

Westoz Investment Company Limited
Annual Report 2005

ANNUAL REPORT 2005

WESTOZ

INVESTMENT COMPANY LIMITED



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Corporate Directory

WESTOZ INVESTMENT COMPANY LTD

ABN: 99 113 332 942

DIRECTORS

Peter Diamond

Non Executive Chairman

Philip Rees

Executive Director

Jay Hughes

Non Executive Director

Terry Budge

Non Executive Director

REGISTERED OFFICE

Level 1, Ernst & Young Building

11 Mounts Bay Road

Perth Western Australia 6000

Telephone: +61 8 9321 7877

Facsimile: +61 8 9321 8288

Web: www.westozfunds.com.au

AUDITORS

Ernst & Young

11 Mounts Bay Road

Perth Western Australia 6000

BANKERS

Westpac Banking Corporation

109 St Georges Terrace

Perth Western Australia 6000

SHARE REGISTRY

Computershare Investor Services Pty Ltd

Level 2

45 St Georges Terrace

Perth Western Australia 6000

Telephone: +61 8 9323 2000

Facsimile: +61 8 9323 2033



Directors: Philip Rees, Jay Hughes, Terry Budge, Peter Diamond (Chairman).

Chairman's Report

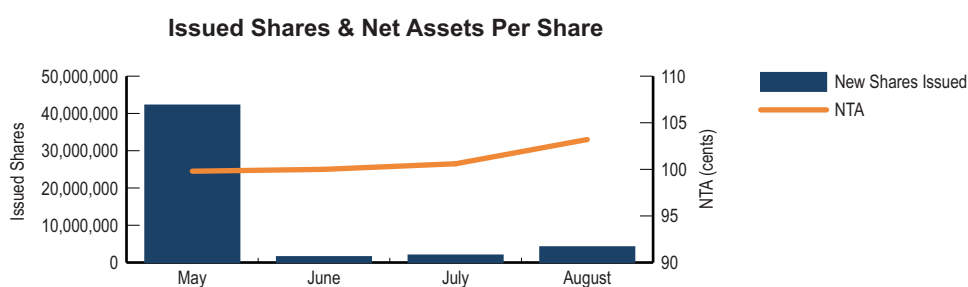
Fellow Shareholder,

I welcome you as a shareholder of Westoz Investment Company Limited and present the following Annual Report of your company.

The major matters I would like to highlight over the period between formation and 30 June 2005 are:

- Following the initial establishment of the company on 11 March 2005, the company entered into arrangements for the management of a portfolio of its assets with the objective of producing a positive absolute return. This agreement was made with a subsidiary of Euroz Limited, a company listed on the Australian Stock Exchange (code: EZL);
- A prospectus was lodged for the issue of up to 100,000,000 new ordinary shares on 15 April 2005;
- The initial allocation of 42,215,000 shares under this prospectus was made on 31 May 2005;
- The funds subscribed were invested in accordance with the investment mandate agreed with the manager. At 30 June, all assets were held in short term cash deposits. Since this time, initial investments in the equity market have been made;
- Net assets per share at 30 June was \$1.00.

As at the date of this report, I am happy to advise that the value of funds under management for Westoz Investment Company Limited has passed through the \$50 million mark. This increase has been due to further inflow of funds and positive returns from our investment strategy. Our net assets per share (after allowance for tax and costs) has increased from \$1.00 at June 2005 to \$1.03 at August 2005. The following chart illustrates the growth in issued capital and the impact of investment returns on the net assets of the company:



Your Board of directors is particularly pleased that we have been able to achieve this growth despite retaining the majority of our portfolio in cash deposits.

In the current year, I look forward to updating you on progress on our investment activity. We will provide you with quarterly reports, with the initial period covered being to 30 September 2005. If you are interested in more frequent updates, our website will be regularly updated with information as we proceed. The address of this website is <http://www.westozfunds.com.au>.

Yours sincerely

PETER DIAMOND
Chairman



About Westoz



Investment Committee: Jay Hughes, Peter Diamond, Philip Rees.

-
- Westoz Investment Company Limited is an unlisted investment company that focuses on producing a positive return on funds invested.
-
- It was formed in March 2005 and raised its initial capital for investment in May 2005.
-
- The company has appointed Westoz Funds Management Pty Ltd to oversee the investment of its portfolio of assets. This company is a wholly owned subsidiary of Euroz Limited, a listed company that operates a stock-broking business based in Western Australia.
-
- The investment mandate is to identify undervalued companies listed on the Australian Stock Exchange and invest to produce a positive return. Because of the geographic location of the manager, it is anticipated that the majority of situations identified will have a connection to Western Australia and will have a market capitalisation of less than \$500 million.
-
- The Company has an open prospectus and will continue to accept applications for new shares up until the earlier of 14 May 2006 or the issue of 100 million shares. There are currently 49,942,632 shares on issue. New shares are issued at the higher of the net asset per share (after allowance for tax and costs) and \$1.00. The latest issue in August was at a price of \$1.03 per share.
-

Directors' Report

Your Directors submit their report for the period 11 March 2005 to 30 June 2005.

1. DIRECTORS

The names of the Directors of the Company in office during the financial period and until the date of this report are as follows:

Peter Diamond
Philip Rees
Jay Hughes
Terry Budge (Appointed 5 April 2005)

2. DIRECTORS' MEETINGS

The number of meetings of Directors (including meetings of committees of Directors) held during the period 11 March 2005 to 30 June 2005 and the number of meetings attended by each Director whilst they were a Director were as follows:

Director	Director's Meetings held during period of appointment	Director's Meeting attended during period of appointment
Peter Diamond	3	3
Philip Rees	3	3
Jay Hughes	3	3
Terry Budge	2	2

No meetings of the Audit Committee were held during the period.

The Company does not have a Remuneration Committee or Nomination Committee. Matters normally considered by these committees are addressed by the full board.

Committee meetings, as with Board of Directors' meetings, require that any two Directors be present to form a quorum.

3. PRINCIPAL ACTIVITY AND NATURE OF OPERATIONS

During the period, the principal activity of the economic entity was as an investment company.

4. OPERATING RESULTS

For the period ended 30 June 2005, the economic entity made an operating profit after tax of \$143,809.

5. DIVIDENDS

No amounts have been paid or declared by the Company by way of dividends since the commencement of the financial period.

6. REVIEW OF OPERATIONS

A Chairman's Report and Review of Operations is included on page 2 of this Annual Financial Report. This, together with the sections headed "Significant Changes in State of Affairs" and "Events Subsequent to Balance Date", provides a review of operations of the Company during the period and subsequent to reporting date.

7. SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The following significant changes in the state of affairs of the economic entity occurred during the financial period:

- i) On 31 May 2005, the Company issued 42,215,000 new ordinary shares pursuant to the initial offer under a prospectus at \$1.00 per share; and
- ii) On 30 June 2005 the Company issued 1,550,000 new ordinary shares pursuant to the continuing offer under a prospectus at \$1.00 per share.

Directors' Report

8. SIGNIFICANT EVENTS AFTER THE BALANCE DATE

Further to those events as set out in the notes the financial statements there has not been any additional matter or circumstance that has arisen since the balance date that has affected or may significantly affect the operations of the economic entity, the results of those operations or the state of affairs of the economic entity in subsequent periods.

9. LIKELY DEVELOPMENTS AND FUTURE RESULTS

In the opinion of the Directors it is considered that, apart from general details of likely developments referred to in the Chairman's Report and the Review of Operations, it may prejudice the interests of the economic entity if information in respect of future plans or likely developments in the economic entity's operations are disclosed. Therefore, information otherwise required to be included by Section 299 of the Corporations Act 2001 has been excluded.

10. DIRECTORS NAMES, QUALIFICATIONS, EXPERIENCE AND SPECIAL RESPONSIBILITIES

Peter Diamond B.Bus

Non Executive Chairman

Mr Diamond is Non Executive Chairman of the Company and also Executive Chairman of Euroz Limited. In this capacity, Mr Diamond has dealings with both institutional and high net worth clients on all aspects of equity trading. Mr Diamond also oversees all facets of the management of the company. Mr Diamond holds a Bachelor of Business Degree is an Associate Member of the Australian Society of Accountants.

Philip Rees BCom, CPA, FSIA, ACIS, CFA

Executive Director

Mr Rees is the Executive Director and Company Secretary of the Company as well as Chief Investment Officer of Westoz Funds Management Pty Ltd, the manager of the Company's assets. Mr Rees has worked in a range of roles focussed on Australian investment markets for the last 19 years. Mr Rees has a Bachelor of Commerce Degree and is a Chartered Financial Analyst. He is also a Fellow of the Securities Institute of Australia, a Certified Practising Accountant and an Associate of the Chartered Institute of Secretaries.

Jay Hughes

Non Executive Director

Mr Hughes is a Non Executive Director of the Company and is an Executive Director of Euroz Limited. Mr Hughes has acted in senior management roles with Australian stockbrokers over a period of 19 years. Mr Hughes holds a Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia. He was recognized as an affiliate of ASX in December 2000 and was admitted in May 2004 as a Practitioner Member (Master Stockbroking) of the Securities and Derivatives Industry Association.

Mr Terry Budge B Ec, FAICD, FAIB, FAIM

Non Executive Director

Mr Budge is a Non Executive Director of the Company. He is the State President (Western Australia) and a national director of the Australian Institute of Company Directors. He is also Chairman of Western Australian Land Authority (LandCorp), a Visiting Professor and Senator of Murdoch University and a Director of Leadership WA, the Western Australian Institute for Medical Research and the DeckChair Theatre. Mr Budge holds a Bachelor of Economics from Monash University and is a Graduate of the Advanced Management Program from Harvard Business School. He is also a Graduate and Fellow of the Australian Institute of Company Directors, a Fellow of the Australian Institute of Banking and Finance and a Fellow of the Australian Institute of Management.

11. DIRECTORS' INTERESTS

At the date of this report the interests of the Directors in the shares of the Company and related bodies corporate are:

Director	Number ordinary shares held directly	Number ordinary shares held beneficially
Peter Diamond	100,000	5,000,000
Philip Rees	100,000	-
Jay Hughes	150,000	5,000,000
Terry Budge	75,000	-

Directors' Report

12. SHARE OPTIONS

There are no share options on issue.

13. INDEMNIFICATION OF DIRECTORS AND OFFICERS

Westoz Investment Company Limited has made a deed of indemnity for all the Directors of the Company against all losses or liabilities incurred by each Director in their capacities as Directors of the Company. The company agreed to indemnify and keep indemnified the Director against all liabilities by the Director as a Director of the company.

14. DIRECTORS' AND OTHER OFFICERS' EMOLUMENTS

The Board of Directors, in conjunction with the Remuneration Committee, is responsible for determining and reviewing compensation arrangements for the executive team. The Board will assess the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team. Further details on the remuneration of Directors and Executives are also provided in note 11 to the financial statements.

No emoluments were paid to Directors of the Company in the period.

The elements of emoluments have been determined on the basis of the cost to the Company.

Emoluments of Directors and Executive Officers are not related to the performance of the Company.

15. CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Westoz Investment Company Limited support and have adopted a corporate governance plan. Details of the plan are available on request.

16. AUDITOR INDEPENDENCE AND NON AUDIT SERVICES

The Auditors Independence declaration on page 20 forms part of the Directors Report for the period ended 30 June 2005.

Signed for and on behalf of the Directors in accordance with a resolution of the Board.



PETER DIAMOND
Non Executive Chairman

16 September 2005
Perth, Western Australia

Statement of Income

	Note	30/06/05 \$
Revenues from ordinary activities	3	259,429
Audit Fee		(15,000)
Management Fee		(35,897)
Other expenses from ordinary activities		<u>(137)</u>
Profit / (loss) from ordinary activities before income tax expense		208,395
Income tax expense relating to ordinary activities		<u>(64,587)</u>
Profit / (loss) from ordinary activities attributable to members of the Company		<u>143,808</u>
Share issue costs recognised directly in equity	9 (b)	<u>(138,100)</u>
Total changes in equity other than those resulting from transactions with owners as owners attributable to members of the Company		<u>5,708</u>

Statement of Balance Sheet

	Note	30/06/05 \$
Current assets		
Cash and Cash Equivalents	16	43,980,792
Other	7	2,975
Total current assets		<u>43,983,767</u>
Non-current assets		
Other		-
Total non-current assets		<u>-</u>
Total assets		<u>43,983,767</u>
Current liabilities		
Trade and Other Payables	8	148,372
Income Tax Payable		64,587
Total current liabilities		<u>212,959</u>
Total liabilities		<u>212,959</u>
Net assets		<u>43,770,808</u>
Equity		
Share Capital	9	43,627,000
Retained Earnings		143,808
Total equity		<u>43,770,808</u>

Statement of Cashflow

	Note	30/06/05 \$
Cash flows from operating activities		
Payments to suppliers & employees		(137)
Interest received		259,429
		<hr/>
Net cash used in operating activities	16 (b)	259,292
		<hr/>
Cash flows from financing activities		
Proceeds from issue of ordinary shares		43,765,100
Share issue costs		(43,600)
		<hr/>
Net cash from financing activities		43,721,500
		<hr/>
Net increase in cash held		43,980,792
		<hr/>
Cash at the beginning of the period		-
		<hr/>
Cash at the end of the period	16 (a)	<u>43,980,792</u>

Statement of Changes in Equity

	Issued capital \$	Retained earnings \$	Total Equity \$
At 11 March 2005	-	-	-
Issue of Share Capital	43,627,000	-	43,627,000
Profit for the Year	-	143,808	143,808
			<hr/>
At 30 June 2005	43,627,000	145,808	43,770,808
			<hr/>

Notes to the Financial Statements for the year ended 30 June 2005

1. Corporate Information

The financial report of Westoz Investment Company Limited for the year ended 30 June 2006 was authorised for issue in accordance with a resolution of the directors on 9 September 2005.

Westoz Investment Company Limited is a company limited by shares that is incorporated and domiciled in Australia.

Westoz Investment Company Limited does not control any entities at 30 June 2005.

The economic entity had no employees as at 30 June 2005.

The nature of the operations and principal activities of the Company are described in Note 13.

2. Summary of Significant Accounting Policies

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001, which includes applicable Accounting Standards. Other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) have also been complied with.

Westoz Investment Company Limited was incorporated on 11 March 2005. This financial report is for the period from 11 March 2005 to 30 June 2005.

As this report is for a period commencing after 1 January 2005 these financial statements have been prepared in accordance with the Australian equivalent to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Reporting Standards (IFRS).

The following is a summary of the significant accounting policies adopted by the economic entity in the preparation of the accounts. Unless otherwise disclosed, the financial report has been prepared in accordance with the historical cost convention.

(a) Investments

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

After initial recognition, investments, which are classified as held for trading or available-for-sale, are measured at fair value. Gains or losses on investments held for trading are recognised in the income statement. Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative loss previously reported in equity is included in the income statement.

For investments that are actively traded in organised financial markets, fair value is determined by reference to the Stock Exchange quoted market bid prices at the close of business on the balance sheet date.

For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

Purchases and sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place are recognised on the trade date ie the date that the Company commits to purchase the asset.

(b) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and short term deposits (including bank bills) with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consists of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(c) Income Tax

Deferred income tax is recognised on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all temporary differences except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax assets and unused tax losses can be utilised except where the deferred income tax asset relating to the deductible temporary arises from the initial recognition of an assets or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that

Notes to the Financial Statements for the year ended 30 June 2005

it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or liability is settled, based on tax rate (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

(d) *Other Taxes*

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to the taxation authority.

(e) *Revenue*

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

Interest – revenue is recognised as the interest accrues to the net carrying amount of the financial asset.

(f) *Trade and Other Payables*

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid on future goods and services received, whether or not billed to the entity.

Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

(g) *Contributed Equity*

Ordinary share capital is recognised at the fair value of the consideration received by the company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(h) *Comparative Period*

No prior period is available. This financial report is for the period of incorporation from 11 March 2005 to the 30 June 2005.

3. REVENUE FROM ORDINARY ACTIVITIES

	30/06/05 \$
Revenue from non-operating activities	
Interest	259,429
	259,429

4. OTHER EXPENSES FROM ORDINARY ACTIVITIES

	30/06/05 \$
Expenses	
Bank Fees	(35)
ASIC Charges	(102)
	(137)

Notes to the Financial Statements for the year ended 30 June 2005

5. INCOME TAX

Major components of income tax expense for the year ended 30 June 2005 are:

	30/06/05 \$
Income Statement	
<i>Current Income Tax</i>	
Current income tax charge	64,587
	<u>64,587</u>

A reconciliation of income tax expense applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the Group's effective income tax rate for the period ended 30 June 2005 is as follows:

Accounting profit before tax from continuing operations	208,396
Accounting profit before income tax	<u>208,396</u>
At the statutory income tax rate of 30%	62,519
Capital raising expenses	(2,432)
Other	4,500
Income tax expense reported in income statement	<u>64,587</u>

6. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES

During the financial period, no amount has been paid or declared by the economic entity by way of dividend. The balance of the company's franking credit account is nil.

7. OTHER CURRENT ASSETS

	30/06/05 \$
Other - GST Receivable (a)	2,975
	<u>2,975</u>

Note (a): Other – GST Receivable is non-interest bearing and is generally claimed from the appropriate tax body on a quarterly basis.

8. TRADE AND OTHER PAYABLES (CURRENT)

	30/06/05 \$
Trade Payables	133,372
Other Payables	15,000
	<u>148,372</u>

Total payables are non-interest bearing and normally settled on 30 day terms.

Notes to the Financial Statements for the year ended 30 June 2005

9. CONTRIBUTED EQUITY AND RESERVES

	30/06/05	
(a) Issued and Paid up Capital		\$
Ordinary Shares Fully Paid	43,627,000	
		<u>43,627,000</u>
(b) Movements in Ordinary Shares on Issue	Number of Shares	\$
Beginning of the financial period	-	-
Issued during the period		
- Issued at Formation	100	100
- Initial Offer (i)	42,215,000	42,215,000
- Continuing Offer (ii)	1,550,000	1,550,000
Less issue costs		(138,100)
	<u>43,765,100</u>	<u>43,627,000</u>

- (i) A prospectus was issued on 15 April 2005 to issue 100,000,000 new shares, initially at \$1.00 per share. On 31 May 2005, 42,215,000 new shares were issued under this prospectus at \$1.00 per share.
- (ii) Additional shares may be issued under the prospectus up to a maximum of 100,000,000 until 14 May 2006 at a price equal to the higher of \$1.00 or the after tax net assets per share as determined by the Company. On 30 June 2005, 1,550,000 new shares were issued at \$1.00 per share.

Since balance date, a further 6,177,532 ordinary shares have been issued, raising \$6,323,222.

(c) Terms and conditions of contributed equity

Ordinary fully paid shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary fully paid shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

10. AUDITORS' REMUNERATION

Total of all remuneration received or due and receivable by Ernst & Young in connection with:

Audit of the Financial Report	15,000
	<u>15,000</u>

11. DIRECTORS AND EXECUTIVE DISCLOSURES

(a) Details of Specified Directors and Specified Executives

Peter Diamond	Chairman (non-executive)	Appointed 11 March 2005
Philip Rees	Executive Director	Appointed 11 March 2005
Jay Hughes	Director (non-executive)	Appointed 11 March 2005
Terry Budge	Director (non-executive)	Appointed 4 April 2005

(b) Remuneration of Directors and Executives

The Board of Directors is responsible for determining and reviewing compensation arrangements for the executive team. The Board will assess the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

No fees were paid to directors in the period.

(c) Transactions with Directors or Director Related Entities

The Directors of Westoz Investment Company Limited during the period were Mr Peter Diamond, Mr Philip Rees, Mr Jay Hughes and Mr Terry Budge.

Westoz Investment Management Pty Ltd, a company of which Messrs Diamond, Rees and Hughes are Directors received management fees from the company for the management of its assets. A fee of \$35,897 was accrued in the period for these services.

The above transaction was entered into on normal commercial terms.

Notes to the Financial Statements for the year ended 30 June 2005

(d) Directors Interests in of the Company

The interest of the Directors in the shares of the Company at 30 June 2005 were:

	Ordinary shares held directly	Ordinary shares held beneficially
Peter Diamond	100,000	5,000,000
Philip Rees	100,000	-
Jay Hughes	150,000	5,000,000
Terry Budge	75,000	-

(e) Movements in Directors Equity Holdings

Ordinary Shares	Holding at appointment	Acquisition	Holding at 30 June 2005
Peter Diamond	-	100,000	100,000
Philip Rees	-	100,000	100,000
Jay Hughes	-	150,000	150,000
Terry Budge	-	75,000	75,000

12. RELATED PARTY DISCLOSURES

(a) Ultimate Parent

Westoz Investment Company Limited is the ultimate Australian parent company.

(b) Other related Party Transactions

There are no other related party transactions other than those discussed in Note 11.

13. SEGMENT INFORMATION

(a) Business Segment

The Company operated in one business segment during the period as an investment company. The Company considers this business segment to be its primary segment.

(b) Geographic Segment

The Company operated in one geographical segment; Australia.

14. EVENTS SUBSEQUENT TO BALANCE DATE

Apart from the information provided elsewhere in this report, no other material events have occurred subsequent to 30 June 2005.

15. CONTINGENT LIABILITIES

The Company has no contingent liabilities.

Notes to the Financial Statements for the year ended 30 June 2005

16. NOTES TO THE STATEMENT OF CASH FLOWS

30/06/05
\$

(a) Reconciliation of Cash

Cash at the end of the financial period as shown in the Statement of Cash Flows is reconciled to the related items in the statement of financial position as follows:

Cash at Bank and in hand	7,515,905
Bank Bills	36,464,887
	<u>43,980,792</u>

Cash at bank and in hand earns interest at floating rates based on daily deposit rates.

Bank Bills are for varying periods depending on the immediate cash requirements of the company and earn interest at the respective bank bill rates.

The fair value of cash and cash equivalents is \$43,980,792

(b) Reconciliation of Net Cash Generated from Operating Activities to Net Profit after Income Tax

Net profit / (loss) after tax	143,808
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Adjustment for Non-Cash Items:

Changes in Assets and Liabilities:

Increase in Trade and Other Creditors Payable	50,897
Increase in Tax Payable	64,587
Net Cash Generated from Operating Activities	<u>259,292</u>

(c) Financing Facilities Available

At balance date, no financing facilities had been negotiated and none were available.

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial instruments comprise cash and short term deposits.

The Company has various other financial instruments such as trade creditors which arise directly from its operations.

The Company may also transact in other financial instruments, including derivatives and equities, to achieve its target rate of return on assets.

The main risks arising from the Company's financial instruments are interest rate risk and credit risk.

Interest Rate Risk

The Company's exposure to market risk for changes to interest rate risk relates primarily to its earnings on cash and short term deposits. The Company has delegated the management of these risks to an external party who has expertise in the management of such risk.

Credit Risk

The Company holds financial instruments with credit worthy third parties. Specified credit ratings are set for the external manager for any investment.

Notes to the Financial Statements for the year ended 30 June 2005

18. FINANCIAL INSTRUMENTS

Interest Rate Risk

The following tables set out the carrying amount, by maturity, of the financial instruments that are exposed to interest rate risk:

Financial Assets	<1 Year	Other	Total 30/06/05
	\$	\$	\$
Floating Rate			
Cash at Bank and in hand	7,515,905	-	7,515,905
Bank Bills	36,464,887	-	36,464,887
Total Financial Assets	43,980,792	-	43,980,792

Weighted Average Interest Rate	5.5%	-	5.5%
--------------------------------	------	---	------

Interest rates on bank bills are specified for the holding period, which is thirty days. At the conclusion of this period, funds are reinvested at the prevailing interest rate.

Financial Liabilities	<1 Year	Other	Total 30/06/05
	\$	\$	\$
Floating Rate			
Trade Payables	148,372	-	148,372
Total Financial Assets	148,372	-	148,372

Weighted Average Interest Rate	-	-	-
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Directors' Declaration

In accordance with a resolution of the directors of Westoz Investment Company Limited, the directors declare that:

In the opinion of the directors:

- (a) the financial statements and notes of the company and of the economic entity are in accordance with the Corporations Act 2001, including: -
 - (i) giving a true and fair view of the company's and economic entity's financial position as at 30 June 2005 and of their performance for the period ended on that date; and
 - (ii) complying with Accounting Standards and Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



PETER DIAMOND
Chairman

Perth, Western Australia
16 September 2005

Independent Audit Report



The Ernst & Young Building
11 Mounts Bay Road
Perth WA 6000
Australia

■ Tel 61 8 9429 2222
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Independent audit report to members of Westoz Investment Company Limited

Scope

The financial report and directors' responsibility

The financial report comprises the balance sheet, income statement, statement of changes in equity and statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Westoz Investment Company Limited (the company), for the year ended 30 June 2005.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company, and that complies with Accounting Standards in Australia, in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

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

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

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

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

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

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report and the remuneration disclosures. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the company.

Independent Audit Report



Independence

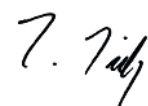
We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Annual Report. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Audit opinion

In our opinion:

1. the financial report of Westoz Investment Company Limited is in accordance with:
 - (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of Westoz Investment Company Limited at 30 June 2005 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
 - (b) other mandatory financial reporting requirements in Australia.


Ernst & Young


V W Tidy
Partner

Perth, Western Australia
16 September 2005

Auditor Independence Declaration



The Ernst & Young Building
11 Mounts Bay Road
Perth WA 6000
Australia

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Auditor's Independence Declaration to the Directors of Westoz Investment Company Limited

In relation to our audit of the financial report of Westoz Investment Company Limited for the financial year ended 30 June 2005, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script that reads 'V. W. Tidy'.

V W Tidy
Partner

Perth, Western Australia
16 September 2005

Shareholder Information

Ordinary Shares as at 16 September 2005

(A) Distribution of Shareholders

Analysis of number of shareholders by size and holding:

Size of Holdings	Holders	Units
1 - 1,000	9	42,000
5,001 - 10,000	6	60,000
10,001 - 100,000	446	17,065,532
100,001 - and over	62	32,775,100
TOTAL	523	49,942,632

(B) Top Twenty Shareholders

The twenty largest holders of ordinary fully paid shares are listed below:

No.	Shareholder	Units	%
1	Zero Nominees Pty Ltd	11,435,000	22.90
2	Invia Custodian Pty Limited	2,000,000	4.00
3	Yandal Investments Pty Ltd	2,000,000	4.00
4	Australian Executor Trustees Limited	1,075,000	2.15
5	Ansbacher Trustees (Jersey) Ltd	1,000,000	2.00
6	Mr Robert Louis Hansen & Dr Annabelle Farnsworth	1,000,000	2.00
7	Rollason Pty Ltd	1,000,000	2.00
8	Superland Investments Pty Ltd	575,000	1.15
9	Mr Geoffrey Francis Brown	500,000	1.00
10	Guardian Resources Pty Ltd	500,000	1.00
11	Ice Cold Investments Pty Ltd	500,000	1.00
12	Lyrebird Pty Ltd	500,000	1.00
13	Warrambo Holdings Pty Ltd	500,000	1.00
14	Australian Executor Trustees Ltd	400,000	0.80
15	Gjp Investments Pty Ltd	400,000	0.80
16	Hannes Investments Pty Ltd	300,000	0.60
17	Mr Thomas James Lomman	300,000	0.60
18	Perth Internet Pty Ltd	300,000	0.60
19	Cybertop Pty Ltd	250,000	0.50
20	The Fogarty Foundation	250,000	0.50
	TOTAL	24,785,000	49.63
	Remainder	25,157,632	50.37
	GRAND TOTAL	49,942,632	100.00

(C) Shareholders with greater than 5%

As at 15 September 2005, the company had one shareholder with greater than 5% of the issued capital:

Shareholder	Units	%
Euroz Limited	5,000,100	10.01%

WESTOZ
INVESTMENT COMPANY LIMITED

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For any queries please contact Philip Rees

