

Appendix 4E

Full year report
30 June 2014

EUROZ LIMITED

ABN : 53 000 364 465

Results for announcement to the market

Extracts from this report for announcement to the market

\$A'000

Revenue from ordinary activities	Up	70%	To	78,177
Profit/(Loss) from ordinary activities after tax attributable to members	Up	139%	To	26,547
Net Profit/(loss) for the period attributable to members	Up	139%	To	26,547

Dividends/distributions	Amount per security	Franked amount per security
Final dividend	9 Cents	9 Cents
Interim dividend	1.75 Cents	1.75 Cents

Record date for determining entitlements to the dividend

15 July 2014

Dividend payable date

25 July 2014

Results commentary for announcement to the market

The Directors are pleased with this result and that all of our operating businesses remained profitable for the year despite continued volatility in market conditions.

Euroz Limited has continued to generate strong cash flow and maintained a robust balance sheet as at June 30 with approximately \$123 million of cash and investments (post the 9c dividend now paid).

We continue to see opportunity in expanding our funds management capabilities and are pleased with the performance of our funds in the past year.

The post balance date acquisition of Blackswan Equities has progressed smoothly and has had a very positive impact on our Euroz Securities business.

Whilst we are comfortable with our strong balance sheet and market position, all of our businesses are somewhat dependant on market volumes, performance and activity and as always these remain difficult to predict.

Euroz Limited

ABN 53 000 364 465

Financial Report

For the year ended 30 June 2014

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EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2014

CORPORATE DIRECTORY

Directors	Andrew McKenzie <i>Executive Chairman</i>
	Jay Hughes <i>Executive Director</i>
	Doug Young <i>Executive Director</i>
	Greg Chessell <i>Executive Director</i>
	Russell Kane <i>Executive Director</i>
	Simon Yeo <i>Executive Director</i>
Company Secretary	Chris Webster
Principal registered office and place of business	Level 18 Alluvion 58 Mounts Bay Road PERTH WA 6000 Telephone: +61 8 9488 1400 Facsimile: +61 8 9488 1477 Email: info@euroz.com
Share and debenture registers	Computershare Investor Services Pty Ltd Level 2 Reserve Bank Building 45 St George's Terrace PERTH WA 6000 Telephone: 1300 787 575
Auditor	PKF Mack & Co Chartered Accountants Level 4 35 Havelock Street WEST PERTH WA 6005 Telephone: +61 8 9426 8999
Bankers	Westpac Banking Corporation 109 St George's Terrace PERTH WA 6000
Securities exchange listings	Euroz Limited shares are listed on the Australian Securities Exchange (ASX: EZL).
Website address	www.euroz.com

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2014

DIRECTORS' REPORT

Your Directors present their report on the consolidated group consisting of Euroz Limited and the entities it controlled at the end of, or during the year ended 30 June 2014.

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

EXECUTIVE CHAIRMAN

Andrew McKenzie – *Executive Chairman*
 Peter Diamond (Resigned 30 October 2013)

EXECUTIVE DIRECTORS

Jay Hughes – *Director*
 Doug Young – *Director*
 Greg Chessell – *Director*
 Russell Kane – *Director*
 Simon Yeo – *Director*

Company Secretary

Chris Webster held the position of Company Secretary at the end of the financial year. Chris was appointed Company Secretary in January 2013. Chris has worked in the Financial Services Industry since 2003 holding a variety of positions in Sales, Operations, Risk and Compliance with Euroz in Perth and Deutsche Bank in London.

Principal activities

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

- (a) Stockbroking;
- (b) Funds Management; and
- (c) Investing

Review of results

The Directors of Euroz Limited are pleased to announce a consolidated pre-tax profit of \$35,784,030 (2013: \$14,570,950) for the year ended 30 June 2014.

The consolidated net profit after tax was \$26,547,100 compared with the 2013 year consolidated net profit after tax of \$11,122,304. This profit represents basic earnings per share of 18.29 cents versus 7.73 cents in the 2013 year.

The Directors have declared a final dividend of 9 cents per share fully franked which, combined with the interim dividend of 1.75 cent per share, represents a total dividend of 10.75 cents per share fully franked.

Review of operations

	Segment revenues		Segment results	
	2014	2013	2014	2013
	\$	\$	\$	\$
Stockbroking	29,013,405	23,936,710	4,071,319	3,069,360
Principal Trading	18,844,057	9,819,875	1,591,948	(240,619)
Funds Management	9,083,064	2,839,100	5,545,843	1,371,224
Investment Income	21,236,414	9,383,931	15,337,990	6,922,339
	<u>78,176,940</u>	<u>45,979,616</u>	<u>26,547,100</u>	<u>11,122,304</u>

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

EUROZ LIMITED

FOR THE YEAR ENDED 30 JUNE 2014

DIRECTORS' REPORT (continued)

Operating and Financial Review

The purpose of this review is to set out information that shareholders may require to assess Euroz's operations, financial position, and business strategies and prospects for future financial years. This information complements and supports the information presented herein.

Disclosure of operations

The consolidated group is principally involved in the following activities:

- (a) Stockbroking;
- (b) Funds Management; and
- (c) Investing

Our operations are conducted entirely from one office in Perth, Western Australia. Details of our operations are outlined below:

(a) Stockbroking

Our stockbroking division comprises 4 main areas as follows:

i. Equities Research

- Highly rated research from market leading research team of 7 analysts
- Our views are highly rated by Australian and international institutions
- 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:
 - Morning Note: Overnight market updates
 - Weekly Informer: Compilation of all company reports throughout the preceding week
 - Quarterly and/or Semi-annual Review: Regular coverage on mid-cap companies in book format
 - Company Reports: Detailed analysis on companies as opportunities emerge

ii. Institutional Dealing

- One of the largest institutional small to mid-cap dealing desks in the Australian market
- Extensive client base of Australian and International institutional investors with strong relationships with small company fund managers
- 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

iii. Private Clients

- A unique and predominantly "high net worth" client base (s.708 compliant investors)
- Significant capacity to support new issues and construct quality retail share registers
- Exposure to high net worth clients via in-house conferences and one-on-one presentations
- Team of highly experienced and qualified private client advisors
- On 1 July 2014 Euroz completed the acquisition of Blackswan Equities Limited. As at the date of this report Blackswan staff and clients have successfully transitioned to Euroz premises and trading with Euroz Securities, and we remain confident that we will realise significant revenue, cost and operational synergies in the merged Group.
- Extensive research support - high quality research on WA based resource and industrial companies enable our advisors to provide quality investment and trading advice
- Specialised broking allows:
 - Close interaction between research analysts and private client advisors
 - Timely communication of ideas with clients
- Sophisticated investors are able to participate in many of our corporate capital raisings

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2014

DIRECTORS' REPORT (continued)

iv. Corporate Finance

- Our corporate finance business is focused on developing strong, long term relationships with our clients
- Clients are provided with specialised Corporate Advisory services in:
 - Equity Capital Raisings and Underwriting
 - 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

(b) Funds Management

Westoz Funds Management Pty Ltd (“WFM”) is responsible for \$260 million of funds under management at 30 June 2014. It manages funds under mandates from two listed investment companies; Westoz Investment Company Limited (“WIC”) and Ozgrowth Limited (“OZG”). Both companies have enjoyed competitive portfolio returns since inception.

WIC commenced trading on the ASX in September 2009 after 4 years as an unlisted company. WIC reported an investment return well ahead of the small to mid-cap market for the past year and declared 9¢ in fully franked dividends for FY 2014 (compared with 9¢ in FY 2013).

OZG has been listed on the ASX since January 2008 and also reported an investment return well ahead of the market and paid a fully franked dividend of 1.5¢ for FY 2014 (compared with 1.5¢ in FY 2013).

WIC and OZG have now paid \$102 million in dividends to shareholders since inception.

On 1 July 2014 a new subsidiary, Westoz Investment Management Limited (“WIM”) was formed with Euroz owning 80% and Mr Steve Tucker, who will be the Executive Chairman, owning 20%.

(c) Investing

Euroz Limited owns significant shareholdings in Westoz Investment Company Limited (WIC.ASX) totalling 26.10% and Ozgrowth Limited. (OZG.ASX) totalling 38.52%. The investment focus of these funds is on small to mid-cap ASX listed securities, generally with a connection to Western Australia.

Disclosure of operations — Profit

Net profit after tax for FY 2014 was \$26.5 million up 139% from \$11.1 million.

The Directors are pleased with this result and that all of our operating businesses remained profitable for the year.

The market value of our investments in the WIC and OZG can have a major impact on our reported profit numbers. Both companies showed strong gains in market value over the period.

Disclosure of operations — Sales

Revenue has increased by 70% from \$46 million to \$78.2 million with significant increase in stockbroking, principal trading and funds management revenue.

(a) Stockbroking and Corporate Finance

Stockbroking revenue was up by 21% from \$23.9 million in FY13 to \$29 million in FY14 as a result of increased Equity Capital Market (“ECM”) raisings in our Corporate Finance division. Euroz Securities is involved in 13 ECM transactions this year raising \$611 million.

(b) Principal Trading

Revenue from Principal Trading increased by 92% from \$9.8 million in FY13 to \$18.8 million in FY14.

(c) Funds Management

Revenue from Funds Management was increased to \$9.08 million for FY14 compared to \$2.8 million for FY13 division reflecting the improvement in investment returns and associated performance fees having been generated for FY14.

(d) Investment Income

Investment income increased 126% from \$9.4 million in FY13 to \$21.2 million in FY14.

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2014

DIRECTORS' REPORT (continued)

Disclosure of business strategies and prospects — Growth

Volatile commodity prices and resource markets continue to affect our deal flow and turnover in the short term but we remain confident that our Group is well positioned for better markets when they return.

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

The Directors believe our long term future remains in focusing on West Australian based initiatives and that from time to time conditions in our markets can be very challenging. In acknowledging that we are still in a volatile market, we remain positive that our consistent strategy and strong balance sheet will provide the Group with a solid platform for growth in the medium to long term.

Disclosure of business strategies and prospects—Material business risks

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

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

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

Financial position

The net assets of the consolidated group have increased from \$105.3 million at 30 June 2013 to \$117.1 million in 2014. This increase has largely resulted from adjustments to the carrying market value of investments as at 30 June 2014.

The company's financial performance has enabled it to continue to pay dividends to shareholders during the year while maintaining a healthy working capital ratio. The consolidated group's working capital, being current assets less current liabilities, has decreased from \$42 million in 2013 to \$40.8 million in 2014.

During the past seven years the company has invested in expanding each of its business units to secure its long term success. In particular it has made strategic investments in the investment products of Westoz Funds Management Pty Ltd.

Our group remains in an extremely sound financial position with cash and investments of \$136.6 million as at 30 June 2014. We have Net Tangible Assets (NTA) of 80¢ per share and no debt. Euroz has a proud history of consistent profits and dividends having paid \$167.4 million in fully franked dividends over 14 years.

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

	2014	2013
Earnings per share	Cents	Cents
Basic earnings per share	18.29	7.73
Diluted earnings per share	18.27	7.68

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DIRECTORS' REPORT (continued)

Dividends - Euroz Limited

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

	2014	2013
	\$	\$
Interim ordinary dividend of 1.75cents (2013 – 1.5 cents) per fully paid ordinary share was paid on 28 January 2014.	2,558,431	1,549,718
Provision for final ordinary dividend for 30 June 2014 of 9.0 cents (2013 – 5.0 cents) per fully paid ordinary share paid on 25 July 2014.	<u>13,702,841</u>	<u>7,802,622</u>
	<u>16,261,272</u>	<u>9,352,340</u>

Significant changes in the state of affairs

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

Share options

A total of 3,239,306 options were exercised during the year at an exercise price of \$0.75. 198,591 options expired on 1 March 2014. There are no options left on issue at 30 June 2014 (2013: 3,437,897).

Environmental regulation

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

After balance date events

On 1 July 2014 a new subsidiary, Westoz Investment Management Limited (“WIM”) was formed with Euroz owning 80% and Mr Steve Tucker, who will be the Executive Chairman, owning 20%.

On 1 July 2014 Euroz Securities Limited, acquired 100% of the ordinary shares of Blackswan Equities Limited for the total consideration of 5,200,000 Euroz shares (\$6,604,000). Refer to note 30 for further details.

Other than these matters the Directors are not aware of any other matter or circumstance subsequent to 30 June 2014 that has significantly affected, or may significantly affect:

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

Likely developments and expected results of operations

The Directors are confident that a strong statement of financial position and established business platforms will support the company in increasingly volatile market conditions.

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

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DIRECTORS' REPORT (continued)

Information on Directors			Particulars of directors' interests in shares and options of Euroz Limited	
Director	Experience	Special responsibilities and qualifications	Ordinary shares	Options
P Diamond <i>Executive Chairman (Resigned 30 October 2013)</i>	Mr Diamond has worked in the stockbroking industry since 1986.	Executive Chairman Chairman of Remuneration Committee (to October 2013) Holds a Bachelor of Business Degree (BBus) and is a member of CPA Australia.	*	-
A McKenzie <i>Executive Chairman</i>	Mr McKenzie has worked in the stockbroking industry since 1991.	Member of Remuneration Committee Holds a Bachelor of Economics Degree, is an individual Master Member of the Stockbrokers Association of Australia, and was previously an Associate of the Financial Services Institute of Australia (FINSIA) and Fellow of the Australian Institute of Company Directors.	11,000,001	-
J Hughes <i>Director</i>	Mr Hughes has worked in the stockbroking industry since 1986.	Chairman of Remuneration Committee (from October 2013) Holds a Graduate Diploma in Applied Finance and Investment from FINSIA. He was recognised as an affiliate of the ASX in December 2000 and was admitted in May 2004 as a Practitioner Member (Master Stockbroking) of the Stockbrokers Association of Australia.	11,000,000	-
D Young <i>Director</i>	Mr Young has worked in corporate finance since 1984.	Head of Corporate Finance of our 100% owned subsidiary Euroz Securities Limited. Chairman of Audit Committee He holds a Bachelor of Commerce degree from the University of Western Australia and a Graduate Diploma in Applied Finance from FINSIA, is a Fellow of FINSIA and a Fellow of the Australian Society of Certified Practising Accountants.	4,467,862	-
G Chessell <i>Director</i>	Mr Chessell has worked in the stockbroking industry since 1996.	Head of Research of our 100% owned subsidiary Euroz Securities Limited and is our senior resources analyst. Member of Audit Committee Greg holds a B.App.Sc. degree in geology and a Grad. Dip. Business qualification.	3,990,728	-
R Kane <i>Director</i>	Mr Kane has worked in the stockbroking industry since 1994.	Responsible for servicing both domestic institutions and high net worth clients. Member of Underwriting Committee. Member of Compliance Committee. He holds a Bachelor of Business from Edith Cowan University.	2,717,911	-
S Yeo <i>Director</i>	Mr Yeo has worked in the stockbroking industry since 1993.	Established the Private Client division of Euroz Securities which he headed up until earlier this year before moving to a specialised role within the Institutional Dealing team. Member of Audit Committee He holds a Bachelor of Commerce degree from UWA.	3,858,289	-

*No amounts disclosed due to resignation during the year.

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FOR THE YEAR ENDED 30 JUNE 2014

DIRECTORS' REPORT (continued)

Meetings of Directors

The numbers of meetings of the company's Board of Directors held during the year ended 30 June 2014, and the numbers of meetings attended by each Director were:

Director	Directors Meetings		Committee Meetings			
	Number eligible to attend	Number attended	Audit		Remuneration	
Number eligible to attend			Number attended	Number eligible to attend	Number attended	
Peter Diamond (Resigned 30 October 2013)	6	6	-	-	4	4
Andrew McKenzie	15	15	-	-	12	12
Jay Hughes	15	15	-	-	12	12
Doug Young	15	12	2	2	-	-
Greg Chessell	15	14	2	2	-	-
Russell Kane	9	9	-	-	-	-
Simon Yeo	9	8	2	2	-	-

Remuneration Report (audited)

This Remuneration Report outlines the Key Management Personnel (KMP) remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 and its regulations. For the purposes of this report Key Management Personnel of the Group are defined as those persons having authority for the strategic management and direction of the group including any Director (whether executive or otherwise) of the parent company.

Key Management Personnel Remuneration

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

Remuneration Policy

The remuneration policy has been designed to align the interests of shareholders, Directors and executives. There are three separate methods applied in achieving this aim, the first being a participation in the profit share pool (with a 25% allocation of any bonus into the Performance Rights Plan which has a vesting criteria of 3 years of service), the second being commission and the third being Head of Private Client incentive. The Company believes this policy to have been generally effective in increasing shareholder wealth since inception.

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

	2010	2011	2012	2013	2014
	\$	\$	\$	\$	\$
Revenue (including net profit/(loss) of associates and or gain/(loss) on fair valuing of investment entities)	76,080,544	77,806,998	97,609,657	45,979,616	78,176,940
Net profit after tax	26,331,750	26,566,040	11,760,189	11,122,304	26,547,100
Share price at year end	1.28	1.62	1.15	1.00	1.30
Dividends paid or recommended	15,890,339	25,430,670	11,895,469	9,352,340	16,261,272

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

EUROZ LIMITED

FOR THE YEAR ENDED 30 JUNE 2014

DIRECTORS' REPORT (continued)

Directors' fees

No Directors fees are paid.

Base pay

Directors and executives are offered a competitive base salary 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 – performance rights plan
- Commission
- Head of Private Client incentive

Equity based payments

During the year, a Performance Rights Plan was established which is an integrated element of the bonus/profit share plan. The annual bonus/profit share pool is established as a percentage of profits with eligible staff being invited to participate. This pool is allocated 75% in cash and 25% in equity to the participants. Employees may be awarded a Performance Right at the beginning of the year. The number of shares that Performance Right will convert into is dependent on the profit pool at the end of the year and each eligible employees allocation within that pool. The shares issued will only vest to the employee after 3 years subsequent service following the initial year.

Commission

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

Short-term incentives

Cash incentives (profit share) are calculated on 40% of pre tax profit from Euroz Securities Limited and are payable in December and / or June. Using these criteria ensures reward is only available when value has been created for shareholders. The distribution of the profit share is leveraged to performance as described below.

Profit share pool

The Remuneration Committee determines the allocation of the 40% 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 Private Client (HOPC) incentive

The calculation of this payment is based on the overall performance of the members of the Private Client Desk and the management of the Private Client Desk.

EUROZ LIMITED
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DIRECTORS' REPORT (continued)

Details of remuneration

Details of the nature and amount of each element of the emoluments of each Key Management Personnel of the Group are set out in the following tables.

2014	Short-term				Post Employe -ment	Share Based Payment	Total \$	Perform- ance related %
	Base salary \$	Profit Share/ bonus \$	Other benefits \$	Comm- ission \$	Super- annuation \$	Performance Rights		
P Diamond (Resigned 30 October 2013)	92,599	-	244,597	-	7,305	-	344,501	0%
A McKenzie	275,385	225,000	25,756	-	25,000	18,750	569,891	39%
J Hughes	282,610	225,000	20,092	-	17,775	18,750	564,227	40%
D Young	265,385	150,000	24,132	-	35,000	12,500	487,017	31%
G Chessell	275,385	150,000	10,599	-	25,000	12,500	473,484	32%
Russell Kane (Appointed 5 November 2013)	264,899	187,500	17,352	-	24,570	15,625	509,946	37%
Simon Yeo (Appointed 5 November 2013)	271,703	150,000	16,803	61,502	17,775	12,500	530,283	28%
R Black	274,918	180,000	13,873	-	17,775	15,000	501,566	36%
Phil Rees	199,846	187,500	13,782	-	23,853	15,625	440,606	43%
Anthony Brittain	230,769	97,500	14,705	-	24,980	8,125	376,079	26%
Total	2,433,499	1,552,500	401,691	61,502	219,033	129,375	4,797,600	

Current Directors did not receive any Directors fees.

2013	Short-term			Post- employment	Total \$	Performance related %
	Base salary \$	Profit Share/bonus \$	Other benefits \$	Super- annuation \$		
P Diamond	251,616	120,000	31,699	25,000	428,315	28%
A McKenzie	251,616	120,000	24,519	25,000	421,135	28%
J Hughes	251,616	120,000	18,467	25,000	415,083	29%
D Young	251,616	120,000	26,026	25,000	422,642	28%
G Chessell	260,146	120,000	9,357	16,470	405,973	30%
Anthony Brittain	211,538	30,000	14,128	25,000	280,666	11%
Total	1,478,148	630,000	124,196	141,470	2,373,814	

Current Directors did not receive any Directors fees.

EUROZ LIMITED

FOR THE YEAR ENDED 30 JUNE 2014

DIRECTORS' REPORT (continued)

Service agreements

Remuneration and other terms of employment for the Key Management Personnel 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, *Executive Chairman (Resigned 30 October 2013)*

- Term of contract - ongoing employment contract
- Base salary, inclusive of superannuation for the year ended 30 June 2014 of \$305,000 (2013 - \$248,000) plus profit share.
- Payment on termination of employment by the employer, other than for gross misconduct - three months salary.

Andrew McKenzie, *Executive Chairman*

- Term of contract - ongoing employment contract
- Base salary, inclusive of superannuation for the year ended 30 June 2014 of \$305,000 (2013- \$248,000) plus profit share.
- Payment on termination of employment by the employer, other than for gross misconduct - three months salary.

Jay Hughes, *Director*

- Term of contract - ongoing employment contract
- Base salary, inclusive of superannuation for the year ended 30 June 2014 of \$305,000 (2013 - \$248,000) plus profit share.
- Payment on termination of employment by the employer, other than for gross misconduct - three months salary.

Doug Young, *Director*

- Term of contract - ongoing employment contract
- Base salary, inclusive of superannuation for the year ended 30 June 2014 \$305,000 (2013 - \$248,000) plus profit share.
- Payment on termination of employment by the employer, other than for gross misconduct - three months salary.

Greg Chessell, *Director*

- Term of contract - ongoing employment contract
- Base salary, inclusive of superannuation for the year ended 30 June 2014 of \$305,000 (2013 - \$248,000) plus profit share.
- Payment on termination of employment by the employer, other than for gross misconduct - three months salary.

Russell Kane, *Director*

- Term of contract - ongoing employment contract
- Base salary, inclusive of superannuation for the year ended 30 June 2014 of \$305,000 (2013 - \$193,500) plus profit share.
- Payment on termination of employment by the employer, other than for gross misconduct - three months salary.

Simon Yeo, *Director*

- Term of contract - ongoing employment contract
- Base salary, inclusive of superannuation for the year ended 30 June 2014 of \$305,000 (2013 - \$72,000) profit share.
- Payment on termination of employment by the employer, other than for gross misconduct - three months salary.

Robert Black, *Director Euroz Securities Limited*

- Term of contract - ongoing employment contract
- Base salary, inclusive of superannuation for the year ended 30 June 2014 of \$305,000 (2013 - \$225,000) plus profit share.
- Payment on termination of employment by the employer, other than for gross misconduct - three months salary.

Phil Rees, *Director Westoz Funds Management Pty Ltd*

- Term of contract – ongoing employment contract minimum period 1 year
- Base salary, inclusive of superannuation for the year ended 30 June 2014 of \$275,000 (2013 - \$220,000) plus bonus
- Payment on termination of employment by the employer, other than for gross misconduct – three months salary.

Anthony Brittain, *Director Euroz Securities Limited*

- Term of contract - ongoing employment contract
- Base salary, inclusive of superannuation for the year ended 30 June 2014 of \$265,000 (2013 - \$225,000) plus profit share.
- Payment on termination of employment by the employer, other than for gross misconduct - three months salary.

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2014

DIRECTORS' REPORT (continued)

Shareholdings of Key Management Personnel

The movement during the reporting year in the number of shares in Euroz Limited held, directly, indirectly or beneficially, by each member of Key Management Personnel, including related parties, is as follows:

2014	Balance at 1 July 2013	Granted as remuneration	On exercise of options	Bought & (sold)	Balance at 30 June 2014
Ordinary shares					
P Diamond (Resigned 30 October 2013)	10,000,000	-	-	-	*
A McKenzie	10,000,000	-	-	500,000	10,500,000
J Hughes	10,000,000	-	-	500,000	10,500,000
D Young	4,250,000	-	-	100,000	4,350,000
G Chessell	3,102,000	-	-	478,000	3,580,000
R Kane	2,370,000	-	233,000	20,000	2,623,000
S Yeo	3,520,000	-	-	230,000	3,750,000
R Black	1,810,000	-	360,000	430,000	2,600,000
P Rees	1,100,000	-	-	100,000	1,200,000
A Brittain	303,400	-	-	80,000	383,400
	46,455,400	-	593,000	2,438,000	39,486,400

*No amounts disclosed due to resignation during the year.

2013	Balance at 1 July 2012	Granted as remuneration	On exercise of options	Bought & (sold)	Balance at 30 June 2013
Ordinary shares					
P Diamond	10,000,000	-	-	-	10,000,000
A McKenzie	10,000,000	-	-	-	10,000,000
J Hughes	10,000,000	-	-	-	10,000,000
D Young	4,250,000	-	-	-	4,250,000
G Chessell	3,102,000	-	-	-	3,102,000
A Brittain	303,400	-	-	-	303,400
	37,655,400	-	-	-	37,655,400

Performance Rights held by Key Management Personnel

The movement during the reporting period in performance rights in Euroz Limited held, directly, indirectly or beneficially, by each Key Management Person, including related parties, is as follows:

2014	Balance at 1 July 2013	Granted as remuneration	Balance at 30 June 2014
Performance Rights			
P Diamond (Resigned 30 October 2013)	-	-	-
A McKenzie	-	1	1
J Hughes	-	1	1
D Young	-	1	1
G Chessell	-	1	1
R Kane	-	1	1
S Yeo	-	1	1
R Black	-	1	1
P Rees	-	1	1
A Brittain	-	1	1
	-	9	9

These performance rights were issued in accordance with the Performance Rights Plan.

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2014

DIRECTORS' REPORT (continued)

Option holdings of Key Management Personnel

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

2014	Balance at 1 July 2013	Granted as remuneration	Exercised	Bought	Balance at 30 June 2014	Total exercisable at 30 June 2014	Total not exercisable at 30 June 2014
Options							
P Diamond (Resigned 30 October 2013)	-	-	-	-	-	-	-
A McKenzie	-	-	-	-	-	-	-
J Hughes	-	-	-	-	-	-	-
D Young	-	-	-	-	-	-	-
G Chessell	-	-	-	-	-	-	-
R Kane	233,000	-	233,000	-	-	-	-
S Yeo	-	-	-	-	-	-	-
R Black	360,000	-	360,000	-	-	-	-
P Rees	-	-	-	-	-	-	-
A Brittain	-	-	-	-	-	-	-
	593,000	-	593,000	-	-	-	-

2013	Balance at 1 July 2012	Granted as remuneration	Exercised	Bought	Balance at 30 June 2013	Total exercisable at 30 June 2013	Total not exercisable at 30 June 2013
Options							
P Diamond	-	-	-	-	-	-	-
A McKenzie	-	-	-	-	-	-	-
J Hughes	-	-	-	-	-	-	-
D Young	-	-	-	-	-	-	-
G Chessell	-	-	-	-	-	-	-
A Brittain	-	-	-	-	-	-	-
	-	-	-	-	-	-	-

Share-based compensation

A performance right was issued to certain members of Key Management Personnel as part of their annual bonus / profit share plan. The fair value of each right is calculated as 25% of each member's bonus entitlement. The performance rights are subject to a 3 year vesting period. Total fair values of performance rights issued was \$457,500.

Loans Key Management Personnel

No loans were made to Directors of Euroz Limited and the Key Management Personnel of the consolidated group, including their personally-related entities during the year.

Remuneration report-end

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2014

DIRECTORS' REPORT (continued)

Indemnifying officers and auditor

During the financial year, Euroz Limited paid a premium of \$422,400 to insure the Directors and secretaries of the company and its Australian-based controlled entities. The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the consolidated group. Euroz has not indemnified the auditor or paid any insurance premium on behalf of the auditor.

Proceedings on behalf of company

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

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

Non-audit services

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

Tax compliance services	\$ <u>28,650</u>
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Auditor's independence declaration

The lead auditor's independence declaration for the year ended 30 June 2014 has been received and follows the Directors report.

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



Andrew McKenzie
Executive Chairman



Russell Kane
Director

Date: 28 August 2014

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF EUROZ LTD

In relation to our audit of the financial report of Euroz Ltd for the year ended 30 June 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

PKF Mack & Co

PKF MACK & CO

S Fermanis

SIMON FERMANIS
PARTNER

28 AUGUST 2014
WEST PERTH,
WESTERN AUSTRALIA

EUROZ LIMITED

FOR THE YEAR ENDED 30 JUNE 2014

CORPORATE GOVERNANCE STATEMENT

Introduction – the Euroz Group

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

Euroz Securities conducts a full service stockbroking business and employs the majority of staff within the Euroz Group. Profits generated by Euroz Securities are paid by way of dividends to Euroz. Euroz Securities holds an Australian Financial Services License (“AFSL”) and is regulated by the Australian Securities and Investments Commission (“ASIC”) pursuant to the Corporations Act 2001 and the ASIC Market Integrity Rules. Euroz Securities is a Participant of the ASX and Chi-X markets and is regulated pursuant to the Operating Rules of those respective markets.

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

Approach to Corporate Governance

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

In considering its approach to Corporate Governance in the context of the 2010 Principles and Recommendations, Euroz has taken account of the following:

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

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

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

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

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

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2014
CORPORATE GOVERNANCE STATEMENT (continued)

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

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

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

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

The roles and responsibilities of the Board are to:

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

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

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

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

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

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

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

The Remuneration Policy set out on pages 8-9 of the Directors Report outlines the methodology used to assess the performance and remuneration of the members of the Board.

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

This information is set out above.

EUROZ LIMITED

FOR THE YEAR ENDED 30 JUNE 2014

CORPORATE GOVERNANCE STATEMENT (continued)

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

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

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

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

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

The skills experience and expertise of each Director is set out at page 7 of the Annual Report.

The period of office held by each Director is set out at page 2 of the Annual Report.

Recommendation 2.2: The chair should be an independent director.

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

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

Euroz, in its role as a holding company, does not have a Chief Executive Officer but an analogous role is undertaken in the form of the Managing Director with respect to both Euroz Limited and Euroz Securities Limited. Andrew McKenzie is the Executive Chairman of Euroz Limited. Robert Black is the Managing Director of Euroz Securities Limited and Andrew McKenzie is the Executive Chairman. Previously the role of the Chair and the Managing Director had not been exercised by the same individual.

Recommendation 2.4: The Board should establish a nomination committee.

Given the significant level of employee (of the Euroz Group) ownership, Euroz has formed the view that a nomination committee is not necessary for Euroz to achieve an effective system of corporate governance

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

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

The Remuneration Policy set out on pages 8-9 of the Directors Report outlines the methodology used to assess the performance and remuneration of the members of the Board.

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

The Directors have extensive experience with respect to all aspects of the operations of the Euroz Group. In this regard, the section "Information on Directors" set out on page 7 of the Directors Report outlines the experience and qualifications of the Directors. The Directors, pursuant to obligations imposed by the Corporations Act the ASIC Market Integrity Rules and the Operating Rules of the ASX and Chi-X markets, and generally, undertake a substantial level of continuing education and therefore continue to be fully aware of developments with respect to the industry and commercial environment in which Euroz operates.

**EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2014**

CORPORATE GOVERNANCE STATEMENT (continued)

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE (continued)

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

This information is set out above.

PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

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

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

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

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

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

The Group provides a number of full time resources for the purpose of monitoring compliance with its policies and procedures. These resources, by way of the Head of Risk Management and the Chief Operating Officer, report directly to the Board for matters of compliance, governance and internal controls.

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

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

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

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

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

**EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2014**

CORPORATE GOVERNANCE STATEMENT (continued)

PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING (Continued)

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

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

Recommendation 3.5: Companies should provide the information indicated in the Guide to reporting on Principle 3

This information is set out above.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

Recommendation 4.1: The Board should establish an audit committee.

The Board has established an audit committee consisting of Mr Young (Chair), Mr McKenzie, Mr Yeo & Mr Chessell.

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

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

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

Recommendation 4.3: The audit committee should have a formal charter

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

Further to the Charter, the Audit Committee meets at least twice a year. Its key roles and responsibilities are to:

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

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

Given the size and nature of Euroz's business and in the context of the Direct Governance Model, Euroz has formed the view that it is not necessary for Euroz to have an internal audit function so as to achieve its corporate governance objectives. Euroz has a compliance function which provides a variety of structured monitoring and review activities across the daily operations.

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

**EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2014**

CORPORATE GOVERNANCE STATEMENT (continued)

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING (continued)

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

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

This information is set out above.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

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

Euroz is committed to ensuring that shareholders and the market are provided with full and timely information about its activities. Euroz is committed to complying with its continuous disclosure obligations contained in the ASX Listing Rules and the Corporations Act 2001.

Euroz has established a Market Disclosure Committee as a management committee to be responsible for this policy. The members of Euroz's Market Disclosure Committee are the Chairman, Managing Director, Company Secretary, Chief Operating and Financial Officer and the Euroz Board's Executive Directors.

The Committee is convened on an 'as needed' basis to ensure that Euroz is in compliance with its requirements under the Listing Rules and that all ASX releases are properly reviewed prior to release. The Disclosure Committee and this Policy have been endorsed by the Euroz Board.

It is recognised that many ASX releases generate considerable comment in the marketplace. In addition, Euroz may receive queries from analysts, brokers, shareholders, the media and the public. In order to oversee and coordinate disclosure, the following individuals are Approved Spokespeople who are responsible for the business:

- Executive Chairman (Euroz Limited & Euroz Securities Limited) – Andrew McKenzie
- Managing Director (Euroz Securities Limited) – Robert Black

Further details on the disclosure policy can be found in the Euroz Market Disclosure Policy which is available from the Euroz website.

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

A copy of the Euroz Market Disclosure Policy is available on the Euroz website.

PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

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

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

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

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

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

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2014
CORPORATE GOVERNANCE STATEMENT (continued)

PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS (continued)

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

This information is set out above.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

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

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

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

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

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

Euroz has formed the view that, in all of the circumstances set out above, it is not necessary for the Board to convene a risk management committee. Euroz Securities does however have a compliance committee that convenes monthly to discuss operational compliance with the written policies and procedures relevant to that business unit. Two board members of the Euroz Group attend the monthly compliance meeting.

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

Annually, the Chief Financial Officer states in writing to the Board that:

The declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

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

This information is set out above.

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2014
CORPORATE GOVERNANCE STATEMENT (continued)

8: REMUNERATE FAIRLY AND RESPONSIBLY

Recommendation 8.1: The Board should establish a remuneration committee.

The Euroz remuneration committee consists of Andrew McKenzie, Jay Hughes & Robert Black. Euroz has developed a Remuneration Committee Charter that specifies the authority delegated to the Remuneration Committee by the Board of Directors of the Company and sets out the roles, responsibilities, membership and operation of the Committee. A copy of the remuneration committee charter can be found in the corporate governance section of the Euroz website.

The objective of Euroz's remuneration framework is to ensure reward for performance is competitive and appropriate to the results delivered. The framework aligns executive reward with the creation of value for shareholders.

The remuneration committee ensures that remuneration satisfies the following key criteria:

- enable the Company to attract, retain and motivate directors, executives and employees, resulting in value creation for shareholders;
- be fair and appropriate having regard to the performance of the Company and the relevant Director, executive or employee;
- demonstrate the clear relationship between senior executives' performance and remuneration.
- comply with relevant legal requirements.

Detailed information regarding the remuneration paid to Directors and senior executives of the Euroz Group is set out at pages 7-15 of this report.

Recommendation 8.2: The remuneration committee should be structured so that it:

- *Consists of a majority of independent directors.*
- *Is chaired by an independent chair.*
- *Has at least three members.*

As Euroz does not have any independent directors at this point in time, it is not possible to comply with this recommendation in full.

Recommendation 8.3: Companies should clearly distinguish the structure of non-executive Directors' remuneration from that of executive Directors and senior executives

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

Detailed information regarding both the remuneration paid to Directors and Staff of the Euroz Group and the structure that underlies remuneration payments is set out at pages 7-15 of this report.

Recommendation 8.4: Companies should provide the information indicated in the Guide to reporting on Principle 8.

This information is set out above.

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2014

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
 COMPREHENSIVE INCOME**

	Notes	2014 \$	Restated 2013 \$
Revenue	4	63,227,567	41,078,617
Gain on fair value movement on investment entities		14,949,373	4,900,999
Employee benefits expense		(14,324,704)	(12,355,599)
Depreciation and amortisation expenses	5	(845,543)	(1,199,457)
Regulatory expenses		(271,711)	(334,968)
Consultancy expenses		(1,550,395)	(1,486,311)
Conference and seminar expenses		(930,459)	(641,270)
Brokerage and underwriting expense		(2,098,450)	(2,680,973)
Communication expenses		(229,650)	(275,531)
Carrying amount of principal trading securities sold		(18,344,234)	(9,275,000)
Other expenses		<u>(3,797,764)</u>	<u>(3,159,557)</u>
Profit before income tax expense	5	35,784,030	14,570,950
Income tax expense	6	<u>(9,236,930)</u>	<u>(3,448,646)</u>
Profit after income tax expense for the year		<u>26,547,100</u>	<u>11,122,304</u>
<i>Other comprehensive income</i>			
Other comprehensive income net of tax		-	-
Total comprehensive income for the year attributable to the owners of Euroz Limited		<u>26,547,100</u>	<u>11,122,304</u>
		Cents	Cents
Basic earnings per share	33	18.29	7.73
Diluted earnings per share	33	18.27	7.68

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

EUROZ LIMITED
AS AT 30 JUNE 2014

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	2014 \$	Restated 2013 \$	Restated 1 July 2012 \$
Current assets				
Cash and cash equivalents	7	55,388,472	50,506,440	53,741,715
Trade and other receivables	8	922,962	775,345	1,775,702
Inventories	9	2,998,576	813,033	1,458,820
Other current assets	10	916,885	842,953	2,321,929
Total current assets		60,226,895	52,937,771	59,298,166
Non-current assets				
Long term receivable	11	5,000,000	5,000,000	5,000,000
Investment entities at fair value	12	73,232,177	54,598,004	47,076,260
Financial assets	13	-	169,130	2,000
Plant and equipment	14	198,092	942,003	2,126,185
Deferred tax assets	15	961,782	2,737,393	4,081,891
Total non-current assets		79,392,051	63,446,530	58,286,336
Total assets		139,618,946	116,384,301	117,584,502
Current liabilities				
Trade and other payables	16	1,858,614	1,803,801	1,238,111
Current tax liabilities	17	2,317,486	638,428	1,487,851
Short term provisions	18	15,238,301	8,470,465	10,653,790
Total current liabilities		19,414,401	10,912,694	13,379,752
Non-current liabilities				
Deferred tax liabilities	19	3,041,462	91,351	542,668
Long term provisions	20	23,628	80,382	210,091
Total non-current liabilities		3,065,090	171,733	752,759
Total liabilities		22,479,491	11,084,427	14,132,511
Net assets		117,139,455	105,299,874	103,451,991
Equity				
Issued capital	21	90,924,294	89,451,519	89,373,600
Reserves	21	266,978	186,000	186,000
Retained earnings		25,948,183	15,662,355	13,892,391
Total equity		117,139,455	105,299,874	103,451,991

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

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2014

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued capital	Retained earnings	Share based payment reserve	Option premium reserves	Total
	\$	\$	\$	\$	\$
Restated					
Balance at 1 July 2012	89,373,600	13,892,391	-	186,000	103,451,991
Profit for the period	-	11,122,304	-	-	11,122,304
Total comprehensive income for the period	-	11,122,304	-	-	11,122,304
<i>Transactions with owners, recorded directly in equity</i>					
Shares issued during the period	77,919	-	-	-	77,919
Dividends to equity holders	-	(9,352,340)	-	-	(9,352,340)
Total contributions by and distributions to owners	77,919	(9,352,340)	-	-	(9,274,421)
Balance at 30 June 2013	89,451,519	15,662,355	-	186,000	105,299,874
Balance at 1 July 2013	89,451,519	15,662,355	-	186,000	105,299,874
Profit for the period	-	26,547,100	-	-	26,547,100
Total comprehensive income for the period	-	26,547,100	-	-	26,547,100
<i>Transactions with owners, recorded directly in equity</i>					
Shares issued during the period	2,615,480	-	-	(186,000)	2,429,480
Treasury shares	(1,142,705)	-	-	-	(1,142,705)
Share based payments	-	-	266,978	-	266,978
Dividends to equity holders	-	(16,261,272)	-	-	(16,261,272)
Total contributions by and distributions to owners	1,472,775	(16,261,272)	266,978	(186,000)	(14,707,519)
Balance at 30 June 2014	90,924,294	25,948,183	266,978	-	117,139,455

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

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2014
CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2014 \$	2013 \$
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		37,030,613	28,194,055
Payments to suppliers and employees (inclusive of goods and services tax)		<u>(22,732,912)</u>	<u>(20,337,297)</u>
		14,297,701	7,856,758
Interest received		1,574,326	2,017,103
Proceeds from sale of trading shares		19,158,477	9,481,049
Income taxes (paid)		(2,832,150)	(3,405,340)
Payments for trading shares		<u>(19,752,073)</u>	<u>(9,275,000)</u>
Net cash flows from operating activities	31	<u>12,446,281</u>	<u>6,674,570</u>
Cash flows from investing activities			
Net (payments)/receipts from investments		(4,572,875)	(1,961,321)
Dividends received		5,572,639	3,491,559
Payments for plant and equipment		(101,631)	(15,275)
Payment for treasury shares		<u>(1,142,705)</u>	<u>-</u>
Net cash flows used in investing activities		<u>(244,572)</u>	<u>1,514,963</u>
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities		2,429,479	77,919
Dividends paid		<u>(9,749,156)</u>	<u>(11,502,727)</u>
Net cash flows from/(used in) financing activities		<u>(7,319,676)</u>	<u>(11,424,808)</u>
Net decrease in cash and cash equivalents		4,882,032	(3,235,275)
Cash and cash equivalents at 1 July		<u>50,506,440</u>	<u>53,741,715</u>
Cash and cash equivalents at 30 June	7	<u>55,388,472</u>	<u>50,506,440</u>

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

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2014

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EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2014
NOTES TO THE FINANCIAL STATEMENTS

Note 1. Statement of significant accounting policies

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements as issued by the Australian Accounting Standards Board and the Corporations Act 2001 as appropriate for “for-profit” oriented entities.

This financial report has been authorised by the Directors to be issued on 28 August 2014. The Directors have the power to amend and reissue the financial statements.

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

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

Separate financial information of the parent company has been included in Note 35 as permitted by amendments to the Corporations Act 2001. The financial report is presented in Australian dollars which is the group’s functional and presentation currency. Amounts are rounded to the nearest dollar in accordance with class order 98/100.

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

Basis of preparation

Reporting basis and conventions

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

Accounting policies

(a) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Euroz Limited ('company' or 'parent entity') as at 30 June 2014 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 group.

Subsidiaries are all those entities over which the consolidated group has control. The consolidated group controls an entity when the consolidated group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

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

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

A change in ownership interest without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

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

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2014
NOTES TO THE FINANCIAL STATEMENTS

Note 1. Statement of significant accounting policies (continued)

(b) Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle simultaneously.

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

(c) Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2014
NOTES TO THE FINANCIAL STATEMENTS

Note 1. Statement of significant accounting policies (continued)

(c) Business combinations (continued)

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

(d) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognised:

- Brokerage revenue earned from share trading on behalf of clients is recognised on completion of the transactions. That is, the day the security is traded, not the day of settlement.
- Underwriting, management fees and corporate retainers are brought to account when the fee in respect of the services provided is receivable.
- Share trading revenue from the sale of stocks in the jobbing account is recognised on the day the security is traded. Revenue comprises the gross proceeds on sale of the security.
- Interest income is recognised as it accrues.
- Dividend revenue is recognised when the right to receive a dividend has been established.

All revenue is stated net of the amount of goods and services tax (GST), where applicable

(e) Receivables

Trade receivables are recognised as current receivables as they are generally settled within 30 days from the date of recognition. Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment is raised when some doubt as to collection exists.

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

(f) Inventories

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

(g) Investments

Controlled entities are accounted for in the consolidated financial statements as set out in Note 1 (a), excluding investment entities (which are deemed to be controlled) which are accounted for at fair value at reporting date.

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

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2014
NOTES TO THE FINANCIAL STATEMENTS

Note 1. Statement of significant accounting policies (continued)

(h) Plant and equipment

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

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

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

Depreciation

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

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

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

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.

(i) Leasehold improvements

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

(j) Leases

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.

(k) Trade and other creditors

Trade and other creditors also includes other liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

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

(l) Dividends

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

(m) 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.

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2014
NOTES TO THE FINANCIAL STATEMENTS

Note 1. Statement of significant accounting policies (continued)

(n) Employee benefits

(i) *Wages, salaries and annual leave*

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

(ii) *Employee benefits payable later than one year*

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. There have been no changes to the method used to calculate this liability.

(iii) *Superannuation*

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

(iv) *Employee benefit on costs*

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

(v) *Options/performance rights*

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

The fair value at grant date is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option/performance right, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option/performance right, 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/performance right.

(vi) *Profit-sharing*

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

(vii) *Termination benefits*

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

(o) Cash and cash equivalents

For purposes of the statement of cash flows, cash and cash equivalents 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.

(p) 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.

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2014
NOTES TO THE FINANCIAL STATEMENTS

Note 1. Statement of significant accounting policies (continued)

(q) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

(r) Fair value estimation

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

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the consolidated group 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 group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

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

(s) Goods and services tax (GST)

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

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

(t) Treasury Shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in share-based payments reserve. Share options exercised during the reporting period are satisfied with treasury shares.

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2014
NOTES TO THE FINANCIAL STATEMENTS

Note 1. Statement of significant accounting policies (continued)

(u) Financial instruments

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

Initial recognition and measurement

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

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

Classification and subsequent measurement

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

Amortised cost is calculated as:

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

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

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

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

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

(ii) Loans and receivables

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

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2014
NOTES TO THE FINANCIAL STATEMENTS

Note 1. Statement of significant accounting policies (continued)

(v) Financial instruments (continued)

(iii) Available-for-sale financial assets

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

Purchases and sales of investments are recognised on trade-date being the date on which the consolidated group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated group 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 group establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing methods refined to reflect the issuer's specific circumstances.

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

(iv) Impairment of financial assets

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

(w) Current/non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2014
NOTES TO THE FINANCIAL STATEMENTS

Note 1. Statement of significant accounting policies (continued)

(w) Current/non-current classification (continued)

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

(x) 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.

(y) Impairment of non-financial assets

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

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

(z) New standards and interpretations

The AASB has issued the following new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The group has early adopted AASB 2013-5 and effect of this early adoption is detailed in note 12 and note 34. The group has decided against early adoption of the remaining standards, and has not yet determined the potential impact on the financial statements from the adoption of these standards and interpretations.

The consolidated group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed below.

AASB 10 Consolidated Financial Statements

The consolidated entity has applied AASB 10 from 1 July 2013, which has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights that give it the current ability to direct the activities that significantly affect the investee's returns. The consolidated entity not only has to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes.

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13

The consolidated entity has applied AASB 13 and its consequential amendments from 1 July 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach is used to measure non-financial assets whereas liabilities are based on transfer value. The standard requires increased disclosures where fair value is used.

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2014

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Statement of significant accounting policies (continued)

(aa) New standards and interpretations (continued)

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement

The consolidated group has applied 2011-4 from 1 July 2013, which amends AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual Key Management Personnel ('KMP'). Corporations and Related Legislation Amendment Regulations 2013 and Corporations and Australian Securities and Investments Commission Amendment Regulation 2013 (No.1) now specify the KMP disclosure requirements to be included within the directors' report.

AASB No.	Title	Application date of standard*	Issue date
AASB 9	Financial Instruments	1 January 2018	December 2010
AASB 2012-3	Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities	1 January 2014	June 2012
AASB 2013-3	Amendments to AASB 136 – Recoverable amount disclosures for non-financial assets	1 January 2014	June 2013
AASB 2013-4	Amendments to Australian Accounting Standards – notation of derivatives and continuation of hedge accounting	1 January 2014	July 2013
AASB 2013-9	Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments Part A - Conceptual Framework Part B - Materiality Part C - Financial Instruments	Part A - 20 December 2013 Part B - 1 January 2014 Part C - 1 January 2015	December 2013
AASB 2014-1	Amendments to Australian Accounting Standards Part A - Annual Improvements 2010 - 2012 and 2011 - 2013 Cycles Part B - Defined Benefit Plans: Employee Contributions (Amendments to AASB 119) Part C - Materiality Part D - Consequential Amendments arising from AASB 14 Regulatory Deferral Accounts Part E - Financial Instruments	Part A - 1 July 2014 Part B - 1 July 2014 Part C - 1 July 2014 Part D - 1 January 2016 Part E - 1 January 2015	June 2014
AASB 1031	Materiality (Revised)	1 January 2014	December 2013
AASB 14	Regulatory Deferral Account	1 January 2016	June 2014
Amendments to IAS 16 PP&E and IAS 38 Intangible Assets [^]	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	1 January 2016	May 2014
IFRS 15 [^]	Revenues from Contracts with Customers	1 January 2017	May 2014

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2014
NOTES TO THE FINANCIAL STATEMENTS

Note 2. Significant accounting estimates and judgements

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

Key estimates

(i) Impairment

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

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

Key judgements

(i) Classification of inventories

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

(ii) Taxation

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

Note 3. Segment information

Identification of reportable segments

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

Types of products and services

Stockbroking

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

Principal trading

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

Funds management

The consolidated group provides advice in relation to fund management.

Investments

The consolidated group invests in listed and unlisted securities from which it derives dividends.

Basis of accounting for purpose of reporting by operating segments

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

Segment assets and liabilities

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

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

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2014
NOTES TO THE FINANCIAL STATEMENTS

Note 3. Segment information (continued)

Segment performance

	Stockbroking & Corporate Activities	Principal Trading	Funds Management	Investment Income	Unallocated Items	Total (Consolidated)
	\$	\$	\$	\$	\$	\$
2014						
Sales and other fees	28,264,385	18,844,057	8,975,819	-	-	56,084,261
Interest revenue	745,813	-	107,245	714,402	-	1,567,460
Other revenues	3,207	-	-	20,522,012	-	20,525,219
Total segment revenue	<u>29,013,405</u>	<u>18,844,057</u>	<u>9,083,064</u>	<u>21,236,414</u>	<u>-</u>	<u>78,176,940</u>
Segment net operating profit after tax	<u>4,071,319</u>	<u>1,591,948</u>	<u>5,545,843</u>	<u>15,337,990</u>	<u>-</u>	<u>26,547,100</u>
Depreciation and amortisation	843,319	-	2,224	-	-	845,543
Gain on fair value of investment entities	-	-	-	14,949,373	-	14,949,373
Segment assets	<u>28,642,125</u>	<u>2,032,576</u>	<u>5,342,923</u>	<u>103,601,322</u>	<u>-</u>	<u>139,618,946</u>
Fair value of investment entities	-	-	-	73,232,177	-	73,232,177
Capital expenditure	101,631	-	-	-	-	101,631
Segment liabilities	<u>2,491,930</u>	<u>-</u>	<u>1,176,457</u>	<u>18,811,104</u>	<u>-</u>	<u>22,479,491</u>
Cash flow information						
Net cash flow from operating activities	3,099,745	(593,596)	9,225,730	714,401	-	12,446,281
Net cash flow from investing activities	(101,631)	-	-	999,764	(1,142,705)	(244,572)
Net cash flow from financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,319,676)</u>	<u>(7,319,676)</u>

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2014
NOTES TO THE FINANCIAL STATEMENTS

Note 3. Segment information (continued)

Segment performance

	Stockbroking & Corporate Activities	Principal Trading	Funds Management	Investment Income	Unallocated Items	Total (Consolidated)
	\$	\$	\$	\$	\$	\$
2013						
Sales and other fees	23,054,887	9,819,875	2,712,648	-	-	35,587,410
Interest revenue	881,089	-	126,452	991,609	-	1,999,150
Other revenues	734	-	-	8,392,322	-	8,393,056
Total segment revenue	<u>23,936,710</u>	<u>9,819,875</u>	<u>2,839,100</u>	<u>9,383,931</u>	<u>-</u>	<u>45,979,616</u>
Segment net operating profit after tax	<u>3,069,360</u>	<u>(240,619)</u>	<u>1,371,224</u>	<u>6,922,339</u>	<u>-</u>	<u>11,122,304</u>
Depreciation and amortisation	1,197,232	-	2,224	-	-	1,199,457
Gain on fair value of investment entities	-	-	-	4,900,999	-	4,900,999
Segment assets	<u>6,624,139</u>	<u>813,033</u>	<u>3,842,685</u>	<u>105,104,444</u>	<u>-</u>	<u>116,384,301</u>
Fair value of investment entities	-	-	-	54,598,004	-	54,598,004
Capital expenditure	15,275	-	-	-	-	15,275
Segment liabilities	<u>736,916</u>	<u>-</u>	<u>1,006,401</u>	<u>9,341,110</u>	<u>-</u>	<u>11,084,427</u>
Cash flow information						
Net cash flow from operating activities	4,105,687	206,049	1,371,224	991,610	-	6,674,570
Net cash flow from investing activities	(15,275)	-	-	1,530,238	-	1,514,963
Net cash flow from financing activities	-	-	-	-	(11,424,808)	(11,424,808)

Entity-wide disclosures

The consolidated group predominately operates with in the geographical region of Australia. Therefore, the total revenue and non-current assets are reflected on the face of the financial statements.

During the year ended 30 June 2014 approximately 19% of the consolidated entity's external revenue was derived from performance fees, management fees and dividends from Ozgrowth Limited and Westoz Investment Company Limited.

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2014
NOTES TO THE FINANCIAL STATEMENTS

Note 4. Revenue

	2014	2013
	\$	\$
Revenue from operating activities		
Brokerage	11,651,450	14,158,028
Underwriting and management fees	24,380,270	11,000,571
Proceeds on sale of principal trading shares	18,844,058	9,819,875
Corporate retainers	1,208,483	608,934
	<u>56,084,261</u>	<u>35,587,408</u>
Other income		
Interest received	1,567,460	1,999,150
Other revenue	3,207	736
Dividend received	5,572,639	3,491,323
	<u>7,143,306</u>	<u>5,491,209</u>
Total Revenue	<u><u>63,227,567</u></u>	<u><u>41,078,617</u></u>

Note 5. Profit before income tax expense

	2014	2013
	\$	\$
Profit for the year arrived at after charging following expenses		
Plant and equipment – depreciation	558,827	567,329
Leasehold improvements – amortisation	286,716	632,128
	<u>845,543</u>	<u>1,199,457</u>
Rental expenses relating to operating lease	1,456,945	1,346,251
Superannuation expense	588,821	593,193
Fair value of unrealised loss	-	659,209
Share based payments	266,978	-

Note 6. Income tax

	2014	2013
	\$	\$
The components of tax expense comprise:		
Current tax	4,511,208	3,448,646
Deferred tax	4,725,722	-
	<u>9,236,930</u>	<u>3,448,646</u>

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2014
NOTES TO THE FINANCIAL STATEMENTS

Note 6. Income tax (continued)

	2014	2013
	\$	\$
Numerical reconciliation between tax expense and pre tax accounting profit		
Income tax using company's tax rate of 30% (2013: 30%)	10,735,209	4,371,285
Add tax effect of:		
- other non-allowable items	49,147	80,792
- prior year under provision	65,760	43,966
- other	58,606	-
	<u>10,908,722</u>	<u>4,496,043</u>
Less tax effect of:		
- gain on acquisition of associates	-	-
- franked dividends received	1,671,792	1,047,397
	<u>9,236,930</u>	<u>3,448,646</u>
Income tax attributable to entity		
	<u>9,236,930</u>	<u>3,448,646</u>
The applicable weighted average effective tax rates are as follows:	25.81%	23.67%
Reconciliations		
i. Gross movements		
The overall movement in the deferred tax account is as follows:		
Balance at 1 July	2,646,042	405,235
Recognised in income statement	(4,725,722)	2,240,807
Recognised in other comprehensive income	-	-
Balance at 30 June	<u>(2,079,680)</u>	<u>2,646,042</u>
ii. Deferred tax liability		
Movement in temporary differences during the year		
Fair value gain adjustments		
Balance at 1 July	-	-
Recognised in the income statement	2,907,263	-
Balance at 30 June	<u>2,907,263</u>	<u>-</u>
Other		
Balance at 1 July	91,351	542,668
Recognised in the income statement	42,848	(451,317)
Balance at 30 June	<u>3,041,462</u>	<u>91,351</u>

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2014
NOTES TO THE FINANCIAL STATEMENTS

Note 6. Income tax (continued)

	2014	2013
	\$	\$
iii. Deferred tax assets		
Movement in temporary difference during the year		
Fair value gain adjustments		
Balance at 1 July	1,899,140	175,151
Recognised in other comprehensive income	<u>(1,899,140)</u>	<u>1,723,989</u>
Balance at 30 June	<u>-</u>	<u>1,899,140</u>
Provisions		
Balance at 1 July	838,253	772,752
Recognised in the income statement	<u>123,529</u>	<u>65,501</u>
Balance at 30 June	<u>961,782</u>	<u>2,737,393</u>

Tax losses

No part of the deferred tax asset shown in Note 15 is attributable to tax losses. The Directors advise that the potential future income tax benefit at 30 June 2014 in respect of tax losses not brought to account is nil.

Tax consolidation legislation

Euroz Limited and its wholly-owned Australian subsidiaries implemented the tax consolidation legislation as of 1 July 2003. The accounting policy on implementation of the legislation is set out in Note 1(b). The impact on the income tax expense for the year is disclosed in the tax reconciliation above.

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

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

Note 7. Cash and cash equivalents

	2014	2013
	\$	\$
Cash at bank and on hand	<u>55,388,472</u>	<u>50,506,440</u>

Note 8. Trade and other receivables

	2014	2013
	\$	\$
Trade receivables	<u>922,962</u>	<u>775,345</u>

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

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2014
NOTES TO THE FINANCIAL STATEMENTS

Note 9. Inventories

	2014	2013
	\$	\$
Securities in unlisted companies (at cost) (i)	527,000	527,000
Trading securities in listed companies (at cost) (i)	2,936,485	1,528,646
Fair value adjustments (ii)	<u>(464,909)</u>	<u>(1,242,613)</u>
Total	<u>2,998,576</u>	<u>813,033</u>

(i) These securities are held for trade purposes.

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

Note 10. Other current assets

	2014	2013
	\$	\$
Prepayments	493,062	477,443
Accrued income	<u>423,823</u>	<u>365,510</u>
Total	<u>916,885</u>	<u>842,953</u>

Note 11. Long term receivable

	2014	2013
	\$	\$
Security deposit	<u>5,000,000</u>	<u>5,000,000</u>

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

Note 12. Investment entities at fair value

	2014	2013
	\$	\$
Listed ordinary shares in investment entities at fair value through profit or loss	<u>73,232,177</u>	<u>54,598,004</u>

Reconciliation

Reconciliation of the fair values at the beginning and end of the current financial year are set out below:

Opening fair value	54,598,004	47,076,260
Additions	4,493,584	1,961,084
Disposals	-	-
Revaluation increments	<u>14,140,589</u>	<u>5,560,660</u>
Closing fair value	<u>73,232,177</u>	<u>54,598,004</u>

The above investments represent investments in Ozgrowth Limited (38.52%) and Westoz Investment Company Limited (26.1%) that were previously recognised as associate entities and equity accounted. Under the revised AASB 10 "Consolidated Financial Statements", the definition of control has changed. Both these investments fall into the new definition of control and therefore, the application of AASB 10 would by definition result in these entities requiring consolidation. However, the Group has early adopted AASB 2013-5 in relation to accounting for investment entities which permits investment entities to be fair valued through the statement of profit or loss and other comprehensive income provided the Group satisfies the requirements of the standard. The companies are defined as investment entities as their principal activity is to buy, hold and sell listed equities

The effect of adopting AASB 10 and early adopting AASB 2013-5 is detailed in note 34 to the financial report.

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2014
NOTES TO THE FINANCIAL STATEMENTS

Note 13. Financial assets

	2014	2013
	\$	\$
Financial instrument at fair value	-	169,130

Note 14. Plant and equipment

	2014	2013
	\$	\$
Leasehold improvements		
At cost	29,703	2,528,511
Less: Accumulated amortisation	(23,210)	(1,892,151)
	<u>6,493</u>	<u>636,360</u>
Software		
At cost	62,194	42,619
Less: Accumulated depreciation	(36,025)	(16,205)
	<u>26,169</u>	<u>26,414</u>
Office equipment		
At cost	209,394	1,073,173
Less: Accumulated depreciation	(129,304)	(897,020)
	<u>80,090</u>	<u>176,153</u>
Furniture, fixtures and fittings		
At cost	94,019	573,287
Less: Accumulated depreciation	(8,679)	(470,211)
	<u>85,340</u>	<u>103,076</u>
	<u>198,092</u>	<u>942,003</u>

Reconciliations

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

	Leasehold improvements	Plant and equipment	Total
	\$	\$	\$
2014			
Carrying amount at 1 July 2013	636,359	305,645	942,004
Additions	-	101,631	101,631
Depreciation/amortisation expense (Note 5)	(629,867)	(215,676)	(845,543)
Carrying amount at 30 June 2014	<u>6,492</u>	<u>191,600</u>	<u>198,092</u>
2013			
Carrying amount at 1 July 2012	1,268,487	857,698	2,126,185
Additions	-	15,275	15,275
Depreciation/amortisation expense (Note 5)	(632,128)	(567,329)	(1,199,457)
Carrying amount at 30 June 2013	<u>636,359</u>	<u>305,644</u>	<u>942,003</u>

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2014
NOTES TO THE FINANCIAL STATEMENTS

Note 15. Deferred tax assets

	2014 \$	2013 \$
Deferred tax asset (Note 6)	<u>961,782</u>	<u>2,737,393</u>

Note 16. Trade and other payables

	2014 \$	2013 \$
Trade creditors	-	67,526
Other payables and accruals	<u>1,858,614</u>	<u>1,736,275</u>
Total	<u>1,858,614</u>	<u>1,803,801</u>

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

Note 17. Current tax liabilities

	2014 \$	2013 \$
Provision for taxation	<u>2,317,486</u>	<u>638,428</u>

Note 18. Short term provisions

	2014 \$	2012 \$
Dividends	13,702,841	7,190,724
Employee entitlements (annual leave)	684,186	611,899
Employee entitlements (long service leave)	<u>851,274</u>	<u>667,842</u>
Total	<u>15,238,301</u>	<u>8,470,465</u>

Dividends

This provision represents the dividend declared by the board before the reporting date and to be paid out to shareholders subsequent to year end.

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

	2014 \$	2013 \$
Carrying amount at 1 July 2013	7,190,724	9,341,110
Additional provisions recognised	16,261,272	9,352,341
Amounts paid out	<u>(9,749,155)</u>	<u>(11,502,727)</u>
Carrying amount at 30 June 2014	<u>13,702,841</u>	<u>7,190,724</u>

Note 19. Deferred tax liabilities

	2014 \$	2013 \$
Deferred tax liability (Note 6)	<u>3,041,462</u>	<u>91,351</u>

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2014
NOTES TO THE FINANCIAL STATEMENTS

Note 20. Long term provisions

	2014	2013
	\$	\$
Employee entitlements (long service leave)	<u>23,628</u>	<u>80,382</u>

Note 21. Contributed equity

(a) Share capital	2014	2013	2014	2013
Ordinary shares	Shares	Shares	\$	\$
Issued and paid up capital - consisting of ordinary shares	<u>146,153,785</u>	<u>143,814,479</u>	<u>90,924,294</u>	<u>89,451,519</u>

(b) Movements in ordinary share capital

	2014	2013
	Shares	Shares
At the beginning of the reporting period	143,814,479	143,709,388
Acquisition of Treasury shares	(900,000)	-
Exercise of options (i)	3,239,306	105,091
At the end of the reporting period	<u>146,153,785</u>	<u>143,814,479</u>

(i) Options were exercised at various times during the financial year. The options were granted on 27 February 2009 at an exercise price of 75 cents.

(c) Movements in ordinary share capital

	2014	2013
	\$	\$
At the beginning of the reporting period	89,451,519	89,373,600
Acquisition of Treasury shares	(1,142,705)	-
Exercise of options	2,615,480	77,919
At the end of the reporting period	<u>90,924,294</u>	<u>89,451,519</u>

(d) Treasury shares	2014	2013	2014	2013
	Shares	Shares	\$	\$
Balance of treasury shares at the end of the reporting period	<u>(900,000)</u>	<u>-</u>	<u>(1,142,705)</u>	<u>-</u>

Treasury shares were acquired by Employee Share Trust at various times during the year. The acquisition of Treasury shares forms part of the Performance Right Plan.

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2014
NOTES TO THE FINANCIAL STATEMENTS

Note 21. Contributed equity (continued)

(e) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. Ordinary shares have no par value.

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

(f) Options

A total of 3,239,306 options were exercised during the year at an exercise price of \$0.75. There are no options left on issue at 30 June 2014 (2013: 3,437,996). The options that were not exercised during the year expired on 1 March 2014.

(g) Share based payments reserve

The reserve records items recognised as expenses on valuation of share based payments. The movement in the current period totalling \$266,978 relates to the fair value of performance rights issued in the current year in connection with the Performance Rights Plan.

(h) Capital management

The Directors primary objective is to maintain a capital structure that ensures the lowest cost of capital available to the group. At reporting date, the group has no external borrowings and significant cash reserves. As the holder of AFSLs and as a sponsoring broker of the ASX the group is exposed to externally imposed capital requirements, which have been complied with at year end and throughout the year.

Note 22. Dividends

	2014 \$	2013 \$
Ordinary shares		
Interim dividend for the half year ended 31 December 2013 of 1.75 cents (2013 – 1.5 cents) per fully paid ordinary share paid on 28 January 2013. Fully franked based on tax paid @ 30%	2,558,431	1,549,718
Final dividend declared and provided for at 30 June 2014 of 9.0 cents (2013 – 5 cents) per fully paid ordinary share Fully franked based on tax paid @ 30%	<u>13,702,841</u>	<u>7,802,622</u>
Total dividends provided for or paid	<u>16,261,272</u>	<u>9,352,340</u>

Franked dividends

The franked portions of the dividends recommended after 30 June 2014 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 2014.

	Consolidated group	
	2014 \$	2013 \$
Franking credits available for subsequent financial years based on a tax rate of 30% (2013: 30%)	<u>11,110,575</u>	<u>12,440,077</u>

These dividends are fully-franked and therefore, there are no income tax consequences for the owners of Euroz Limited

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2014
NOTES TO THE FINANCIAL STATEMENTS

Note 22. Dividends (continued)

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 23. Financial instruments

(a) Financial risk management

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

(b) Financial risk exposure and management

(i) Interest rate risk

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

(ii) Liquidity risk

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

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

	2014	2013
	\$	\$
Less than 1 month	1,858,614	1,803,801

(iii) Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or security, at reporting date is the carrying amount of the financial assets disclosed in the statement of financial position. There is no collateral or security held for those assets at 30 June 2014.

Credit risk arises from exposure to customers and deposits with banks. Senior management monitors its exposure to customers on a regular basis to ensure recovery and repayment of outstanding amounts. Cash deposits are only made with Australian based banks. All trade debtors relating to brokerage and principal trading have been transferred to Pershing who provides a trust account facility as part of the clearing and settlement service. Trade receivables are usually paid within 30 days.

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2014
NOTES TO THE FINANCIAL STATEMENTS

Note 23. Financial instruments (continued)

(iii) Credit risk (continued)

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

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

	Carrying Amount	
	2014	2013
	\$	\$
Cash and cash equivalents	55,388,472	50,506,440
Receivables	922,962	775,345
Long term deposit	5,000,000	5,000,000
	<u>61,311,434</u>	<u>56,281,785</u>

Impairment losses

None of the consolidated entity's receivables are past due (2013: Nil).

(iv) Financial instruments composition and maturity analysis

	Weighted Average Effective Interest Rate		Floating Interest Rate		Non Interest Bearing	
	2014	2013	2014	2013	2014	2013
	%	%	\$	\$	\$	\$
FINANCIAL ASSETS						
Cash and cash equivalents	2.95	4.00	55,388,472	50,506,440	-	-
Trade and other Receivables	-	-	-	-	922,962	775,345
Financial assets held for trading	-	-	-	-	2,998,576	813,033
Financial assets at fair value through profit and loss	-	-	-	-	-	169,130
Long term deposit	1.75	2.00	5,000,000	5,000,000	-	-
Total financial assets			<u>60,388,472</u>	<u>55,506,440</u>	<u>3,921,538</u>	<u>1,757,508</u>
FINANCIAL LIABILITIES						
Trade and other payables	-	-	-	-	1,858,614	1,803,801

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

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

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

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

2014	Level 1	Level 2	Level 3	Total
Assets				
Investments	75,703,753	527,000	-	76,230,753
Total Assets	<u>75,703,753</u>	<u>527,000</u>	<u>-</u>	<u>76,230,753</u>
2013	Level 1	Level 2	Level 3	Total
Assets				
Investments	54,884,037	527,000	-	55,411,037
Total Assets	<u>54,884,037</u>	<u>527,000</u>	<u>-</u>	<u>54,411,037</u>

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2014
NOTES TO THE FINANCIAL STATEMENTS

Note 23. Financial instruments (continued)

(v) Sensitivity analysis

Assuming all variables remain constant and the interest rate fluctuated by 1% at year end the effect on the group's equity and profit as follows:

	2014	2013
	\$	\$
Increase by 1%	603,885	555,064
Decrease by 1%	<u>(603,885)</u>	<u>(555,064)</u>

Assuming all variables remain constant and the equity market fluctuated by 5% at year end the effect on the group's equity and profit is as follows:

	2014	2013
	\$	\$
Increase by 5%	3,811,538	2,770,552
Decrease by 5%	<u>(3,811,538)</u>	<u>(2,770,552)</u>

Note 24. Remuneration of auditors

	2014	2013
	\$	\$
Assurance services		
Audit services		
Audit and review of financial reports for the company		
Fees paid to PKF Mack & Co firm	<u>114,000</u>	<u>102,000</u>
Taxation services		
Tax compliance services		
Fees paid to PKF Mack & Co firm	<u>16,650</u>	<u>17,000</u>

Note 25. Contingent liabilities

The parent entity and consolidated group had contingent liabilities at 30 June 2014 as follows:

	2014	2013
	\$	\$
Secured guarantees in respect of:		
operating lease of a controlled group entity	<u>591,000</u>	<u>791,000</u>

Note 26. Commitments for expenditure

	2014	2013
	\$	\$
(a) Operating leases		
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	977,809	928,942
Later than one year but not later than five years	5,559,363	5,209,775
Later than five years	<u>-</u>	<u>1,165,384</u>
Commitments not recognised in the financial statements	<u>6,537,172</u>	<u>7,304,101</u>

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

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2014
NOTES TO THE FINANCIAL STATEMENTS

Note 27. Employee benefits

	2014	2013
	\$	\$
Employee benefit and related on-costs liabilities		
Provision for employee entitlements – current	1,559,090	1,360,123
Aggregate employee benefit and related on-costs liabilities	<u>1,559,090</u>	<u>1,360,123</u>

Note 28. Related parties

(a) Key Management Personnel compensation

	2014	2013
	\$	\$
Short-term employee benefits	4,449,192	2,232,344
Post-employment benefits	219,033	141,470
Share Based payments	<u>129,375</u>	<u>-</u>
Total compensation	<u>4,797,600</u>	<u>2,373,814</u>

(b) Individual Key Management Personnel compensation disclosure

Information regarding individual Key Management Personnel compensation and some equity instruments disclosures as required by Corporations Regulation is provided in the remuneration report section of the Directors' report.

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

(c) Parent entity

The ultimate parent entity within the group is Euroz Limited.

(d) Share-based payments

During the year a performance right was issued to 45 employees. This performance right entitles the holder to a number of shares in Euroz Limited calculated as 25% of their bonus entitlement for the year. At point of issue, these performance rights are subject to a 4 year vesting period. The fair value of each performance right is calculated as 25% of the individuals bonus entitlement.

(e) Wholly-owned group transactions

Wholly-owned group

The wholly-owned group consists of Euroz Limited and its wholly-owned controlled entities. See Note 29.

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

	2014	2013
	\$	\$
Transactions with related parties consisting of:		
(i) Subsidiaries		
- Loans advanced by Euroz Limited to subsidiaries	4,662,071	2,234,958
- Payments of dividends to Euroz Limited by subsidiaries	12,100,000	3,000,000
(ii) Associated Companies		
- Dividends received by Euroz Limited from Associates	5,572,639	3,491,323
- Management fee received by the Euroz Group from Associates	2,670,819	2,712,649
- Performance fee received by the Euroz Group from Associates	6,305,000	-

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2014
NOTES TO THE FINANCIAL STATEMENTS

Note 28. Related parties (continued)

Ownership interests in related parties

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

(a) controlled entities - Note 29

Other transactions with Directors and specified Executives

During the year ended 30 June 2014 the Directors and Key Management Personnel transacted share business through Euroz Securities Limited on normal terms and conditions.

Aggregate amounts of the above transactions with Directors and Key Management Personnel of the consolidated group:

	2014 \$	2013 \$
Amounts recognised as revenue		
Brokerage earned by Key Management Personnel	<u>70,769</u>	<u>88,926</u>

Note 29. Investments in controlled entities

Name of entity	Country of incorporation	Class of shares	Equity holding		Cost of parent entity's investment	
			2014 %	2013 %	2014 \$	2013 \$
Euroz Securities Limited	Australia	Ordinary	100	100	25,000,000	25,000,000
Detail Nominees Pty Limited	Australia	Ordinary	100	100	-	-
Zero Nominees Pty Limited (i)	Australia	Ordinary	100	100	-	-
Westoz Funds Management Pty Ltd	Australia	Ordinary	100	100	1,450,000	1,450,000
Euroz Employee Share Trust	Australia	Ordinary	-	-	-	-
Ozgrowth Limited*	Australia	Ordinary	38.52	36.52	-	-
Westoz Investment Company Limited*	Australia	Ordinary	26.10	24.10	-	-

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

(i) Owned by Euroz Securities Limited

A brief description of each entity as follows:-

- Euroz Limited – Group holding company listed on the Australian Stock Exchange. Euroz Limited manages cash and investments including significant positions in Ozgrowth Limited and Westoz Investment Company Limited.
- Euroz Securities Limited – Financial services company providing stockbroking services with a focus on Western Australian companies.
- Westoz Funds Management Pty Ltd – Manages the mandates for two listed investment companies, Ozgrowth Limited and Westoz Investment Company Limited with a focus on investing in opportunities with a Western Australian connection.
- Zero Nominees – Custodian company holding shares on behalf of clients of Euroz Securities Limited.
- Detail Nominees - Dormant company that was previously used to for settlement obligation in relation to shares for the Group.
- Euroz Limited Employee Share Trust vehicle established to acquire treasury shares on-market for distribution to eligible employees in connection with the Performance Rights Plan.

*Although Ozgrowth Limited and Westoz Investment Company Limited are controlled entities, exemption from consolidation was derived from the early adoption of AASB 2013-5 Investment Entities

Note 30. Events occurring after reporting date

On 1 July 2014 a new subsidiary, Westoz Investment Management Limited (“WIM”) was formed with Euroz owning 80% and Mr Steve Tucker, who will be the Executive Chairman, owning 20%.

On 1 July 2014 Euroz Securities Limited, acquired 100% of the ordinary shares of Blackswan Equities Limited for the total consideration of \$6,604,000. Blackswan Equities Limited is a stockbroking, investment management and corporate advisory firm. Euroz Limited has acquired Blackswan Equities Limited to increase its market share and profitability under these areas.

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2014
NOTES TO THE FINANCIAL STATEMENTS

Note 30. Events occurring after reporting date (continued)

Details of the acquisition is as follows:

	Fair value
	\$
ASSETS	
Cash and cash equivalents	5,824,004
Receivables and other current assets	908,058
Financial assets	316,571
Deferred tax assets	195,405
Property, plant and equipment	146,063
Total assets acquired	<u>7,390,101</u>
Goodwill on acquisition	<u>2,833,112</u>
	<u>10,223,213</u>
LIABILITIES	
Trade and other current liabilities	1,156,083
Financial liabilities	2,131,781
Provisions	331,349
	<u>3,619,213</u>
Fair value of net assets acquired	<u>6,604,000</u>
Representing:	
Fair value of shares issued in Euroz Limited to the vendors	<u>6,604,000</u>

The fair values in relation to the acquisition are provisional as the composition of the intangibles are undetermined.

Other than this matter, the Directors are not aware of any other matter or circumstance subsequent to 30 June 2014 that has significantly affected, or may significantly affect:

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

Note 31. Reconciliation of cash flows from operating activities

	2014	2013
	\$	\$
Profit for the period	26,547,100	6,304,532
Adjustments for:		
Depreciation and amortisation	845,543	1,199,457
Share based payments	266,978	-
Realised gain arising from fair value of investment	(19,464,807)	(2,565,560)
Changes in assets and liabilities		
Decrease/(increase) in trade and other receivables	(147,617)	1,000,357
Decrease/(increase) in prepayments	(15,619)	35,593
Decrease/(Increase) in accrued income	(58,313)	1,443,383
(Increase)/decrease in inventories	(2,185,543)	478,657
Increase/(decrease) in deferred tax assets	1,775,611	(65,501)
Increase/(decrease) in trade and other payables	54,812	565,691
Increase/(decrease) in current tax liabilities	1,679,058	(849,423)
Increase/(decrease) in provision for deferred tax liabilities	2,950,111	(709,968)
Increase/(decrease) in provisions (excluding dividends)	198,967	(162,648)
Net cash from operating activities	<u>12,446,281</u>	<u>6,674,570</u>

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2014
NOTES TO THE FINANCIAL STATEMENTS

Note 32. Credit facilities

	2014	2013
	\$	\$
Unrestricted access was available at reporting date to the following lines of credit:		
Credit standby arrangements		
Bank overdrafts	20,000,000	20,000,000
Unused at reporting date		
Bank overdrafts	20,000,000	20,000,000

Euroz Securities Ltd, a wholly owned subsidiary of Euroz Limited, has a bank overdraft facility as at 30 June 2014 for up to \$10,000,000. The facility may be drawn down at any time, is repayable on demand and interest is incurred at the standard variable rate. The facility is secured by a fixed and floating charge over the assets of Euroz Limited and Euroz Securities Limited.

Subsequent to year end, these facilities have been cancelled.

Note 33. Earnings per share

	2014	2013
	Cents	Cents
Basic earnings per share	18.29	7.73
Diluted earnings per share	18.27	7.68
	2014	2013
	Number	Number
Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share.	<u>145,166,494</u>	<u>143,803,394</u>
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share.	<u>145,299,592</u>	<u>144,857,250</u>

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

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2014
NOTES TO THE FINANCIAL STATEMENTS

Note 34. Restatement of comparatives

Refer to note 12 for further information in relation to the nature and reasons for the restatement.

Extract	1 July 2012		1 July 2012
	\$		\$
Statement of Financial Position	Reported	Adjustment	Restated
Total current assets	59,298,166	-	59,298,166
Investment entities	67,480,289	(20,404,029)	47,076,260
Deferred tax asset	947,903	3,133,988	4,081,891
Other non-current assets	7,128,185	-	7,128,185
Total assets	134,854,543		117,584,502
Total liabilities	14,132,511		14,132,511
Net assets	120,722,032		103,451,991
	30 June 2013		30 June 2013
Extract	\$		\$
Statement of Financial Position	Reported	Adjustment	Restated
Total current assets	52,937,771	-	52,937,771
Investment entities	68,515,611	(13,917,607)	54,598,004
Deferred tax asset	1,272,055	1,465,338	2,737,393
Other non-current assets	6,111,133		6,111,133
Total assets	128,836,570		116,384,301
Total liabilities	11,084,427		11,084,427
Net assets	117,752,143		105,299,874

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2014
NOTES TO THE FINANCIAL STATEMENTS

Note 34. Restatement of comparatives (continued)

Extract	30 June 2013		30 June 2013
Statement of Profit or Loss and Other Comprehensive Income	\$		\$
	Reported	Adjustment	Restated
Revenue	38,418,382	2,659,706	41,078,088
Equity accounted investees	1,734,396	(1,734,396)	-
Fair value of investees	-	5,560,660	5,560,660
Total expense	<u>(32,067,799)</u>		<u>(32,067,799)</u>
Profit before tax	8,084,979		14,570,949
Income tax expense	<u>(1,780,447)</u>	(1,668,198)	<u>(3,448,645)</u>
Profit for the year	6,304,532		11,122,304
Other comprehensive income net of tax	-		-
Total comprehensive income net of tax	<u>6,304,532</u>		<u>11,122,304</u>
Earnings per share			
Basic (cents)	4.38		7.73
Diluted (cents)	4.35		7.68

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2014
NOTES TO THE FINANCIAL STATEMENTS

Note 35. Parent entity disclosures

	2014	2013
	\$	\$
<i>Financial position</i>		
Assets		
Current assets	29,394,171	25,796,046
Non-current assets	105,315,498	84,899,340
Total assets	<u>134,709,669</u>	<u>110,695,386</u>
Liabilities		
Current liabilities	16,066,994	7,844,429
	2,744,112	-
Total liabilities	<u>18,811,105</u>	<u>7,844,429</u>
Equity		
Issued capital	90,734,570	89,451,519
Retained earnings	24,711,016	16,648,392
Reserves		
Share Based Payment Reserve	266,978	-
Asset revaluation reserve	-	(3,434,956)
Option premium reserve	186,000	186,000
Total equity	<u>115,898,564</u>	<u>102,850,955</u>
<i>Financial performance</i>		
Profit for the year	27,744,525	7,050,214
Other comprehensive income	-	-
Total comprehensive income	<u>27,744,525</u>	<u>7,050,214</u>

Note 36. Company details

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

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

EUROZ LIMITED
FOR THE YEAR ENDED 30 JUNE 2014

DIRECTORS' DECLARATION

The Directors declare that:

1. The financial statements, notes and additional disclosures included in the Directors' report and designated as audited, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards and Corporations Regulations 2001;
 - (b) give a true and fair view of the company's and consolidated group's financial position as at 30 June 2014 and of their performance for the year ended on that date;
 - (c) the financial statements are in compliance with International Financial Reporting Standards, as stated in note 1 to the financial statements.
2. The Chief Executive Officer and Chief Financial Officer have declared in accordance with section 295A of the Corporations Act 2001 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 Accounting Standards; and
 - (c) the financial statements and notes for the financial year give a true and fair view;
3. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Andrew McKenzie
Director



Russell Kane
Director

Date: 28 August 2014

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF EUROZ LTD

Report on the Financial Report

We have audited the accompanying financial report of Euroz Ltd (the company), which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company'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.

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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.

Opinion

In our opinion:

- (a) the financial report of Euroz Ltd is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 13 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Euroz Ltd for the year ended 30 June 2014, complies with section 300A of the Corporations Act 2001.

PKF Mack & Co

PKF MACK & CO

S. Fermanis

SIMON FERMANIS
PARTNER

28 AUGUST 2014
WEST PERTH,
WESTERN AUSTRALIA