



ABN 88 113 436 141

# ANNUAL REPORT

# 2006

# CORPORATE DIRECTORY

## Company

Trojan Equity Limited  
ABN 88 113 436 141  
GPO Box 3005  
BRISBANE QLD 4001  
info@trojanequity.com.au  
www.trojanequity.com.au

## Registered Office and Principal Place of Business

Suite 8, Level 9  
320 Adelaide Street  
BRISBANE QLD 4000  
Tel 07 3220 2377  
Fax 07 3503 9250

## Directors

Andrew Kemp	Chairman
Troy Harry	Managing Director
Roger Clarke	Non - Executive Director

## Company Secretary

Garry Gill

## Manager

Trojan Investment Management Pty Ltd  
ABN 71 102 972 501  
AFSL Number 230016

## Auditor

Johnston Rorke  
Level 5  
255 Adelaide Street  
BRISBANE QLD 4000

## Share Registry

Registries Limited  
ABN 14 003 209 836  
Level 2  
28 Margaret Street  
SYDNEY NSW 2000  
Tel 02 9290 9600  
Fax 02 9279 0664

## Stock Exchange Listing

Trojan Equity Limited is listed on the Australian Stock Exchange  
15 August 2006

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## MESSAGE FROM THE CHAIRMAN AND MANAGING DIRECTOR

It is with pleasure that we present the second Annual Report for Trojan Equity Limited after successfully completing our first full financial year as a listed company.

For the year to 30 June 2006, the Company recorded a pleasing Net Profit After Tax of \$4.06 million. This represents Earnings Per Share of \$0.26.

At 30 June 2006, the Company's net tangible asset backing stood at \$1.25 per share.

We are also pleased to declare a maiden dividend of 6 cents per share for the year ended 30 June 2006. This dividend will be fully franked and will be paid to shareholders in early October.

We mentioned in our 2005 Annual Report and several times throughout the year that the buoyant stockmarket conditions were making it challenging to identify situations which met our investment criteria at an appropriate price. These buoyant conditions persisted for much of the financial year, and consequently we retained high levels of cash for much of the year. However, over time our patience was rewarded and we were able to find suitable opportunities at an appropriate price.

While it will be difficult to repeat the very strong performance of 2006, in the year ahead we will continue to research heavily, visit companies and communicate with our network of contacts in the investment community in pursuit of undervalued asset situations in the Australian stockmarket.

We feel privileged to have such a supportive group of shareholders and we look forward to your continued support in the year ahead as we strive to provide superior investment returns.

Kind regards



Andrew Kemp  
Chairman



Troy Harry  
Managing Director

## COMPANY PROFILE

Trojan Equity Limited is an investment Company listed on the Australian Stock Exchange, which provides investors with access to a concentrated portfolio of special situations which are predominately listed on ASX.

### Capital Structure (as at 30 June 2006)

Ordinary Shares (ASX Code: TJN)	16,667,001
Options (ASX Code: TJNO)	16,667,000

Options are exercisable at any time until 5.00 pm on 17 June 2008 at a price of \$1.00.

### Investment Objectives

The investment objectives of the Company are to:

- ❖ apply a disciplined approach to its investing;
- ❖ provide a superior rate of return to its Shareholders via a combination of capital growth and income;
- ❖ provide Shareholders with regular franked dividends; and
- ❖ preserve the capital of the Company.

### Investment Strategy

The core strategy of the Company is to invest in **UNDERVALUED ASSET SITUATIONS** with **LIMITED DOWNSIDE RISK** where there is a **CATALYST** for the discount to valuation to be reduced or removed.

### Investment Process

The steps in the investment process can be summarised as follows:

1. identify undervalued asset situations;
2. identify catalyst;
3. quantify downside risk;
4. quantify upside and compare to downside risk; and
5. make investment decision and asset allocation.

# TROJAN EQUITY LIMITED

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## DIRECTORS' REPORT

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The Directors of Trojan Equity Limited (the Company) present their report for the year to 30 June 2006.

### DIRECTORS

The names and details of the Company's Directors in office during the year and until the date of this report are as follows. All Directors were appointed on 18 March 2005.

#### **Andrew P.S. Kemp - Chairman**

Andrew Kemp is an Executive Director of Huntington Group Pty Ltd a Brisbane based corporate advisory and investment banking firm.

He holds a Bachelor of Commerce degree from the University of Melbourne and is a chartered accountant. After working for KPMG and Littlewoods Chartered Accountants in Melbourne and Sydney, Andrew joined AIFC, the then merchant banking affiliate of the ANZ Banking Group in Sydney in 1978.

From 1979 until 1985, Andrew was Queensland Manager of AIFC. He then joined North Queensland based Coutts Group as general manager early in 1985 and continued with this group until January 1987 when he formed Huntington Group.

Since 1980, Andrew has structured and implemented the ASX listing of 11 companies in addition to other corporate advisory and investment activities. He has held directorships of the following listed entities during the last 3 years:

- Pacific Turbine Brisbane Limited from December 2004
- S8 Limited from February 2004
- Silver Chef Limited since April 2005
- Sunnycove Management Limited since March 2004
- Harbour Capital Limited (now Metals Exploration Limited) from November 2002 to June 2004
- Prime Life Corporation Limited from 1988 to 2003.

#### **Troy J. Harry – Managing Director**

Troy Harry is the founder of Trojan Investment Management Pty Ltd, which provides management services to the Company. He has a deep understanding of the Australian stock market with over 12 years experience in the Australian securities industry.

From April 1998 until July 2003, Troy was employed by ABN AMRO Morgans Limited in Brisbane where he advised a range of mostly high net worth individuals and small institutions. The advice provided was mostly regarding special situations identified by Troy and he developed a reputation among his clients for being able to identify undervalued asset situations. In July 2003, Troy resigned from ABN AMRO Morgans Limited to concentrate his efforts on his own business.

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## DIRECTORS' REPORT

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Concurrently with his roles at ABN AMRO Morgans Limited and Trojan Investment Management Pty Ltd, from November 2002 to June 2004, Troy acted as Managing Director of Harbour Capital Limited "Harbour" (now Metals Exploration Limited). Harbour was an investment company listed on ASX with investments in royalties in Western Australia and private equity investments in greater China. Troy oversaw a significant corporate restructuring during his time at Harbour, with Harbour's share price rising from \$0.35 at the date of his appointment to \$0.76 at the date of his retirement.

Troy held directorships of the following listed entities during the last 3 years:

- Winepros Limited (now Cheviot Bridge Limited) from November 2003 to December 2004
- Harbour Capital Limited (now Metals Exploration Limited) from November 2002 to June 2004

He has experience in financial analysis, modelling and structuring and in advising and managing investment companies.

He holds a Bachelor of Business (Banking and Finance) degree from Queensland University of Technology and is an Associate of the Financial Services Institute of Australia and a Fellow of the Australian Institute of Company Directors.

### **Roger B. Clarke – Non-Executive Director**

Roger Clarke has over 30 years commercial experience, principally in the investment banking industry, with responsibilities in funds management, banking and corporate finance and involvement in a significant number of initial public offerings, capital raisings and corporate transactions.

Roger is Chairman of the Advisory Board of ABN AMRO Morgans Limited, and has been part of its executive team for the past 18 years.

He has held directorships of the following listed entities during the last 3 years:

- Chairman (and director) of Tissue Therapies Limited since February 2004
- Chairman (and director) of Pipe Networks Limited from February 2005
- Chairman (and director) of White Sands Petroleum Ltd since November 2005

Roger holds a Bachelor of Commerce degree from the University of Auckland and is a chartered accountant.

### **Company Secretary**

The Company Secretaries in office during the year were Andrew Kemp from 1 April 2005 to 14 July 2005 and Garry Gill from 14 July 2005. Garry has been a member of the Institute of Chartered Accountants for over 20 years and has held a variety of corporate administrative positions for public, listed, private and government owned businesses.

# TROJAN EQUITY LIMITED

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## DIRECTORS' REPORT

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### Directors' Interests in the Company

At the date of this report, the interests of the Directors in the shares and options of the Company were:

	Ordinary Shares	Options
A.P.S. Kemp (Chairman)	30,000	30,000
T.J. Harry (Managing Director)	1,018,001	1,018,000
R.B. Clarke (Non-Executive Director)	100,000	75,000

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### REMUNERATION REPORT

The remuneration report is set out under the following main headings:

- A. Principles and Agreements
- B. Details of Remuneration
- C. Summary of Management Agreement

The information provided in the Remuneration Report includes remuneration disclosures that are required under Accounting Standard AASB 124 "*Related Party Disclosures*". These disclosures have been transferred from the financial report and have been audited.

#### A. Principles and Agreements (audited)

##### (a) Directors

The Company's Constitution provides that the Directors may be paid, as remuneration for their services, a sum determined from time to time by the Company's Shareholders in general meeting, with that sum to be divided amongst the Directors in such manner as they agree.

Directors' remuneration for their services as Directors is by a fixed sum and not a commission on a percentage of profits or operating revenue. There is provision for Directors who devote special attention to the business of the Company or who perform services which are regarded as being outside the scope of their ordinary duties as Directors, or who at the request of the Board engage in any journey on Company business, to be paid extra remuneration determined by the Board. Directors are also entitled to their reasonable travel, accommodation and other expenses incurred in attending Company or Board meetings, or meetings of any committee engaged in the Company's business.

Any Director may be paid a retirement benefit as determined by the Board, consistent with the *Corporations Act 2001* and the Listing Rules.

A Director is disallowed from voting on any contract or arrangement in which he or she has directly or indirectly any material interest, if it will be contrary to the *Corporations Act 2001*. If such a Director does vote, his or her vote will not be counted, nor will his or her attendance be counted in the quorum present at the meeting. Either or both of these prohibitions may be relaxed or suspended to any extent by ordinary resolution passed at a general meeting if permitted by the *Corporations Act 2001*.

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# TROJAN EQUITY LIMITED

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## DIRECTORS' REPORT

Directors do not receive bonuses nor are they issued options on securities as part of their Directors' Fees. Directors' fees cover all main Board activities and membership of committees.

T.J. Harry is the sole Director and employee of Trojan Investment Management Pty Ltd, which receives management and performance fees paid / payable pursuant to the management agreement with the Company (refer C. below). The performance fee component has been designed to incentivise the Manager and to align its interests with those of all shareholders of the Company.

### (b) Senior Executives and Company Secretary

The Company has engaged Trojan Investment Management Pty Ltd to manage the Investment Portfolio. Accordingly, the Company does not engage employees or executives. The Board's policy is for the Company Secretary to be remunerated by way of a fixed sum based on the services provided with no entitlement to bonuses or options on securities as part of his or her remuneration.

### B. Details of Remuneration (audited)

Remuneration received or receivable by Directors was as follows:

Director	Short-term Benefits		Post Employment Benefits Superannuation	Total
	Fees and/or Salary	Cash Profit Sharing/ Other Bonuses		
	\$	\$	\$	\$
<b>2006</b>				
A.P.S. Kemp* (Chairman)	21,000	-	-	21,000
R.B. Clarke (Non-Executive Director)	19,200	-	1,728	20,928
T.J. Harry** (Managing Director)	174,425	1,124,122	10,000	1,308,547
<b>Totals</b>	<b>214,625</b>	<b>1,124,122</b>	<b>11,728</b>	<b>1,350,475</b>
<b>2005</b>				
A.P.S. Kemp* (Chairman)	1,750	-	-	1,750
R.B. Clarke (Non-Executive Director)	1,600	-	144	1,744
T.J. Harry** (Managing Director)	12,814	-	833	13,647
<b>Totals</b>	<b>16,164</b>	<b>-</b>	<b>977</b>	<b>17,141</b>

\* During the year A.P.S. Kemp undertook the role of Company Secretary (to 14 July 2005) for which he received no remuneration.

\*\* Includes management and performance fees paid / payable to Trojan Investment Management Pty Ltd.

The current Company Secretary, Garry Gill, received \$24,000 (2005: \$nil) in short-term remuneration (fees).

Apart from the above there are no other key management personnel or executives.

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## DIRECTORS' REPORT

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### C. Summary of Management Agreement (audited)

The Company has entered into a Management Agreement with Trojan Investment Management Pty Ltd for a term of 25 years commencing on 27 May 2005, the date of allotment of shares and options pursuant to the Prospectus dated 5 April 2005.

The ASX has granted a waiver to Listing Rule 15.16 to the extent necessary to permit Trojan Investment Management Pty Ltd to be appointed as Manager for the 25-year term.

The Management Agreement requires the Manager to manage the Company's investments and provide sufficient information to enable the Company to observe and perform its covenants under the Agreement. The Management Agreement establishes the powers of the Manager to perform its duties under the Agreement.

Under the Management Agreement, the Manager is paid a management fee of 1% of Net Assets per annum calculated and paid at the end of each month.

The Manager is entitled to be paid a performance fee when pre-tax profit of the Company (before provision of the performance fee) exceeds a return of 8% on the Net Assets of the Company during any Performance Calculation Period. The performance fee will be 20% of that portion of pre-tax profit (before provision for performance fee) that exceeds the 8% hurdle.

The Manager is also entitled to recover costs incurred on behalf of the Company.

The Management Agreement includes provisions whereby the Company may terminate the Agreement and immediately remove the Manager in the event of specified circumstances arising. These include the liquidation of, appointment of receivers to the Manager or breaches of the Agreement, which cannot be rectified. The Agreement also provides the process by which certain breaches of the Agreement may be remedied. If these breaches are not remedied, the Manager may be removed by not less than three months notice.

The Manager may terminate the Agreement at any time after the fifth anniversary of the date the Company is listed on ASX by giving to the Company at least three months written notice.

Upon termination no specific termination compensation is payable other than the management fee and performance fee which has accrued to the date of termination.

Management fees paid or payable to the Manager in accordance with the Management Agreement during the year were:

	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>
Base management fee	174,425	12,814
Performance fee	1,124,122	-
<b>Total</b>	<b>1,298,547</b>	<b>12,814</b>

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# TROJAN EQUITY LIMITED

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## DIRECTORS' REPORT

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### DIRECTORS' AND COMMITTEE MEETINGS

The number of meetings of the Company's Board of Directors and of the Company's Audit and Risk Management Committee held during the year and the number of meetings attended by each Director/Committee Member was:

Director	Board		Audit and Risk Management Committee	
	Eligible to Attend	Attended	Eligible to Attend	Attended
A.P.S. Kemp	6	6	2	2
T.J. Harry	6	6	-	-
R.B. Clarke	6	6	2	2

### AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee comprises:

A.P.S. Kemp

R.B. Clarke

### DIVIDENDS

No dividends have been paid or declared by the Company during the year to 30 June 2006.

Since year end, the directors have declared a fully franked final dividend of 6.0 cents to be paid on 4 October 2006.

### PRINCIPAL ACTIVITY

The principal activity of the Company during the year was trading in marketable securities.

### COMPANY STATUS

Trojan Equity Limited is a company incorporated under the *Corporations Act 2001*. The Company's shares are listed on ASX.

### OPERATING AND FINANCIAL REVIEW

The Company recorded a profit after tax of \$4,063,965 (2005: \$67,684) for the year ended 30 June 2006, representing earnings per share of \$0.26.

At 30 June 2006, the Company's net tangible asset backing stood at \$1.25 per share (2005: \$0.987).

# TROJAN EQUITY LIMITED

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## DIRECTORS' REPORT

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The Directors have declared on 15 August 2006 a maiden dividend of 6 cents per share (2005: nil) for the year ended 30 June 2006. This dividend will be fully franked and will be paid to shareholders on 4 October 2006. The Company's Dividend Re-Investment Plan will operate on this dividend.

Throughout the year, the Company continued to pursue its investment objectives and as at 30 June 2006, our six largest holdings were:

1. Tower Limited
2. Wellcom Group Limited
3. Lemarne Corporation Limited
4. Incitec Pivot Limited
5. Tattersalls Limited
6. Pipe Networks Limited

Tower Limited was the largest contributor to our profit for the year, contributing over \$2.2 million profit before tax.

### **SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

There were no significant changes in the state of affairs of the Company during the year, other than disclosed in this report.

### **SIGNIFICANT EVENTS AFTER BALANCE DATE**

No matters or circumstances have arisen since 30 June 2006, which significantly affect or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years, except as noted in note 16 of the financial report.

### **LIKELY DEVELOPMENTS**

During the next financial year, the Company will continue to invest in a concentrated portfolio of predominantly ASX listed securities.

The core strategy of the Company will continue to be to invest in undervalued asset situations where there is a catalyst for the discount to valuation to be reduced or removed. In addition, a portion of the Company's funds will be applied to other short term trading situations.

The Company's prospects during the next financial year are difficult to predict due to the nature of the Company's business and will be dependent on, among other things, general stock market conditions and the number of opportunities which meet the Company's investment criteria that can be identified.

We will continue to display discipline and patience and we will not feel compelled to make investments unless we can identify situations which meet the Company's investment criteria.

# TROJAN EQUITY LIMITED

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## DIRECTORS' REPORT

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### INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Company has entered into agreements to indemnify Directors, and the Company Secretary against certain liabilities which they may incur as a result of or by reason of (whether solely or in part) being or acting as an officer of the Company. The agreement requires the Company to indemnify officers of the Company to the maximum extent permitted by the *Corporations Act 2001*.

At the date of this report no amounts have been paid in relation to indemnity of any Director or officer of the Company and no contracts insuring officers of the Company have been entered into.

The Company provides no indemnity to any auditor.

### ENVIRONMENTAL REGULATION

The Company's operations are not subject to any particular and significant environmental regulation under a law of the Commonwealth or of a State or Territory.

### SHARE OPTIONS

On 13 June 2006 1,162,000 options over ordinary shares in the capital of the Company were granted in conjunction with a share placement. No options have been granted since year end.

At the date of this report there were 16,667,000 unissued ordinary shares under option (16,667,000 at 30 June 2006). No options have been exercised since the beginning of the financial year to the date of this report.

All options over ordinary shares in the capital of the Company are exercisable at any time until 5.00pm on 17 June 2008 at an exercise price of \$1.00 each. Each option is convertible to one ordinary share. An option holder does not have the right to participate in any other share issue of the Company or of any other entity.

### AUDITOR INDEPENDENCE

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is attached.

### NON-AUDIT SERVICES

No non-audit services were performed by the Company's auditor, Johnston Rorke.

Signed in accordance with a resolution of the Directors.



Troy Harry  
Managing Director  
Brisbane  
15 August 2006

The Directors  
Trojan Equity Limited  
Suite 8, Level 9  
320 Adelaide Street  
BRISBANE QLD 4000

JOHNSTON RORKE **JR**

Chartered Accountants

Floor 5 National Bank House  
255 Adelaide Street Brisbane Q 4000  
GPO Box 1144 Brisbane Q 4001  
Ph 07 3222 8444 / Fax 07 3221 7779  
Website [www.jr.com.au](http://www.jr.com.au)  
Email [jr@jr.com.au](mailto:jr@jr.com.au)

### **Auditor's Independence Declaration**

As lead engagement partner for the audit of the financial report of Trojan Equity Limited for the year ended 30 June 2006, I declare that, to the best of my knowledge and belief, there have been:

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

**JOHNSTON RORKE**  
Chartered Accountants



**R.C.N. WALKER**  
Partner

Brisbane, Queensland  
15 August 2006

# TROJAN EQUITY LIMITED

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## CORPORATE GOVERNANCE STATEMENT

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The Board of Directors of Trojan Equity Limited is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

The ASX document, '*Principles of Good Corporate Governance and Best Practice Recommendations*' ('Guidelines') applying to listed entities was published in March 2003 by the ASX Corporate Governance Council with the aim of enhancing the credibility and transparency of Australia's capital markets.

The Board has assessed the Company's current practice against the Guidelines and outlines its assessment below:

### **Principle 1 - Lay solid foundations for management and oversight**

The Board has adopted the Corporate Governance Charter, which defines the role of the Board and management. Trojan Equity complies with the Guidelines in this regard.

In light of the business of Trojan Equity being managed by the Manager (with which it has entered into a formal Management Agreement), Trojan Equity has elected not to issue formal letters of appointment to the Managing Director and non-executive Directors. To this extent, it does not comply with the Guidelines.

### **Principle 2 - Structure the Board to add value**

The Corporate Governance Charter requires the Board to comprise a minimum of 3 Directors, at least half of which must be non-executive. It also requires the Chairman to be independent. The Directors believe that the current composition of the Board will add value by ensuring there is a broad range of experience, expertise, skills, qualifications and contacts relevant to the business of the Company.

Trojan Equity does not comply with the Guidelines to the extent that the Guidelines recommend that a majority of the Board should be independent. This decision has been made because the Directors consider that the interests of Shareholders will be best represented by the current Board composition, where only the Chairman is independent.

Trojan Equity also does not comply with the Guidelines to the extent that it has not established a nominations committee. If a nominations committee were to be established, it would comprise the 3 Directors. Accordingly, the Board will perform the function of the nominations committee.

These issues will be reassessed by the Board on a regular basis.

### **Principle 3 - Promote ethical and responsible decision making**

The Board has adopted a detailed code of ethics and values and a detailed code of conduct for transactions in securities as part of the Corporate Governance Charter. The purpose of these codes is to guide Directors in the performance of their duties and to define the circumstances in which both they and management, and their respective associates, are permitted to deal in securities.

The Board will ensure that restrictions on dealings in securities are strictly enforced. Both codes have been designed with a view to ensuring the highest ethical and professional standards, as well as compliance with legal obligations, and therefore compliance with the Guidelines.

### **Principle 4 - Safeguard integrity in financial reporting**

An audit and risk management committee has been established by the Board and is governed by its own charter. This charter requires the Managing Director to state in writing to the Board that the Company's financial reports present a true and fair view in all material respects of the

# TROJAN EQUITY LIMITED

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## CORPORATE GOVERNANCE STATEMENT

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Company's financial condition and that the operational results are in accordance with the relevant accounting standards.

In light of the size and composition of the Board, Trojan Equity is not able to comply with the Guidelines to the extent that they recommend the audit and risk management committee comprise a majority of independent directors, an independent chairperson who is not chairperson of the Board and at least 3 members. Trojan Equity's audit and risk management committee comprises Andrew Kemp and Roger Clarke.

The Board believes that the appointed audit and risk management committee will adequately fulfil its intended role. Nevertheless, it will reassess its ability to do this on a regular basis.

### **Principle 5 - Make timely and balanced disclosure**

The Board believes Trojan Equity's proposed practice on disclosure is consistent with the Guidelines. Policies and procedures for compliance with the disclosure requirement in the Listing Rules are included in the Corporate Governance Charter.

### **Principle 6 - Respect the rights of shareholders**

The Board recognises the importance of this principle and will strive to communicate with Shareholders both regularly and clearly by electronic means and using more traditional communication methods. Shareholders are encouraged to attend and participate at general meetings. The Company's auditors will attend the annual general meetings and will be available to answer Shareholders' questions. The Directors believe that the Company's policies comply with the Guidelines in relation to the rights of Shareholders.

### **Principle 7 - Recognise and manage risks**

The Board and the audit and risk management committee will constantly seek to identify, monitor and mitigate risk. Internal controls will be monitored on a continuous basis and, wherever possible improved. The issue of risk management is formalised in the Corporate Governance Charter (which the Directors believe complies with the Guidelines in relation to risk management) and the charter for the audit and risk management committee and will continue to be kept under regular review by the Board.

The charter of the audit and risk management committee requires the Managing Director to state in writing to the Board that the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

The Board believes that Trojan Equity complies with the Guidelines in this regard.

### **Principle 8 - Encourage enhanced performance**

The Corporate Governance Charter requires individual performance review and evaluation to be conducted formally on an annual basis. As a nominations committee has not been appointed, this review is conducted by the Board. The Board acknowledges that performance can always be enhanced and will continue to seek and consider ways of further enhancing performance both individually and collectively.

### **Principle 9 - Remunerate fairly and responsibly**

Trojan Equity's proposed practices in this area will be reviewed regularly to ensure compliance with the Guidelines. Details of remuneration of Directors during the year are disclosed in the Directors' Report.

### **Principle 10 - Recognise the legitimate interests of stakeholders**

The Board recognises the importance of this principle and will continue to develop and implement procedures to ensure compliance with legal and other obligations to legitimate stakeholders. The Directors believe that the Company and its policies and practices comply with the Guidelines in this area.

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# TROJAN EQUITY LIMITED

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## INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2006

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	Note	2006 \$	2005* \$
Revenues and gains from continuing operations	3	7,412,308	127,955
Expenses from continuing operations	4	(1,705,804)	(31,263)
Finance costs		-	-
Profit before income tax		5,706,504	96,692
Income tax expense	5	(1,642,539)	(29,008)
Profit for the year		<b>4,063,965</b>	<b>67,684</b>
Basic earnings per share (cents)	11	26.1	1.3
Diluted earnings per share (cents)	11	26.1	1.3

\* for the period from incorporation on 18 March 2005 to 30 June 2005

The accompanying notes form part of these financial statements

# TROJAN EQUITY LIMITED

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## BALANCE SHEET

AS AT 30 JUNE 2006

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	Note	2006 \$	2005 \$
<b>Current Assets</b>			
Cash and cash equivalents	10	4,628,997	14,118,655
Trade and other receivables	6	380,111	227,865
Other financial assets held for trading	7	18,777,537	1,358,377
<b>Total Current Assets</b>		<b>23,786,645</b>	<b>15,704,897</b>
<b>Non-Current Assets</b>			
Deferred tax assets	5	-	54,436
<b>Total Non-Current Assets</b>		<b>-</b>	<b>54,436</b>
<b>Total Assets</b>		<b>23,786,645</b>	<b>15,759,333</b>
<b>Current Liabilities</b>			
Trade and other payables	8	1,387,141	394,677
Current tax liabilities		598,752	-
<b>Total Current Liabilities</b>		<b>1,985,893</b>	<b>394,677</b>
<b>Non-Current Liabilities</b>			
Deferred tax liabilities	5	989,351	-
<b>Total Non-Current Liabilities</b>		<b>989,351</b>	<b>-</b>
<b>Total Liabilities</b>		<b>2,975,244</b>	<b>394,677</b>
<b>Net Assets</b>		<b>20,811,401</b>	<b>15,364,656</b>
<b>Equity</b>			
Contributed equity	9	16,679,752	15,296,972
Retained profits		4,131,649	67,684
<b>Total Equity</b>		<b>20,811,401</b>	<b>15,364,656</b>

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The accompanying notes form part of these financial statements

# TROJAN EQUITY LIMITED

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## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2006

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	Note	Contributed Equity \$	Retained Profits \$	Total Equity \$
<b>2005</b>				
Net income recognised directly in equity		-	-	-
Profit for the period		-	67,684	67,684
<hr/>				
Total recognised income and expense for the year		-	67,684	67,684
<i>Transactions with equity holders in their capacity as equity holders:</i>				
Initial subscriber capital		1	-	1
Issue of share capital pursuant to a prospectus	9	15,505,000	-	15,505,000
Less transaction costs arising on share issue pursuant to prospectus		(291,473)	-	(291,473)
Tax credit recognised directly in equity		83,444	-	83,444
<hr/>				
<b>Balance at 30 June 2005</b>		<b>15,296,972</b>	<b>67,684</b>	<b>15,364,656</b>
<hr/>				
<b>2006</b>				
Net income recognised directly in equity		-	-	-
Profit for the year		-	4,063,965	4,063,965
<hr/>				
Total recognised income and expense for the year		-	4,063,965	4,063,965
<i>Transactions with equity holders in their capacity as equity holders:</i>				
Share placement	9	1,382,780	-	1,382,780
Dividends paid or provided for		-	-	-
<hr/>				
<b>Balance at 30 June 2006</b>		<b>16,679,752</b>	<b>4,131,649</b>	<b>20,811,401</b>

The accompanying notes form part of these financial statements

# TROJAN EQUITY LIMITED

ABN 88 113 436 141

## CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 \$	2005* \$
<b>Cash flows from operating activities</b>			
Receipts from other financial assets held for trading		41,993,734	-
Payments for other financial assets held for trading		(53,119,281)	(1,092,160)
Interest received		481,364	15,128
Dividends received		195,891	-
Receipts from other parties		104,578	-
Payments to suppliers and employees		(528,724)	(17,841)
<b>Net cash outflows from operating activities</b>	<b>10</b>	<b>(10,872,438)</b>	<b>(1,094,873)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of ordinary shares		1,382,780	15,505,001
Payment of share issue costs		-	(291,473)
<b>Net cash inflows from financing activities</b>		<b>1,382,780</b>	<b>15,213,528</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>(9,489,658)</b>	<b>14,118,655</b>
Cash and cash equivalents at the beginning of the financial year		14,118,655	-
<b>Cash and cash equivalents at the end of the financial year</b>	<b>10</b>	<b>4,628,997</b>	<b>14,118,655</b>

\* for the period from incorporation on 18 March 2005 to 30 June 2005

The accompanying notes form part of these financial statements

# TROJAN EQUITY LIMITED

ABN 88 113 436 141

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

### 1. Corporate Information

The company was incorporated on 18 March 2005 and the financial report includes comparative information from the date of incorporation to 30 June 2005.

Trojan Equity Limited is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Stock Exchange.

### 2. Statement of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### *Basis of Preparation*

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRSs), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

#### *Compliance with IFRSs*

Australian Accounting Standards include AIFRSs. Compliance with AIFRSs ensures that the financial statements and notes of Trojan Equity Limited comply with International Financial Reporting Standards (IFRSs).

#### *Historical cost convention*

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property, where applicable.

#### *New accounting standards and UIG interpretations*

Australian Accounting Standards that have recently been issued or amended but are not yet effective and that have not been adopted for the annual reporting period ending 30 June 2006 are:

AASB amend-ment	Affected standards	Nature of change to accounting policy	Application date*	Application date for the Company
2005-1	AASB 139: <i>Financial Instruments Recognition and Measurement</i>	No expected change to accounting policy required. Therefore no expected impact	1 Jan 2006	1 July 2006
2005-5	AASB 1: <i>First-time adoption of AIFRS</i> AASB 139: <i>Financial Instruments Recognition and Measurement</i>	No expected change to accounting policy required. Therefore no expected impact	1 Jan 2006	1 July 2006

# TROJAN EQUITY LIMITED

ABN 88 113 436 141

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

### 2. Statement of Significant Accounting Policies (cont)

AASB amend-ment	Affected standards	Nature of change to accounting policy	Application date*	Application date for the Company
2005-10	AASB 132 <i>Financial Instruments: Disclosures and Presentation</i> ; AASB 101 <i>Presentation of Financial Statements</i> ; AASB 114 <i>Segment Reporting</i> ; AASB 117 <i>Leases</i> ; AASB 133 <i>Earnings per Share</i> . AASB 139 <i>Financial Instruments: Recognition and Measurement</i> ; AASB 1 <i>First-time Adoption of AIFRS</i> ; AASB 4 <i>Insurance Contracts</i> AASB 1023 <i>General Insurance Contracts</i> ; and AASB 1038 <i>Life Insurance Contracts</i> .	No expected change to accounting policy required. Therefore no expected impact	1 Jan 2007	1 July 2007
New Standard	AASB 7 <i>Financial Instruments: Disclosures</i>	No expected change to accounting policy required. Therefore no expected impact	1 Jan 2007	1 July 2007

\* Application date is for the annual reporting periods beginning on or after the date shown in the table.

The following amendments are not currently applicable to the Company and therefore have no expected impact:

AASB Amend-ment	Affected standards
2004-3	AASB 1 <i>First-time adoption of AIFRS</i> ; AASB 101 <i>Presentation of Financial Statements</i> ; and AASB 124 <i>Related Party Disclosures</i> .
New Standard	AASB 119 <i>Employee Benefits</i>
New Standard	UIG 4 <i>Determining whether an Arrangement contains a Lease</i>

# TROJAN EQUITY LIMITED

ABN 88 113 436 141

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

### 2. Statement of Significant Accounting Policies (cont)

New Standard	UIG 5 <i>Rights to Interests in Decommissioning, Restoration and Environmental Rehabilitation Funds</i>
New Standard	UIG 7 <i>Applying the Restatement Approach under AASB 129 Financial Reporting in Hyperinflationary Economies</i>
New Standard	UIG 8 <i>Scope of AASB 2</i>
New Standard	UIG 9 <i>Reassessment of Embedded Derivatives</i>
2005-4	AASB 1023 <i>General Insurance Contracts</i> ; AASB 1038 <i>Life Insurance Contracts</i> ; AASB 139 <i>Financial Instruments: Recognition and Measurement</i> ; AASB 132 <i>Financial Instruments: Disclosure and Presentation</i> ; AASB 1 <i>First-time Adoption of Australian Equivalents to International Financial Reporting Standards</i> .
2005-6	AASB 3 <i>Business Combinations</i>
2005-9	AASB 4 <i>Insurance Contracts</i> AASB 1023 <i>General Insurance Contracts</i> AASB 139 <i>Financial Instruments: Recognition and Measurement</i> ; AASB 132 <i>Financial Instruments: Disclosure and Presentation</i> .
2006-1	AASB 121 <i>The Effects of Changes in Foreign Exchange Rates</i>

#### **Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### **Receivables**

Receivables include outstanding settlements and accrued interest and dividend revenue.

Receivables are recognised and carried at original contract / invoice amount less any allowance for impairment.

Outstanding settlements relate to contracts for the sale of securities entered into but not yet settled and include settlements required within 3 business days of the contract date in accordance with business rules of the Australian Stock Exchange Limited, ie the company adopts trade date accounting.

Other receivables are normally due within 30 days of recognition.

# TROJAN EQUITY LIMITED

ABN 88 113 436 141

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

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### 2. *Statement of Significant Accounting Policies (cont)*

#### ***Other financial assets held for trading***

Other financial instruments held for trading are acquired principally for the purpose of selling in the short term and are classified as financial assets at fair value through profit or loss. They are initially recognised at fair value in the balance sheet and measured at fair value at each subsequent reporting period with any gains or losses arising from changes in fair value brought to account in the income statement.

#### ***Fair value estimation***

The fair value of financial instruments traded in active markets is based on the quoted market price excluding transaction costs at the balance date. The quoted market price used for financial assets held by the Company is the current bid price.

The fair value of instruments that are not traded in an active market is determined using valuation techniques. The Company may use a variety of methods and makes assumptions that are based on market conditions existing at each balance date.

The nominal value less estimated credit adjustments of receivables and payables are assumed to approximate their fair values.

#### ***Payables***

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

Outstanding settlements relate to contracts for the purchase of securities entered into but not yet settled and include settlements required within 3 business days of the contract date in accordance with business rules of the Australian Stock Exchange Limited, ie the company adopts trade date accounting.

#### ***Issued capital***

Ordinary shares are classified as equity.

Transaction costs (net of tax) arising on the issue of ordinary shares are recognised in equity as a reduction of the share proceeds received.

#### ***Revenue recognition***

Revenue is measured at the fair value of the consideration received or receivable. Major items of revenue are recognised as follows:

# TROJAN EQUITY LIMITED

ABN 88 113 436 141

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

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### 2. *Statement of Significant Accounting Policies (cont)*

#### **Revenue recognition (cont)**

##### *Gains or losses from other financial assets held for trading*

Net gains or losses realised from the sale of other financial assets held for trading are included in the income statement at trade date.

Unrealised gains or losses on other financial assets held for trading are recognised in the income statement in the period in which they occur (refer Other Financial Assets Held for Trading above).

##### *Interest income*

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

##### *Dividend income*

Dividends and distributions are recognised when the security-holder's right to receive the payment is established.

#### **Taxes**

##### *Income tax*

Income tax expense or revenue for the year is the tax payable on the current year's taxable income based on the statutory income tax rate for each jurisdiction adjusted by changes in the deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements and to unused tax losses.

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 which are enacted or substantively enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognized 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.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

# TROJAN EQUITY LIMITED

ABN 88 113 436 141

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

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### 2. Statement of Significant Accounting Policies (cont)

#### ***Taxes (cont)***

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

The Company's revenue from the sale of marketable securities and receipt of dividends and interest are "financial supplies" for GST purposes and are not subject to GST. The Company's expenses are classified as being incurred in relation to the making of a financial supply and accordingly input tax credits on expenditure cannot be claimed. The Company is entitled to claim reduced input tax credits of 75% of the GST paid on qualifying expenditures set out in Regulation 70-5 of the GST Regulations.

Expenses and assets are recognised net of the amount of GST recoverable from the taxation authority. That part of the GST incurred on a purchase of goods and services, which is not recoverable from the taxation authority is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

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.

#### ***Earnings per share (EPS)***

##### *Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to equity holders 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.

##### *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.

#### ***Segment information***

The Company operates in one business segment that being share trading in one geographic segment, Australia.

# TROJAN EQUITY LIMITED

ABN 88 113 436 141

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

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### 2. Statement of Significant Accounting Policies (cont)

#### ***Comparatives***

The Company was incorporated on 18 March 2005 and was listed on the Australian Stock Exchange on 3 June 2005. The comparative numbers in the financial statements represent the period from incorporation to 30 June 2005.

#### ***Significant accounting judgements, estimates and assumptions***

##### ***(i) Significant accounting judgements***

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

##### *Held for trading*

The Company follows the AASB 139 requirements in classifying financial assets. This classification requires significant judgment as to whether the other financial assets (mainly shares) are held for trading or whether they should be classified as available-for-sale. In both cases the other financial assets are recognised in the balance sheet at fair value, however, a key difference is the treatment of unrealised gains or losses. Where classified as held for trading, unrealised gains and losses are recognised in the income statement. Where available for sale they are recognised directly within reserves in equity (unless impaired). Accordingly, the classification affects the net profit (although it does not effect total equity). Other financial assets have been classified as held for trading on the basis of the company's objective of generating profits from short-term trading.

##### ***(ii) Significant accounting estimates and assumptions***

Other financial assets held for trading are generally measured at fair value based on recently observed market prices. There is a significant risk that their carrying amount may change materially within the next annual reporting period, however, these changes do not arise from assumptions or other estimate uncertainty at reporting date, but rather from movement in market values.

# TROJAN EQUITY LIMITED

ABN 88 113 436 141

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

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	2006 \$	2005 \$
<b>3. Revenues and Gains from Continuing Operations</b>		
Net gains on other financial assets held for trading*	6,540,335	34,589
Interest from other parties	420,128	93,366
Dividends from other parties	311,016	-
Sub-underwriting and share placement fees	140,829	-
Total revenues and gains from continuing operations	<u>7,412,308</u>	<u>127,955</u>
<p>* The Company's investments are classified as held for trading. Accordingly gains and losses comprise both gains and losses on sale as well as changes to fair value at reporting date.</p>		
Net gains on other financial assets held for trading comprise:		
Gains		
- Realised	4,121,906	-
- Unrealised	3,474,987	51,545
Losses		
- Realised	(678,950)	(1,500)
- Unrealised	(377,608)	(15,456)
	<u>6,540,335</u>	<u>34,589</u>
<b>4. Expenses from Continuing Operations</b>		
Brokerage costs	210,033	5,559
Management and performance fees (refer note 13)	1,298,547	12,814
Audit fees	29,500	5,000
Other expenses	167,724	7,890
Total expenses from continuing operations	<u>1,705,804</u>	<u>31,263</u>

Apart from Directors, there are no employees of the Company.

# TROJAN EQUITY LIMITED

ABN 88 113 436 141

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

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	2006	2005
	\$	\$
<b>5. Income Tax</b>		
<b>(a) Income tax expense</b>		
Current tax	598,752	-
Deferred tax	1,043,787	29,008
Tax expense reported in income statement	<u>1,642,539</u>	<u>29,008</u>
<b>(b) Deferred tax assets</b>		
The balance comprises temporary differences attributable to:		
Amounts recognised in profit or loss		
- Outstanding settlement creditors	30,013	109,581
- Other accrued expenses	5,052	1,479
- Tax losses	-	24,216
	<u>35,065</u>	<u>135,276</u>
Transaction costs initially recognised directly in equity	50,066	66,755
Balance	<u>85,131</u>	<u>202,031</u>
Set-off of deferred tax liabilities	<u>(85,131)</u>	<u>(147,595)</u>
Net deferred tax assets	<u>-</u>	<u>54,436</u>
<b>(c) Deferred tax liabilities</b>		
The balance comprises temporary differences attributable to:		
Amounts recognised in profit or loss		
- Other financial assets held for trading	1,035,014	84,535
- Outstanding settlement receivables	34,367	39,575
- Other receivables	5,101	23,485
	<u>1,074,482</u>	<u>147,595</u>
Set-off of deferred tax assets	<u>(85,131)</u>	<u>(147,595)</u>
Net deferred tax liabilities	<u>989,351</u>	<u>-</u>
<b>(d) Movements in net deferred tax assets/liabilities</b>		
Opening balance	54,436	-
Credited to equity	-	83,444
Charged to income statement	<u>(1,043,787)</u>	<u>(29,008)</u>
Closing balance	<u>(989,351)</u>	<u>54,436</u>

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# TROJAN EQUITY LIMITED

ABN 88 113 436 141

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

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	2006 \$	2005 \$
<b>5. Income Tax (cont)</b>		
<b>(e) Explanation of the relationship between income tax expense and accounting profit:</b>		
A numerical reconciliation between income tax expense and the product of accounting profit before income tax multiplied by the statutory income tax rate is as follows:		
Accounting profit before income tax	5,706,504	96,692
Tax at the statutory income tax rate of 30% (2005: 30%)	1,711,951	29,008
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income		
- Sundry items	(69,412)	-
Income tax expense recorded in the income statement	<b>1,642,539</b>	<b>29,008</b>
<b>6. Trade and Other Receivables</b>		
Outstanding settlements	114,558	131,917
Other receivables	265,553	95,948
Total receivables	<b>380,111</b>	<b>227,865</b>

# TROJAN EQUITY LIMITED

ABN 88 113 436 141

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

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	2006	2005
	\$	\$
<b>7. Other Financial Assets Held for Trading</b>		
At beginning of year	1,358,377	-
Additions	52,855,199	1,456,288
Disposals	(38,533,418)	(134,000)
Unrealised gains and losses	3,097,379	36,089
At end of year	<u>18,777,537</u>	<u>1,358,377</u>

Other financial assets held for trading were:

<b>Australian Listed Securities</b>	<b>Fair Value at 30 June 2006</b>	<b>Fair Value at 30 June 2005</b>
	\$	\$
Ambition Group Limited	642,099	-
CPI Group Limited	285,200	-
Desane Group Holdings Limited	336,027	-
Eumundi Group Limited	-	76,014
Genepharma Australasia Limited	525,000	-
Greens Foods Limited	365,054	-
Incitec Pivot Limited	1,800,000	-
Lemarne Corporation Limited	2,199,600	-
Magellan Petroleum Corporation	760,000	-
Magna Pacific (Holdings) Limited	-	731,000
Metals Exploration Limited	321,360	104,550
P Cleland Enterprises Limited	254,600	239,860
Pipe Networks Limited	1,152,397	-
S8 Property Trust	-	2,000
Tattersalls Limited	1,757,700	-
Tower Limited	5,076,000	-
Valad Property Group	-	103,703
Webster Limited	322,500	-
Wellcom Group Limited	2,610,000	-
Total	<u>18,407,537</u>	<u>1,257,127</u>
<b>Australian Unlisted Securities</b>		
Open Telecommunications Limited*	<u>370,000</u>	<u>101,250</u>
<b>Total</b>	<u>18,777,537</u>	<u>1,358,377</u>

\* Open Telecommunications was delisted during the 2006 financial year.

During the year, 741(2005:15) transactions in securities were conducted with total brokerage costs of \$210,033 (2005: \$5,559) being incurred.

### 8. Trade and Other Payables

Trade creditors and accruals	1,287,097	29,407
Outstanding settlements	100,044	365,270
Total payables	<u>1,387,141</u>	<u>394,677</u>

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# TROJAN EQUITY LIMITED

ABN 88 113 436 141

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

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	2006 \$	2005 \$
<b>9. Contributed equity</b>		
<b>(a) Share capital</b>		
16,667,001 (2005:15,505,001) ordinary shares fully paid	<u>16,679,752</u>	<u>15,296,972</u>

Effective 1 July 1998, the Corporations legislation in place abolished the concepts of authorised capital and par value shares. Accordingly, the Company does not have authorised capital or par value in respect of its issued shares.

<i>Share movements during the year were:</i>	<b>2006 No. of Shares</b>	<b>2005 No. of Shares</b>
At beginning of the year	15,505,001	-
Initial subscriber capital	-	1
Ordinary shares issued pursuant to the prospectus	-	15,505,000
Issue of ordinary shares by share placement	<u>1,162,000</u>	-
<b>At end of the year</b>	<b><u>16,667,001</u></b>	<b><u>15,505,001</u></b>

On 18 March 2005, the Company was incorporated. Upon incorporation one ordinary share was issued for \$1 cash.

On 27 May 2005, 15,505,000 shares were issued pursuant to a prospectus dated 5 April 2005 at an issue price of \$1 per share. Additionally one attaching option was issued for every share. The issue raised \$15,505,000 cash, before costs.

On 13 June 2006, the Company issued 1,162,000 shares at an issue price of \$1.19 per share by way of a share placement to sophisticated investors. Additionally one attaching option was issued for every share. The issue raised \$1,382,780 cash.

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.

Every holder of ordinary shares has the right to receive notices of, to attend and to vote at general meetings of the Company. On a show of hands every shareholder present at a meeting in person or by proxy, attorney or representative is entitled to one vote and upon a poll each share is entitled to one vote.

<b>(b) Share Options</b>	<b>2006 No. of Options</b>	<b>2005 No. of Options</b>
Options listed on Australian Stock Exchange	<u>16,667,000</u>	<u>15,505,000</u>

# TROJAN EQUITY LIMITED

ABN 88 113 436 141

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

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	2006 No. of Options	2005 No. of Options
<b>9. Contributed equity (cont)</b>		
<i>Movements in the number of options during the year were:</i>		
At beginning of the year	15,505,000	-
Options issued pursuant to the prospectus	-	15,505,000
Options issued by placement	1,162,000	-
<b>At end of the year</b>	<u>16,667,000</u>	<u>15,505,000</u>

On 27 May 2005, the subscribers to the issue of ordinary shares pursuant to the prospectus dated 5 April 2005 received one option to subscribe for an ordinary share in the Company for each ordinary share issued.

On 13 June 2006, as part of the share placement, subscribers to the issue of ordinary shares received one option to subscribe for an ordinary share in the Company for each ordinary share issued.

All options are exercisable at any time until 5.00pm on 17 June 2008 at an exercise price of \$1.00 each. An option holder does not have the right to participate in new issues of securities offered to share holders prior to the exercise of the options. At balance date no options had been exercised.

<b>10. Cash and Cash Equivalents</b>	2006 \$	2005 \$
<b>(a) Reconciliation of cash and cash equivalents</b>		
Cash and cash equivalents comprise:		
Cash at financial institutions	4,628,997	4,118,655
Short term deposit	-	10,000,000
	<u>4,628,997</u>	<u>14,118,655</u>

The short-term deposit matured on 1 July 2005.

<b>(b) Reconciliation of profit after income tax to net cash outflow from operating activities</b>		
Profit for the year	4,063,965	67,684
Decrease in net deferred tax assets *	54,436	29,008
(Increase) in other financial assets held for trading	(17,419,160)	(1,358,377)
(Increase) in receivables	(152,246)	(227,865)
Increase in payables	992,464	394,677
Increase in current tax liabilities	598,752	-
Increase in net deferred tax liabilities	989,351	-
Net cash outflows from operating activities	<u>(10,872,438)</u>	<u>(1,094,873)</u>
* net of credit to equity		

# TROJAN EQUITY LIMITED

ABN 88 113 436 141

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

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	2006 cents	2005 cents
<b>11. Earnings per Share</b>		
Basic earnings per share (cents)	26.1	1.3
Diluted earnings per share (cents)	26.1	1.3
Net profit after tax used in the calculation of basic and diluted earnings per share	\$ 4,063,965	\$ 67,684
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	<b>Number</b> 15,562,305	<b>Number</b> 5,119,576
Weighted average number of ordinary shares and potential ordinary shares outstanding during the year used in the calculation of diluted earnings per share	15,562,305	5,119,576

Options are considered potential ordinary shares. The average market price of ordinary shares during the reporting period did not exceed the exercise price of the options and as such the options were not considered dilutive. Accordingly the options were not included in the determination of diluted earnings per share for both the 2005 and 2006 reporting periods. Details relating to options are set out at note 9(b).

### 12. Financial Instrument Disclosure

The Company's activities expose it to financial risks including market risk, credit risk, liquidity risk and interest rate risk. The Company's overall risk management programme focuses on minimising potential adverse effects on the financial performance of the Company.

#### (a) Market risk

The Company is exposed to equity securities price risk arising from investments held by the Company and classified as held for trading. The Company is not exposed to commodity price risk or to foreign exchange risk other than to the extent that they may impact on equity securities pricing.

Market risk is managed through the core strategy of the Company being to invest in undervalued asset situations with limited downside risk where there is a catalyst for the discount to valuation to be reduced or removed and the investment process undertaken.

During the reporting period the Company had no exposure to financial derivatives or hedge transactions. Hedge transactions may be considered as part of the Company's overall investment process in the future.

# TROJAN EQUITY LIMITED

ABN 88 113 436 141

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

### 12. Financial Instrument Disclosure (cont)

#### (b) Interest rate risk

The Company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of a change in market interest rates, is minimal and accordingly no risk management transactions are entered into.

The effective weighted average interest rate for classes of financial assets and liabilities, is set out below:

	Weighted Average Interest Rate	Floating Interest Rate \$	Fixed Interest Maturing in 1 Year or Less \$	Non interest bearing \$	Total \$
<b>2006</b>					
<b>Financial assets</b>					
Cash and cash equivalents	5.6%	4,628,997	-	-	4,628,997
Trade and other receivables	-	-	-	380,111	380,111
Other financial assets held for trading	-	-	-	18,777,537	18,777,537
Total financial assets		4,628,997	-	19,157,648	23,786,645
<b>Financial liabilities</b>					
Trade and other payables	-	-	-	1,387,141	1,387,141
<b>2005</b>					
<b>Financial assets</b>					
Cash and cash equivalents	5.1%	4,118,655	10,000,000	-	14,118,655
Trade and other receivables	-	-	-	227,865	227,865
Other financial assets held for trading	-	-	-	1,358,377	1,358,377
Total financial assets		4,118,655	10,000,000	1,586,242	15,704,897
<b>Financial liabilities</b>					
Trade and other payables	-	-	-	394,677	394,677

#### (c) Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

The maximum exposure to credit risk on financial assets which have been recognised on the balance sheet, is the carrying amount. The Company is not materially exposed to any significant individual credit risk arising from receivables. Cash at financial institutions was held at year end with Merrill Lynch and Macquarie Investment Management Limited.

# TROJAN EQUITY LIMITED

ABN 88 113 436 141

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

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### 12. Financial Instrument Disclosure (cont)

#### (d) Liquidity risk

The Company manages its liquidity risk in accordance with the investment process set out above. The Company may borrow funds from time to time when the Manager believes the risk/reward profile of identified investment opportunities can justify borrowing to make such investments. The Company had no exposure to external debt during the reporting period.

#### (e) Net fair values

The carrying amounts of financial instruments on the balance sheet approximate their net fair values.

### 13. Key Management Personnel and Related Party Disclosures

#### (a) Directors

The following persons were directors of the Company during the year.

A.P.S. Kemp – Chairman

R.B. Clarke – Non-Executive Director

T.J. Harry – Managing Director

T.J. Harry is the officer primarily responsible for making investment decisions and is the founder and Managing Director of the Manager, Trojan Investment Management Pty Ltd. The Company had no employees at 30 June 2006 and as such there are no other key management personnel.

#### (b) Remuneration of Key Management Personnel

	2006 \$	2005 \$
Short-term employee benefits *	1,338,747	16,164
Post-employment benefits	<u>11,728</u>	<u>977</u>
	<u>1,350,475</u>	<u>17,141</u>

The company has taken advantage of the relief provided by regulation 2M.6.04 of the *Corporations Regulations 2001* and has transferred the detailed remuneration disclosures to the Directors' Report. The relevant information can be found at Sections A-C of the Remuneration Report.

\* Includes management and performance fees paid/payable to Trojan Investment Management Pty Ltd.

# TROJAN EQUITY LIMITED

ABN 88 113 436 141

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

### 13. Key Management Personnel and Related Party Disclosures (cont)

#### (c) Other Transactions with Key Management Personnel

R.B. Clarke is Chairman of the Advisory Board of ABN Amro Morgans Limited which company was the sponsoring broker to the share offer pursuant to the prospectus dated 5 April 2005 and provides ongoing brokerage services to the Company. In addition the Company has entered into various sub-underwriting arrangements with ABN AMRO Morgans for which the Company received sub-underwriting fees.

T.J. Harry is the sole director of Trojan Investment Management Pty Ltd, which manages the Investment Portfolio of the Company. Fees including both management and performance are paid to the manager for managing the Company's investment portfolio (refer note 17). In addition the Company also pays the manager for office accommodation and administration.

Aggregate amounts of each of the above types of transactions:

	2006	2005
	\$	\$
<b>Amounts recognised as revenue</b>		
Sub-underwriting fees	49,750	-
<b>Amounts recognised as expenses*</b>		
Management fees**	174,425	12,814
Performance fee**	1,124,122	-
Office accommodation and administration costs	18,000	1,538
Brokerage costs	50,311	2,192

\* Expenses disclosed are exclusive of GST. A proportion of GST is not recoverable from the taxation authority. Accordingly, the actual recorded amount is the amount disclosed plus 2.5%.

\*\* These amounts are included in short-term employee benefits above.

Aggregate amounts recoverable and payable at balance date relating to the above types of transactions:

<b>Amounts recognised as current assets</b>		
Receivables	36,250	-
<b>Amounts recognised as current liabilities</b>		
Payables	1,257,295	2,433
<b>Amounts recognised in equity</b>		
Brokerage fee included in transaction costs	-	43,296

All transactions are on commercial terms and conditions. Settlement of receivables and payables is to be in cash and no security is provided.

# TROJAN EQUITY LIMITED

ABN 88 113 436 141

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

### 13. Key Management Personnel and Related Party Disclosures (cont)

#### (d) Option holdings

The number of options over ordinary shares in the Company held during the year by each Key Management Personnel including their personally related entities is set out below. No options were issued as remuneration during the year and no options were exercised during the financial year. All options are rested and exercisable.

#### 2006

Name	Balance at the beginning of the year	Acquired during the year	Exercised during the year	Balance at end of the year
A.P.S. Kemp	30,000	-	-	30,000
T.J. Harry	1,016,000	-	-	1,016,000
R.B. Clarke	75,000	-	-	75,000

#### 2005

Name	Balance at the beginning of the period	Issued pursuant to the prospectus	Acquired during the period	Exercised during the period	Balance at end of the period
A.P.S. Kemp	-	30,000	-	-	30,000
T.J. Harry	-	1,016,000	-	-	1,016,000
R.B. Clarke	-	75,000	-	-	75,000

The options are listed on Australian Stock Exchange and were issued pursuant to the prospectus dated 5 April 2005 on subscription under the prospectus on the same terms and conditions as for other shareholders. Refer note 9(b) for terms and conditions relating to the options.

Since year-end, interests associated with T.J. Harry acquired an additional 2,000 options.

# TROJAN EQUITY LIMITED

ABN 88 113 436 141

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

### 13. Key Management Personnel and Related Party Disclosures (cont)

#### (e) Share holdings

The number of shares in the Company held during the year by each Key Management Personnel including their personally related entities is set out below. No shares were issued as remuneration during the financial year.

#### 2006

Name	Balance at the beginning of the year	Acquired during the year	Disposed during the year	Balance at end of the year
A.P.S. Kemp	30,000	-	-	30,000
T.J. Harry	1,016,001	-	-	1,016,001
R.B. Clarke	100,000	-	-	100,000

#### 2005

Name	Balance at the beginning of the period	Subscriber shares issued at incorporation	Issued pursuant to the prospectus	Acquired during the period	Balance at end of the period
A.P.S. Kemp	-	-	30,000	-	30,000
T.J. Harry	-	1	1,016,000	-	1,016,001
R.B. Clarke	-	-	75,000	25,000	100,000

The shares issued pursuant to the prospectus were issued under the same terms and conditions as for other shareholders.

Since year-end, interests associated with T.J. Harry acquired an additional 2,000 shares.

### 14. Auditor's Remuneration

	2006 \$	2005 \$
Remuneration of Johnston Rorke the auditor of the Company:		
Audit and review of the financial report	29,500	5,000
Other services	-	-
	<u>29,500</u>	<u>5,000</u>

### 15. Events Subsequent to Balance Date

Subsequent to year-end, the Directors declared a fully franked dividend of 6 cents per share (refer note 18).

There has not arisen in the interval between the end of the reporting year and the date of this report any other item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to significantly affect the operations of the entity, the results of those operations or the state of affairs of the Company in future financial years.

# TROJAN EQUITY LIMITED

ABN 88 113 436 141

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

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### 16. Contingent Liabilities

At the end of the financial year the Company had entered into sub-underwriting agreements, which under certain circumstances may require the Company to acquire shares in certain listed entities. The acquisition of any shares pursuant to these agreements will be contingent on there being a shortfall in the public subscription to these issues.

The maximum potential liability, which may arise from these agreements, is \$2,750,000 (2005: \$nil).

Subsequent to year-end, the Company acquired \$534,320 of shares pursuant to these agreements. At the date of this report, the Company has no further exposure to potential liability under these agreements.

### 17. Commitments

The Company has entered into a Management Agreement with Trojan Investment Management Pty Ltd for a term of 25 years commencing on 27 May 2005, the date of allotment of shares and options pursuant to the Prospectus dated 5 April 2005.

The ASX has granted a waiver to Listing Rule 15.16 to the extent necessary to permit Trojan Investment Management Pty Ltd to be appointed as Manager for the 25-year term.

The Management Agreement requires the Manager to manage the Company's investments and provide sufficient information to enable the Company to observe and perform its covenants under the Agreement. The Management Agreement establishes the powers of the Manager to perform its duties under the Agreement.

Under the Management Agreement, the Manager is paid a management fee of 1% of Net Assets per annum calculated and paid at the end of each month.

The Manager is entitled to be paid a performance fee when pre-tax profit of the Company (before provision of the performance fee) exceeds a return of 8% on the Net Assets of the Company during any Performance Calculation Year. The performance fee will be 20% of that portion of pre-tax profit (before provision for performance fee) that exceeds the 8% hurdle.

The Manager is also entitled to recover costs incurred on behalf of the Company.

The Management Agreement includes provisions whereby the Company may terminate the Agreement and remove the Manager in the event of specified circumstances arising. These include the liquidation of, appointment of receivers to, and suspension of the AFSL licence of the Manager or breaches of the Agreement, which cannot be rectified.

# TROJAN EQUITY LIMITED

ABN 88 113 436 141

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

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### 17. Commitments (cont)

The Agreement provides the process by which breaches of the Agreement may be remedied and the compensation payable in the event of termination. This compensation represents the management fee and performance fee payable in respect of the Performance calculation year in which the Agreement is terminated.

The Manager may terminate the Agreement at any time after the fifth anniversary of the date the Company is listed on ASX.

### 18. Franking Credits and Dividends

#### (a) Franking Credits

	2006	2005
	\$	\$
Franking credits available for subsequent financial years based on a tax rate of 30%	697,043	-

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 amount of the provision for income tax,
- (b) Franking debits that will arise from the payment of dividends recognised as a liability at the reporting date, and
- (c) Franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

The impact on the franking credit account of the dividend recommended by the Directors since year end but not recognised as a liability at year end would be a reduction in the franking account of \$428,580 (2005: nil) (refer below).

#### (b) Dividends not recognised at year end

	2006	2005
	\$	\$
Since year end the directors have recommended the payment of a final dividend of 6 cents per fully paid ordinary share (2005 – nil) fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 4 October 2006 out of retained profits at 30 June 2006, but not recognised as a liability at year end, is	1,000,020	-

## DIRECTORS' DECLARATION

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In the opinion of the Directors:

- a) the attached financial statements and notes including the remuneration disclosures that are contained in sections A to C of the remuneration report in the Directors' report are in accordance with the Corporations Act 2001 including:
  - (i) giving a true and fair view of the Company's financial position as at 30 June 2006 and of its performance as represented by the results of its operations and its cash flows for the financial year ended on that date;
  - (ii) complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory financial reporting requirements in Australia; and
- b) the remuneration disclosures that are contained in sections A to C of the remuneration report in the Directors' report comply with Australian Accounting Standard AASB 124 Related Party Disclosures and the Corporations Regulations 2001;
- c) there are reasonable grounds to believe the Company will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2006.

Signed in accordance with a resolution of the Directors.



Troy Harry  
Managing Director  
Brisbane

15 August 2006

## **Independent Audit Report to the Members of Trojan Equity Limited**

### **Scope**

#### *The financial report and directors' responsibility*

The financial report comprises the income statement, balance sheet, statement of changes in equity, cash flow statement, accompanying notes to the financial statements, the disclosures made as required by Australian Accounting Standard AASB 124 *Related Party Disclosures* in sections A to C of the remuneration report in the directors' report as permitted by the *Corporations Regulations 2001* (the remuneration disclosures) and the directors' declaration for Trojan Equity Limited (the company) for the financial year ended 30 June 2006.

The remuneration report also contains information not required by Australian Accounting Standard AASB 124 which is not subject to our audit.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report 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. The directors are also responsible for preparing the relevant reconciling information regarding the adjustments required under the Australian Accounting Standard AASB1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards*.

#### *Audit approach*

We conducted an independent audit 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 and the remuneration disclosures comply with Australian Accounting Standard AASB124 and the *Corporations Regulations 2001*. 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*, Australian Accounting Standards 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 and whether the remuneration disclosures comply with Australian Accounting Standard AASB124 and the *Corporations Regulations 2001*.

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.

## Independence

In conducting our audit, we have followed applicable independence requirements of Australian professional and ethical pronouncements and the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of the company would be in the same terms if provided to the directors as at the date of this audit report.

## Audit Opinion

1. In our opinion, the financial report of Trojan Equity Limited is in accordance with:
  - (a) the *Corporations Act 2001*, including:
    - (i) giving a true and fair view of the company's financial position as at 30 June 2006 and of its performance for the financial year ended on that date; and
    - (ii) complying with Australia Accounting Standards and the *Corporations Regulations 2001*; and
  - (b) other mandatory financial reporting requirements in Australia.
2. The remuneration disclosures that are contained in sections A to C of the remuneration report in the directors' report comply with Australian Accounting Standard AASB 124 *Related Party Disclosures* and the *Corporations Regulations 2001*.

**JOHNSTON RORKE**  
Chartered Accountants



**RCN WALKER**  
Partner

Brisbane, Queensland  
15 August 2006

# TROJAN EQUITY LIMITED

ABN 88 113 436 141

## SHAREHOLDER INFORMATION

As at 31 July 2006

### Twenty Largest Shareholders

	Balance	%
ROCKET SCIENCE PTY LTD <TROJAN CAPITAL FUND A/C>	1,000,001	6.000
BOUTIQUE ASSET MANAGEMENT PTY LTD	924,500	5.547
LIBBIT HOLDINGS PTY LTD <BITOMSKY SUPER FUND A/C>	852,106	5.113
ROSYCLOWN PTY LIMITED <MONTGOMERY FAMILY NO2 A/C>	623,000	3.738
ANZ NOMINEES LIMITED <CASH INCOME A/C>	606,500	3.639
MICHAEL CRAFT PTY LTD <CRAFT FAMILY A/C>	600,000	3.600
JH NOMINEES AUSTRALIA PTY LTD <HARRY FAMILY SUPER FUND A/C>	506,000	3.036
UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	500,000	3.000
BAWDEN CUSTODIANS PTY LTD <TERTON CORP P/L S/F A/C>	492,930	2.958
YORK HOUSE PTY LTD	430,000	2.580
PEGUM INVESTMENTS PTY LTD <PEGUM FAMILY SUPER FUND A/C>	270,000	1.620
MR VICTOR JOHN PLUMMER	255,200	1.531
TORUMBA PTY LTD <PATROBEN UNIT A/C>	250,000	1.500
MRS HEATHER BROWN JOHNSTON & MS JUDITH MARY BURT <MICHAEL CRAFT MEMRL FUND A/C>	220,000	1.320
M J B SUPERANNUATION PTY LTD <M J B STAFF SUPER FUND A/C>	200,000	1.200
MR ROBERT GEORGE BAILEY & MRS PATRICIA MARY BAILEY <BAILEY FAMILY SUPER A/C>	200,000	1.200
MR GERALD CAIN & MS JANETTE FRANCES CAIN <J F CAIN SUPER FUND A/C>	200,000	1.200
MR GRAHAM DENNIS HUBBERT & MS BETH HARRINGTON <ADVANX SUPER FUND A/C>	200,000	1.200
INVIA CUSTODIAN PTY LIMITED <DAMPIER SUPER FUND A/C>	200,000	1.200
J J N A PTY LTD	179,000	1.074
	<u>8,709,237</u>	<u>52.256</u>

### Twenty Largest Optionholders

CLODENE PTY LTD	1,138,500	6.831
MICHAEL CRAFT PTY LTD <CRAFT FAMILY A/C>	1,000,000	6.000
ROCKET SCIENCE PTY LTD <TROJAN CAPITAL FUND A/C>	1,000,000	6.000
ANZ NOMINEES LIMITED <CASH INCOME A/C>	549,000	3.294
JH NOMINEES AUSTRALIA PTY LTD <HARRY FAMILY SUPER FUND A/C>	513,000	3.078
ROSYCLOWN PTY LIMITED <MONTGOMERY FAMILY NO2 A/C>	500,000	3.000
PERRYVILLE INVESTMENTS PTY LTD <THE SHEPHERD SUPER FUND A/C>	491,000	2.946
WERRETT SUPERANNUATION PTY LTD <WERRETT SUPER FUND A/C>	362,000	2.172
LIBBIT HOLDINGS PTY LTD <BITOMSKY SUPER FUND A/C>	300,000	1.800
BOUTIQUE ASSET MANAGEMENT PTY LTD	272,000	1.632
PEGUM INVESTMENTS PTY LTD <PEGUM FAMILY SUPER FUND A/C>	270,000	1.620
FORTIS CLEARING NOMINEES P/L <SETTLEMENT A/C>	252,000	1.512
MR PAUL NAGLE & MRS JACQUELINE TERRI NAGLE <PJ NAGLE S/F A/C>	250,000	1.500
TORUMBA PTY LTD <PATROBEN UNIT A/C>	250,000	1.500
CLODENE PTY LTD	200,000	1.200
MR VINCENT GERARD ASPINALL & MRS JUDITH PATRICIA ASPINALL	200,000	1.200
M J B SUPERANNUATION PTY LTD <M J B STAFF SUPER FUND A/C>	200,000	1.200
MR ROBERT GEORGE BAILEY & MRS PATRICIA MARY BAILEY <BAILEY FAMILY SUPER A/C>	200,000	1.200
MR GERALD CAIN & MS JANETTE FRANCES CAIN <J F CAIN SUPER FUND A/C>	200,000	1.200
MR GRAHAM DENNIS HUBBERT & MS BETH HARRINGTON <ADVANX SUPER FUND A/C>	200,000	1.200
	<u>8,347,500</u>	<u>50.085</u>

# TROJAN EQUITY LIMITED

ABN 88 113 436 141

## SHAREHOLDER INFORMATION

As at 31 July 2006

### Distribution of Share and Option Holders

#### Fully Paid Ordinary

Holdings Ranges	Holders	Total Shares	%
1-1000	6	3,248	0.019
1,001-5,000	192	582,810	3.497
5,001-10,000	60	536,490	3.219
10,001-100,000	133	5,654,216	33.925
100,001-	28	9,890,237	59.340
<b>Totals</b>	<b>419</b>	<b>16,667,001</b>	<b>100.000</b>

There are no unmarketable parcels

#### Options

Holdings Ranges	Holders	Total Options	%
1-1,000	0	0	0.000
1,001-5,000	202	610,000	3.660
5,001-10,000	49	441,750	2.650
10,001-100,000	113	4,767,250	28.603
100,001-	37	10,848,000	65.087
<b>Totals</b>	<b>401</b>	<b>16,667,000</b>	<b>100.000</b>

### Substantial Shareholders

Details of substantial shareholders are set out below:

Holder	No of shares
ROCKET SCIENCE PTY LTD <TROJAN CAPITAL FUND A/C>	1,018,001
BOUTIQUE ASSET MANAGEMENT PTY LTD	924,500
LIBBIT HOLDINGS PTY LTD <BITOMSKY SUPER FUND A/C>	852,106

### Voting Rights

#### Ordinary Shares

Every holder of ordinary shares has the right to receive notices of, to attend and to vote at general meetings of the Company. On a show of hands every shareholder present at a meeting in person or by proxy, attorney or representative is entitled to one vote and upon a poll each share is entitled to one vote.

#### Options

No voting rights.



