296,164
Shares issued during the year	-	4,350,000
Exercise of options	2,111,869	3,633,467
Capital raising costs	-	(17,900)
At the end of the reporting period	89,373,600	87,261,731

(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. Ordinary shares have no par value.

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 2,814,625 options were exercised during the year at an exercise price of \$0.75. There are 3,543,088 number of options on issue at 30 June 2012 (2011: 6,357,713). These options are convertible into shares at \$0.75.

(f) Option Reserves

The option reserve records items recognised as expenses on valuation of share based payments. There has been no movement in the options reserve.

(g) Capital Management

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

As a holder of Australian Financial Services Licenses the group is subject to externally imposed capital requirements, which have been complied with during the year.

Notes to the Financial Statements

For the year ended 30 June 2012

Note 22. Dividends	2012 \$	2011 \$
Ordinary shares		
Interim dividend for the half year ended 31 December 2011 of 1.5 cents (2011 - 3 cents) per fully paid ordinary share paid on 28 January 2012.		
Fully franked based on tax paid @ 30%	2,554,359	4,296,456
Final dividend declared and provided for at 30 June 2012 of 6.5 cents (2011 - 15 cents) per fully paid ordinary share		
Fully franked based on tax paid @ 30%	9,341,110	21,134,214
Total dividends provided for or paid	11,895,469	25,430,670

Franked dividends

The franked portions of the dividends recommended after 30 June 2012 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 2012.

	Consolidated group	
	2012 \$	2011 \$
Franking credits available for subsequent financial years based on a tax rate of 30% (2011: 30%)	11,206,555	7,132,251

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 2012

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 reporting date, the group has unutilised credit facilities totalling \$20,000,000.

	2012 \$	2011 \$
Trade and other payables are expected to be paid as follows:		
Less than 1 month	1,238,111	2,057,798

(iii) Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or security, at reporting date is the carrying amount of the financial assets disclosed in the statement of financial position. There is no collateral or security held for those assets at 30 June 2012.

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 Pershing 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 held for trading 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	
	2012 \$	2011 \$
Financial assets at fair value through profit or loss	2,000	219,746
Cash and cash equivalents	53,741,715	68,059,994
Receivables	1,775,702	1,909,730
Financial assets held for trading	1,458,820	348,675
Long term deposit	5,000,000	5,000,000
	61,978,237	75,538,145

Impairment losses

None of the consolidated entity's other receivables are past due (2011: Nil)

Notes to the Financial Statements

For the year ended 30 June 2012

Note 23. Financial instruments (continued)

(iv) Financial instruments composition and maturity analysis

	Weighted Average Effective Interest Rate		Floating Interest Rate		Non Interest Bearing	
	2012 %	2011 %	2012 \$	2011 \$	2012 \$	2011 \$
FINANCIAL ASSETS						
Cash and cash equivalents	4.44	4.81	53,741,715	68,059,994	-	-
Receivables	-	-	-	-	-	1,909,730
Financial assets held for trading	-	-	-	-	1,458,820	348,675
Financial assets at fair value through profit and loss	-	-	-	-	2,000	219,746
Long term deposit	2.75	3.5	5,000,000	5,000,000	-	-
Total financial assets			58,741,715	73,059,994	1,460,820	2,478,151
FINANCIAL LIABILITIES						
Trade and other payables	-	-	-	-	1,238,111	2,057,798

(iv) 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.

	2012 \$	2011 \$
Change in profit		
- increase in interest rate by 1%	411,192	476,420
- decrease in interest rate by 1%	(411,192)	(476,420)
Change in equity		
- increase in interest rate by 1%	411,192	476,420
- decrease in interest rate by 1%	(411,192)	(476,420)

(v) Fair Value

The following table details the consolidated entities fair value of financial instruments categorised by the following levels:

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

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

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

2012	Level 1	Level 2	Level 3	Total
Assets				
Ordinary shares	931,820	527,000	-	1,458,820
Total Assets	931,820	527,000	-	1,458,820

Notes to the Financial Statements

For the year ended 30 June 2012

	2012 \$	2011 \$
Note 24. Remuneration of auditors		
Assurance services		
Audit services		
Audit and review of financial reports for the company		
Fees paid to PKF Mack & Co firm	97,000	156,200
Taxation services		
Tax compliance services		
Fees paid to PKF Mack & Co firm	15,600	15,000

Note 25. Contingent liabilities

The parent entity and consolidated group had contingent liabilities at 30 June 2012 as follows:

Secured guarantees in respect of:

operating lease of a controlled group entity	791,000	791,000
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Note 26. Commitments for expenditure

(a) Operating leases

Commitments for minimum lease payments in relation to noncancellable operating leases are payable as follows:

Within one year	1,052,485	1,126,508
Later than one year but not later than five years	3,936,012	3,948,029
Later than five years	3,368,089	4,408,558
Commitments not recognised in the financial statements	8,356,586	9,483,095

The 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.

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

Note 27. Employee benefits

Employee benefit and related on-costs liabilities

Provision for employee entitlements – current	1,472,892	1,067,736
Aggregate employee benefit and related oncosts liabilities	1,472,892	1,067,736

	Group	
	2012 \$	2011 \$

Note 28. Related parties

All key management personnel have the title of director.

(a) Key Management Personnel Compensation

Short-term employee benefits

– Executive Directors	3,781,851	4,383,179
– Specified executives	8,220,122	6,549,159
	12,001,973	10,932,338

Post-employment benefits

– Executive Directors	150,000	150,000
– Specified executives	365,491	271,615
	515,491	421,615

Total compensation	12,517,464	11,353,953
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Notes to the Financial Statements

For the year ended 30 June 2012

Note 28. Related parties (continued)

(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.

(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:

2012	Balance at 1 July 2011	Grant as remuneration	On exercise of options	Bought & (sold) *	Balance at 30 June 2012
<i>Directors of Euroz Limited</i>					
<i>Ordinary shares</i>					
P Diamond	10,000,000	-	-	-	10,000,000
A McKenzie	9,150,000	-	750,000	100,000	10,000,000
J Hughes	9,900,000	-	-	100,000	10,000,000
G Chessell	3,102,000	-	-	-	3,102,000
D Young	4,202,001	-	-	47,999	4,250,000
<i>Key management personnel of the consolidated entity</i>					
<i>Ordinary shares</i>					
R Caldow	4,500,000	-	450,000	-	4,950,000
S Yeo	3,200,000	-	320,000	-	3,520,000
O Foster (resigned 3 November 2011)	2,101,200	-	-	-	2,101,200*
P Rees	1,100,000	-	-	-	1,100,000
R Kane	2,330,000	-	29,377	10,623	2,370,000
A Clayton	2,000,000	-	100,000	-	2,100,000
A Brittain	303,400	-	-	-	303,400
G Allen	500,000	-	-	-	500,000
R Black	1,800,000	-	-	10,000	1,810,000
N McGlew	217,806	-	7,485	12,500	237,791
D Woods	350,000	-	23,260	-	373,260
M Argento (resigned 30 June 2012)	1,000,000	-	-	-	1,000,000*
B Beresford (appointed 21 March 2011)	2,000,000	-	-	-	2,000,000
B Laird	655,000	-	-	-	655,000
J Bishop	91,112	-	-	11,500	102,612
J Mackie	847,000	-	-	-	847,000
A Fresson	260,511	-	-	-	260,511
	59,610,030	-	1,680,122	292,622	61,582,774

*Only disclosed to date of resignation

Notes to the Financial Statements

For the year ended 30 June 2012

Note 28. Related parties (continued)

2011	Balance at 1 July 2010	Grant as remuneration	On exercise of options	Bought & (sold) *	Balance at 30 June 2011
<i>Directors of Euroz Limited</i>					
Ordinary shares					
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
<i>Key management personnel of the consolidated entity</i>					
Ordinary shares					
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

Notes to the Financial Statements

For the year ended 30 June 2012

Note 28. Related parties (continued)

(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 2011	Granted as remuneration	Exercised	Bought	Balance at 30 June 2012	Total exercisable at 30 June 2012	Total not exercisable at 30 June 2012
2012							
<i>Directors of Euroz Limited</i>							
<i>Ordinary shares</i>							
P Diamond	-	-	-	-	-	-	-
A McKenzie	750,000	-	(750,000)	-	-	-	-
J Hughes	-	-	-	-	-	-	-
G Chessell	-	-	-	-	-	-	-
D Young	-	-	-	-	-	-	-
<i>Key management personnel of the consolidated entity</i>							
<i>Ordinary shares</i>							
R Caldwell	450,000	-	(450,000)	-	-	-	-
S Yeo	320,000	-	(320,000)	-	-	-	-
O Foster (resigned 3 November 2011)	200,000	-	-	-	200,000*	200,000*	-
P Rees	-	-	-	-	-	-	-
R Kane	262,377	-	(29,377)	-	233,000	233,000	-
A Clayton	200,000	-	(100,000)	-	100,000	100,000	-
A Brittain	-	-	-	-	-	-	-
G Allen	41,200	-	-	-	41,200	41,200	-
R Black	271,251	-	-	66,765	338,016	338,016	-
N McGlew	-	-	(7,485)	12,425	4,940	4,940	-
D Woods	23,260	-	(23,260)	-	-	-	-
M Argento (resigned 30 June 2012)	-	-	-	-	-	-	-
B Beresford	-	-	-	-	-	-	-
B Laird	60,000	-	-	-	60,000	60,000	-
J Bishop	-	-	-	-	-	-	-
J Mackie	-	-	-	-	-	-	-
A Fresson	-	-	-	-	-	-	-
	2,578,088	-	(1,680,122)	79,190	977,156	977,156	-

Notes to the Financial Statements

For the year ended 30 June 2012

Note 28. Related parties (continued)

(iv) Option holdings of key management personnel

	Balance at 1 July 2010	Granted as remuneration	Exercised	Bought	Balance at 30 June 2011	Total exercisable at 30 June 2011	Total not exercisable at 30 June 2011
2011							
<i>Directors of Euroz Limited</i>							
Ordinary shares							
P Diamond	900,000	-	(900,000)	-	-	-	-
A McKenzie	800,000	-	(50,000)	-	750,000	750,000	-
J Hughes	500,000	-	(500,000)	-	-	-	-
G Chessell	-	-	-	-	-	-	-
D Young	202,001	-	(202,001)	-	-	-	-
<i>Key management personnel of the consolidated entity</i>							
Ordinary shares							
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 February 2011)	-	-	-	-	-	-	-
B Beresford (appointed 21 March 2011)	-	-	-	-	-	-	-
	4,663,213	-	(1,752,001)	147,867	3,559,079	3,559,079	-

*Only disclosed to date of resignation

Notes to the Financial Statements

For the year ended 30 June 2012

Note 28. Related parties (continued)

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.

	2012 \$	2011 \$
Transactions with related parties consisting of:		
(i) Subsidiaries		
– Loans advanced by Euroz Limited to subsidiaries	5,180,513	7,359,828
– Payments of dividends to Euroz Limited by subsidiaries	10,350,000	16,450,000
(ii) Associated Companies		
– Dividends received by Euroz Limited from Associates	4,176,060	4,376,702
– Performance fee received by the Euroz Group from Associates	-	5,859,837
– Management fee received by the Euroz Group from Associates	2,700,491	3,115,030

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 2012 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:

Amounts recognised as revenue

Brokerage earned by Euroz Securities Limited on Directors' accounts	50,160	73,481
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Note 29. Investments in controlled entities

Name of entity	Country of incorporation	Class of shares	Equity holding		Cost of parent entity's investment	
			2012 %	2011 %	2012 \$	2011 \$
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 2012

Note 30. Events occurring after reporting date

The directors are not aware of any other matter or circumstance subsequent to 30 June 2012 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	2012 \$	2011 \$
Profit for the period	11,760,189	26,566,040
Adjustments for:		
Depreciation and amortisation	1,190,337	1,145,045
Share of net profits of associate	1,130,485	(7,794,638)
Realised gain in associates	(1,094,138)	(944,127)
Changes in assets and liabilities		
Decrease/(increase) in trade debtors and other receivables	134,029	(1,457,729)
Decrease/(increase) in prepayments	28,818	(86,746)
Increase in accrued income	(166,316)	(1,130,071)
(Increase)/decrease in inventories	(1,110,144)	37,411
Increase in deferred tax asset	(209,447)	(253,131)
Decrease in trade creditors and other liabilities	(818,788)	(310,020)
Increase/(decrease) in provision for income taxes payable	(2,006,485)	480,651
Increase/(decrease) in provision for deferred tax liabilities	(180,844)	422,104
Increase in provisions	325,512	75,970
Net cash from operating activities	8,983,208	16,750,759

Note 32. Credit facilities

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

Credit standby arrangements		
Bank overdrafts	20,000,000	20,000,000
Unused at reporting date		
Bank overdrafts	20,000,000	20,000,000

Euroz Securities Ltd, a wholly owned subsidiary of Euroz Limited, has a bank overdraft facility as at 30 June 2012 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 2012 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 2012

Note 33. Earnings per share	2012 Cents	2011 Cents
Basic earnings per share	8.20	19.38
Diluted earnings per share	8.11	16.66

	2012 Number	2011 Number
Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share.	143,457,112	137,062,530
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share.	145,096,323	159,497,978

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	2012 \$	2011 \$
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Financial position

Assets

Current assets	30,023,117	41,990,525
Non-current assets	82,771,910	81,981,042
Total assets	112,795,027	123,971,567

Liabilities

Current liabilities	10,852,041	24,663,701
Total liabilities	10,852,041	24,663,701

Equity

Issued capital	89,372,700	87,261,731
Retained earnings	18,950,518	15,703,870
Reserves		
Asset revaluation reserve	(6,566,232)	(3,843,735)
Option premium reserve	186,000	186,000

Total equity	101,942,986	99,307,866
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Financial performance

Profit for the year	15,142,118	21,487,221
Other comprehensive income	-	-
Total comprehensive income	15,142,118	21,487,221

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 2012

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) giving a true and fair view of the company's and consolidated group's financial position as at 30 June 2012 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 Executive Officer and Chief Financial Officer have 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 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
Director



Andrew McKenzie
Director

Date: 20 August 2012

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 2012, 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 and 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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Chartered Accountants & Business Advisers

Opinion

In our opinion:

- (a) the financial report of Euroz Limited 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 positions as at 30 June 2012 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 2012. 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 2012, complies with section 300A of the Corporations Act 2001.

A handwritten signature in black ink that reads 'PKF Mack and Co.'.

PKF MACK & CO

A handwritten signature in black ink that reads 'S Fermanis'.

SIMON FERMANIS
PARTNER

20 AUGUST 2012
WEST PERTH,
WESTERN AUSTRALIA

Shareholding Information

Ordinary Shares at 30 September 2012

Distribution of Shareholders

Range	Total Holders	Units	Issued Capital %
1 - 1,000	335	162,793	0.11
1,001 - 5,000	638	1,904,617	1.32
5,001 - 10,000	385	3,125,934	2.17
10,001 - 100,000	777	24,106,356	16.76
100,001 - 9,999,999,999	118	114,504,705	79.63
Rounding			0.01
Total	2,253	143,804,405	100.00

Unmarketable Parcels	Minimum Parcel Size	Holdings	Units
Minimum \$ 500.00 parcel at \$ 0.0000 per unit	0	205	51929

Top Twenty Shareholders

Rank	Name	Units	%
1	Zero Nominees Pty Ltd	43,408,901	30.19
2	Navigator Australia Ltd <Mlc Investment Sett A/C>	10,420,982	7.25
3	HSBC Custody Nominees (Australia) Limited	3,896,166	2.71
4	Icon Holdings Pty Ltd <The K J Paganin Family AC>	3,500,000	2.43
5	Mr Simon David Yeo + Mrs Jennifer Dale Yeo <The Cape Investment A/C>	2,831,000	1.97
6	Ice Cold Investments Pty Ltd <G & J Brown Super Fund A/C>	2,760,000	1.92
7	Ice Cold Investments Pty Ltd	2,500,000	1.74
8	Thorney Holdings Pty Ltd	2,200,000	1.53
9	Mr Andrew William McKenzie + Mrs Catherine Patricia McKenzie <A W McKenzie Super Fund A/C>	2,071,500	1.44
10	Mrs Rebecca Joy Foster	2,000,000	1.39
11	Australian Executor Trustees Limited <No 1 Account>	1,818,189	1.26
12	Ice Cold Investments Pty Ltd <Browns Cheltenham Rd S/F A/C>	1,600,000	1.11
13	Yandal Investments Pty Limited	1,530,000	1.06
14	National Nominees Limited	1,449,359	1.01
15	Westrade Resources Pty Ltd <Sheppard Super Fund A/C>	1,163,200	0.81
16	Mrs Catherine Elizabeth Kane	1,160,000	0.81
17	BNM Holdings Pty Ltd <BJD Beresford Family A/C>	1,000,000	0.70
18	BNM Holdings Pty Ltd <BJD Beresford Family A/C>	1,000,000	0.70
19	Cape Bouvard Equities Pty Ltd	1,000,000	0.70
20	TPIC Pty Ltd	1,000,000	0.70
	Total	88,309,297	61.41
	Total Remaining Holders Balance	55,495,108	38.59
			100.00

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