EUROZ LIMITED

Annual Report 2007

EUROZ LIMITED

www.euroz.com.au

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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

Company Secretary

Anthony Hewett (appointed 14 August 2007)

Principal Registered Office in Australia

Street Address
Level 14 The Quadrant
1 William Street
Perth Western Australia 6000

Postal Address
PO Box Z5036
St Georges Terrace
Perth Western Australia 6831

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

Share and Debenture Registers

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

Telephone 1300 787 575

Auditor

Mack & Co
Chartered Accountants
Level 2
35 Havelock Street
Perth Western Australia 6005

Bankers

Westpac Banking Corporation
109 St Georges Terrace
Perth Western Australia 6000

Stock Exchange Listings

Euroz Limited shares are listed
on the Australian Stock Exchange.
Code EZL

Website address

www.euroz.com.au

CHAIRMAN'S REPORT

The Directors of Euroz Limited are pleased to announce a pre-tax profit of $31,593,699 (2006: $24,107,440) and a net profit after tax of $22,171,176 (2006: $16,814,507). This profit equates to earnings per share for the financial year to 30 June 2007 of 44.3 cents.

The Directors have declared a final dividend of 30 cents per share (fully franked) in addition to the interim dividend of 5 cents per share (fully franked).

This record Euroz Group result has been achieved by a strong contribution from all our business units including Stockbroking, Investment Banking, Corporate Finance and Funds Management.

Westoz Funds Management had another successful year whereby both returns for investors and funds under management increased for the year. Funds under management as at 30 June 2007 was approximately $150m (up from $92m as at 30 June 2006). The Directors were particularly pleased with a gross investment performance of 44% for the year.

As stated in last year's annual report, it is the intention of the Directors to increase funds under management by positive performance in existing products and mandates as well as launching future new products. The Directors believe that the Euroz/Westoz brand name and performance give us a great opportunity to expand our funds management capabilities in the future.

Euroz Limited has invested approximately $11m in Westoz Funds products to date and will continue to co-invest in future products and initiatives.

The financial year ending 30 June 2007 represents the fourth consecutive year of record profits achieved by buoyant market conditions, strength in commodity prices and a benign interest rate environment. However the recent upward pressure on inflation and interest rates coupled with volatile equity markets could slow down activity in our key business units in the short term.

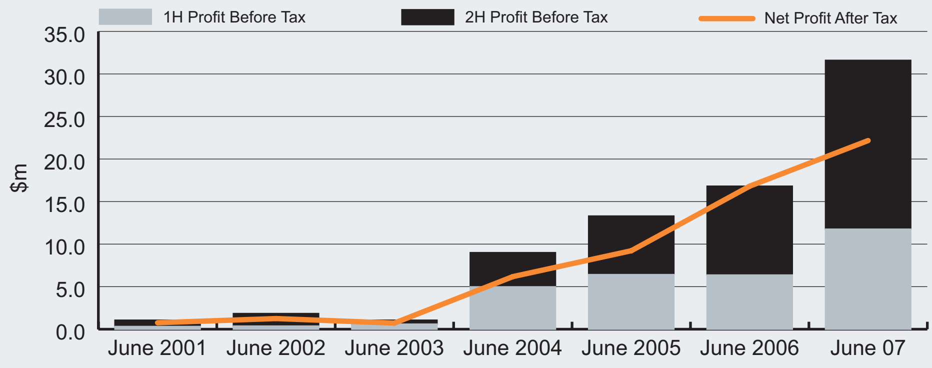
If this market volatility was to continue, the Directors would like to caution shareholders that our record level of profitability would be difficult to maintain in the short term. However, the Directors believe that our expansion initiatives coupled with our recent capital raising of $46.2m to strengthen our balance sheet will provide the group with a solid platform for future growth in the medium to long term.

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

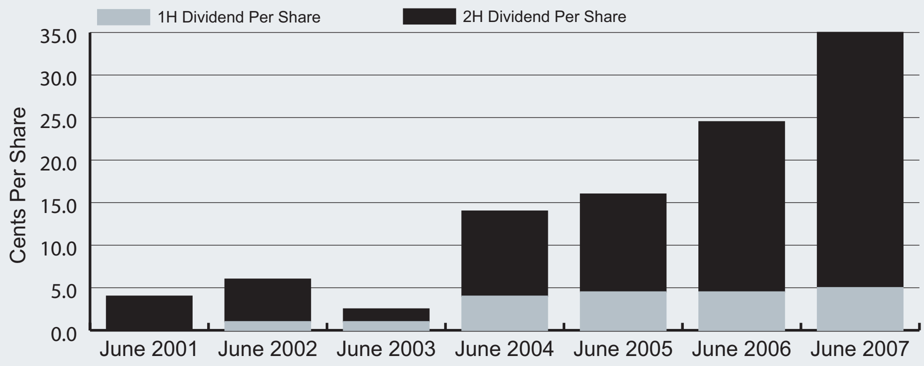
The Directors would like to thank our three core stakeholders: our shareholders, staff and clients for their support and efforts in what has been another outstanding year. We believe our recent capital raising, coupled with our strategic growth initiatives will place the Euroz Group in a strong position in the medium to long term to capitalise on behalf of its shareholders.

PETER DIAMOND
Executive Chairman

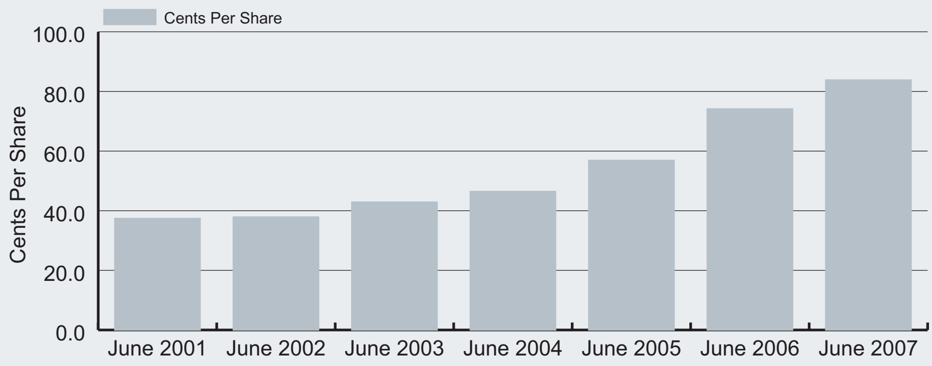
Euroz Limited Profit Before Tax & Net Profit After Tax



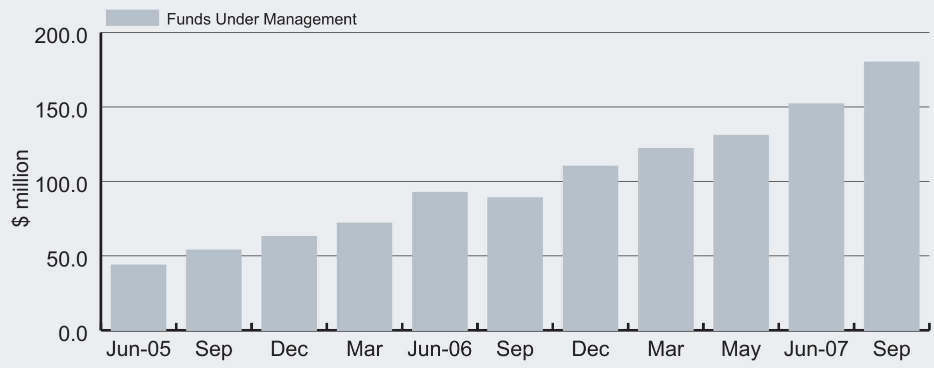
Euroz Limited Dividend History



Euroz Limited NTA Per Share



Westoz Investment Company Funds Under Management



MANAGING DIRECTOR'S REPORT

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

All of the business units within the Euroz "Group" of companies have combined to deliver exceptional financial results this year.

We are proud to report to shareholders that Euroz Limited has now been profitable and paid dividends for sixteen consecutive half year periods.

Key financial highlights for the past year include:

- Payment of 54c in fully franked dividends (up 54%)
- Record net profit of $41.9 million (up 91%)
- Westoz funds under management (FUM) up 117% to $370 million.

Commodity and resource related markets remained strong in the past year, despite generally weaker equity markets. All of our Group businesses have benefitted from a unique combination of deal flow and leverage to the buoyant resource activity during this period.

The operational performance of our key Group businesses can be summarised as follows:

Euroz Limited The ASX listed holding company for all our businesses which invests in Westoz Funds Management products and also invests directly in its own right.

Significant investments in Westoz Investment Company and Ozgrowth Limited provided strong investment returns and dividends. Direct investments delivered modest returns for the past year.

Euroz Securities Our stockbroking business that provides critical deal flow and investment opportunities for all our Group activities.

Highlights for Euroz Securities include:

- ASX turnover up 40% to $7 billion
- Significant investment in expanded research coverage
- Institutional revenues up 58%
- Retail revenues up 32%
- Equity Capital Market raisings up 80% to $1.42 billion.
- Major contributions from Merger, Acquisition and Advisory revenues.

Westoz Funds Management Our funds management operations, managing $370 million at June 30, have had a particularly successful year with rapidly expanding funds under management and excellent investment returns.

Our flagship fund, The Westoz Investment Company returned an exceptional 77% for the past year. The launch of our second investment product, Ozgrowth Limited via an $80 million IPO provides further funds for WA related investment opportunities.

Shareholders are no doubt pleased with the returns and solid business platform built during unprecedented strength in our key markets but should be aware that we face a more difficult trading environment for the near future. Market corrections are inevitable but they also create value and opportunity for our business model.

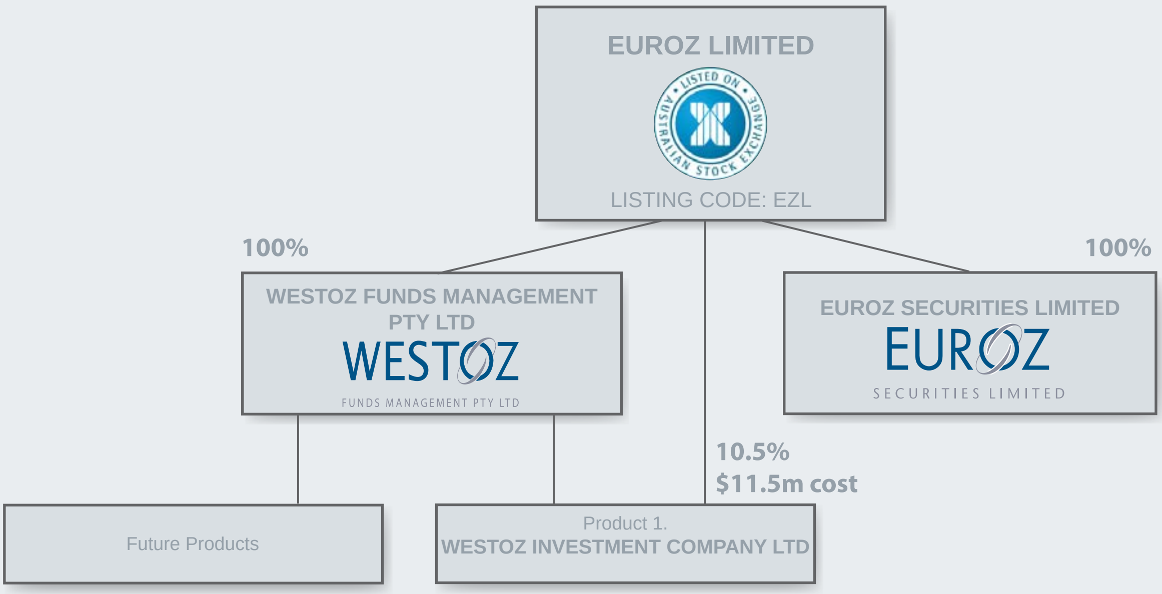
Despite the current uncertainties and challenges to the global financial system we believe that our market position, strong balance sheet and unique exposure to Western Australia will see the Euroz Group emerge stronger into the next investment cycle.

On behalf of all Directors I would like to again thank all of our employees for their significant contributions and whose team based philosophy is the foundation of our combined success.

ANDREW MCKENZIE

Managing Director

EUROZ GROUP ORGANISATIONAL CHART



EQUITIES RESEARCH

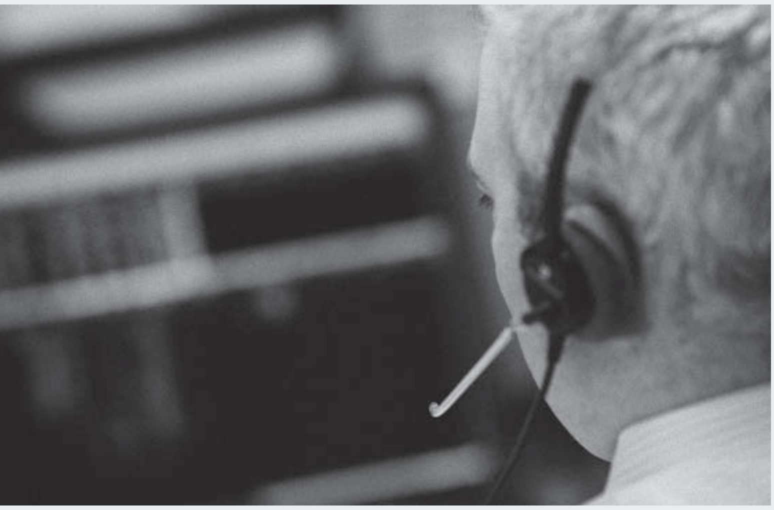
Quality equities research is the foundation for our entire business

- 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 and ASX 100 analysis
  - Weekly Informer: Analysis on midcap companies
  - Quarterly Updates: Regular coverage on midcap companies
  - Company Reports: Detailed analysis on companies as opportunities emerge

RETAIL DEALING

- Team of highly experienced and qualified private client advisors
- Focus on dealing with high net worth individuals
- Extensive research support - high quality local and ASX 100 research enables our advisors to provide quality investment and trading advice
- **Specialised broking allows**
  - Close interaction between research analysts and private client advisors
  - Timely communication of ideas with clients
- Sophisticated investors are able to participate in many of our corporate capital raisings
- **We pride ourselves on offering a tailored service to our clients based on:**
  - Quality research
  - Personalised service
  - Wealth creation
- **Client services**
  - Exclusive web based research
  - Margin lending
  - Money market

OPERATING DIVISIONS



INSTITUTIONAL DEALING

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

CORPORATE FINANCE

- Our corporate business is 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 over $780 million in new equity this financial year.

EUROZ SECURITIES LIMITED

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 holds a Bachelor of Business Degree (B.Bus) and is a Member of Australian Society of Accountants (ASA).

ANDREW MCKENZIE Managing Director

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

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 the Securities Institute of Australia. 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 Securities and Derivatives Industry Association.

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. degree 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 BSc (Hons) degree in Geology, as well as a Diploma in Finance with the SIA.

OLIVER FOSTER Executive Director

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

L-R: Oliver Foster, Greg Chessell, Andrew Clayton, Andrew McKenzie, Peter Diamond, Jay Hughes.

DIRECTOR'S PROFILE

KARL PAGANIN Executive Director

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

DOUGLAS YOUNG Executive Director

Doug has more than 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 degree from the University of Western Australia and holds a Graduate Diploma in Applied Finance from the Securities Institute of Australia, is a Fellow of the Financial Services Institute of Australasia and a Fellow of the Australian Society of Certified Practising Accountants.

MARK HEPBURN Executive Director

Mark has been an institutional dealer since 1994. After trading on the Sydney Futures Exchange Floor, he ran an overnight derivatives desk for 3 years with a large Eastern States broking operation. Mark is a member of the Institutional Dealing team.

RUSSELL KANE 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 Resource and Industrial stocks.

RICHARD CALDOW Executive Director

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

L-R: Mark Hepburn, Douglas Young, Karl Paganin, Simon Yeo , Richard Caldow, Russell Kane.

SIMON YEO Executive Director

Simon is responsible for the operations of the private client division 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 majoring in Accounting and Finance (UWA) and was previously a chartered accountant and member of The Institute of Chartered Accountants.

WESTOZ FUNDS MANAGEMENT

WESTOZ FUNDS MANAGEMENT PTY LTD

Westoz Funds Management was established in the 2005 financial year and has completed another successful year of operations.

Westoz Funds Management has a medium to long term investment strategy that seeks to leverage our existing specialised skills in the Western Australian capital market. It will generate revenue primarily through fees based on the level of funds under management and on the performance of its strategies.

Its flagship management mandate is on behalf of Westoz Investment Company Limited. This unlisted company is structured along similar lines to listed investment companies and seeks to generate consistent positive returns through the economic cycle, predominantly from investment in WA based listed companies. The portfolio of Westoz Investment Company Limited has grown in value to $154 million at 30 June 2007.

Westoz Funds Management is considering launching additional products that will broaden the alternatives available to investors seeking to share in the benefits from its investment skills.

At the time of this report, Westoz Funds Management Pty Ltd has in excess of $170 million in assets under management and expects to pass the $200 million mark by June 2008.

PHILIP REES, CHIEF INVESTMENT OFFICER

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

Mr Rees has worked in a range of roles focused on Australian investment markets for the last 22 years. He was the Director of Investments with the Government Employees Superannuation Board in Western Australia for a 6 year period to September 2000 and subsequently developed several early stage investment opportunities until he joined Westoz in April 2005.

EUROZ GROUP COMMUNITY ACTIVITIES

2007 has seen the introduction of two new and exciting developments for the Euroz Group of Companies; namely the Euroz Charitable Foundation and the Euroz Green Office Initiative.

Primary objective of the Euroz Charitable Foundation : To enhance our reputation as a good corporate citizen with a view to supporting worthy community based organizations which may in turn help to promote the name and image of our Group.

The growing reputation and success of the Euroz Group has led to increasing expectations about how we manage our charitable obligations and activities.

As a result we have established the 'Euroz Charitable Foundation' as a visible long term commitment to our charitable obligations for our staff, shareholders and clients alike.

The Euroz Group (Euroz Limited, Euroz Securities and Westoz Funds Management) and staff members have made significant initial donations to kick-start the Foundation.

The Foundation has been set up in a long term structure known as a PPF (Prescribed Private Fund) that will enable it to invest its funds and grow its capital. It is our objective to grow these funds to a significant level over time and to distribute the yearly income of the Foundation to worthy causes.

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

The Euroz Group;

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

This initiative has been strongly supported by members of the Euroz Group of companies since its inception this year.

FINANCIAL REPORT 2007

DIRECTOR'S REPORT

Your directors present their report on the consolidated entity consisting of Euroz Limited and the entities it controlled at the end of, or during the year ended June 30 2007.

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*

Executives with the greatest authority for strategic direction and management

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

NAME	POSITION	EMPLOYER
R Caldow	Director	Euroz Securities Limited
G Chessell	Director	Euroz Securities Limited
S Yeo	Director	Euroz Securities Limited
K Paganin	Director	Euroz Securities Limited
D Young	Director	Euroz Securities Limited
O Foster	Director	Euroz Securities Limited
S Gherbaz	Director	Euroz Securities Limited (resigned on 14 August 2007)
T Andrew	Director	Euroz Securities Limited (resigned 3 April 2007)
M Hepburn	Director	Euroz Securities Limited (Appointed 1 July 2006)
R Kane	Director	Euroz Securities Limited (Appointed 1 July 2006)
A Clayton	Director	Euroz Securities Limited (Appointed 1 July 2006)
P Rees	Director	Westoz Funds Management Pty Ltd

Company Secretary

The following person held the position of company secretary at the end of the financial year: Mr Shane Gherbaz.

Mr Gherbaz has worked for Euroz Limited for the past 6.5 years, performing both a director and company secretarial role in the business. Mr Gherbaz was appointed company secretary on March 13 2001. Mr Gherbaz resigned from his position as company secretary on 14 August 2007.

Anthony Hewett has been appointed Company Secretary effective 14 August 2007.

Principal Activities

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

(a) Stock broking services

(b) Investment banking

(c) Funds Management

Review of Results

The directors of Euroz Limited are pleased to announce a consolidated pre tax profit of $31,593,699 for the year ended 30 June 2007 compared with the 2006 year's consolidated pre tax profit of $24,107,440.

The consolidated net profit after tax was $22,171,176 compared with the 2006 year's consolidated net profit after tax of $16,814,507. This profit represents a basic earnings per share of 44.3 cents versus 35.12 cents in the 2006 year.

The directors have declared a final dividend of 30 cents per share fully franked which, combined with the interim dividend of 5 cents per share, represents a total dividend of 35 cents per share fully franked.

Review of operations

	Segment revenues 2007 $	Segment revenues 2006 $	Segment results 2007 $	Segment results 2006 $
Stockbroking	**48,430,807**	42,411,451	**19,847,188**	18,993,533
Principal Trading	**4,075,154**	9,044,451	**1,596,186**	1,385,166
Funds Management	**8,818,943**	2,967,953	**7,884,070**	2,316,805
Unallocated revenue	**2,480,694**	1,616,302	**2,266,255**	1,411,936
	63,805,598	56,040,157	**31,593,699**	24,107,440
Income tax expense			**(9,422,523)**	(7,292,933)
Consolidated net profit			**22,171,176**	16,814,507

These results have been achieved through strong contributions from all divisions of the business, together with investment returns as we continue to grow the business. Current market conditions continue to provide strong interest in WA focused products.

Financial Position

The net assets of the consolidated entity have increased by $6,527,917 from June 30 2006 to $43,384,387 in 2007.

This increase has largely resulted from the following factors:

- Improved operating performance of the consolidated entity; and
- Appreciation of the consolidated entity's shareholdings during the year in ASX listed companies.

The company's strong financial performance has enabled it to pay higher dividends to shareholders during the year while maintaining a healthy working capital ratio. The consolidated entity's working capital, being current assets less current liabilities, has risen from $28,006,004 in 2006 to $29,904,579 in 2007.

During the past 5 years the company has invested in infrastructure to secure its long term success. In particular, strategic investments have been made in companies to diversify the asset base as well as maintaining and expanding investment in key business segments. The company's holdings in associated subsidiaries are $11,700,000.

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

	2007 Cents	2006 Cents
Earnings per share		
Basic earnings per share	**44.30**	35.12
Diluted earnings per share	**44.30**	33.63

Dividends Euroz Limited

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

	2007 $	2006 $
Provision for final ordinary dividend for 30 June 2006 of 20 cents (2005 – 11.5 cents) was paid on 4 September 2006	**10,000,000**	10,000,000
Interim ordinary dividend of 5 cents (2006 – 4.5 cents) per fully paid share was paid on 7 February 2007	**2,500,000**	2,209,501
Final ordinary dividend for 30 June 2007 of 30 cents (2006 – 20 cent) paid on 18 July 2007	**15,000,000**	5,146,250
	27,500,000	17,355,751

DIRECTOR'S REPORT

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the consolidated entity during the year not otherwise dealt with in this report.

Adoption of Australian Equivalents to IFRS

As a result of the adoption of Australian equivalents to International Financial Reporting Standards (A-IFRS), the company's financial report has been prepared in accordance with those standards.

After balance date events

A placement of 14 million shares at $3.30 per share has been completed in two tranches raising $46.2 million.

Apart from this. the directors are not aware of any other matter or circumstance subsequent to 30 June 2007 that has significantly affected, or may significantly affect:

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

Likely developments and expected results of operations

The directors are confident that a strong balance sheet and established business platforms will support the company in the increasingly volatile market conditions.

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

Environmental regulation

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

Information on directors

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

Director	Experience	Special responsibilities and qualifications	Ordinary shares	Options
P Diamond Director	Mr Diamond has worked in the stockbroking industry since 1986.	Executive Chairman Chairman of Audit Committee Chairman of Remuneration Committee He holds a Bachelor of Business Degree (BBus) and is a member of the Australian Society of Accountants (ASA).	4,500,000	-
A McKenzie Director	Mr McKenzie has worked in the stockbroking industry since 1991.	Managing Director Member of Audit Committee Member of Remuneration Committee Holds a Bachelor of Economics Degree, is an Associate of the Financial Services Institute of Australia and is a Fellow of the Australian Institute of Company Directors.	4,500,000	-
J Hughes Director	Mr Hughes has worked in the stockbroking industry since 1986.	Member of the Remuneration Committee	4,500,000	-

Meetings of directors

The numbers of meetings of the company's board of directors held during the year ended 30 June 2007, and the numbers of meetings attended by each director were:

	Directors Meetings		Committee Meetings			
			Audit		Remuneration	
Director	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Peter Diamond	14	13	4	4	12	12
Andrew McKenzie	14	14	4	4	12	12
Jay Hughes	14	13	-	-	12	12

Directors & Executives Emoluments

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

Remuneration Policy

The remuneration policy has been tailored to increase goal congruence between shareholders and 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 HOR incentive. The company believes this policy to have been effective in increasing shareholder wealth over the past five years.

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.

	2003 $	2004 $	2005 $	2006 $	2007 $
Revenue	10,026,219	28,482,793	42,267,600	56,040,157	**63,805,598**
Net profit after tax	718,714	6,185,712	9,041,516	16,814,507	**22,171,176**
Share price at year end	0.60	0.93	1.59	2.55	**4.40**
Dividends paid or recommended	1,214,370	4,916,598	7,146,500	12,209,500	**17,500,000**

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 semi annually by the Remuneration Committee to ensure that executive's pay is competitive with the market, and is also reviewed upon promotion or additional responsibilities.

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

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

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

Equity based payments

The entitlement to equity based remuneration ceased on July 28 2003.

Commission

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

Short term incentives

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

Profit share pool

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

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

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

Head of Retail (HOR) incentive

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

Details of remuneration

Details of the nature and amount of each element of the emoluments of each director of Euroz Limited and each of the specified executives of the consolidated entity are set out in the following tables. Amounts disclosed for remuneration of directors and specified executives exclude insurance premiums of $170,074 paid by the consolidated entity in respect of directors' and officers' liability insurance contracts as the contracts do not specify premiums paid in respect of individual directors and officers. Information relating to the insurance contracts is set out further in the directors' report.

Executive directors of Euroz Limited
2007

	Primary		Post-employment		
	Base salary $	Profit Share/ bonus $	Other benefits $	Super-annuation $	Total $
P Diamond – Director	229,964	980,000	20,996	42,140	1,273,100
A McKenzie – Director	229,719	980,000	15,873	42,385	1,267,977
J Hughes – Director	229,964	980,000	16,964	42,140	1,269,068

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

Executive directors of Euroz Limited (continued)

2006

	Primary		Post-employment		
	Base salary $	**Profit Share/ bonus $**	**Other benefits $**	**Super-annuation $**	**Total $**
P Diamond – Director	230,519	915,000	19,978	36,447	1,201,944
A McKenzie – Director	226,406	915,000	16,990	40,560	1,198,956
J Hughes – Director	226,406	915,000	18,340	40,560	1,200,306

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

Specified executives of the consolidated entity

2007

	Primary				Post employ't	Equity	
	Base Salary $	**Profit Share/ Bonus $**	**Other Benefits $**	**Com-mission $**	**Super-annuation $**	**Options $**	**Total $**
R Caldow – Director*	73,394	-	19,499	579,885	37,105	-	709,883
G Chessell – Director*	169,200	630,000	4,518	-	42,385	-	846,103
S Yeo – Director*	73,394	164,377	16,315	491,450	37,765	-	783,301
K Paganin – Director*	224,200	980,000	13,246	-	42,385	-	1,259,831
D Young – Director*	162,406	980,000	15,424	-	104,179	-	1,262,009
O Foster – Director*	196,325	660,000	6,685	-	15,260	-	878,270
S Gherbaz – *(resigned effective from 14 Aug 2007)*							
	144,031	133,240	9,345	-	39,143	-	325,759
A Clayton *	158,862	380,000	3,168	-	12,140	-	554,170
R Kane*	125,342	380,000	7,840	-	42,140	-	555,322
M Hepburn*	128,617	430,000	5,075	-	42,385	-	606,077
T Andrews *(resigned 3 April 2007)*							
	150,142	210,000	8,897	-	34,728	-	403,767
P Rees – Director***	167,511	220,000	3,652	-	32,488	-	423,651

* Directors of Euroz Securities Limited
*** Director of Westoz Funds Management Pty Ltd

2006

	Primary				Post employ't	Equity	
	Base Salary $	**Profit Share/ Bonus $**	**Other Benefits $**	**Com-mission $**	**Super-annuation $**	**Options $**	**Total $**
R Caldow – Director*	73,394	-	13,291	371,002	22,605	-	480,292
G Chessell – Director*	197,021	915,000	62,839	-	11,447	-	1,186,307
S Yeo – Director*	73,394	159,023	13,522	421,421	28,765	-	696,125
K Paganin – Director*	212,951	915,000	15,920	-	40,560	-	1,184,431
D Young Director*	152,478	915,000	12,614	-	100,587	-	1,180,679
O Foster – Director*	186,381	640,000	5,011	-	11,447	-	842,839
S Gherbaz – Director	150,519	99,570	8,996	-	11,447	-	270,532
T Andrews – Director	105,922	235,000	4,235	-	40,614	-	385,771
P Rees – Director ***	167,511	185,000	4,290	-	32,489	-	389,290

* Directors of Euroz Securities Limited
*** Director of Westoz Funds Management Pty Ltd

Service Agreements

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

Peter Diamond, *Chairman*

- Term of contract ongoing employment contract
- Base Salary, inclusive of superannuation for the year ended 30 June 2007 of $277,104 (2006 - $267,104) plus profit share, to be reviewed annually by the Remuneration Committee.
- Payment on termination of employment by the employer, other than for gross misconduct – 3 months salary.

Andrew McKenzie, *Managing Director*

- Term of contract ongoing employment contract
- Base salary, inclusive of superannuation for the year ended 30 June 2007 of $277,104 (2006 - $267,104) plus profit share, to be reviewed annually by the Remuneration Committee.
- Payment on termination of employment by the employer, other than for gross misconduct – 3 months salary.

Jay Hughes, *Director*

- Term of contract – ongoing employment contract
- Base salary, inclusive of superannuation for the year ended 30 June 2007 of $277,104 (2006 - $267,104) plus profit share, to be reviewed annually by the Remuneration Committee.
- Payment on termination of employment by the employer, other than for gross misconduct – 3 months salary.

Shane Gherbaz, *Director – Euroz Securities*

- Term of contract – ongoing employment contract
- Base salary, inclusive of superannuation for the year ended 30 June 2007 of $177,104 (2006 - $172,104) plus bonuses, to be reviewed annually by the Remuneration Committee.
- Payment on termination of employment by the employer, other than for gross misconduct – 3 months salary.

Greg Chessell, *Director – Euroz Securities*

- Term of contract – ongoing employment contract
- Base salary, inclusive of superannuation for the year ended 30 June 2007 of $211,585 (2006 - $211,585) plus profit share, to be reviewed annually by the Remuneration Committee.
- Payment on termination of employment by the employer, other than for gross misconduct – 3 months salary.

Karl Paganin, *Director – Euroz Securities*

- Term of contract – ongoing employment contract
- Base salary, inclusive of superannuation for the year ended 30 June 2007 of $271,585 (2006 - $261,585) plus profit share, to be reviewed annually by the Remuneration Committee.
- Payment on termination of employment by the employer, other than for gross misconduct – 3 months salary.

Doug Young, *Director – Euroz Securities*

- Term of contract – ongoing employment contract
- Base salary, inclusive of superannuation for the year ended 30 June 2007 $271,585 (2006 - $261,585) plus profit share, to be reviewed annually by the Remuneration Committee.
- Payment on termination of employment by the employer, other than for gross misconduct – 3 months salary.

Richard Caldow, ***Director – Euroz Securities***

- Term of contract – ongoing employment contract
- Base salary, inclusive of superannuation for the year ended 30 June 2007 of $80,000 (2006 - $80,000) plus commission.
- Payment on termination of employment by the employer, other than for gross misconduct – commission earned.

Simon Yeo, ***Director – Euroz Securities***

- Term of contract – ongoing employment contract
- Base salary, inclusive of superannuation for the year ended 30 June 2007 of $80,000 (2006 - $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***

- Term of contract – ongoing employment contract
- Base salary, inclusive of superannuation for the year ended 30 June 2007 of $211,585 (2006 - $211,585) plus profit share.
- Payment on termination of employment by the employer, other than for gross misconduct – 3 months salary.

Mark Hepburn, ***Director – Euroz Securities***

- Term of contract – ongoing employment contract
- Base salary, inclusive of superannuation for the year ended 30 June 2007 of $171,002 (2006 - $Nil) plus profit share.
- Payment on termination of employment by the employer, other than for gross misconduct – 3 months salary.

Andrew Clayton, ***Director – Euroz Securities***

- Term of contract – ongoing employment contract
- Base salary, inclusive of superannuation for the year ended 30 June 2007 of $171,002 (2006 - $Nil) plus profit share.
- Payment on termination of employment by the employer, other than for gross misconduct – 3 months salary.

Russell Kane, ***Director – Euroz Securities***

- Term of contract – ongoing employment contract
- Base salary, inclusive of superannuation for the year ended 30 June 2007 of $171,002 (2006 - $Nil) plus profit share.
- Payment on termination of employment by the employer, other than for gross misconduct – 3 months salary.

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

- Term of contract – ongoing employment contract minimum period 1 year
- Base salary. Inclusive of superannuation for the year ended 30 June 2007 of $200,000 (2006 - $200,000) plus bonus
- Payment on termination of employment by the employer other than for gross misconduct – 3 months salary.

Share based compensation

No options were issued to directors or specified executives during the year ended June 30 2007.

Option holdings

No directors and specified executives of Euroz Limited and its consolidated entity held any options over ordinary shares in the company during and at the end of the financial year.

Share holdings

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

Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
Directors of Euroz Limited				
Ordinary shares				
P Diamond	4,500,000	-	-	4,500,000
A McKenzie	4,500,000	-	-	4,500,000
J Hughes	4,500,000	-	-	4,500,000
Key management personnel of the consolidated entity				
Ordinary shares				
R Caldow	2,000,000			2,000,000
G Chessell	1,393,200			1,393,200
S Yeo	1,500,000			1,500,000
K Paganin	2,000,000			2,000,000
D Young	1,500,000			1,500,000
O Foster	586,000			586,000
S Gherbaz	700,000			700,000
P Rees	500,000			500,000
M Hepburn	500,000			500,000
R Kane	1,060,000			1,060,000
A Clayton	900,000			900,000

Loans to directors and executives

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

Other transactions with directors and specified executives

Karl Paganin, a director of Euroz Securities Limited has a brother who is a partner in the law firm Steinepreis Paganin. During the year ended 30 June 2007, the consolidated entity received legal advisory services from Steinepreis Paganin. These services were on normal terms and conditions.

Aggregate amounts of the above types of transactions:

	2007	2006
Amounts recognised as expense	**$**	**$**
Legal Fees	**52,326**	12,475

During the year ended 30 June 2007 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 entity:

	2007	2006
Amounts recognised as revenue	**$**	**$**
Brokerage earned by Euroz Securities Limited on directors' accounts	**41,905**	25,172

DIRECTOR'S REPORT

Indemnifying Officers

During the financial year, Euroz Limited paid a premium of $170,074 to insure the directors and secretaries of the company and its Australian based controlled entities. The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the consolidated entity.

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 board of directors, in accordance with advice from the audit committee, is satisfied that the provision of non audit service during the year is compatible with the general standard of independence for auditors imposed under the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- All non-audit services are reviewed and approved by the audit committee prior to the commencement to ensure they do not adversely affect the integrity, and objectivities of the auditor; and
- The nature of the services, provided do not compromise the general principles relating to auditor independence as set out in the institute of Chartered Accountants in Australia and CPA Australia's Professional Statement F1: Professional Independence.

The following fees for non-audit services were paid/payable to the external auditors during the year ended June 30 2007:

	$
Taxation services	11,550
Advisory services	13,200

Auditor

Mack & Co continue in office in accordance with section 327 of the Corporations Act 2001.

Adoption of Australian equivalents to International Financial Reporting Standards (A-IFRS)

This financial report has been prepared under A-IFRS.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended June 30 2007 has been received and follows the directors report.

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

Peter Diamond
Chairman

Jay Hughes
Director

20 August 2007

AUDITOR'S INDEPENDENCE DECLARATION

MACK & CO.
CHARTERED ACCOUNTANTS

AUDITOR'S INDEPENDENCE DECLARATION

UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

TO THE DIRECTORS OF EUROZ LIMITED

I declare that to the best of my knowledge and belief, during the year ended June 30 2007 there have been:

(i) No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) No contraventions of any applicable code of professional conduct in relation to the audit.

MACK & CO

Mack & Co
Chartered Accountants
2nd Floor, 35 Havelock Street
West Perth WA 6005

N A Calder

N A Calder, Partner

20 August 2007

INCOME STATEMENT

For the year ended 30 June 2007	Notes	Consolidated 2007 $	Consolidated 2006 $	Parent entity 2007 $	Parent entity 2006 $
Revenue from ordinary activities	4	**63,805,598**	56,040,157	**22,132,998**	21,087,596
Employee benefits expense		**(21,268,929)**	(18,923,883)	**-**	-
Depreciation and amortisation expenses	5	**(315,323)**	(286,128)	**-**	-
Regulatory expenses		**(480,063)**	(499,238)	**(31,134)**	(37,836)
Consultancy expenses		**(918,114)**	(738,197)	**(129,000)**	(47,500)
Conference and seminar expenses		**(695,015)**	(767,715)	**-**	-
Brokerage & underwriting expense		**(4,047,582)**	(1,315,940)	**-**	-
Communication expenses		**(204,203)**	(169,679)	**-**	-
Carrying amount of principal trading stock sold		**(2,478,969)**	(7,659,286)		(3,974,671)
Other expenses from ordinary activities		**(1,803,701)**	(1,572,651)	**(54,305)**	(35,613)
Profit from ordinary activities before related income tax expense	5	**31,593,699**	24,107,440	**21,918,559**	16,991,976
Income tax expense	6	**(9,422,523)**	(7,292,933)	**(221,901)**	(417,593)
Profit from ordinary activities after related income tax expense		**22,171,176**	16,814,507	**21,696,658**	16,574,383
Total changes in equity attributable to members of Euroz Limited other than those resulting from transactions with owners as owners		**22,171,176**	16,814,507	**21,696,658**	16,574,383
		Cents	**Cents**		
Basic earnings per share	31	**44.3**	35.12		
Diluted earnings per share	31	**44.3**	33.63		

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

BALANCE SHEET

As at 30 June 2007		Consolidated		Parent entity	
	Notes	2007	2006	2007	2006
		$	$	$	$
Current assets					
Cash and cash equivalents	7	**50,660,629**	43,974,912	**28,622,689**	26,203,655
Trade and other receivables	8	**39,299,366**	23,807,640	**9,326,745**	4,835,481
Inventories	9	**60,000**	-	**-**	-
Other current assets	10	**439,754**	528,521	**5,600**	-
Total current assets		**90,459,749**	68,311,073	**37,955,034**	31,039,136
Non current assets					
Financial assets	11	**14,592,911**	8,891,340	**26,292,911**	20,591,340
Property, plant and equipment	12	**371,649**	553,247	**-**	-
Deferred tax assets	13	**294,206**	238,777	**4,500**	4,500
Total non current assets		**15,258,766**	9,683,364	**26,297,411**	20,595,840
Total assets		**105,718,515**	77,994,437	**64,252,445**	51,634,976
Current liabilities					
Trade and other payables	14	**39,598,503**	25,155,094	**38,000**	39,500
Current tax liabilities	15	**5,720,216**	4,952,071	**5,720,216**	4,952,071
Short term provisions	16	**15,236,451**	10,197,904	**15,000,000**	10,000,000
Total current liabilities		**60,555,170**	40,305,069	**20,758,216**	14,991,571
Non current liabilities					
Deferred tax liabilities	17	**1,178,628**	445,482	**1,103,048**	305,622
Long term provisions	18	**600,330**	387,416	**-**	-
Total non current liabilities		**1,778,958**	832,898	**1,103,048**	305,622
Total liabilities		**62,334,128**	41,137,967	**21,861,264**	15,297,193
Net assets		**43,384,387**	36,856,470	**42,391,181**	36,337,783
Equity					
Issued capital	19	**29,222,371**	29,222,371	**29,222,371**	29,222,371
Reserves		**2,755,858**	899,118	**2,755,858**	899,118
Retained earnings		**11,406,158**	6,734,981	**10,412,952**	6,216,294
Total equity		**43,384,387**	36,856,470	**42,391,181**	36,337,783

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

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2007	Share Capital $	Retained Profit $	Asset Revaluation Reserve $	Option Premium Reserves	Total $
CONSOLIDATED ENTITY					
Balance at 1 July 2005	21,682,371	2,129,975	-	186,000	23,998,346
Fair value accounting of available for sale financial assets taken directly to equity	-	-	713,118	-	713,118
Profit attributable to members of parent entity	-	16,814,507	-	-	16,814,507
Contributions of equity net of transaction costs	7,540,000	-	-	-	7,540,000
Dividends paid or provided for	-	(12,209,500)	-	-	(12,209,500)
Balance at 30 June 2006	**29,222,371**	**6,734,982**	**713,118**	**186,000**	**36,856,471**
Fair value accounting of available for sale financial assets taken directly to equity	-	-	1,856,740	-	1,856,740
Profit attributable to members of parent entity	-	22,171,176	-	-	22,171,176
Dividends paid or provided for	-	(17,500,000)	-	-	(17,500,000)
	29,222,371	**11,406,158**	**2,569,858**	**186,000**	**43,384,387**
PARENT ENTITY					
Balance at 1 July 2005	21,682,371	1,851,412	-	186,000	23,719,783
Fair value accounting of available for sale financial assets taken directly to equity	-	-	713,118	-	713,118
Profit attributable to members of parent entity	-	16,574,383	-	-	16,574,383
Contributions of equity net of transaction costs	7,540,000	-	-	-	7,540,000
Dividends paid or provided for	-	(12,209,501)	-	-	(12,209,501)
Balance at 30 June 2006	**29,222,371**	**6,216,294**	**713,118**	**186,000**	**36,337,783**
Fair value accounting of available for sale financial assets taken directly to equity	-	-	1,856,740	-	1,856,740
Profit attributable to members of parent entity	-	21,696,658	-	-	21,696,658
Dividends paid or provided for	-	(17,500,000)	-	-	(17,500,000)
	29,222,371	**10,412,952**	**2,569,858**	**186,000**	**42,391,181**

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASHFLOWS

	Notes	Consolidated 2007 $	Consolidated 2006 $	Parent entity 2007 $	Parent entity 2006 $
Cash flows from operating activities					
Receipts from customers (inclusive of goods and services tax)		**56,603,333**	43,185,525	**-**	-
Payments to suppliers and employees (inclusive of goods and services tax)		**(29,506,475)**	(20,330,421)	**(215,939)**	(30,119)
		27,096,858	22,855,104	**(215,939)**	(30,119)
Proceeds from sale of house options		**26,656**	68,111	**-**	-
Dividends received		**379,001**	4,650	**21,179,001**	15,602,500
Interest received		**2,094,213**	1,503,327	**948,397**	622,912
Proceeds from sale of trading shares		**4,075,154**	4,862,184	**-**	-
Income taxes (paid)/returned		**(8,772,405)**	(3,940,211)	**(3,943,339)**	(1,594,999)
Payments for trading shares		**(2,538,969)**	(2,365,101)	**-**	-
Net cash inflow (outflow) from operating activities	29	**22,360,508**	22,988,064	**17,968,120**	14,600,294
Cash flows from investing activities					
Payments for investments		**(3,049,086)**	(3,647,603)	**(3,049,086)**	(3,647,599)
Payments for investments in controlled entities		**-**	-	**-**	(1,200,000)
Payments for property, plant and equipment		**(125,706)**	(280,371)	**-**	-
Proceeds from sale of investments		**-**	4,177,617	**-**	4,862,184
Net cash inflow/(outflow) from investing activities		**(3,174,792)**	249,643	**(3,049,086)**	14,585
Cash flows from financing activities					
Proceeds from issues of shares and other equity securities		**-**	7,540,000	**-**	7,540,000
Dividends paid		**(12,500,000)**	(7,355,750)	**(12,500,000)**	(7,355,751)
Net cash inflow/(outflow) from financing activities		**(12,500,000)**	184,250	**(12,500,000)**	184,249
Net increase/(decrease) in cash held		**6,685,716**	23,421,957	**2,419,034**	14,799,128
Cash at the beginning of the financial year		**43,974,913**	20,552,956	**26,203,655**	11,404,527
Cash at the end of the financial year	7	**50,660,629**	43,974,913	**28,622,689**	26,203,655
Non cash financing and investing activities	30				

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

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, Urgent Issues Group Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers the economic entity of Euroz Limited and controlled entities and Euroz Limited as an individual parent entity. Euroz Limited is a listed public company, incorporated and domiciled in Australia.

The financial report of Euroz Limited and controlled entities, and Euroz Limited as an individual parent entity comply with all Australian equivalents to International Financial Reporting Standards (A-IFRS) in their entirety.

The following is a summary of the material accounting policies adopted by the economic entity 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 June 30 2007 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 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.

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 July 1 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 Assets

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

(d) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Brokerage revenue earned from share trading on behalf of clients is recognised on completion of the transactions. That is, the day the security is traded, not the day of settlement.

Underwriting, management fees and corporate retainers are brought to account when the fee in respect of the services provided is receivable.

Share trading revenue from the sale of stocks in the Jobbing account is recognised on the day the security is traded. Revenue comprises the gross proceeds on sale of the security.

Interest income is recognised as it accrues.

(e) Receivables

All trade debtors relating to brokerage and principal trading are recognised as current receivables as they are due for settlement no more than 3 days from the date of recognition.

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

(f) Inventories

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

(g) Impairment of Assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over it recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

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.

(h) Investments

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

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

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

(i) Property, Plant and Equipment

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

Plant and Equipment

Plant and equipment is measured on the cost basis less 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 on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

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

Plant and Equipment

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 including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the economic entity 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	12 ½ %
Plant and equipment	5-33 %

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

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

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

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

(j) Leasehold Improvements

The cost of improvements to or on leasehold properties are amortised over the unexpired period of the lease or the estimated useful life of the improvement to the consolidated entity, 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

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

(m) Dividends

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

(n) Options

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

(o) Employee Benefits

(i) Wages, salaries and annual leave

Liabilities for wages, salaries and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Employee benefits payable later than one year

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

(iii) Superannuation

Contributions are made by the consolidated entity 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 rate 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.

Upon the exercise of options, the balance of the share based payments relating to those options is transferred to share capital.

(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.

(p) Cash and Cash Equivalents

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

(q) Earnings Per Share

(i) Basic earnings per share

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

(ii) Diluted earnings per share

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

(r) Fair Value Estimation

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

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

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

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

(s) Goods and Services Tax (GST)

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

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

(t) Comparative Figures

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

(u) Financial Instruments

The consolidated entity 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.

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

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

(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 entity provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in receivables in the balance sheet.

(iii) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

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

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

(v) 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.

Note 2. Change in accounting policies

In accordance with AASB 119 Employee Benefits, the Consolidated Entity has recognised long term employee benefits, long service leave after 5 years of continuous service.

Note 3. Segment information

Business Segments

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

Stockbroking

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

Principal Trading

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

Funds Management

The consolidated entity provides advice in relation to fund management.

Primary reporting– business segments

2007	Stockbroking $	Principal Trading $	Funds Mgt $	Unallocated $	Consolidated $
Sales and other fees	48,430,807	4,075,154	8,818,943	-	61,324,904
Other revenue	-	-	-	2,480,694	2,480,694
Total segment revenue	48,430,807	4,075,154	8,818,943	2,480,694	63,805,598
Segment result	19,847,188	1,596,186	7,884,070	2,266,255	
Profit from ordinary activities before income tax expense					31,593,699
Income tax expense					(9,422,523)
Profit from ordinary activities after income tax expense					22,171,176
Segment assets	58,065,946	-	4,137,163	43,515,406	105,718,515
Total assets					105,718,515
Segment liabilities	46,452,891	-	3,271,137	12,610,100	62,334,128
Total liabilities					62, 334,128
Net assets					43,384,387
Acquisition of property, plant and equipment, intangibles and other non current segment assets					
Depreciation and amortisation expense	315,323				315,323

2006	Stockbroking $	Principal Trading $	Funds Mgt $	Unallocated $	Consolidated $
Sales and other fees	42,411,449	9,039,802	2,967,953	-	54,419,204
Other revenue	-	4,650	-	1,616,302	1,620,952
Total segment revenue	42,411,449	9,044,452	2,967,953	1,616,302	56,040,156
Segment result	18,993,533	1,385,166	2,316,805	1,411,936	
Profit from ordinary activities before income tax expense					24,107,440
Income tax expense					(7,292,933)
Profit from ordinary activities after income tax expense					16,814,507
Segment assets	40,841,182	-	1,818,402	35,333,771	77,993,355
Total assets					77,993,355
Segment liabilities	29,498,752	-	1,036,562	10,601,571	41,136,885
Total liabilities					41,136,885
Net assets					36,856,470
Acquisition of property, plant and equipment, intangibles and other non current segment assets					
Depreciation and amortisation expense	286,128				286,128

Notes to and forming part of the segment information

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

Note 4. Revenue

	Consolidated		Parent entity	
	2007 $	2006 $	2007 $	2006 $
Revenue from operating activities				
Brokerage	**21,035,002**	18,273,510	**-**	-
Underwriting and management fees	**35,368,870**	26,057,781	**-**	-
Proceeds on sale of principal trading shares	**4,075,154**	4,177,617	**-**	-
Corporate retainers	**819,222**	980,000	**-**	-
House options	**26,656**	68,111	**-**	-
	61,324,904	49,557,019	**-**	-
Revenue from outside the operating activities				
Interest	**2,094,213**	1,503,327	**953,997**	622,912
Dividends	**379,001**	4,650	**21,179,001**	15,602,500
Other revenue	**7,480**	112,977	**-**	-
Proceeds on sale of investments	**-**	4,862,184	**-**	4,862,184
	2,480,694	6,483,138	**22,132,998**	21,087,596
Revenue from ordinary activities	**63,805,598**	56,040,157	**22,132,998**	21,087,596

Note 5. Profit from ordinary activities

	Consolidated		Parent entity	
	2007	2006	2007	2006
	$	$	$	$
Net gains and expenses				
Profit from ordinary activities before income tax expense includes the following specific net gains and expenses:				
Net Gains				
Net gain on disposal of investments	-	887,513	-	887,513
Expenses				
Depreciation				
Plant and equipment	**172,819**	157,175	-	-
Total depreciation	**128,953**	157,175	-	-
Amortisation				
Leasehold improvements	**142,504**	128,953	-	-
Total amortisation	**142,504**	128,953	-	-
Other Provisions				
Movement in employee entitlements	**286,215**	18,999	-	-
Total other provisions	**286,215**	18,999	-	-
Rental expense relating to operating leases				
Minimum lease payments	**315,971**	298,554	-	-
Total rental expense relating to operating leases	**315,971**	298,554	-	-

Note 6. Income tax

	Consolidated		Parent entity	
	2007	2006	2007	2006
	$	$	$	$
The components of tax expense comprise:				
Current tax	**9,496,351**	7,253,229	**220,221**	442,742
Deferred tax	**(73,828)**	39,703	**1,680**	(25,149)
	9,422,523	7,292,932	**221,901**	417,593
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:				
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2006: 30%)				
Economic entity	**9,478,110**	7,232,232	-	-
Parent entity	-	-	**6,575,568**	5,097,593
	9,478,110	7,232,232	**6,575,568**	5,097,593
Add				
Tax effect of:				
- imputation credits	**48,729**	-	**2,723,014**	2,005,714
- other non-allowable items	**58,113**	60,700	**33**	-
	9,584,952	7,292,932	**9,298,615**	7,103,307
Less				
Tax effect of:				
- rebateable fully franked dividends	**162,429**	-	**9,076,714**	6,685,714
Income tax attributable to entity	**9,422,523**	7,292,932	**221,901**	417,593
The applicable weighted average effective tax rates are as follows:	**30%**	30%	**1%**	2%

The decrease in the weighted average effective consolidated tax rate for 2006 is a result of accelerated tax allowances on provisions.

	Consolidated 2007 $	Consolidated 2006 $	Parent entity 2007 $	Parent entity 2006 $
Reconciliations				
i. Gross movements				
The overall movement in the deferred tax account is as follows:				
Opening balance	**(206,704)**	138,621	**(301,122)**	(20,649)
(Charge)/credit to income statement	**73,028**	(39,703)	**(1,680)**	25,149
Charge to equity	**(795,746)**	(305,622)	**(795,746)**	(305,622)
Closing balance	**(929,422)**	(206,704)	**(1,098,548)**	(301,122)
ii. Deferred tax liability				
The movement in deferred tax liability for each temporary difference during the year is as follows:				
Fair value gain adjustments				
Opening balance	**305,622**	-	**305,622**	-
Charged to the income statement				
Charged directly to equity	**795,746**	305,622	**795,746**	305,622
Closing balance	**1,101,368**	305,622	**1,101,368**	305,622
Other				
Opening balance	**139,859**	87,991	**-**	26,649
Charged to the income statement	**(62,599)**	51,868	**1,680**	(26,649)
Closing balance	**77,260**	139,859	**1,680**	-
iii. Deferred tax assets				
The movement in deferred tax assets for each temporary difference during the year is as follows:				
Provisions				
Opening balance	**238,777**	226,612	**4,500**	6,000
Credited to the income statement	**10,429**	12,165	**-**	(1,500)
Closing balance	**249,206**	238,777	**4,500**	4,500

Tax losses

No part of the deferred tax asset shown in note 13 is attributable to tax losses. The directors advise that the potential future income tax benefit at June 30 2007 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 July 1 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.

On entering tax consolidation on 1 July 2003, Euroz Securities Limited transferred net deferred tax assets of $53,802 to Euroz Limited. Euroz Limited has compensated Euroz Securities for this transfer by way of a reduction of the tax related loan by Euroz Securities Limited to Euroz Limited as shown at note 8.

Note 7. Current assets – Cash and cash equivalents

	Consolidated		Parent entity	
	2007	2006	2007	2006
	$	$	$	$
Cash at bank and on hand	**47,410,012**	40,845,222	**27,497,381**	25,138,810
Deposits at call	**3,250,617**	3,129,690	**1,125,308**	1,064,845
	50,660,629	43,974,912	**28,622,689**	26,203,655
The above figures are reconciled to cash at the end of the financial year as shown in the statements of cash flows as follows:				
Balances as above	**50,660,629**	43,974,912	**28,622,689**	26,203,655

Deposits at call
The deposits are bearing floating interest rates between 4.68% and 6.15% (2006 – 3.5% and 4.8%).

Note 8. Current assets – Trade and other receivables

	Consolidated		Parent entity	
	2007	2006	2007	2006
	$	$	$	$
Trade debtors	**39,299,366**	23,806,558	**-**	-
Intercompany tax related loan receivable	**-**	-	**9,320,331**	4,834,399
Goods and services tax (GST) receivable	**-**	1,082	**6,414**	1082
	39,299,366	23,807,640	**9,326,745**	4,835,481

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

Note 9. Current assets – Inventories

	Consolidated		Parent entity	
	2007	2006	2007	2006
	$	$	$	$
Trading securities listed	**60,000**		**-**	

Note 10. Current assets – Other current assets

	Consolidated		Parent entity	
	2007	2006	2007	2006
	$	$	$	$
Prepayments	**182,220**	62,323	**-**	-
Accrued income	**257,534**	466,198	**5,600**	-
	439,754	528,521	**5,600**	-

Note 11. Non current assets – Financial assets

	Consolidated 2007 $	Consolidated 2006 $	Parent entity 2007 $	Parent entity 2006 $
Investments traded on organised markets				
Investment in un-listed company – at cost	**10,921,686**	7,872,600	**10,921,686**	7,872,600
Unrealised profit – unlisted shares	**3,671,225**	1,018,740	**3,671,225**	1,018,740
Other (non traded) investments				
Shares in controlled entities – at cost (note 27)	**-**	-	**11,700,000**	11,700,000
	14,592,911	8,891,340	**26,292,911**	20,591,340

Non current assets pledged as security

See note 30 for information on non current assets pledged as security by the parent entity or its controlled entities.

Note 12. Non current assets Property, plant & equipment

	Consolidated 2007 $	Consolidated 2006 $	Parent entity 2007 $	Parent entity 2006 $
Land & buildings				
Leasehold improvements				
At cost	**611,292**	555,111	**-**	-
Less: Accumulated amortisation	**(486,849)**	(344,345)	**-**	-
Total land and buildings	**124,443**	210,766	**-**	-
Plant and equipment				
Software				
At cost	**32,074**	32,074	**-**	-
Less: Accumulated depreciation	**(24,442)**	(13,731)	**-**	-
	7,632	18,343	**-**	-
Office equipment				
At cost	**341,062**	608,046	**-**	-
Less: Accumulated depreciation	**(241,262)**	(444,861)	**-**	-
	99,800	163,185	**-**	-
Furniture, fixtures & fittings				
At cost	**326,982**	316,420	**-**	-
Less: Accumulated depreciation	**(187,208)**	(155,467)	**-**	-
	139,774	160,953	**-**	-
Total plant and equipment	**247,206**	342,481	**-**	-
	371,649	553,247	**-**	-

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 $
2007			
Consolidated			
Carrying amount at 1 July 2006	**210,766**	342,481	**553,247**
Additions	**56,181**	79,226	**135,407**
Disposal/write off	**-**	(1,682)	**(1,682)**
Depreciation/amortisation expense (note 5)	**(142,504)**	(172,819)	**(315,323)**
Carrying amount at 30 June 2007	**124,443**	247,206	**371,649**
2006			
Consolidated			
Carrying amount at 1 July 2005	**247,933**	309,801	**557,734**
Additions	**91,786**	188,585	**280,371**
Profit on disposals	**-**	1,270	**1,270**
Depreciation/amortisation expense (note 5)	**(128,953)**	(157,175)	**(286,128)**
Carrying amount at 30 June 2006	**210,766**	342,481	**553,247**

Note 13. Non current assets – Deferred tax assets

	Consolidated		Parent entity	
	2007 $	2006 $	2007 $	2006 $
Deferred tax asset	**249,206**	238,777	**4,500**	4,500
Assets				
Deferred tax assets comprises:				
Provisions	**249,206**	238,777	**4,500**	4,500
Total	**249,206**	238,777	**4,500**	4,500

Note 14. Current liabilities – Trade and other payables

	Consolidated		Parent entity	
	2007 $	2006 $	2007 $	2006 $
Trade creditors	**37,207,886**	22,552,064	**-**	39,500
Other payables and accruals	**2,390,617**	2,603,030	**38,000**	-
	39,598,503	25,155,094	**38,000**	39,500

Note 15. Current liabilities Current tax liabilities

	Consolidated		Parent entity	
	2007 $	2006 $	2007 $	2006 $
Provision for taxation	**5,720,216**	4,952,071	**5,720,216**	4,952,071

Note 16. Current liabilities – Short term provisions

	Consolidated 2007 $	Consolidated 2006 $	Parent entity 2007 $	Parent entity 2006 $
Dividends	**15,000,000**	10,000,000	**15,000,000**	10,000,000
Employee entitlements	**236,451**	197,904	**-**	-
	15,236,451	10,197,904	**15,000,000**	10,000,000

Note 17. Non current liabilities – Deferred tax liabilities

	Consolidated 2007 $	Consolidated 2006 $	Parent entity 2007 $	Parent entity 2006 $
Deferred tax liability	**1,178,628**	445,482	**1,103,048**	305,622
Deferred tax liability comprises:				
Fair value gain adjustments	**1,101,368**	305,623	**1,103,048**	305,622
Other	**77,260**	139,859	**-**	-
Total	**1,178,628**	445,482	**1,103,048**	305,622

Note 18. Non current liabilities – Long term provisions

	Consolidated 2007 $	Consolidated 2006 $	Parent entity 2007 $	Parent entity 2006 $
Provisions lease incentive	**353,400**	387,416	**-**	-
Provisions – Employee entitlements	**246,930**	-	**-**	-
	600,330	387,416	**-**	-

Note 19. Issued capital

	Parent entity 2007 Shares	Parent entity 2006 Shares	Parent entity 2007 $	Parent entity 2006 $
(a) Share capital				
Ordinary shares				
Issued and paid up capital– consisting of ordinary shares	**50,000,000**	50,000,000	**29,222,371**	29,222,371

(b) Movements in ordinary share capital

Date	Details	Number of shares	Issue price	$
1 July 2004	**Opening Balance**	**37,229,239**		**16,944,512**
22-7-2004	Options converted	310,100	$0.50	17,099,562
27-7-2004	Options converted	42,500	$0.50	17,120,812
29-7-2004	Options converted	25,000	$0.50	17,133,312
4-8-2004	Options converted	443,000	$0.50	17,354,812
17-8-2004	Options converted	447,451	$0.50	17,578,538
25-8-2004	Options converted	234,104	$0.50	17,695,590
2-9-2004	Options converted	1,199,250	$0.50	18,295,215
7-9-2004	Options converted	155,500	$0.50	18,372,965
9-9-2004	Options converted	25,000	$0.50	18,385,465
21-9-2004	Options converted	67,500	$0.45	18,415,840
8-10-2004	Options converted	429,200	$0.45	18,608,980
8-10-2004	Options converted	200,000	$0.50	18,708,105
12-10-2004	Capital raising	3,092,161	$0.80	21,182,833
26-10-2004	Options converted	9,200	$0.45	21,186,973
26-10-2004	Capital raising	250,000	$0.80	21,386,973
5-11-2004	Options converted	40,000	$0.50	21,406,973
9-11-2004	Options converted	123,300	$0.50	21,468,623
19-11-2004	Options converted	62,495	$0.50	21,499,871
1-12-2004	Options converted	61,000	$0.50	21,530,371
8-12-2004	Options converted	4,000	$0.50	21,532,371
8-3-2005	Options converted	300,000	$0.50	21,682,371
26-10-2005	Options converted	350,000	$1.20	22,120,371
26-10-2005	Shares issued	4,000,000	$1.38	27,622,371
5-04-2006	Options converted	250,000	$1.20	27,922,371
27-04-2006	Shares issued	650,000	$2.00	29,222,371
30 June 2007	**Balance**	**50,000,000**		**29,222,371**

(c) Ordinary shares

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

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

There were no issues of shares during the year.

(d) Options

There were no options on issue at year end.

Note 20. Dividends

	Parent entity 2007 $	Parent entity 2006 $
Ordinary shares		
Final dividend declared and paid for the year ended 30 June 2006 of 20 cents (2005 – 11.5 cents)	**10,000,000**	5,146,250
Interim dividend for the half year ended 31 December 2006 of 5 cents (2006 – 4.5 cents) per fully paid share paid on 7 January 2007 Fully franked based on tax paid @ 30%	**2,500,000**	2,209,501
Final dividend declared and provided for at 30 June 2007 of 30 cents (2006 - 20 cents) per fully paid ordinary share Fully franked based on tax paid @ 30%	**15,000,000**	10,000,000
Total dividends provided for or paid	**27,500,000**	17,355,751

Franked dividends

The franked portions of the dividends recommended after 30 June 2007 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 2007.

	Consolidated entity 2007 $	Consolidated entity 2006 $
Franking credits available for subsequent financial years based on a tax rate of 30%	**5,900,517**	3,859,966

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.

Note 21. Financial instruments

(a) Net fair value of financial assets and liabilities

(i) On balance sheet

The net fair value of cash and cash equivalents and non interest bearing monetary financial assets and financial liabilities of the consolidated entity approximates their carrying amounts, with the exception of investments and trading securities, the fair value of which is disclosed in notes 9 and 11 respectively refer to note 1(u).

(ii) Off balance sheet

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

(b) Credit risk exposures

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

(c) Interest rate risk exposures

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

2007	**Weighted average interest rate %**	**Floating interest rate $**	**Non interest bearing $**	**Total $**
Financial assets				
Cash and deposits	6.0	50,660,629	-	50,660,629
Inventories	-	-	60,000	60,000
Receivables and accrued income	-	-	39,739,119	39,739,119
Other financial assets investments	-	-	14,592,911	14,592,911
		50,660,629	54,392,030	105,052,659
Financial liabilities				
Trade and other creditors		-	39,598,503	39,598,503
Net financial assets		50,660,629	14,793,527	65,454,156
2006				
Financial assets				
Cash and deposits	4.0	43,974,912	-	43,974,912
Inventories	-	-	-	-
Receivables and accrued income	-	-	24,335,079	24,335,079
Other financial assets investments	-	-	8,891,340	8,891,340
		43,974,912	33,226,419	77,201,331
Financial liabilities				
Trade and other creditors		-	25,154,012	25,154,012
Net financial assets		43,974,912	8,072,407	52,047,319

Note 22. Remuneration of auditors

	Consolidated		**Parent entity**	
	2007	**2006**	**2007**	**2006**
Assurance services	**$**	**$**	**$**	**$**
Audit services				
Audit and review of financial reports for the company				
Fees paid to Mack & Co firm	**145,200**	69,300	**77,000**	40,700
Total remuneration for audit services	**145,200**	69,300	**77,000**	40,700
Taxation services				
Tax compliance services				
Fees paid to Mack & Co firm	**11,550**	7,700	**11,550**	6,050
Total remuneration for taxation services	**11,550**	7,700	**11,550**	6,050
Advisory services				
Compilation of financial reports and associated services				
Fees paid to Mack & Co firm	**13,200**	11,000	**13,200**	11,000
Total remuneration for advisory services	**13,200**	11,000	**13,200**	11,000

Note 23. Contingent liabilities

The parent entity and consolidated entity had contingent liabilities at 30 June 2007 in respect of guarantees.

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

	Consolidated		Parent entity	
	2007	2006	2007	2006
	$	$	$	$
Secured guarantees in respect of:				
(a) operating lease of a controlled entity	**500,000**	500,000	**500,000**	500,000

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

Note 24. Commitments for expenditure

	Consolidated		Parent entity	
	2007	2006	2007	2006
Other commitments	$	$	$	$
Commitments for the cost of services supplied to the consolidated entity but not recognised as liabilities, payable:				
Within one year	**200,000**	240,000	-	-
Later than one year but not later than 5 years	-	200,000	-	-
	200,000	440,000	-	-
Operating leases				
Commitments for minimum lease payments in relation to non cancellable operating leases are payable as follows:				
Within one year	**277,170**	265,523	-	-
Later than one year but not later than 5 years	**1,222,102**	1,181,106	-	-
Later than 5 years	**326,888**	688,216	-	-
Commitments not recognised in the financial statements	**1,826,160**	2,134,845	-	-

The current lease on the premises at Level 14, 1 William Street is for the period of 10 years commencing on 1 February 2003 and expiring on 31 January 2013. The lease for Westoz Funds Management's premises at Level 1, Ernst & Young Building is for the period of 5 years commencing on 1 May 2005 and expiring on 30 April 2010.

Note 25. Employee benefits

	Consolidated		Parent entity	
	2007	2006	2007	2006
	$	$	$	$
Employee benefit and related on costs liabilities				
Provision for employee entitlements – current	**494,610**	208,396	-	-
Aggregate employee benefit and related on costs liabilities	**494,610**	208,396	-	-

Note 26. Related parties

Key management personnel

Disclosures relating to directors and specified executives are set out 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, Euroz Corporate Pty Ltd, and Westoz Funds Management Pty Ltd Ownership interests in these controlled entities are set out in note 27.

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

Transactions with related parties consists of:

(i) Ultimate Holding Company

Loans advanced by Euroz Limited

Loans repaid to Euroz Limited

Payments of dividends to Euroz Limited

Transactions between Euroz Limited and its wholly-owned Australian controlled entities under the accounting tax sharing agreements described in Note 6

	2007 $	2006 $
(ii) Director related entities Karl Paganin, Director of Euroz Securities Limited has a brother who is a partnerin a law firm Steinepreis Paganin. The consolidated entity received legal advisory services from Steinepreis Paganin recognised as legal fee expense	52,326	12,475

	Parent entity 2007 $	Parent entity 2006 $
Aggregate amounts included in the determination of profit from ordinary activities before income tax that resulted from transactions with entities in the wholly owned group:		
Dividend revenue	20,800,000	15,600,000

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 27

Note 27. Investments in controlled entities

Name of entity	Country of incorporation	Class of shares	Equity holding 2007 %	Equity holding 2006 %	Cost of parent entity's investment 2007 $	Cost of parent entity's investment 2006 $
Euroz Securities Limited	Australia	Ordinary	100	100	11,000,000	11,000,000
Detail Nominees Pty Limited	Australia	Ordinary	100	100	-	-
Zero Nominees Pty Limited	Australia	Ordinary	100	100	-	-
Westoz Funds Mgt Pty Ltd	Australia	Ordinary	100	100	700,000	700,000

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

Note 28. Events occurring after reporting date

A placement of 14,000,000 shares at $3.30 per share has been completed in two tranches raising $46,200,000. Apart from this no matter or circumstance has arisen subsequent to 30 June 2007 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 29. Reconciliation of profit from ordinary activities after income tax to net cash inflow from operating activities

	Consolidated		Parent entity	
	2007	**2006**	**2007**	**2006**
	$	**$**	**$**	**$**
Profit from ordinary activities after income tax	**22,171,176**	16,814,507	**21,696,658**	16,574,383
Depreciation and amortisation	**315,323**	286,128	**-**	-
Net (gain)/loss on sale of investment	**-**	(202,946)	**-**	(887,513)
Net (gain)/loss on sale of fixed asset	**1,682**	(1,270)	**-**	-
Changes in assets and liabilities				
Decrease/(increase) in trade debtors and other receivables	**(15,501,428)**	(1,998,765)	**(4,491,263)**	(4,624,544)
Decrease/(increase) in prepayments	**(119,897)**	72,215	**-**	-
Decrease/(increase) in accrued income	**208,664**	(198,931)	**(5,600)**	88,831
Decrease/(increase) in inventories	**(60,000)**	1,319,514	**-**	-
Decrease/(increase) in deferred tax asset	**(55,429)**	(12,164)	**-**	222,112
(Decrease)/increase in trade creditors and other liabilities	**14,443,409**	3,551,772	**(1,500)**	2,000
Increase/(decrease) in provision for income taxes payable	**768,145**	3,313,017	**768,145**	3,313,017
Increase/(decrease) in provision for deferred tax liabilities	**(62,599)**	51,869	**1,680**	(87,992)
(Increase)/decrease in provisions	**285,478**	18,999	**-**	-
Increase/(decrease) in lease incentives	**(34,016)**	(25,881)	**-**	-
Net cash inflow from operating activities	**22,360,508**	22,988,064	**17,968,120**	14,600,294

Note 30. Non cash financing and investing activities

	Consolidated		Parent entity	
	2007	**2006**	**2007**	**2006**
	$	**$**	**$**	**$**
Unrestricted access was available at balance date to the following lines of credit:				
Credit standby arrangements				
Bank overdrafts	**10,000,000**	3,000,000	**-**	-
Unused at balance date				
Bank overdrafts	**10,000,000**	3,000,000	**-**	-

Euroz Securities Ltd, a wholly owned subsidiary of Euroz Limited, has a bank overdraft facility as at 30 June 2007 for up to $10,000,000 ($nil drawn down at 30 June 2006). The facility may be drawn down at any time, is repayable on demand and interest is incurred at the standard variable rate. The facility is secured by a fixed and floating charge over the assets of Euroz Limited and Euroz Securities Limited.

Note 31. Earnings per share

	Consolidated 2007 cents	Consolidated 2006 Cents
Basic earnings per share	**44.3**	35.12
Diluted earnings per share	**44.3**	33.63

	Consolidated 2007 Number	Consolidated 2006 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.	**50,000,000**	47,875,137
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share.	**50,000,000**	50,000,000

The profit figures used to calculate the earnings per share for both the basic and diluted calculations was the same as the profit figure from the statement of financial performance.

Note 32. Company details

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

Euroz Limited
Level 14 The Quadrant
1 William Street
PERTH WA 6000

DIRECTORS' DECLARATION

The directors declare that:

1. The financial report comprising of the income statement, balance sheet, statement of changes in equity, statement of cash flow and notes to and forming part of the financial report, are in accordance with the Corporations Act 2001 and

   (a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

   (b) give a true and fair view of the company's and consolidated entity's financial position as at 30 June 2007 and of their performance, as represented by the results of their operations and their cash flows, for the financial year ended on that date.

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 286 of the Corporations Act 2001;

   (b) the financial statements and notes for the financial year comply with the Accounting Standards; and

   (c) the financial statements and notes for the financial year give a true and fair view.

3. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Peter Diamond

Chairman

Jay Hughes

Director

Perth

20 August 2007

INDEPENDENT AUDIT REPORT

INDEPENDENT AUDIT REPORT TO MEMBERS OF EUROZ LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Euroz Limited and the consolidated entity, which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

As permitted by the Corporations Regulations 2001, the company has disclosed information about the remuneration of directors and executives (remuneration disclosures), required by Accounting Standard AASB 124: Related Party Disclosures, under the heading 'Remuneration Policy of the directors' report and not in the financial report.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

The directors also are responsible for preparation and presentation of the remuneration disclosures contained in the directors' report in accordance with the Corporations Regulations 2001.

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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement and that the remuneration disclosures in the directors' report comply with Accounting Standard AASB 124.

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 judgment, 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 and fair presentation of the financial report 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 and the remuneration disclosures in the directors' 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. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Euroz Limited on 20 August 2007, would be in the same terms if provided to the directors as at the date of this auditor's report.

INDEPENDENT AUDIT REPORT

Auditor's Opinion

In our opinion:

a. the financial report of Euroz Limited and its consolidated entities is in accordance with the Corporations Act 2001, including:

   i. giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2007 and of their performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

b. the financial report also complies with International financial Reporting Standards as disclosed in Note 1; and

c. the remuneration disclosures that are contained in the directors' report and notes to the financial statements comply with Accounting Standard AASB 124.

MACK & CO

Mack & Co
Chartered Accountants
2nd Floor, 35 Havelock Street
West Perth WA 6005

N A Calder

N A Calder, Partner

20 August 2007

CORPORATE GOVERNANCE STATEMENT

Corporate governance statement

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

The essential corporate governance principles are:

1. Lay the foundation for management and oversight
2. Structure the board to add value
3. Promote ethical and responsible decision making
4. Safeguard integrity in financial reporting
5. Make timely and balanced disclosure
6. Respect the rights of shareholders
7. Recognise and manage risk
8. Encourage enhanced performance
9. Remunerate fairly and responsibly
10. Recognise the legitimate interests of stakeholders

1. Lay the foundation for management and oversight

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

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

Roles and Responsibilities

The roles and responsibilities of the board are to:

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

2. Structure the board to add value

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

Recommendation 2.2: The chairperson should be an independent director.

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

Recommendation 2.4: The board should establish a nomination committee.

Membership

The board's membership and structure is selected to provide the Company with the most appropriate direction in the areas of business controlled by the Company. The board currently consists of 3 members; all of whom are executive directors. Refer to the Directors' Report for details of each director's profile.

Chairman and Managing Director

The roles of the Chairman and the Managing Director are separate. The Chairman is responsible for leading the

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

Nomination Committee

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

Skills

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

Experience

The directors, collectively, have 58 years experience in the financial services industry.

Meetings

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

Independent professional advice

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

3. Promote ethical and responsible decision making

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

> *3.1.1 The practices necessary to maintain confidence in the company's integrity*
>
> *3.1.2 The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.*

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

Standards

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

Dealing in Company Securities

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

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

4. Safeguard integrity in financial reporting

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

Recommendation 4.2: The board should establish an audit committee.

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

- *Only non executive directors*

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

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

Integrity of Company's Financial Condition

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

Audit Committee

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

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

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

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

5. Make timely and balanced disclosure

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

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

The Company Secretary has been appointed as the person responsible for communications with the Australian Stock Exchange (ASX). This role includes responsibility for ensuring compliance with the continuous disclosure requirements of the ASX Listing Rules and overseeing and co ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

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

6. Respect the rights of shareholders

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

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

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

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

7. Recognise and manage risk

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

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

> *7.2.1 The statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board.*
>
> *7.2.2 The company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.*

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

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

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

8. Encourage enhanced performance

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

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

Share Ownership

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

9. Remunerate fairly and responsibly

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

Recommendation 9.2: The board should establish a remuneration committee.

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

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

Principles used to determine the nature and amount of remuneration

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

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

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

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

Remuneration Committee

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

Equity based executive remuneration

There is no equity based remuneration to executives of the Company.

Directors' Remuneration

Further information on directors' and executives' remuneration is set out in the directors' report and note 29 to the financial statements.

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

10. Recognise the legitimate interests of stakeholders

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

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

Departure from Best Practice Recommendations

From 1 July 2006 to 30 June 2007, the Company complied with each of the Ten Essential Corporate Governance Principles and Best Practice Recommendations published by the ASX Corporate Governance Council, other than in relation to the table below.

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

Council Recommendation	Notification of Departure	Explanation for Departure
1.1	The board has formalised a charter.	The board was operated within its charter.
2.1	The Company has no independent directors.	Refer to the general comment above.
2.2	The Company's chairperson is not an independent director.	Refer to the general comment above.
2.3	OK	

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

SHAREHOLDER INFORMATION as at 28 September 2007

DISTRIBUTION OF SHAREHOLDERS

Size of Holdings	Holders	Units	Issued Capital
1 - 1000	322	151,785	0.24%
1001 - 5000	587	1,774,923	2.77%
5001 - 10000	309	2,571,088	4.02%
10001 - 100000	338	9,732,437	15.2%1
100001 - 9999999999	49	49,769,767	77.77%
Rounding			-0.01%
TOTAL	**1605**	**64,000,000**	**100**%

SHAREHOLDERS - TOP 20

Rank	Name	Units	%
1	ZERO NOMINEES PTY LTD	20915568	32.68
2	RBC DEXIA INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED	9866546	15.42
3	TPIC PTY LTD	3000000	4.69
4	AUSTRALIAN EXECUTOR TRUSTEES LIMITED	1964152	3.07
5	ANZ NOMINEES LIMITED	1105606	1.73
6	ICE COLD INVESTMENTS PTY LTD	1066363	1.67
7	YANDAL INVESTMENTS PTY LIMITED	1000000	1.56
8	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	813749	1.27
9	MR GEOFFREY FRANCIS BROWN	650000	1.02
10	ICE COLD INVESTMENTS PTY LTD	605334	0.95
11	SIR IAN MCFARLANE	600000	0.94
12	THORNEY INVESTMENTS PTY LTD	535700	0.84
13	ATTRITION HOLDINGS PTY LTD	500000	0.78
14	R J CUSTODIANS PTY LTD	464300	0.73
15	WESTRADE RESOURCES PTY LTD	360000	0.56
16	ONYX (WA) PTY LTD	350000	0.55
17	MR WILLIAM HUGH MCKENZIE	305000	0.48
18	CEDAR PARK PTY LTD	300000	0.47
19	ROLLASON PTY LTD	300000	0.47
20	MR SHANE GHERBAZ	286000	0.45
	TOTAL	**44988318**	**70.33**

EUROZ SECURITIES LIMITED CONTACT DETAILS

Institutional Dealing	**Fax +61 8 9488 1478**	**Telephone**	**Email**
Andrew McKenzie	Head of Institutional Dealing	+61 8 9488 1407	amckenzie@euroz.com.au
Ben Laird	Domestic Institutional Dealer	+61 8 9488 1429	blaird@euroz.com.au
Jay Hughes	International Institutional Dealer	+61 8 9488 1406	jhughes@euroz.com.au
Mark Hepburn	Domestic Institutional Dealer	+61 8 9488 1408	mhepburn@euroz.com.au
Peter Diamond	International Institutional Dealer	+61 8 9488 1405	pdiamond@euroz.com.au
Phillip Cosh	Domestic Institutional Dealer	+61 8 9488 1442	pcosh@euroz.com.au
Rob Black	Domestic Institutional Dealer	+61 8 9488 1423	rblack@euroz.com.au
Russell Kane	Domestic Institutional Dealer	+61 8 9488 1426	rkane@euroz.com.au
Peter Schwarzbach	Institutional Dealers Assistant	+61 8 9488 1492	pschwarzbach@euroz.com.au
Peter Woods	Institutional Dealers Assistant	+61 8 9488 1461	pwoods@euroz.com.au

Corporate	**Fax +61 8 9488 1458**	**Telephone**	**Email**
Karl Paganin	Head of Corporate Finance	+61 8 9488 1433	kpaganin@euroz.com.au
Douglas Young	Corporate Executive	+61 8 9488 1434	dyoung@euroz.com.au
Alex Volante	Corporate Advisor	+61 8 9488 1472	avolante@euroz.com.au
Austin Fresson	Corporate Advisor	+61 8 9488 1400	afresson@euroz.com.au
Briohny Pearce	Corporate Advisor	+61 8 9488 1437	bpearce@euroz.com.au
Jason Marinko	Corporate Advisor	+61 8 9488 1491	jmarinko@euroz.com.au
Nick McGlew	Corporate Advisor	+61 8 9488 1460	nmcglew@euroz.com.au
Steve Harding	Corporate Advisor	+61 8 9488 1464	sharding@euroz.com.au
Amy Wise	Corporate Secretary	+61 8 9488 1468	awise@euroz.com.au
Emma Randall	Executive Assistant	+61 8 9488 1430	erandall@euroz.com.au

Equities Research	**Fax +61 8 9488 1479**	**Telephone**	**Email**
Greg Chessell	Head of Research	+61 8 9488 1409	gchessell@euroz.com.au
Andrew Clayton	Resources Analyst	+61 8 9488 1427	aclayton@euroz.com.au
Gavin Allen	Industrials Analyst	+61 8 9488 1413	gallen@euroz.com.au
Jonathan van Hazel	Industrials Analyst	+61 8 9488 1443	jvanhazel@euroz.com.au
Kristan Harvey	Resources Associate Analyst	+61 8 9488 1463	kharvey@euroz.com.au
Oliver Foster	Resources Analyst	+61 8 9488 1431	ofoster@euroz.com.au
Richard Hamersley	Industrials Analyst	+61 8 9488 1414	rhamersley@euroz.com.au
Claire O'Brien	Publications Co-Ordinator	+61 8 9488 1411	cobrien@euroz.com.au
Sabina Peci	Publications Assistant	+61 8 9488 1421	speci@euroz.com.au

Retail Dealing	**Fax +61 8 9488 1477**	**Telephone**	**Email**
Simon Yeo	Head of Retail Dealing	+61 8 9488 1404	syeo@euroz.com.au
Alastair Smith	Retail Dealer	+61 8 9488 1400	asmith@euroz.com.au
Cameron Murray	Retail Dealer	+61 8 9488 1440	cmurray@euroz.com.au
Chris Mason	Retail Dealer	+61 8 9488 1465	cmason@euroz.com.au
Christian Zerovich	Retail Dealer	+61 8 9488 1436	czerovich@euroz.com.au
Derek Jones	Retail Dealer	+61 8 9488 1435	djones@euroz.com.au
Giles McCaw	Retail Dealer	+61 8 9488 1462	gmccaw@euroz.com.au
James Mackie	Retail Dealer	+61 8 9488 1416	jmackie@euroz.com.au
Lucas Robinson	Retail Dealer	+61 8 9488 1424	lrobinson@euroz.com.au
Matt Swinney	Retail Dealer	+61 8 9488 1445	mswinney@euroz.com.au
Matt Williamson	Retail Dealer	+61 8 9488 1466	mwilliamson@euroz.com.au
Richard Caldow	Retail Dealer	+61 8 9488 1403	rcaldow@euroz.com.au
Ryan Stewart	Retail Dealer	+61 8 9488 1441	rstewart@euroz.com.au
Stephen Grove	Retail Dealer	+61 8 9488 1410	sgrove@euroz.com.au
Tim Bennett	Retail Dealer	+61 8 9488 1432	tbennett@euroz.com.au
Leigh Travers	Retail Dealers assistant	+61 8 9488 1482	ltravers@euroz.com.au

Administration	**Fax +61 8 9488 1477**	**Telephone**	**Email**
Adelaide de Vis	Bookings	+61 8 9488 1471	adevis@euroz.com.au
Amy Wood	Receptionist	+61 8 9488 1400	awood@euroz.com.au
Anthony Hewett	Company Secretary/ Head of Risk Mgt.	+61 8 9488 1428	ahewett@euroz.com.au
Ayesha Smith	Assistant Accountant	+61 8 9488 1400	aysmith@euroz.com.au
Catherine Horton	Nominees	+61 8 9488 1446	chorton@euroz.com.au
Emma Whitehurst	Head of Settlements	+61 8 9488 1417	ewhitehurst@euroz.com.au
Jillian Winter	Sponsorship	+61 8 9488 1402	jwinter@euroz.com.au
Lisa Jeffery	Office Assistant	+61 8 9488 1447	ljeffery@euroz.com.au
Tania Castlehow	Bookings	+61 8 9488 1425	tcastlehow@euroz.com.au
Tina Newman	Financial Controller	+61 8 9488 1415	tnewman@euroz.com.au

Westoz Funds Management Ltd	**Fax +61 8 9321 8288**	**Telephone**	**Email**
Level 1, Ernst & Young Building, 11 Mounts Bay Road, Perth WA 6000			
Phil Rees	Director	+61 8 9321 7015	prees@westozfunds.com.au
Dermot Woods	Funds Manager	+61 8 9321 7023	dwoods@westozfunds.com.au

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EUROZ

LIMITED

Level 14 The Quadrant
1 William Street
Perth Western Australia 6000
T +61 8 9488 1400
F +61 8 9488 1477
www.euroz.com.au