Aequs

AEQUS CAPITAL LIMITED
ABN 15 087 225 509
AND CONTROLLED ENTITIES

ANNUAL REPORT
FOR THE YEAR ENDED
30 JUNE 2007

Aequs Capital Limited
ABN 15 087 225 509
Level 11, 7-15 Macquarie Place, Sydney NSW 2000
PO Box R251, Royal Exchange. NSW 1225
Phone: (+612) 8274 600 **Fax:** (+612) 9247 6428 **www.aequs.com.au**

Board of Directors

Directors

R Spano
A J Brown
D J Metcalfe

Company Secretary

G J Bean

ASX Code: AQE

This financial report covers both Aequs Capital Limited as an individual entity and the consolidated entity consisting of Aequs Capital Limited and its controlled entities.

Aequs Capital Limited is a company limited by shares, incorporated in Australia.

Share Registry
Computershare Investor Services Pty Limited
Level 3
60 Carrington Street
Sydney NSW 1115
Telephone: 1300 855 080

Directory

Aequs Capital Limited
ABN 15 087 225 509

Registered and Corporate Office
Level 11
7-15 Macquarie Place
Sydney NSW 2000
Telephone: (02) 8274 0000
Facsimile: (02) 9247 6428

Auditors
Nexia Court & Co
Level 29 Tower Building
Australia Square
264 George Street
Sydney NSW 2000
Telephone: (02) 9251 4600

Contents

Annual General Meeting

The Annual General Meeting of Aequs Capital Limited will be held at:

Level 11, 7-15 Macquarie Place Sydney NSW 2000
at 10:30am on Tuesday 13 November 2007

YEAR ENDED 30 JUNE 2007

RESULTS FOR ANNOUNCEMENT TO THE MARKET

		%		$
Revenue	Increase	23.0	to	7,989,812
Profit after tax	Increase	136.1	to	1,010,494
Net profit for the year attributable to members	Increase	136.1	to	1,010,494

Dividends/distributions	**Amount per security**	**Franked amount per security**
Final dividend	1.4 cents	100%

Record date	13 September 2007
Payable date	20 September 2007

The final distribution for the year ended 30 June 2007 has not been recognised in the financial statements at 30 June 2007 as the distribution had not been declared at the reporting date.

REVIEW OF OPERATIONS

Aequs Capital Limited ("Aequs" or "the Company") recorded record results for the year to 30 June 2007. Aequs' pre tax profit of over $1.4million was higher than in any previous year since the company's incorporation in 1997, and the after tax result was only the second time that net profit has exceeded $1million, despite the impost of a full tax charge. Whilst buoyant conditions on the ASX were a significant factor in this outcome, it also reflects the hard work and stability of the core employees of the Company since new management was installed in May 2003.

The audited results are summarised in the table below:

Results for the Year to 30 June 2007	**Consolidated**	
	2007	**2006**
	$	**$**
Revenue	7,989,812	6,494,204
Gross Profit	3,967,268	3,530,245
Net Profit - before significant items	1,453,418	543,130
Income tax (expense)/benefit	(442,924)	(115,220)
Net profit after tax	1,010,494	427,910
Assets	21,991,387	13,174,201
Liabilities	17,179,233	9,990,316
Net Assets	4,812,154	3,183,885
Basic Earnings per Share	3.6c	1.7c

For the year to 30 June 2007, Aequs net profit before tax was $1,453,418 (2006 - $543,130). Tax of $442,924 is payable on the full result for 2007 but tax payable of $115,220 for the 2006 year related to only part of that year as a consequence of prior-year losses.

The 2007 year represented a marked improvement on the previous year with pre-tax profit up by 167%. The previous year had been effected by costs associated with the move to new premises however the benefits of this move have been reflected in the 2007 result which was also aided by continuing buoyant conditions in the Australian share marked. Items of note are:

- Equities brokerage performed particularly strongly and was up 37%
- Corporate fees were disappointingly down more than 50%. This was due to a lack of quality new offerings available
- Overheads (excluding advisor commissions) were down 10% following elimination of costs associated with the relocation to larger premises in the previous year, and
- Tax expense for 2007 represents tax payable on the whole of the financial year following exhaustion of tax losses during the previous year. The tax charge for 2006 was assisted by usage of tax losses for part of that year.

The improved performance in 2007 was experienced evenly over the year. The previous share-based commission incentive scheme was terminated at 31 December 2006 and replaced with a new advisor commission scale which provided incentives for achieving higher commission levels. These higher commission levels resulted in a slight decrease in gross margins from 54% to 50% however were a significant factor in the increase in equities brokerage of 37% during the year.

The Directors also note the removal of significant contingent balance sheet liabilities in the event that the decision of Justice McDougall in the Supreme Court of NSW (NSWSC 719 *OzEcom & Anor v Hudson Investment Group & 2 Ors*) in respect of the two major claims is not appealed by the plaintiffs.

REVIEW OF OPERATIONS
(Continued)

Proposed Final Dividend
The after-tax profit figure equates to 3.6 cents per share, prior to dilution for unlisted options, which are virtually all held by employees of the Company.

During the year the Company paid a maiden interim dividend of 1.0c per share on 14 March 2007 following announcement of the results for the half year ended 31 December 2007.

The Company proposes to pay a final dividend of 1.4 cents per share, fully franked, in respect of the 2007 financial year payable on 20 September 2007.

The proposed payment reflects the Directors' desire to maintain a sensible policy in respect of the Company's capital position, with due regard for the required level of regulatory capital, as well as the proportionally high employee and client shareholdings.

Outlook

The Company's performance is clearly influenced by conditions within the Australian share market, which at the time of writing, is undergoing a long needed consolidation after four years of buoyant conditions, and low pricing of risk.

Aside from the financial benefits of a stronger earnings base and a team which has been relatively stable for the duration of this bull market, Aequs is now in a better position than for some time to make expansionary moves. Buoyant market conditions tend to create inertia amongst stockmarket professionals given the bonus and other types of benefits which handcuff them to current employers. More difficult markets, coming at the end of a period of buoyancy often widen the mind of smarter, younger employees to the benefits of being a genuine owner.

Despite two new recent listings of ASX Participants, there are only five listed "pure" stockbroking companies on the ASX. Aequs remains one of the smaller players, but is now in a position to grow more aggressively, using its public listing and strengthened balance sheet. We are gradually putting in place more infrastructure, have a number of expansionary initiatives in mind, and are more aggressively seeking experienced personnel who want to take the next step with us.

On behalf of the Board of Aequs, we would like to thank our clients for their support over the past year. We also welcome the assistance from our service providers. Together with the hard work of Drew Metcalfe and all the management and staff, we believe this has produced a financially beneficial and satisfying outcome.

Robert Spano
Chairman

Dated: *24 August 2007*

DIRECTORS' REPORT

The directors present their report together with the financial report of Aequs Capital Limited ("the Company") and of the consolidated entity, being the Company and its controlled entities, for the year ended 30 June 2007 and the auditors' report thereon.

1 Directors

The directors of the Company at any time during or since the end of the financial year are:

Robert Spano - Chairman
Robert Spano is a management specialist with over 25 years experience in the finance industry. He has completed a number of courses in management including hands on experience and holds a Management Diploma. He began his involvement in the finance and banking industry in 1981.

In 1999, Robert established Integrated Asset Management (IAM) as a dynamic and innovative finance company. The company has formed a joint venture with the Toshiba Corporation to form Toshiba Australia Finance. Robert is currently the Managing Director of IAM. Appointed a Director on 22 April 2003.

Andrew Brown - Director
Andrew Brown has 27 years experience in the Australian equity market as a stockbroker, corporate investor and funds manager and is the Managing Director of Trent Capital Limited. He is the Chairman of Snowball Group Limited and is also a non-executive Director of Cheviot Bridge Limited, Enerji Limited, Fat Prophets Australia Fund Limited and Mariner Wealth Management Limited. In the past three years he was also director of Signature Brands Limited and Retail Star Limited. Appointed a Director on 14 April 2005.

Drew J F Metcalfe - Director
Drew Metcalfe has over 25 years experience in stockbroking including institutional dealing and corporate finance. After three years with Ord Minnett he spent ten years at May & Mellor, becoming an Associate Director of that firm. This was followed by ten years at the Perth based stockbroking firm Hartley Poynton where he was Head of Institutional Stockbroking in charge of their Sydney Office. Appointed a Director on 10 October 2003.

2 Company Secretary

The Company Secretary of the Company at any time during or since the end of the financial year was:

Gregory Bean
Greg Bean is a Chartered Accountant who, after ten years in professional accountancy with Peat Marwick Mitchell & Co, had over twenty five years experience in senior roles in stockbroking mainly with Jacksons Limited (5 years) and Cazenove Australia Pty Limited (15 years), at both of which he was a Director. Appointed Company Secretary on 23 February 2004.

3 Directors Meetings

	Meetings during Financial Year	
	Eligible to Attend	**Attended**
R Spano	6	6
A Brown	6	6
D Metcalfe	6	6

DIRECTORS' REPORT
(Continued)

4 Principal Activities

The principal activities of the consolidated entity during the course of the financial year were the provision of share trading and investment services.

There were no significant changes in the nature of activities of the consolidated entity during the financial year.

5 Operating and Financial Review

The net profit after tax of the consolidated entity for the year ended 30 June 2007 was $1,010,494 (2006: $427,910). For further information refer to 'Review of Operations' report on page 3.

6 Dividends

The company paid the following fully franked dividends during the year:

Date Paid	*Related year*	*Amount (cents per share)*		*Amount (total)*
21 September 2006	2006 (final)	1.5		$392,055
14 March 2007	2007(interim)	1.0		$296,770
			Total	$688,825

Since the end of the financial year the directors have recommended the further payment of a fully franked dividend of 1.4 cents per share, payable on 20 September 2007 out of retained profits at 30 June 2007.

7 State of Affairs

No significant changes in the state of affairs of the consolidated entity occurred during the financial year.

8 Events Subsequent to Balance Date

a *OzEcom Limited*

On 3 August 2007 the Supreme Court of New South Wales delivered judgment in proceedings instituted against Aequs Securities Pty Ltd ("Aequs") and Hudson Investment Group Limited ("HIG") by the Liquidator of ozEcom Limited (in liquidation).

ozEcom's claim against Aequs and Hudson Investment Group Limited related to the failed initial public offering in 1999 of shares in ozEcom. ozEcom put its claim in three alternative ways:

1. loss of the amount of the capital raising – $10 million;
2. loss of the alleged capital raising shortfall – said to be $4,618,000;
3. wasted expenses of the capital raising – said to be $472,372.

The Court **rejected** ozEcom's claims for loss of the amount of the capital raising and loss of the alleged shortfall (items 1 and 2 above) and found in favour of Aequs and HIG on those claims.

The Court held that ozEcom **may** be entitled, should it wish to pursue the matter, to judgment for damages to be assessed in respect of the "wasted expenses" claim. If the claim for wasted expenses is successfully pursued by ozEcom any amount payable should be borne as to 50% each by Aequs and HIG. Aequs will argue that no amount is payable or, alternatively, that the amount payable is significantly less than the amount claimed of $472,372.

DIRECTORS' REPORT
(Continued)

8 Events Subsequent to Balance Date (Continued)

b Worker's compensation claim

On 4 July 2007 the Company received a claim from a former employee relating to an alleged injury received on her way to work in July 1998. The claim is for $45,000 and has been forward to the Company's worker's compensation insurers who had previously been notified of the incident.

c Proposed dividend

The directors propose that a dividend of 1.4 cents per share (fully franked) be paid out of the current year earnings. This dividend to be paid on 20 September 2007.

Other than matters discussed above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company to significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

9 Likely Developments

The consolidated entity will continue to pursue its principal activities. It is not expected that the results in future years will be adversely affected by the continuation of these operations.

Further disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Accordingly, this information has not been disclosed in this report.

10 Environmental Regulations

The consolidated entity's operations are not subject to significant environmental regulation under Australian legislation in relation to the conduct of its operations.

11 Share Options

Unissued shares

As at the date of this report, there were 4,495,998 unissued ordinary shares under options (6,554,998 at year end). Refer to note 27 of the financial statements for further details of the options outstanding.

Option holders do not have any right, by virtue of the option, to participate in any share issue of the company or any related party or in the interest issue of any other registered scheme.

Shares issued as a result of the exercise of options

During the financial year employees and executives have exercised options to acquire 2,740,000 fully paid ordinary shares in Aequs Capital Limited at a weighted average exercise price of $0.14.

12 Remuneration Report

Remuneration Philosophy

Remuneration levels are competitively set to attract and retain appropriately qualified and experienced directors and senior executives. The Remuneration Committee obtains independent advice on the appropriateness of remuneration packages, given trends in comparative companies both locally and internationally. Remuneration packages include a mix of fixed remuneration, performance-based remuneration, and equity-based remuneration.

DIRECTORS' REPORT
(Continued)

12 Remuneration Report (Continued)

The remuneration structures explained below are designed to attract suitably qualified candidates, and to effect the broader outcome of increasing the consolidated entity's net profit attributable to members of the Company.

Remuneration Committee

The Remuneration Committee is responsible for making recommendations to the Board on remuneration policies and packages applicable to the Board members and senior executives of the Company. The broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and level of performance; and that the remuneration is competitive in attracting, retaining and motivating people of the highest quality.

Remuneration of Key Management Personnel

The following table provides the details of all Key Management Personnel and the nature and amount of the elements of their remuneration for the year ended 30 June 2007.

	Primary				Equity		
Directors	**Cash Salary and fees**	**Commiss-ions**	**Non - monetary benefits**	**Super-annuation**	**Shares**	**Options (ii)**	**Total**
R Spano	60,000	-	-	-	-	-	60,000
D Metcalfe (i)	129,996	349,659	20,940	42,269	-	7,600	550,464
A Brown	30,000	-	-	-	-	-	30,000
Executives							
G Bean	82,002	-	-	89,700	-	847	172,549
G Henderson	85,000	-	-	7,410	-	-	92,410
	386,998	349,659	20,940	139,379	-	8,447	905,423

i Commission is received from the provision of security dealing transactions during the year.

ii The fair value of the options is calculated at the date of grant using a Binomial Model and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed above is the portion of the fair value of the options allocated to this reporting period.

Options Granted As Remuneration

				Terms & Conditions for Each Grant		
	Vested/ Granted No.	**Grant Date**	**Value per Option at Grant Date $**	**Exercise Price $**	**First Exercise Date**	**Last Exercise Date**
Key Management Personnel						
G Bean	100,000	09/02/2007	0.043	0.20	09/02/2007	09/02/2009
	100,000					

DIRECTORS' REPORT
(Continued)

12 Remuneration Report (Continued)

All options vest on grant date and expire within three years of vesting.

Exercise price equals market price at date of the grant.

The service and performance criteria set to determine remuneration are included in this remuneration report.

All options were granted for nil consideration.

Shares Issued on Exercise of Compensation Options
Options exercised during the year that were granted as compensation in prior periods

	No. of Ordinary Shares Issued	Amount Paid per Share	Amount Unpaid per Share
Key Management Personnel			
D Metcalfe	750,000	0.14	0.00
R Spano	1,775,000	0.14	0.00

13 Directors' Interests

The relevant interest of each director in the shares and options over shares issued by the Company as notified by the director of the Australian Stock Exchange in accordance with Section 5205G(1) of the Corporations Act 2001, as at the date of this report is as follows:

	Aequs Capital Limited	
	Ordinary Shares	Options over Ordinary Shares
Mr R Spano	3,775,000	-
Mr D J F Metcalfe	6,725,000	423,666
Mr A Brown	4,333,870	-

14 Indemnification and Insurance of Officers

Indemnification
Since the end of the previous financial year, the Company has indemnified any person who is or has been an officer or director of the Company against all liabilities to another person that may arise from their position as directors or officers except where the liability arises out of conduct involving criminal activity or gross negligence.

Insurance Premiums
During the financial year the Company has paid premiums in respect of directors' and officers' liability insurance contracts for the year ended 30 June 2007 and since the end of the financial year, the Company has paid or agreed to pay on behalf of the companies comprising the consolidated entity, premiums in respect of such insurance contracts for the year ending 30 June 2007. Such insurance contracts insure against certain liability (subject to specific exclusions) persons who are or have been directors or executive officers of the companies comprising the consolidated entity.

The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability insurance contracts, as such disclosure is prohibited under the terms of the contracts.

DIRECTORS' REPORT
(Continued)

15 Non-Audit Services

During the year Nexia Court & Co, the Company's auditor, has performed certain other services in addition to their statutory duties.

The board has considered the non-audit services provided during the year by the auditor and by resolution, the directors of the Company are satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the audit committee to ensure they do not impact the integrity and objectivity of the auditor.

- the non-audit services provided do not undermine the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

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

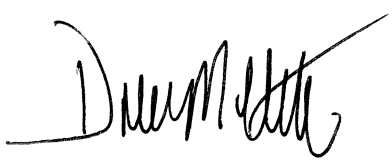
	$
Taxation and other services	1,910
	1,910

16 Auditor's Independence Declaration

The lead auditors independence declaration is set out on page 11 and forms part of the directors report for the year ended 30 June 2007.

Signed in accordance with a resolution of the directors:

Robert Spano
Director



Drew Metcalfe
Director

Sydney
Dated: *24 August 2007*

NEXIA COURT & CO
NEXIA INTERNATIONAL
CHARTERED ACCOUNTANTS
ABN 71 502 156 733

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LEAD AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

To the directors of Aequs Capital Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2007 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

Nexia Court & Co
Chartered Accountants

David Gallery
Partner

Sydney
Dated: *24 August 2007*

CORPORATE GOVERNANCE STATEMENT

The Company is committed to high standards of corporate governance and aims to comply with the Principles of Good Corporate Governance and Best Practice Recommendations set by the ASX Corporate Governance Council ('CGC'). However, given the current size of the Company and its Board of Directors, it is not appropriate or practical to comply fully with those principles and recommendations.

A description of the Company's main corporate governance practices is set out below. Unless otherwise stated, all these practices were in place for the entire year.

Board of Directors
The Board of Directors' (the Board's) primary role is the protection and enhancement of long-term shareholder value. In fulfilling this role, the Board is responsible for the overall corporate governance of the company and its controlled entities ensuring the consolidated entity is run in a proper manner.

Responsibilities of the Board
The Board operates in accordance with the broad principles set out in its Charter and Terms of Reference. The Charter details the Board's composition and responsibilities.

The responsibilities of the Board include:

- reporting to shareholders and the market;
- ensuring adequate risk management processes exist and are complied with;
- reviewing internal controls and internal and external audit reports;
- ensuring regulatory compliance;
- monitoring financial performance, including approval of the annual and half-yearly financial reports and liaison with the company's auditors;
- reviewing the performance of senior management;
- monitoring the Board composition, director selection and Board processes and performance;
- validating and approving corporate strategy;
- reviewing the assumptions and rationale underlying the annual plans and approving such plans; and
- authorising and monitoring major investment and strategic commitments.

The Board currently holds regular scheduled meetings during each year plus any ad-hoc meetings as may be necessary. The Board met 6 times during the year and directors' attendance is disclosed on page 5.

The agenda for meetings is prepared in conjunction with the Chairman and the Company Secretary. Board papers are circulated in advance of the meetings with the following standing items: Managing Director's Report, consolidated and divisional financial reports, specific decision papers, strategic matters, risk management, corporate governance and compliance.

Composition of the Board
The composition of the Board is determined using the following principles:

- a minimum of three directors, with a maximum of 10;
- the Chairman is appointed by the full Board.

However, at this stage of development of the company, the Board considers it neither appropriate nor cost effective for there to be a majority of independent directors.
This matter will be under review and as circumstances allow, consideration will be given to the appropriate time to move to adopting the ASX Corporate Governance Guidelines.

CORPORATE GOVERNANCE STATEMENT
(Continued)

Composition of the Board (Continued)
Currently, the Board comprises three non-independent directors, one of whom is the Chairman.

There is no maximum term set for directors but one third of the Board (excluding the Managing Director) must retire from office by rotation at the conclusion of each Annual General Meeting. The retiring directors are eligible for re-election.

New directors are subject to re-election at the next Annual General Meeting. The retirement age for directors is 70 years at the date of the Annual General Meeting.

At the date of this report, the Board comprises of one executive director and two non-executive directors. Mr D Metcalfe is the executive director.

Details of the members of the Board, their experience, expertise and qualifications are set out in the Directors' Report on page 5.

The Board has assessed the independence status of the directors and has determined that there are no independent directors.

The Board has followed the CGC guidelines when assessing the independence of the directors which define an independent director to be a director who:

- is non-executive;
- is not a substantial shareholder of the Company or an officer of, or otherwise associated, directly or indirectly, with a substantial shareholder of the Company;
- has not within the last three years been employed in an executive capacity by the Company or another consolidated entity member, or been a director after ceasing to hold such employment;
- within the last three years has not been a principal or employee of a material professional adviser or a material consultant to the Company or another consolidated entity member;
- is not a significant supplier or customer of the Company or another consolidated entity member, or an officer of or otherwise associated, directly or indirectly, with a significant supplier or customer;
- has no material contractual relationship with the Company or another consolidated entity member other than as a director of the Company; and
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.

Materiality for these purposes is determined on both quantitative and qualitative bases. An amount which is greater than five percent of either the annual turnover of the consolidated entity or an individual director's net worth is considered material for these purposes. In addition, a transaction of any amount or a relationship is deemed material if knowledge of it impacts the shareholders' understanding of the director's performance.

Term in Office
The term in office of each director at the date of this report is as follows:

Name of Director	**Term in Office**
R Spano	4 years 4 months
A Brown	2 years 4 months
D Metcalfe	3 years 11 months

CORPORATE GOVERNANCE STATEMENT
(Continued)

Director Education
The Company provides a formal induction process for all new employees and directors to educate them on the nature of the business and its operations. Continuing education is provided via the regular Board updates provided by the executive directors.

Chairman
The Chairman is responsible for leading the Board, ensuring that Board activities are organised and efficiently conducted and for ensuring the directors are properly briefed for meetings. The Chairman is also responsible for implementing the consolidated entity's strategies and Board policies.

Board Committees
To assist in the execution of its responsibilities, and to allow detailed consideration of complex issues, the Board has established a number of permanent committees, the details of which are set out below.

Nomination Committee
The Nomination Committee consists of the full Board.

In the event of a vacancy, the Board seeks replacements with the appropriate skills and experience. Where necessary, advice is sought from independent consultants.

Remuneration Committee
The Remuneration Committee consists of the full board.

The Committee meets as often as required, but no less than once per year.

The main responsibilities of the Committee are to:

- review and approve the consolidated entity's policy for determining executive remuneration and any amendments to that policy;
- review the on-going appropriateness and relevance of the policy;
- consider and make recommendations to the Board on the remuneration of executive directors (including base salary, incentive payments, equity awards and service contracts);
- to review and approve the design of all equity based plans;
- to review and approve the total proposed payments under each plan; and
- review and approve the remuneration levels for non-executive directors.

The Committee met once during the year and was attended by all board members.

Audit Committee
The Audit Committee consists of the full board.

The Committee met once during the year and was attended by all board members.

CORPORATE GOVERNANCE STATEMENT
(Continued)

Audit Committee (Continued)
The responsibilities of the Audit Committee include:

- reviewing the annual and half year financial reports to ensure compliance with Australian Accounting Standards and generally accepted accounting principles;
- monitoring corporate risk management practices;
- review and approval of the consolidated entity's accounting policies and procedures;
- reviewing the external and internal audit plans, and co-ordination between the internal and external auditors;
- reviewing the nomination, performance and independence of the external auditors; and
- organising, reviewing and reporting on any special reviews or investigations deemed necessary by the Board.

Due Diligence Committee
The Board will from time to time form a Due Diligence Committee to monitor any projects that require a due process of enquiry and substantiation.

External Auditors
The full Board is responsible for the appointment, removal and remuneration of the external auditors, and reviewing the terms of their engagement, and the scope and quality of the audit. In fulfilling its responsibilities, the Board receives regular reports from management and the external auditors at least twice a year, or more frequently if necessary. The external auditors have a clear line of direct communication at any time to the Chairman of the Board.

The current auditors, Nexia Court & Co, were appointed in 2003. The Australian accounting bodies' statement on professional independence requires mandatory rotation of audit partners for listed companies every five years. Nexia Court & Co confirms that they conform to the requirements of the statement.

Nexia Court & Co are required to attend the Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the Auditor's Report.

Risk Assessment and Internal Control Procedures
The Board oversees the establishment, implementation and review of the Company's Risk Management System. To ensure it meets its responsibilities, the Board has implemented appropriate systems for identifying, assessing, monitoring and managing material risk throughout the organisation.

The Board does not employ an internal auditor, although as part of the Company's strategy to implement an integrated framework of control, the Board requested the external auditors review internal control procedures. Recommendations once presented are considered by the Board.

The Executive Directors have stated in writing to the Board that:

- The Company's financial reports present a true and fair view in all material respects of the Company's financial condition and operating results and are in accordance with relevant accounting standards.

- The integrity of the financial statements is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.

- The Company's risk management and internal compliance and control system is operating efficiently in all material respects.

The Board requires this declaration to be made bi-annually.

CORPORATE GOVERNANCE STATEMENT
(Continued)

Risk Assessment and Internal Control Procedures (Continued)

Policy on Dealing in Company Securities
The Company has a policy on how and when the directors and employees may deal in the Company's securities. The purpose of this policy is to ensure that the directors and employees deal in the Company's securities in a manner which properly reflects their fiduciary duty, and that they do not transact in those securities whilst in possession of price sensitive information.

This policy requires all directors and employees to seek approval from the Chairman or Company Secretary prior to dealing in the Company's securities.

Continuous Disclosure
The Executive Directors and Company Secretary is responsible for communications with the ASX. They are also responsible for ensuring compliance with the continuous disclosure requirements of the ASX Listing Rules, and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the general public.

The Company has a written policy on information disclosure that focuses on continuous disclosure of any information concerning the Company and its controlled entities that a reasonable person would expect to have a material effect on the price of the Company's securities.

Communication with Shareholders
The Board recognises and respects the rights of our shareholders as the beneficial owners of the company. In order to facilitate the effective exercise of those rights, the Company follows a communications strategy that aims to empower shareholders by:

- communicating effectively with them;
- providing easy access to balanced and understandable information about the company; and
- encouraging and facilitating shareholder participation in general meetings.

The Company achieves this through the following avenues:

i) Regular mailings
The Company provides shareholders with copies of all announcements made to the ASX by mail on request. Copies are also available via an electronic link to the ASX web site, ensuring that all shareholders are kept informed about the Company.
Shareholders also have the option of receiving a hard copy of the Annual Report each year.

ii) General meetings
All shareholders are invited to attend the Annual General Meetings which are held at the Company's Head Office in Sydney or as otherwise advised in the Explanatory Memorandum accompanying the annual report. The full Board and senior executives are present and available to answer questions from the floor, as are the External Auditor and a representative from the Company's legal advisors.

Ethical Standards
The Company has a Code of Conduct applicable to all employees and directors. The requirement to comply with the Code is mandatory and is communicated to all employees. The Code sets out standards of conduct, behaviour and professionalism.

CORPORATE GOVERNANCE STATEMENT
(Continued)

Communication with Shareholders (Continued)

Access to Independent Professional Advice
Each director has the right of access to all relevant Company information and to the Company's executives. The directors also have access to external resources as required to fully discharge their obligations as directors of the Company. The use of these resources is co-ordinated through the Chairman of the Board. No such advice has been sought during the year.

NEXIA COURT & CO
NEXIA INTERNATIONAL
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AEQUS CAPITAL LIMITED

Report on the financial report

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

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 2(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report of the group and the company, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Aequs Capital Limited on 24 August 2007, would be in the same terms if provided to the directors as at the date of this auditor's report.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
AEQUS CAPITAL LIMITED
(Continued)

Auditors' opinion on the financial report
In our opinion:

a the financial report of Aequs Capital Limited is in accordance with the Corporations Act 2001, including:

- **i** giving a true and fair view of the company's and the group's financial position as at 30 June 2007 and of their performance for the financial year ended on that date; and
- **ii** complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

b the financial report of the group and company also comply with International Financial Reporting Standards as disclosed in note 2(a).

Nexia Court & Co
Chartered Accountants

David Gallery
Partner

Sydney
Dated: *24 August 2007*

DIRECTORS DECLARATION

The directors of the company declare that:

1 the financial statements and notes, as set out on pages 21 to 46, are in accordance with the Corporations Act 2001 and:

- **a** comply with Accounting Standards and the Corporations Regulations 2001; and
- **b** give a true and fair view of the financial position as at 30 June 2007 and of the performance for the year ended on that date of the company and consolidated group;

2 the Chief Executive Officer and Chief Finance Officer have each declared that:

- **a** the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
- **b** the financial statements and notes for the financial year comply with the Accounting Standards; and
- **c** the financial statements and notes for the financial year give a true and fair view; and

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

Signed in accordance with a resolution of the directors:

Robert Spano
Director

Drew Metcalfe
Director

Sydney
24 August 2007

INCOME STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

	Notes	Consolidated 2007 $	Consolidated 2006 $	Company 2007 $	Company 2006 $
Continuing operations					
Revenue	4	**7,537,653**	6,212,919	-	-
Cost of sales		**(3,570,385)**	(2,682,674)	-	-
Gross profit		**3,967,268**	3,530,245	-	-
Other income	4	**452,159**	281,285	**721,579**	421,961
		4,419,427	3,811,530	**721,579**	421,961
Other expenses					
- Administration		**(2,962,147)**	(3,263,312)	**(778)**	14,494
- Finance costs		**(3,862)**	(5,088)	-	-
		(2,966,009)	(3,268,400)	**(778)**	14,494
PROFIT BEFORE INCOME TAX		**1,453,418**	543,130	**720,801**	436,455
Income tax expense	6a	**(442,924)**	(115,220)	-	-
PROFIT FOR THE YEAR	17	**1,010,494**	427,910	**720,801**	436,455
Basic earnings per share	23	**3.6 cents**	1.7 cents		
Diluted earnings per share	23	**2.8 cents**	1.3 cents		
Dividends paid per share (fully franked)		**2.5 cents**	2.5 cents		

The accompanying notes form part of these financial statements.

BALANCE SHEETS
AS AT 30 JUNE 2007

	Note	Consolidated 2007 $	Consolidated 2006 $	Company 2007 $	Company 2006 $
CURRENT ASSETS					
Cash and cash equivalents	8	**5,849,341**	3,951,969	**1,211,893**	14,617
Trade and other receivables	9	**16,015,861**	9,097,073	**376,298**	234,998
Prepayments	11	**28,530**	6,305	**-**	-
Deferred tax asset	6d	**45,585**	45,585	**-**	-
TOTAL CURRENT ASSETS		**21,939,317**	13,100,932	**1,588,191**	249,615
NON-CURRENT ASSETS					
Other financial assets	10	**-**	-	**2,875,758**	2,875,758
Trade and other receivables	9	**-**	-	**1,500,000**	1,500,000
Plant and equipment	12	**52,070**	73,269	**-**	-
TOTAL NON-CURRENT ASSETS		**52,070**	73,269	**4,375,758**	4,375,758
TOTAL ASSETS		**21,991,387**	13,174,201	**5,963,949**	4,625,373
CURRENT LIABILITIES					
Trade and other payables	13	**17,153,733**	9,956,316	**-**	-
Employee benefits	14	**18,000**	22,500	**-**	-
TOTAL CURRENT LIABILITIES		**17,171,733**	9,978,816	**-**	-
NON-CURRENT LIABILITIES					
Employee benefits	14	**7,500**	11,500	**-**	-
TOTAL NON-CURRENT LIABILITIES		**7,500**	11,500	**-**	-
TOTAL LIABILITIES		**17,179,233**	9,990,316	**-**	-
NET ASSETS		**4,812,154**	3,183,885	**5,963,949**	4,265,373
EQUITY					
Share capital	15	**6,229,170**	5,063,870	**6,229,170**	5,063,870
Reserves	16	**436,537**	295,237	**436,537**	295,237
Accumulated losses	17	**(1,853,553)**	(2,175,222)	**(701,758)**	(733,734)
TOTAL EQUITY		**4,812,154**	3,183,885	**5,963,949**	4,625,373

The accompanying notes form part of these financial statements.

CASH FLOW STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

		Consolidated		Company	
	Note	2007 $	2006 $	2007 $	2006 $
CASH FLOWS FROM OPERATING ACTIVITIES					
Brokerage, commission and fees from customers		**8,179,959**	6,391,927	-	-
Payments to suppliers and employees		**(6,538,817)**	(5,544,487)	**(778)**	(14,506)
Dividend received		-	1,632	**700,000**	420,000
Interest received		**160,015**	119,409	**21,579**	1,961
Interest paid		**(3,862)**	(5,088)	-	-
Income tax paid		**(306,210)**	(8,734)	-	-
Payments in relation to client and dealer balances		**(6,935,749)**	(5,882,222)	-	-
Revenue in relation to client and dealer balances		**6,873,452**	4,589,149	-	-
Net cash from operating activities	22ii	**1,428,788**	(338,414)	**720,801**	407,455
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for plant and equipment		**(7,891)**	(31,027)	-	-
Net movement from related entities		-	-	-	-
Net cash from investing activities		**(7,891)**	(31,027)	-	-
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from share issue		**1,165,300**	247,750	**1,165,300**	247,750
Dividend payment		**(688,825)**	(641,674)	**(688,825)**	(641,674)
Net cash from financing activities		**476,475**	(393,924)	**476,475**	(393,924)
NET INCREASE/(DECREASE) IN CASH HELD		**1,897,372**	(763,365)	**1,197,276**	13,531
Cash and cash equivalents at the beginning of the financial year		**3,951,969**	4,715,334	**14,617**	1,086
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	22i	**5,849,341**	3,951,969	**1,211,893**	14,617

The accompanying notes form part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2007

Consolidated	Share Capital $	Reserves $	Accumulated Losses $	Total Equity $
At 1 July 2006	5,063,870	295,237	(2,175,222)	3,183,885
Profit for the period	-	-	1,010,494	1,010,494
Exercise of options	384,050	-	-	384,050
Placement of shares	781,250			781,250
Equity dividends	-	-	(688,825)	(688,825)
Share based payments	-	141,300	-	141,300
At 30 June 2007	6,229,170	436,537	(1,853,553)	4,812,154
Consolidated				
At 1 July 2005	4,816,120	227,595	(1,961,458)	3,082,257
Profit for the period	-	-	427,910	427,910
Exercise of options	247,750	-	-	247,750
Equity dividends	-	-	(641,674)	(641,674)
Share based payments	-	67,642	-	67,642
At 30 June 2006	5,063,870	295,237	(2,175,222)	3,183,885
Company				
At 1 July 2006	5,063,870	295,237	(733,734)	4,625,373
Profit for the period	-	-	720,801	720,801
Exercise of options	384,050	-	-	384,050
Placement of shares	781,250			781,250
Equity dividends	-	-	(688,825)	(688,825)
Share based payments	-	141,300	-	141,300
At 30 June 2007	6,229,170	436,537	(701,758)	5,963,949
Company				
At 1 July 2005	4,816,120	227,595	(528,515)	4,515,200
Profit for the period	-	-	436,455	436,455
Exercise of options	247,750	-	-	247,750
Equity dividends	-	-	(641,674)	(641,674)
Share based payments	-	67,642	-	67,642
At 30 June 2006	5,063,870	295,237	(733,734)	4,625,373

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

1 REPORTING ENTITY

Aequs Capital Limited (the 'Company') is a company domiciled in Australia. The address of the company's registered office is Level 11, 7-15 Macquarie Place, Sydney NSW 2000. The consolidated financial statements of the Company as at the end of the year ended 30 June 2007 comprise the Company and its subsidiaries together referred to as the consolidated entity.

2 BASIS OF PREPARATION

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASB's) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

a Statement of Compliance

The consolidated financial report of the consolidated entity and the financial report of the company also complies with International Financial Reporting Standards ('IFRS's') and interpretations adopted by the International Accounting Standards Board.

The financial statements were approved by the Board of Directors on 24 August 2007.

b Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis.

c Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the company's functional currency and the functional currency of the majority of the group.

d Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by group entities.

a Basis of consolidation

i Subsidiaries

Subsidiaries are entities controlled by the group. Control exists when the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

In the company's financial statements, investments in subsidiaries are carried at cost.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

a Basis of consolidation (Continued)

ii Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. Gains and losses are recognised when the contributed assets are consumed or sold by the equity accounted investees or, if not consumed or sold by the equity accounted investee, when the group's interest in such entities is disposed of.

b Revenue Recognition

Brokerage revenue

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered to passed to the customer when the order is confirmed by the market as executed.

Interest

Revenue is recognised as the interest accrues to the net carrying amount of the financial asset.

Other Income

Income from other sources is recognised as at is earned.

c Finance expenses

Finance expenses comprise interest and are recognised as an expense when incurred.

d Income Tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

d Income Tax (Continued)

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

i Tax consolidation

The company and its wholly-owned Australian resident entities have formed a tax-consolidated group with effect from 1 July 2003 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is Aequs Capital Limited.

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries is assumed by the head entity in the tax-consolidated group and are recognised by the company as amounts payable (receivable) to/(from) other entities in the tax-consolidated group in conjunction with any tax funding arrangement amounts (refer below). Any difference between these amounts is recognised by the company as an equity contribution or distribution.

The Company recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the asset can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

ii. Nature of tax funding arrangements and tax sharing arrangements

The head entity, in conjunction with other members of the tax-consolidated group, has entered into a tax funding arrangement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The tax funding arrangements require payments to/from the head entity equal to the current tax liability/(asset) assumed by the head entity and any tax-loss deferred tax asset assumed by the head entity, resulting in the head entity recognizing an inter-entity receivable/(payable) equal in amount to the tax liability/(asset) assumed. The inter-entity receivables/(payables) are at call.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

d Income Tax (Continued)

Contributions to fund the current tax liabilities are payable as per the tax funding arrangement and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authorities.

The head entity in conjunction with other members of the tax-consolidated group, has also entered into a tax sharing agreement. The tax sharing agreement provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognized in the financial statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

e Receivables

Trade account receivables must be settled within 3 days.

f Segment Reporting

A segment is a distinguishable component of the consolidated entity that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The consolidated entity's primary format for segment reporting is based on business segments.

g Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

h New Standards & Interpretations not yet Adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the group in the period of initial application. They are available for early adoption at 30 June 2007, but have not been applied in preparing these consolidated financial statements:

- AASB 101 *Presentation of Financial Statements* (October 2006) has deleted the Australian specific Illustrative Financial Report Structure and reinstated the current IASB 1 guidance on Illustrative Financial Statement Structure. The revised AASB 101 is applicable for annual reporting periods beginning on or after 1 January 2007.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

h New Standards & Interpretations not yet Adopted (Continued)

- AASB 7 *Financial Instruments: Disclosures* (August 2005) replaces the presentation requirements of financial instruments in AASB 132. AASB 7 is applicable for annual reporting periods beginning on or after 1 January 2007, and will require extensive additional disclosures with respect to the group's financial instruments and share capital.
- AASB 2005-10 Amendments to Australian Accounting Standards (September 2005) makes consequential amendments to AASB 132 *Financial Instruments: Disclosure and Presentation,* AASB 101 *Presentation of Financial Statements,* AASB 114 *Segment Reporting,* AASB 117 *Leases,* AASB 133 *Earnings Per Share,* AASB 139 *Financial Instruments: Recognition and Measurement,* AASB 1 *First time Adoption of Australian Equivalents to International Financial Reporting Standards,* AASB 4 *Insurance Contracts,* AASB 1023 *General Insurance Contracts* and AASB 1038 *Life Insurance Contracts* arising from the release of AASB 7. AASB 2005-10 is applicable for annual reporting periods beginning on or after 1 January 2007 and is expected to only impact disclosures contained within the consolidated financial report.
- AASB 8 *Operating Segments* replaces the presentation requirements of segment reporting in AASB 114 *Segment Reporting*. AASB 8 is applicable for annual reporting periods beginning on or after 1 January 2009 and is not expected to have an impact on the financial results of the company and the group as the standard is only concerned with disclosures.
- AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 makes amendments to AASB 5 *Non-current Assets Held for Sale and Discontinued Operations,* AASB 6 Exploration *for and Evaluation of Mineral Resources,* AASB 102 *Inventories,* AASB 107 *Cash Flow Statements,* AASB 119 *Employee Benefits,* AASB 127 *Consolidated and Separate Financial Statements,* AASB 134 *Interim Financial Reporting,* AASB 136 *Impairment Assets,* AASB 1023 *General Insurance Contracts and* AASB 1038 *Life Insurance Contracts.* AASB 2007-3 is applicable for annual reporting periods beginning on or after 1 January 2009 and must be adopted in conjunction with AASB 8 *Operating Segments.* This standard is only expected to impact disclosures contained within the financial report.

- Interpretation 11 *AASB 2 Share-based Payment — Group and Treasury Share Transactions* addresses the classification of a share-based payment transaction (as equity or cash settled), in which equity instruments of the parent or another group entity are transferred, in the financial statements of the entity receiving the services. Interpretation 11 will become mandatory for the group's 2008 financial report. Interpretation 11 is not expected to have any impact on the consolidated financial report.
- AASB 2007-1 Amendments to Australian Accounting Standards arising from AASB Interpretation 11 amends AASB 2 *Share-based Payments* to insert the transitional provisions of IFRS 2, previously contained in AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards.* AASB 2007-1 is applicable for annual reporting periods beginning on or after 1 March 2007 and is not expected to have any impact on the consolidated financial report. The potential impact on the company has not yet been determined.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

h New Standards & Interpretations not yet Adopted (Continued)

- AASB 2007-2 Amendments to Australian Accounting Standards arising from AASB Interpretation 12 makes amendments to AASB 1-*First time Adoption of Australian Equivalents to International Financial Reporting Standards,* AASB 117 *Leases,* AASB 118 *Revenue,* AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance,* AASB 121 *The Effects of Changes in Foreign Exchange Rates,* AASB 127 *Consolidated and Separate Financial Statement,* AASB 131 *Interest in Joint Ventures, and* AASB 139 *Financial Instruments: Recognition and Measurement.* AASB 2007-2 is applicable for annual reporting periods beginning on or after 1 January 2008 and must be applied at the same time as Interpretation 12 Service Concession Arrangements.
- AASB 2007-2 Amendments to Australian Accounting Standards also amends reference to "UIG Interpretation" to interpretations. This amending standard is applicable to annual reporting periods ending on or after 28 February 2007.

i 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 available for sale, are measured at fair value.

j Lease Payment

Operating lease payments are recognised as an expense in the Income Statement on a straight line basis over the lease term.

k Plant and Equipment

i Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. The cost of property, plant and equipment at 1 January 2004, the date of transition to AASBs, was determined by reference to its fair value at that date.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

ii Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

k Plant and Equipment (Continued)

iii Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

.	plant and equipment	10 years

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

l Impairments

i Non-financial assets

The carrying amounts of the group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

m Payables

Liabilities are recognised for amounts to be paid in the future for goods or services received. Trade accounts payable must be settled within 3 days.

n Employee Benefits

Wages, salaries, annual leave and non-monetary benefits

Liabilities for employee benefits for wages and salaries (including non-monetary benefits) and annual leave expected to be settled within 12 months of the reporting date representing present obligations resulting from employees' services provided up to reporting date are calculated at undiscounted amounts based on remuneration wage and salary rates that entities in the consolidated entity expect to pay as at reporting date including related on-costs.

Long Service Leave

The provision for employee benefits for long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' provided up to reporting date.

The provision is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history and is discounted using the rates attaching to national government securities at balance date which most closely match the terms of maturity of the related liabilities.

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

n Employee Benefits (Continued)

Superannuation Plans

Under Australian legislative requirements companies within the consolidated entity must offer employees a choice of superannuation funds with effect from 1 July 2005.

Companies within the group contribute to a number of approved superannuation funds. All of these funds are accumulation style funds with no unfunded liability. Contributions are charged against income as they are made.

o Share based payment transactions

Entities in the consolidated entity provide benefits to employees (including directors) in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Aequs Capital Limited ('market conditions').

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Company will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum, an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

p Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

q Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the Company, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the Company, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

Divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

	Consolidated		Company	
	2007	2006	2007	2006
	$	$	$	$
4 REVENUE				
Revenue				
Brokerage	7,206,963	5,417,689	-	-
Corporate placement fees	330,690	795,230	-	-
	7,537,653	6,212,919	-	-
Other Income				
Interest received - from other parties	181,593	119,409	21,579	1,961
Dividends received	7	1,632	700,000	420,000
Administration fees from clients & advisors	229,730	121,193	-	-
Other income	40,829	39,051	-	-
	452,159	281,285	721,579	421,961
5 EXPENSES				
Depreciation of plant and equipment	29,090	27,016	-	-
Rental expense relating to operating leases	347,111	472,437	-	-
Finance costs	3,862	5,088	-	-
Employee benefits expense	(8,500)	(3,250)	-	-
Share based payment expense	158,850	67,642	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

		Consolidated		Company	
		2007	2006	2007	2006
		$	$	$	$
6	**INCOME TAX**				
a	**Income tax expense**				
	Current tax expense				
	Current period	413,715	141,534	-	-
	Adjustment for prior periods	(1,326)	(51,235)	-	-
		412,389	90,299	-	-
	Deferred tax expense	-	-	-	-
	Origination and reversal of temporary differences	30,535	24,921	-	-
	Income tax expense	442,924	115,220	-	-
b	**Numerical reconciliation between tax expense and pre-tax net profit**				
	Profit for the year	1,010,494	427,910	720,801	436,455
	Total income tax expense	442,924	115,220	-	-
	Profit excluding income tax	1,453,418	543,130	720,801	436,455
	Income tax using the company's domestic tax rate of 30% (2006 30%)	436,025	162,939	216,240	130,937
	Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
	Change in Deferred Tax Asset	-	(6,780)	-	-
	(Over)/under provided in prior year	(1,326)	(51,235)	(6,240)	(4,937)
	Non-deductible expenses	8,225	10,296	-	-
	Rebateable dividend from subsidiary	-	-	(21,000)	(126,000)
	Income tax expense	442,924	115,220	-	-
c	**Current tax liabilities**				
	Balance at beginning of year	106,486	-	-	-
	Income tax paid	(321,833)	-	-	-
	Current year's income tax expense on profit	413,715	141,534	-	-
	Adjustment for prior periods	44,832	(35,048)	-	-
	Balance at end of year	243,200	106,486	-	-
d	**Deferred tax assets**				
	Effect of employee benefits	10,200	10,200	-	-
	Effect of accruals	35,385	35,385	-	-
	Deferred income tax assets	45,585	45,585	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

		Consolidated		Company	
		2007	2006	2007	2006
		$	$	$	$
7	**AUDITORS' REMUNERATION**				
	(i) Audit services				
	Auditors of the company – Nexia Court & Co				
	- audit of the financial report 30 June	33,909	22,287	33,909	21,602
	- review of the financial report for half year 31 December	16,496	16,582	16,496	16,582
		50,405	38,869	50,405	38,869
	(ii) Other services				
	Auditors of the company – Nexia Court & Co				
	- taxation services	1,910	1,800	1,910	1,800
8	**CASH AND CASH EQUIVALENTS**				
	Current				
	Cash at bank and on hand	2,092,169	3,236,555	1,211,893	14,617
	Cash at bank – trust	3,737,172	695,414	-	-
	Cash on deposit	20,000	20,000	-	-
		5,849,341	3,951,969	1,211,893	14,617
9	**TRADE AND OTHER RECEIVABLES**				
	Current				
	Client and dealer balances	16,015,661	9,079,912	-	-
	Other debtors	200	17,161	-	9,800
	Loan to related parties	-	-	347,298	225,198
		16,015,861	9,097,073	347,298	234,998
	Non-Current				
	Subordinated loan to related parties	-	-	1,500,000	1,500,000
10	**OTHER FINANCIAL ASSETS**				
	Non-Current				
	Investments traded on organised markets:				
	Shares in controlled entities				
	- at cost	-	-	4,260,010	4,260,010
	Less: Provision for diminution in value	-	-	(1,384,252)	(1,384,252)
		-	-	2,875,758	2,875,758

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

10 OTHER FINANCIAL ASSETS (Continued)

	Class of Share	Interest held 2007 %	Interest held 2006 %
Shares in Controlled entities			
Aequs Securities Pty Ltd	Ordinary	100	100
HTH Nominees Pty Ltd*	Ordinary	-	-
Kardinia Nominees Pty Ltd*	Ordinary	-	-
Aequs Corporate Pty Ltd*	Ordinary	-	-

* Shares are owned directly by Aequs Securities Pty Ltd, a controlled entity of Aequs Capital Limited. All controlled entities are incorporated in Australia

	Consolidated 2007 $	Consolidated 2006 $	Company 2007 $	Company 2006 $
11 PREPAYMENTS				
Current				
Prepayments	28,530	6,305	-	-
12 PLANT AND EQUIPMENT				
Furniture & fittings – at cost	2,990	2,990	-	-
Less: Accumulated amortisation	(1,724)	(1,126)	-	-
	1,266	1,864	-	-
Office equipment - at cost	155,837	159,946	-	-
Less: Accumulated depreciation	(105,033)	(88,541)	-	-
	50,804	71,405	-	-
Total	52,070	73,269	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

12 PLANT AND EQUIPMENT (Continued)

Reconciliation
Reconciliations of the carrying amount of each class of plant and equipment at the beginning and end of the current financial year are set out below:

Consolidated	Office furniture $	Office equipment $	Total $
Carrying amount – 2006	1,864	71,405	73,269
Additions	-	7,891	7,891
Disposals	-	-	-
Depreciation expense	(598)	(28,492)	(29,090)
Carrying amount - 2007	1,266	50,804	52,070
Carrying amount – 2005	2,462	66,796	69,258
Additions	-	31,027	31,027
Disposals	-	-	-
Depreciation/amortisation expense	(598)	(26,418)	(27,016)
Carrying amount – 2006	1,864	71,405	73,269

	Consolidated		Company	
	2007 $	2006 $	2007 $	2006 $
13 TRADE AND OTHER PAYABLES				
Current				
Clients and dealer balance	15,957,043	9,083,591	-	-
Other creditors and accruals	953,490	766,239	-	-
Income tax payable	243,200	106,486	-	-
	17,153,733	9,956,316	-	-
14 EMPLOYEE BENEFITS				
Current				
Employee entitlements	18,000	22,500	-	-
Non-Current				
Employee entitlements	7,500	11,500	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

15 SHARE CAPITAL

	Consolidated and Company 2007 Shares	Consolidated and Company 2006 Shares	Consolidated and Company 2007 $	Consolidated and Company 2006 $
Authorised capital				
Issued ordinary shares	31,676,978	25,686,978	6,229,170	5,063,870
Movements in ordinary share capital				
Balance at the beginning of the financial year	25,686,978	23,911,978	5,063,870	4,816,120
Add: New Issue of shares at 12.5 cents due to exercise of unlisted options	100,000	50,000	12,500	6,250
New Issue of shares at 14 cents due to exercise of unlisted options	2,625,000	1,725,000	367,500	241,500
New Issue of shares at 27 cents due to exercise of unlisted options	15,000	-	4,050	-
Placement of new shares to professional investors at 22.5 cents	1,250,000	-	281,250	-
Placement of new shares to professional investors at 25 cents	2,000,000		500,000	
Balance at the end of the financial year	31,676,978	25,686,978	6,229,170	5,063,870

16 RESERVES

	Consolidated 2007 $	Consolidated 2006 $	Company 2007 $	Company 2006 $
Employee share option reserve at the beginning of the financial year	295,237	227,595	295,237	227,595
Add: Addition for the year	141,300	67,642	141,300	67,642
Employee share option reserve at the end of the financial year	436,537	295,237	436,537	295,237

17 ACCUMULATED LOSSES

Accumulated losses at the beginning of the financial year	(2,175,222)	(1,961,458)	(733,734)	(528,515)
Profit for the year	1,010,494	427,910	720,801	436,455
Less: Dividend paid	(688,825)	(641,674)	(688,825)	(641,674)
Accumulated losses at the end of the financial year	(1,853,553)	(2,175,222)	(701,758)	(733,734)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

18 EVENTS OCCURRING AFTER BALANCE DATE

a OzEcom dispute

On 3 August 2007 the Supreme Court of New South Wales delivered judgment in proceedings instituted against Aequs Securities Pty Ltd ("the Company") and Hudson Investment Group Limited ("HIG") by the Liquidator of ozEcom Limited (in liquidation).

ozEcom's claim against the Company and Hudson Investment Group Limited related to the failed initial public offering in 1999 of shares in ozEcom. ozEcom put its claim in three alternative ways:

1. loss of the amount of the capital raising – $10 million;
2. loss of the alleged capital raising shortfall – said to be $4,618,000;
3. "wasted expenses" of the capital raising – said to be $472,372.

The Court rejected ozEcom's claims for loss of the amount of the capital raising and loss of the alleged shortfall (items 1 and 2 above) and found in favour of the Company and Hudson Investment Group Limited on those claims.

The Court held that ozEcom *may* be entitled, should it wish to pursue the matter, to judgment for damages to be assessed in respect of the "wasted expenses" claim. If the claim for wasted expenses is successfully pursued by ozEcom any amount payable should be borne as to 50% each by the Company and HIG. The Company will argue that no amount is payable or, alternatively, that the amount payable is significantly less than the amount claimed of $472,372.

b Workers compensation claim

On 4 July 2007 the Company received a claim from a former employee relating to an alleged injury received on her way to work in July 1998. The claim is for $45,000 and has been forward to the Company's worker's compensation insurers who had previously been notified of the incident.

c Proposed dividend

The directors propose that a dividend of 1.4 cents per share (fully franked) be paid out of the current year earnings. This dividend to be paid on 20 September 2007.

Other than matters discussed above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company to significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

19 COMMITMENTS

	Consolidated		Company	
	2007	2006	2007	2006
	$	$	$	$
Non cancellable operating lease commitments				
Future operating lease rentals not provided for in the financial statements and payable:				
Not later than one year	396,554	385,044	-	-
Later than one year but not later than five years	1,134,333	1,326,178	-	-
Due later than five years	-	-	-	-
	1,530,887	1,711,222	-	-

20 CONTINGENT LIABILITIES

a Ozecom Limited

On 3 August 2007 the Supreme Court of New South Wales delivered judgment in proceedings instituted against Aequs Securities Pty Ltd ("the Company") and Hudson Investment Group Limited ("HIG") by the Liquidator of ozEcom Limited ("ozEcom") – refer note 18a above.

As a result of this decision the Company has a contingent liability in respect of "wasted expenses" of the capital raising – said to be $472,372. To be successful in any claim, ozEcom must prove certain criteria and the Company would only be liable for expenses from a particular date. Furthermore, any successful claim against the company would be borne equally by HIG. The Judge has also called for submissions regarding costs in the matter.

The company will continue to vigorously defend the matter.

b Workers compensation claim

The Company has a contingent liability of $45,000 in respect of a worker's compensation claim – refer note 17b above.

21 RELATED PARTY DISCLOSURES

Transactions of key management personnel of the Company and their related entities concerning shares or share options

Key management personnel equity holdings

Option Holdings
The number of options over unissued shares in the Company held as at the end of the financial year by each director of the Company including their personally related entities are set out below.

Name	Balance at start of year	Issued during the year	(Exercised/sold) during the year	Balance at the end of the year
Directors				
R Spano	1,775,000	-	(1,775,000)	-
D Metcalfe	1,423,666	-	(1,000,000)	423,666
A Brown	-	-	-	-
Specified executives				
G Bean	200,000	100,000	-	300,000

Share holdings
The number of shares in the Company held as at the end of the financial year by each director of the Company including their personally related entities are set out below.

Name	Balance at start of year	Issued during the year	Purchased/(sold) during the year	Balance at the end of the year
R Spano	2,000,000	1,775,000	-	3,775,000
D Metcalfe	5,805,980	750,000	169,020	6,725,000
A Brown	5,117,250	-	(783,380)	4,333,870

Other transactions with key management personnel and related entities

a During the year, services were provided by key management personnel of entities in the consolidated entity or their related entities within a normal employee relationship on terms and conditions no more favourable than those which it is reasonable to expect would have been adopted if dealing with the directors or their director-related entities at arm's length in the same circumstances.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

21 RELATED PARTY DISCLOSURES (Continued)

Other transactions with key management personnel and related entities (Continued)

b The aggregate amount recognised during the year relating to key management personnel and related entities was as follows:

		Consolidated		Company	
Director	**Transaction**	**2007**	**2006**	**2007**	**2006**
		$	**$**	**$**	**$**
R Spano	Brokerage on security transactions	5,149	4,389	-	-
A Brown	Brokerage on security transactions	91,134	24,318	-	-
D Metcalfe	Brokerage on security transactions	9,177	10,352	-	-

Controlling entities
The wholly-owned group consists of Aequs Capital Limited and its wholly-owned controlled entities as set out in Note 9.

Wholly-owned group
Transactions between Aequs Capital Limited and other entities in the wholly-owned group during the years ended 30 June 2007 and 30 June 2006 consisted of:

Loan advanced by Aequs Capital Limited to Aequs Securities Pty Ltd of $1,500,000. The loan is subordinated and has been approved with the ASX.

The above transaction was made on normal commercial terms and conditions and at market rates, except that there are no fixed terms for the repayment of principal on loans advanced and the loans are interest free.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

22 NOTES TO THE CASH FLOW STATEMENTS

i Cash and cash equivalents at the end of the financial year as shown in the Cash Flow Statements is reconciled to the related items in the Balance Sheets as follows:

	Consolidated		Company	
	2007	2006	2007	2006
	$	$	$	$
Cash at bank and on hand	5,849,341	3,951,969	1,211,893	14,617

ii Reconciliation of cash flow from operating activities

Profit for the year	1,010,494	427,910	720,801	436,456
Depreciation	29,090	27,016	-	-
Share based remuneration	141,300	67,642	141,300	67,642
Change in operating assets and liabilities:				
- Change in receivables	(6,918,788)	4,608,063	(141,300)	(81,643)
- Change in prepayments	(22,225)	(150)	-	-
- Change in intangibles	-	(6,780)	-	-
- Change in payables	7,060,703	(5,565,351)	-	(15,000)
- Change in provisions	128,214	103,236	-	-
Net cash from operating activities	1,428,788	(338,414)	720,801	407,455

23 EARNINGS PER SHARE

	Consolidated	
	2007	2006
Earnings per share		
Basic earnings per share	3.6 cents	1.7 cents
Diluted earnings per share	2.8 cents	1.3 cents
Weighted average number of ordinary shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share.	28,089,786	24,799,478

24 SEGMENT INFORMATION

The consolidated entity operated in one business, being stock broking advisory services and in only one geographic segment, Australia.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

25 DIVIDENDS PAID AND PROPOSED

	Consolidated		Company	
	2007	2006	2007	2006
	$	$	$	$
Declared and paid during the year				
Dividends on ordinary shares:				
Final franked dividend for 2005 – 2.5 cents	-	641,674	-	641,674
Final franked dividend for 2006 – 1.5 cents	392,055	-	392,055	-
Interim fully franked dividend for 2007 – 1.0 cents	296,770	-	296,770	-
	688,825	641,674	688,825	641,674

Proposed dividend
A fully franked dividend of 1.4 cents per share fully franked has been declared payable on 20 September 2007.

26 DIVIDEND FRANKING ACCOUNT

Balance of franking account as at 30 June 2007 is detailed below:

	Consolidated		Company	
	2007	2006	2007	2006
	$	$	$	$
Franking credits available based on a tax rate of 30% (2006: 30%)	211,612	221,189	-	-

The ability to utilise the franking account credits is dependent upon there being sufficient available profits to declare dividends in the future.

A final dividend paid on 21 September 2006 utilised franking credits amounting to $168,024.
An interim dividend paid on 14 March 2007 utilised franking credits amounting to $127,187.
Company tax and instalments totalling $306,210 was paid during the year.

27 SHARE BASED PAYMENTS

The following share based arrangements existed at 30 June 2007:

On 9 February 2004 300,000 share options were granted to an employee as part of his agreed remuneration to accept ordinary shares at an exercise price of 20 cents. 100,000 options vested on 9 February 2005 and can be exercised on or before 30 November 2007. A second 100,000 options vested on 9 February 2006 and can be exercised on or before 9 February 2008. A third 100,000 vested on 9 February 2007 and can be exercised on or before and 9 February 2009. The options hold no voting or dividend rights and are transferable. At reporting date none of the above share options have been exercised.

On 1 September 2005 200,000 share options were issued to an employee as part of his remuneration to accept ordinary shares at an exercise price of 25 cents. The options vested when issued and are exercisable on or before 30 June 2007. The options expired unexercised on 30 June 2007.

27 SHARE BASED PAYMENTS (Continued)

On 30 October 2005 531,000 share options were issued in accordance with the then existing Staff Incentive Share Option Plan to take up ordinary shares at an exercise price of 30 cents. The options vested when issued and are exercisable on or before 30 June 2008. The options hold no voting or dividend rights and are transferable. At reporting date no share options have been exercised.

On 27 January 2006 250,000 share options exercisable at 30 cents were issued to an employee as part of his agreed remuneration. The options vested when issued and are exercisable on or before 27 January 2008. The options hold no voting or dividend rights and are transferable. At reporting date none of these share options have been exercised.

On 30 June 2006 461,000 options were granted in accordance with the then existing Staff Incentive Share Option Plan to take up ordinary shares at an exercise price of 21 cents. The options vested on 30 October 2006 and are exercisable on and up to 30 June 2009. The options hold no voting or dividend rights and are transferable. Employees accepted cash-in-lieu of 127,000 of these options. At reporting date none of the remaining 334,000 share options have been exercised.

On 1 July 2006 300,000 options were granted to employees as part of their agreed remuneration to accept ordinary shares at exercise price of 27 cents. The options vested on 31 August 2006 and are exercisable on or before 30 June 2008. The options hold no voting or dividend rights and are transferable. 100,000 of these options were forfeited by an employee who ceased employment prior to the vesting date. At reporting date none of the remaining 200,000 options have been exercised.

On 1 April 2007 1,000,000 options were granted to employees as part of their agreed remuneration to accept ordinary shares at exercise price of 30 cents. The options vested on 1 April 2007 and are exercisable on or before 31 December 2009. The options hold no voting or dividend rights and are transferable. At reporting date none of these options have been exercised.

	2007		2006	
	Number Of Options	Weighted Average Exercise Price $	Number Of Options	Weighted Average Exercise Price $
Consolidated Entity				
Outstanding at the beginning of the year	8,421,998	0.18	8,422,998	0.15
Granted	1,000,000	0.30	1,774,000	0.29
Exercised	(2,740,000)	0.16	(1,775,000)	0.14
Forfeited/lapsed	(127,000)	0.21		
Outstanding at year end	6,554,998	0.21	8,421,998	0.18
Exercisable at year end	6,554,998	0.21	7,178,998	0.18
Parent Entity				
Outstanding at the beginning of the year	8,421,998	0.18	8,422,998	0.15
Granted	1,000,000	0.30	1,774,000	0.29
Exercised	(2,740,000)	0.16	(1,775,000)	0.14
Forfeited/lapsed	(127,000)	0.21		
Outstanding at year end	6,554,998	0.21	8,421,998	0.18
Exercisable at year end	6,554,998	0.21	7,178,998	0.18

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

27 SHARE BASED PAYMENTS (Continued)

There were 2,740,000 options exercised during the year ended 30 June 2007. These options had a weighted average share price of $0.14 at exercise date.

The options outstanding at 30 June 2007 had a weighted average exercise price of $0.21 and a weighted average remaining contractual life of 1 year. Exercise prices range from $0.125 to $0.30 in respect of options outstanding at 30 June 2007.

The weighted average fair value of the options granted during the year was $0.30.

This price was calculated by using a Binomal option pricing model applying the inputs detailed above and expected share price volatility of 50%, a risk free rate of 6% and the underlying share price at the grant date.

Historically volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future tender, which may not eventuate.

The life of the options is based on the historical exercise patterns, which may not eventuate in the future.

Included in the Income Statement is $158,850 (2006: $67,642) and relates in full to equity settled share based payment transactions.

28 KEY MANAGEMENT PERSONNEL DISCLOSURES

a The key management personnel of the Company include the directors, chief financial officer and chief operations officer.

b The following persons were key management personnel of the Company during the financial year:

Directors	*Executives*
R Spano	G Bean
A N Brown	G Henderson
D J F Metcalfe	

c Compensation paid, payable or provided to directors and other key management personnel during the financial year is set out in the following table:

	Primary					Equity		
Directors	**Cash Salary and fees**	**Commiss-ions**	**Non monetary benefits**	**Super-annuation**	**Other benefits**	**Shares**	**Options (ii)**	**Total**
R Spano	60,000	-	-	-	-	-	-	60,000
D Metcalfe	129,996	349,659	20,940	42,269	-	-	7,600	550,464
A Brown	30,000	-	-	-	-	-	-	30,000
Executives								
G Bean	82,002	-	-	89,700	-	-	847	172,549
G Henderson	85,000	-	-	7,410	-	-	-	92,410
	386,998	349,659	20,940	139,379	-	-	8,447	905,423

SHAREHOLDER INFORMATION
AS AT 31 JULY 2007

A. Substantial Shareholders

Name	Number of Shares	Percentage of issued shares
Lush Investments Pty Limited <Metcalfe Family A/C>	6,050,000	18.40
Rowe Street Investments Pty Ltd	4,333,870	12.52
Glacierglow Pty Ltd	2,965,000	8.44
Wavet Fund No 2 Pty Ltd	2,162,000	6.58
Stuart David Faulkner	2,100,000	6.39
Integrated Asset Management Pty Ltd	1,775,000	5.40
Cayzer Pty Ltd <Rofe Family A/C>	1,650,000	5.02

B. Distribution of Fully Paid Ordinary Shares

(i) Distribution schedule of holdings

1 – 1,000	52
1,001 – 5,000	53
5,001 – 10,000	76
10,001 – 100,000	68
100,001 and over	28
Total number of holders	277

(ii) Percentage held by the 20 largest holders 86.27

C. Twenty Largest Shareholders
As at 31 July 2007

Name	Number of Shares	Percentage of issued shares
Lush Investments Pty Limited <Metcalfe Family A/C>	6,050,000	18.40
Rowe Street Investments Pty Ltd	4,333,870	12.52
Glacierglow Pty Ltd	2,965,000	8.44
Wavet Fund No 2 Pty Ltd	2,162,000	6.58
Stuart David Faulkner	2,100,000	6.39
Integrated Asset Management Pty Ltd	1,775,000	5.40
Cayzer Pty Ltd <Rofe Family A/C>	1,650,000	5.02
Hudson Share Plans Pty Ltd	1,625,000	4.94
Spanson Investments Pty Limited	1,600,000	4.87
Kyle Parade Pty Ltd <The Player S/F A/C>	623,000	1.89
Great Team Industrial Limited	600,000	1.82
Hestian Pty Ltd	578,855	1.76
Equipment Company of Australia Pty Ltd	400,000	1.22
Alan Alec Kindl	380,365	1.16
Haac Pty Ltd <Haac Unit A/C>	364,514	1.11
Domson Pty Ltd	304,228	0.93
Lush Investments Pty Ltd <Lush Invest Super Fund A/C>	250,000	0.76
Imperial Investments Pty Ltd	201,750	0.61
Duncan Ackery	200,000	0.61
Julii Pty Ltd <Hedy Family a/c>	200,000	0.61
	28,363,582	**86.27**

D. Voting Rights – Ordinary Shares

On a show of hands, every member, present in person or by proxy, shall have one vote and upon a poll every member, present in person or by proxy, shall have one vote for each share.

Aequs Capital Limited
Other Appendix 4E Information

NTA Backing

	2007	2006
Net tangible asset backing per ordinary share	15.0 cents	12.2 cents

Commentary on results
Refer Review of Operations in the attached financial statements.

Audit
This report is based on accounts which have been audited. The audit report dated 24 August 2007 is attached.