TROJAN EQUITY LIMITED

ABN 88 113 436 141

ANNUAL REPORT 2012

TROJAN EQUITY LIMITED
ABN 88 113 436 141

CORPORATE DIRECTORY

Company

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

Registered Office and Principal Place of Business

Level 12
144 Edward Street
BRISBANE QLD 4000
Tel 07 3121 5666
Fax 07 3503 9250

Directors

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

Company Secretary & Chief Financial Officer

Richard Symons

Auditor

Johnston Rorke
Level 30, Central Plaza One
345 Queen Street
BRISBANE QLD 4000

Share Registry

Registries Limited
ABN 14 003 209 836
Level 7, 207 Kent Street
SYDNEY NSW 2000
Tel 02 9290 9600
Fax 02 9279 0664

Stock Exchange Listing

Trojan Equity Limited is listed on the Australian Securities Exchange.

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MESSAGE FROM THE CHAIRMAN AND MANAGING DIRECTOR

At the beginning of the financial year, Trojan Equity Limited's only material assets were cash and its shareholding in CMI Limited Class A shares. We believed that CMI Limited Class A shares were trading at a large discount to their true value as a direct result of the conduct of the board of CMI Limited. Our efforts in the 2011/12 financial year were focussed entirely on unlocking the value from our shareholding in CMI Limited Class A shares.

CMI Litigation

In August 2011, Trojan initiated legal proceedings in the Supreme Court of Queensland against CMI Limited, its directors and various associated shareholders. A settlement of the matter was agreed in March 2012 whereby CMI Limited agreed to buy back all of its outstanding Class A shares at a price of $0.95 each and with Trojan to receive an amount of $515,000 as a contribution towards its legal costs. All amounts due to Trojan pursuant to the settlement were received in June 2012 and the proceedings have now been dismissed.

Financial Result

As a result of the successful realisation of the CMI Limited Class A holding, Trojan once again recorded a very strong profit (relative to the size of our capital base) and excellent return on equity.

For the year to 30 June 2012, the Company recorded a net profit after tax of $1.04 million.

This represents earnings per share of 13.4 cents.

A final dividend of 13.5 cents per share fully franked was declared in June 2012 and paid on 10 July 2012.

At 30 June 2012, the Company's net assets stood at $2.34 million, representing a net tangible asset backing of $0.30 per share. This is virtually unchanged from 2011, but is after providing for the final dividend of $1.05 million.

Performance

On a percentage basis, our reported profit after tax represents a return on capital of 44.2%.

	2011/12	**2010/11**	**2009/10**	**2008/09**	**2007/08**	**2006/07**
Pre Tax Return on Capital	63.1%	33.7%	52.8%	(29.7%)	(15.2%)	26.9%
After Tax Return on Capital	44.2%	32.0%	52.8%	(30.2%)	(10.4%)	20.2%

Ongoing Costs

From 1 July 2012, the Trojan directors have again voluntarily agreed to a cut in directors' fees. Our managing director, who is our only employee, is now paid a salary of $20,000 (plus super) per annum. Our two non-executive directors are paid $10,000 per annum each. We continue to operate with a very low level of corporate costs by public company standards, operating from shared offices and with our company secretarial function contracted out.

The Future

Trojan's program of downsizing by realising assets and returning capital to its shareholders is at an end and the CMI legal proceedings which have paralysed the Company for the past year or so are also at an end. This has allowed us to focus once again on our core business as a listed investment company. This involves investing principally in listed, and sometimes unlisted, securities.

We thank you for your continued support and look forward to maximizing your remaining investment in the Company.

Kind regards

Andrew Kemp
Chairman

Troy Harry
Managing Director

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HOLDINGS AS AT 30 JUNE 2012

	Fair Value at 30 June 2012 $
Australian Listed Securities	
RKS Limited	-
Total Australian Listed Securities	**-**
Australian Unlisted Securities	
Lednium Limited	-
Total Australian Unlisted Securities	**-**
Total All Holdings	**-**

DIRECTORS' REPORT

The Directors of Trojan Equity Limited present their report for the year to 30 June 2012.

1 : Directors

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

Andrew P.S. Kemp - Chairman

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

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

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

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

- PTB Company Limited since December 2004
- Silver Chef Limited since April 2005
- G8 Education Limited since March 2011
- SCV Company Limited from March 2004 to February 2011

Troy J. Harry – Managing Director

Troy Harry is the founder of Trojan Investment Management Pty Ltd, which provided management services to the Company until 3 September 2009. He has a deep understanding of the Australian stock market with over 19 years experience in the Australian securities industry.

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

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

He holds a Bachelor of Business (Banking and Finance) degree from Queensland University of Technology.

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

- Villa World Group since February 2009.

Roger B. Clarke – Non-Executive Director

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

Roger is Chairman of the Board of Advice of RBS Morgans Limited, and has been part of its executive team for over 20 years.

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

- Chairman (and director) of Tissue Therapies Limited since February 2004
- Chairman (and director) of PIPE Networks Limited from February 2005 to March 2010
- Chairman (and director) of NextDC Limited since June 2010
- Director of Maverick Drilling & Exploration Limited since November 2007
- Chairman (and director) of Coalbank Limited since September 2010

Roger holds a Bachelor of Commerce degree from the University of Auckland and is a Chartered Accountant.

DIRECTORS' REPORT (continued)

Company Secretary and Chief Financial Officer

The Company Secretary and Chief Financial Officer in office at the date of this report is Richard Symons. Richard is a member of the Institute of Chartered Accountants, FINSIA, and is a Chartered Secretary. He has held a wide variety of CFO and company secretary positions for both publicly listed and private businesses.

Directors' Interests in the Company

At the date of this report, the interests of the Directors in the shares of the Company were as follows. No options were on issue.

	Ordinary shares
A.P.S. Kemp (Chairman)	20,000
T.J. Harry (Managing Director)	1,834,886
R.B. Clarke (Non-Executive Director)	43,750

2 : Remuneration Report

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

A. Principles and Agreements

B. Details of Remuneration

No remuneration consultant was employed to provide recommendations in respect of the remuneration of directors and other key management personnel.

A. Principles and Agreements

a) Non-executive Directors

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

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

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

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

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

b) Senior Executives and Company Secretary

Details of the remuneration and related service agreements of the Managing Director (T.J. Harry) and the CFO / Company Secretary (R.J. Symons) are detailed below.

T.J. Harry is employed full-time on a rolling three month contract which requires one month notice by either party of termination. There is no compensation payable on termination of employment, apart from statutory entitlements. For the year ended 30 June 2012, his remuneration was set at $39,240 per annum (including superannuation), while for the year ended 30 June 2011, it was $109,000 per annum (including superannuation). In both years, there were no performance bonuses or share based remuneration applicable. Annual and long service leave is not applicable under the arrangement in either the 2011 or 2012 financial year.

R.J. Symons provides his services under a contractual arrangement at the rate of $36,000 per annum and has done so since 1 January 2011. Under this arrangement, he is not entitled to any performance bonuses or share based remuneration. Until 31 December 2010, he was employed part-time on a contract which required one month notice by either party of termination. There was no compensation payable on termination of employment, apart from statutory entitlements. Remuneration was based on a full-time equivalent salary of $120,000 per annum (including superannuation), and there were no performance bonuses or share based remuneration applicable.

DIRECTORS' REPORT (continued)

B. Details of Remuneration

(a) Directors' and Other Key Management Personnel remuneration

2012	Short term benefits: Fees and/or salary	Short term benefits: Annual leave	Post employment Benefits Super-annuation	Total	Percentage of Remuneration that is Performance Related
	$	$	$	$	%
A.P.S. Kemp (Chairman)	15,000	-	-	15,000	-
R.B. Clarke (Non-Executive Director)	13,762	-	1,238	15,000	-
R.J. Symons (Company Secretary & CFO)	36,000	-	-	36,000	-
T.J. Harry (Managing Director)	18,000	-	21,240	39,240	-
Totals	82,762	-	22,478	105,240	0.0%

2011	Fees and/or salary	Annual leave	Post employment Benefits Super-annuation	Total	Percentage of Remuneration that is Performance Related
A.P.S. Kemp (Chairman)	15,000	-	-	15,000	-
R.B. Clarke (Non-Executive Director)	13,762	-	1,238	15,000	-
R.J. Symons (Company Secretary & CFO)	31,874	1,163	1,249	34,286	-
T.J. Harry (Managing Director)	87,167	(269)	21,833	108,731	-
Totals	147,803	894	24,320	173,017	0.0%

3 : Directors' and Committee Meetings

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

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

Audit and Risk Management Committee

The Audit and Risk Management Committee comprises A.P.S. Kemp and R.B. Clarke.

4 : Dividends

The following dividends were declared in 2011 and paid during the financial year.

	cents	$
Dividends paid during the year		
Special for 2011 (paid 8 July 2011)	12.27	3,822,662

The following dividends were declared during the financial year but were unpaid at year end.

Dividends declared during the year but not paid		
Final for 2012 (declared 18 June 2012)	13.5	1,051,473

The final 2012 dividend was paid on 10 July 2012, and is shown as a liability on the statement of financial position.

DIRECTORS' REPORT (continued)

5 : Principal Activity

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

6 : Company Status

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

7 : Operating and Financial Review

For the year to 30 June 2012, the Company recorded a net profit after tax of $1.04 million, representing earnings per share of 13.4 cents. A tax expense was recorded, as the Company exhausted its prior year tax losses during the 2011 year.

At 30 June 2012, the Company's net tangible assets stood at $2.34 million (2011: $2.35 million) representing a net tangible asset backing of 30.1 cents per share (2011: 30.2 cents). A 12.27 cents per share partly franked dividend was paid on 8 July 2011.

A final fully franked dividend of 13.50 cents per share was declared on 18 June 2012 and was paid on 10 July 2012.

As at 30 June 2012, the Company's assets principally consisted of cash.

8 : Significant Changes in the State of Affairs

During the year, the Company continued its previously announced programme of liquidating assets and returning the proceeds to shareholders.

A settlement was reached with CMI Group Limited, under which CMI agreed to buy back all outstanding Class A shares at 95c per security. These funds were received in June 2012. In addition, CMI and others paid the Company $515,000 in respect of legal costs incurred in the action.

9: Significant Events After Balance Date

On 10 July 2012, a fully-franked dividend of 13.5 cents per share was paid to shareholders. The total amount of cash paid out was $1,051,473.

Other than the above, no other matters or circumstances have arisen since 30 June 2012, which have significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years, except as disclosed in note 15 of the financial statements.

10 : Likely Developments

The Company will continue its operations as a Listed Investment Company and seek to identify new investment opportunities. At present, no further capital returns, share buybacks, or dividends are planned.

The Company's prospects during the next financial year are difficult to predict due to the nature of the Company's business and will be dependent on, among other things, general stock market conditions and any corporate transactions.

11 : Indemnification of Directors and Officers

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

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

The Company provides an indemnity to its auditor under Professional Standards Legislation to the extent required under the Corporations Act 2001.

DIRECTORS' REPORT (continued)

12 : Environmental Regulation

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

13 : Share Options

The Company has no outstanding share options.

14 : Auditor Independence

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

15 : Non-Audit Services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company are important.

Details of the amounts paid or payable to Johnston Rorke for non-audit services provided during the year are set out below.

The Board of Directors has considered the position and, in accordance with advice received from the Audit Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

During the year the following fees were paid or payable for non-audit services provided by the auditor:

	2012	**2011**
	$	**$**
Tax and accounting compliance services	5,130	10,810

Signed in accordance with a resolution of the Directors

Troy Harry

Managing Director

1 August 2012

JOHNSTON RORKE
CHARTERED ACCOUNTANTS

Level 30
Central Plaza 1
345 Queen Street
Brisbane Qld 4000

Tel: 07 3222 8444
Fax: 07 3221 7779

Postal Address:
GPO Box 1144
Brisbane Qld 4001

www.jr.com.au
jr@jr.com.au

The Directors
Trojan Equity Limited
Level 12
144 Edward Street
BRISBANE QLD 4000

Auditor's Independence Declaration

As lead auditor for the audit of Trojan Equity Limited for the year ended 30 June 2012, I declare that, to the best of my knowledge and belief, there have been:

(i) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

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

This declaration is in respect of Trojan Equity Limited and the entities it controlled during the period.

JOHNSTON RORKE
Chartered Accountants

J. Evans

J. J. Evans
Partner

Brisbane, Queensland
1 August 2012

TROJAN EQUITY LIMITED
ABN 88 113 436 141

CORPORATE GOVERNANCE STATEMENT

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

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

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

Principle 1 - Lay solid foundations for management and oversight

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

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

Principle 2 - Structure the Board to add value

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

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

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

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

Principle 3 - Promote ethical and responsible decision making

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

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

Due to the Board only comprising 3 members, and the nature of the Company's current activities, the Company is not able to comply with the Guidelines to the extent that it cannot disclose measureable objectives for achieving gender diversity. The Company has no diversity policy as it would be impractical to implement it.

The Company has no women employees, executives, nor board members. It should be noted the Company has only one employee, being its Managing Director.

Principle 4 - Safeguard integrity in financial reporting

An Audit and Risk Management Committee has been established by the Board and is governed by its own charter. This charter requires the Managing Director to state in writing to the Board that the Company's financial statements present a true and fair view in all material respects of the Company's financial condition and that the operational results are in accordance with relevant accounting standards.

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

The Board believes that the appointed Audit and Risk Management Committee will adequately fulfil its intended role. Nevertheless, it will reassess its ability to do this on a regular basis.

Principle 5 - Make timely and balanced disclosure

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

Principle 6 - Respect the rights of shareholders

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

CORPORATE GOVERNANCE STATEMENT (continued)

Principle 7 - Recognise and manage risks

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

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

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

Principle 8 - Remunerate fairly and responsibly

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

In light of the size and composition of the Board, Trojan Equity is not able to comply with the Guidelines to the extent that they recommend the existence of a remuneration committee. Any matters pertaining to remuneration issues, should they arise, will be considered by the full Board.

TROJAN EQUITY LIMITED
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Statement of Comprehensive Income
for the Year Ended 30 June 2012

	Note	2012 $	2011 $
Revenues and gains from continuing operations	3	2,250,993	9,441,456
Expenses from continuing operations	4	(763,668)	(490,166)
Finance costs		(1,300)	(1,130)
Profit before income tax		1,486,025	8,950,160
Income tax expense	5	(445,798)	(448,151)
Profit for the year		**1,040,227**	**8,502,009**
Other comprehensive income for the period (net of tax)		-	-
Total comprehensive income for the period		**1,040,227**	**8,502,009**
Profit attributable to :			
Owners of the parent		1,040,227	8,502,009
Non-controlling interests		-	-
		1,040,227	**8,502,009**
Total comprehensive income attributable to :			
Owners of the parent		1,040,227	8,502,009
Non-controlling interests		-	-
		1,040,227	**8,502,009**
Basic earnings per share (cents)	12	13.4	19.6
Diluted earnings per share (cents)	12	13.4	19.6

The accompanying notes form part of these financial statements

TROJAN EQUITY LIMITED
ABN 88 113 436 141

Statement of Financial Position
as at 30 June 2012

	Note	2012 $	2011 $
Current Assets			
Cash and cash equivalents	11	3,278,111	23,955,692
Trade and other receivables	6	607,935	20,143
Other financial assets held for trading	7	-	1,241,996
Deferred tax asset	5	5,400	-
Total Current Assets		**3,891,446**	**25,217,831**
Total Assets		**3,891,446**	**25,217,831**
Current Liabilities			
Trade and other payables	8	1,075,845	22,471,932
Income tax payable		473,968	370,257
Deferred tax liability	5	-	22,763
Total Current Liabilities		**1,549,813**	**22,864,952**
Total Liabilities		**1,549,813**	**22,864,952**
Net Assets		**2,341,633**	**2,352,879**
Equity			
Contributed equity	10	2,832,513	2,832,513
Accumulated losses		(490,880)	(479,634)
Total Equity		**2,341,633**	**2,352,879**

The accompanying notes form part of these financial statements

TROJAN EQUITY LIMITED
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Statement of Changes in Equity for the Year Ended 30 June 2012

	Note	Contributed Equity	Retained Profits / (Accumulated losses)	Total Equity
		$	$	$
Balance at 1 July 2010		34,520,780	(3,410,116)	31,110,664
Profit for the year		-	8,502,009	8,502,009
Total comprehensive income for the year		-	8,502,009	8,502,009
Transactions with equity holders in their capacity as equity holders :				
Shares bought back and cancelled during the year	10	(13,079,661)	-	(13,079,661)
Return of capital paid (payable 8 July 2011)	10	(18,608,606)	-	(18,608,606)
Dividends paid and provided for during the year		-	(5,571,527)	(5,571,527)
Balance at 30 June 2011		**2,832,513**	**(479,634)**	**2,352,879**
Profit for the year		-	1,040,227	1,040,227
Total comprehensive income for the year		-	1,040,227	1,040,227
Transactions with equity holders in their capacity as equity holders :				
Dividends paid and provided for during the year	18	-	(1,051,473)	(1,051,473)
Balance at 30 June 2012		**2,832,513**	**(490,880)**	**2,341,633**

The accompanying notes form part of these financial statements

Statement of Cash Flows
for the Year Ended 30 June 2012

	Note	2012 $	2011 $
Cash flows from operating activities			
Receipts from other financial assets held for trading		3,579,614	32,795,342
Payments for other financial assets held for trading		(668,608)	(1,352,831)
Interest received		63,817	761,107
Dividends received		-	2,626,915
Receipts from other parties		594,251	41,552
Payments to suppliers and employees		(843,838)	(339,601)
Deposits (paid) / refunded		(600,000)	4,767
Income tax paid / (refunded)		(370,249)	-
Interest paid		(1,300)	(1,130)
Net cash inflows from operating activities	11	**1,753,687**	**34,536,121**
Cash flows from investing activities			
Disposal of controlled entity, net of cash disposed of	19	-	(67,978)
Net cash inflows / (outflows) from investing activities		**-**	**(67,978)**
Cash flows from financing activities			
Capital returns		(18,608,606)	-
Buyback of ordinary shares		-	(13,079,661)
Dividends paid		(3,822,662)	(1,748,865)
Proceeds from borrowings		100,000	-
Repayment of borrowings		(100,000)	-
Net cash outflows from financing activities		**(22,431,268)**	**(14,828,526)**
Net increase / (decrease) in cash and cash equivalents		**(20,677,581)**	**19,639,616**
Cash and cash equivalents at the beginning of the financial year		23,955,692	4,316,076
Cash and cash equivalents at the end of the financial year		**3,278,111**	**23,955,692**

The accompanying notes form part of these financial statements

Notes to the Financial Statements for the Year Ended 30 June 2012

1. Corporate Information

Trojan Equity Limited (the Company) is a Company limited by shares incorporated and domiciled in Australia. The Company's shares are publicly traded on the Australian Securities Exchange.

The registered office and principal place of business of the Company is :

Level 12
144 Edward Street
BRISBANE QLD 4000

2. Statement of Significant Accounting Policies

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

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. Trojan Equity Limited is a for-profit entity for the purpose of preparing the financial statements.

The following are the revised accounting policies which have been adopted for the current year, together with the previous accounting policies which were adopted in prior years.

Basis of Preparation - 2012

The financial report for the year ended 30 June 2012 is prepared on a going concern basis, following the receipt of proceeds from the buy-back of the CMI Limited Class A shares on 12 June 2012. The reason for the change in policy from the 2011 year is that, after this receipt, the Company's programme of realising its investment assets is now at an end. Consequently, the Company will now proceed to operate as a listed investment company. The change in policy has had no effect on the valuation of the Company's assets and liabilities.

Basis of Preparation - 2011

The financial report for the year ended 30 June 2011 was prepared on a liquidation basis.

The following paragraphs explain why the directors believe the liquidation basis of accounting was appropriate for the 2011 financial year.

On 31 August 2009, the Company's shareholders in general meeting resolved to approve a proposal which included the Company gradually liquidating its investment assets over a period of time, and distributing the proceeds to shareholders in the form of capital returns and/or share buybacks.

As the Company's directors intended to continue liquidating the Company's investments (over a period of time) and returning capital to shareholders, the financial statements from 2009 to 2011 were prepared on a liquidation basis.

The Company's assets consisted of cash and securities, with securities having a value being listed on the ASX. It should be noted that the liquidation of the assets was in no way forced, and did take some time to complete.

In adopting the liquidation basis, assets are stated at their estimated net realisable values and liabilities are stated at their anticipated settlement amounts. The estimated net realisable value of assets represents the directors' best estimate of the recoverable value of the assets, net of selling expenses.

Given the uncertainties in valuing assets on a liquidation basis, it was likely that the valuation of assets included within these financial statements differed from the actual values on realisation.

The directors did not provide for the present obligation for the liquidation costs as the directors estimated such costs were insignificant. Further, the financial statements did not recognise any future asset or liability with respect to the operating activities of the Company between balance date and the ultimate date of windup. The results of operations in that period were to be recognised in the statements of comprehensive income in the financial periods in which they arose.

Compliance with IFRS

These financial statements also comply International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Financial statement presentation

There are a number of new and amended Accounting Standards issued by the AASB which are applicable for reporting periods beginning on 1 July 2011. The Company has adopted all the mandatory new and amended Accounting Standards issued that are relevant to its operations and effective for the current reporting period.

There was no material impact on the Financial Report as a result of the mandatory new and amended Accounting Standards adopted.

Other financial assets held for trading

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

Assets held in this category are classified as current assets if they are expected to be settled within 12 months, otherwise they are classified as non-current.

Notes to the Financial Statements
for the Year Ended 30 June 2012

2. Statement of Significant Accounting Policies (continued)

Fair value estimation 2012 (going concern basis)

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

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

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

Fair value estimation 2011 (liquidation basis)

The Company has a substantial stake in one relatively small ASX listed entity. The stake could potentially be strategic and have a value greater than its apparent bid price. Alternately, the view might be taken that the stake may prove difficult to sell at the bid price in the quantities held by the Company.

As the Company is not required to liquidate the asset over a short time frame, and is thus able to seek the most advantageous exit strategy from the investment position, the Company considers that the quoted bid price remains the most appropriate valuation methodology. This is consistent with the valuation methodology of prior years. The Company considers that any other method of valuation would require a significant number of assumptions about unpredictable future events, and as such would be unreliable.

Cash and cash equivalents

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

Receivables

Receivables include outstanding settlements and accrued interest and dividend revenue.

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

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

Other receivables are normally due within 30 days of recognition.

Payables

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

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

Issued capital

Ordinary shares are classified as equity.

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

Where the Company purchases the Company's own equity instruments, for example as a result of a share buyback or a share based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the Company as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the Company.

Revenue recognition

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

Gains or losses from other financial assets held for trading

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

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

Notes to the Financial Statements for the Year Ended 30 June 2012

2. Statement of Significant Accounting Policies (continued)

Interest income

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

Dividend income

Dividends and distributions are recognised when the security-holder's right to receive the payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence.

Taxes

Income tax

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

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

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

Current and deferred tax balances attributable to amounts recognised in other comprehensive income or directly in equity are also recognised in other comprehensive income or directly in equity respectively.

Goods and services tax (GST)

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

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

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from or payable to the taxation authority is included as part of receivables or payables in the statement of financial position.

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

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

Earnings per share (EPS)

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

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

Notes to the Financial Statements for the Year Ended 30 June 2012

2. Statement of Significant Accounting Policies (continued)

Operating segments

Under AASB 8, from 1 July 2009 operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the Company's chief operating decision maker which for the Company, is the board of directors. As the Company only has one operating segment, being share trading, there are no reportable segments.

Principles of consolidation

The Company had no subsidiaries during or at the end of the 2012 financial year. For the 2011 year comparatives, the financial statements comprise the financial statements of Trojan Equity Limited and its subsidiary for the year ended 30 June 2011, but the Company only as at 30 June 2011 (the subsidiary was sold at that date).

Subsidiaries are all those entities over which the Company has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a Company controls another entity.

The financial statements of the subsidiary are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-Company transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Company and cease to be consolidated from the date on which control is transferred out of the Company.

Investments in subsidiaries held by Trojan Equity Limited are accounted for at cost in the separate financial statements of the parent entity less any impairment charges. Dividends received from subsidiaries are recorded as a component of other revenues in the separate statement of comprehensive income of the parent entity, and do not impact the recorded cost of the investment. Upon receipt of dividend payments from subsidiaries, the parent will assess whether indicators of impairment of the carrying value of investment in the subsidiary exist. Where such indicators exist, to the extent that the carrying value of the investment exceeds its recoverable amount, an impairment loss is recognised.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values.

The difference between the above items and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a discount on acquisition.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not an incremental cost relating to the actual draw-down of the facility, are recognised as prepayments and amortised on a straight line basis over the term of the facility.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Employee Benefits

(i) Short term obligations

Liabilities for wages and salaries, including non-monetary benefits expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. All other short term employee obligations are presented as payables.

Contributions to a defined contibution fund are recognised as they become payable.

(ii) Long term obligations

Any liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which employees render the related service is recognised in the provision for employee benefits and measured at the present value of expected future payments to be made in respect of the services provided. Consideration is given to expected future salary and wage levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the expected future outflows.

Notes to the Financial Statements for the Year Ended 30 June 2012

2. Statement of Significant Accounting Policies (continued)

Significant accounting judgements, estimates and assumptions

(i) Significant accounting judgements

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

Held for trading

The Company follows the AASB 139 requirements in classifying financial assets. This classification requires significant judgment as to whether the other financial assets (mainly shares) are held for trading or whether they should be classified as available-for-sale. In both cases the other financial assets are recognised in the statement of financial position at fair value, however, a key difference is the treatment of unrealised gains or losses. Where classified as held for trading, unrealised gains and losses are recognised in the profit or loss. Where available for sale they are recognised within other comprehensive income (unless impaired). Other financial assets have been classified as held for trading on the basis of the Company's objective of generating profits from short-term trading.

(ii) Significant accounting estimates and assumptions

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

Where there is no active market for a financial asset, fair value and net realisable value have been determined by valuation techniques, such as reference to the actual price paid in recent sale transactions.

Comparatives

For the 2011 year, the Statement of Financial Position represents Trojan Equity Limited only, while the Statement of Comprehensive Income, Statement of Cash Flows, and Statement of Changes in Equity comprise the results of Trojan Equity Limited and its subsidiary until the date of the subsidiary's disposal on 30 June 2011. The financial statements for the 2012 year comprise those of Trojan Equity Limited, with the company having no subsidiaries during the 2012 year.

New Standards/Interpretations

Relevant Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted for the annual reporting period ended 30 June 2012, are as follows :

Standard/Interpretation	Application date of Standard	Application date for the Company
AASB 9 *Financial Instruments* - revised and consequential amendments to other accounting standards resulting from its issue *	1 January 2013	1 July 2013
AASB 13 *Fair Value Measurement*	1 January 2013	1 July 2013
AASB 2011-4 *Amendments to Australian Accounting Standards to remove Individual Key Management Personnel Disclosure Requirements*	1 July 2013	1 July 2013
AASB 2011-9 *Amendments to Australian Accounting Standards - presentation of items of Other Comprehensive Income*	1 July 2012	1 July 2012
AASB 119 - *Employee Benefits - revised*	1 January 2013	1 July 2013
AASB 2012-2 *Amendments to Australian Accounting Standards – Disclosures - Offsetting Financial Assets and Financial Liabilities*	1 January 2013	1 July 2013
AASB 2012-3 *Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities*	1 January 2014	1 July 2014
AASB 2012-5 *Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle*	1 January 2013	1 July 2013

* The IASB has amended IFRS 9 to defer the mandatory effective date to annual reporting periods beginning on or after 1 January 2015. The AASB is yet to issue a similar amendment.

Notes to the Financial Statements
for the Year Ended 30 June 2012

2. Statement of Significant Accounting Policies (continued)

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

AASB 9 - This revised standard provides guidance on the classification and measurement of financial assets, which is the first phase of a multi-phase project to replace AASB 139 Financial Instruments: Recognition and Measurement. Changes in the fair value of investments in equity securities that are not part of a trading activity may be reported directly in equity, but upon realisation those accumulated changes in value are not recycled to the profit or loss. Changes in the fair value of all other financial assets carried at fair value are reported in the profit or loss. As the Company currently treats all equity securities as trading activities, it is unlikely that these amendments will impact the Company unless this treatment changes in the future.

In the second phase of the replacement project, the revised standard incorporates amended requirements for the classification and measurement of financial liabilities. The new requirements pertain to liabilities at fair value through profit or loss, whereby the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than profit or loss. There will be no impact on the Company's accounting for financial liabilities, as the Company does not have any liabilities at fair value through profit or loss.

AASB 13 – The new standard replaces the fair value measurement guidance contained in the various standards. It provides guidance on how to determine fair value by defining fair value and providing a framework for measurement, but does not change when an entity is required to determine fair value. It also expands the disclosures required when fair value is used. The Company is yet to assess whether any of its current measurement techniques will require revision due to the new guidance, however, it is anticipated that disclosures may be more extensive.

AASB 2011-4 – This amendment proposes the removal of individual key management personnel (KMP) disclosure requirements from AASB124. This is to eliminate replication with the *Corporations Act 2001* and achieve consistency with the international equivalent standard. The KMP disclosures will be reduced as a result of these amendments, but there will be no impact on the amounts recognised in the financial statements.

AASB 2011-9 – The amendments affect the presentation of items of other comprehensive income. Accordingly, only the presentation and disclosure of related items in the financial report are expected to be impacted

AASB 119 – These amendments introduce various modifications including changes to the measurement of defined benefit plans, change in the timing for recognition of termination benefits and amends the definition of short-term and other long-term employee benefits. The Company is yet to assess the impact of these amendments, if any.

AASB 2012-2 and AASB 2012-3 – The amendments to AASB132 clarify when an entity has a legally enforceable right to set-off financial assets and financial liabilities permitting entities to present balances net on the balance sheet. The amendments to AASB 7 increase the disclosure about offset positions, including the gross position and the nature of the arrangements. The Company has not yet assessed the impact of the amendments, if any.

AASB 2012-5 – These amendments introduce various changes to AASBs. The Company has not yet assessed the impact of the amendments, if any.

Overall, the Company does not expect the above changes to have any material effect on the financial statements.

Notes to the Financial Statements
for the Year Ended 30 June 2012

	2012 $	2011 $
3. Revenues and Gains from Continuing Operations		
Net gains on other financial assets held for trading *	1,670,477	5,663,688
Gain on disposal of controlled entity (refer note 19)	-	10,004
Interest from other parties	63,817	760,144
Dividends and distributions from other parties	-	2,979,183
Recovery of legal expenses	515,000	-
Option fees	-	19,000
Other income	1,699	9,437
Total revenues and gains from continuing operations	**2,250,993**	**9,441,456**

The recovery of legal expenses of $515,000 represents amounts received from CMI Group Limited and its related parties as a result of the settlement of the legal action taken by Trojan Equity. No further amounts are receivable.

* Net gains on other financial assets held for trading comprise :		
Gains		
- Realised	1,670,477	5,688,655
- Unrealised	-	93,868
Losses		
- Realised	-	(118,781)
- Unrealised	-	(54)
	1,670,477	**5,663,688**

The Company's investments are classified as held for trading. Accordingly, gains and losses comprise both gains and losses on sale (realised) as well as changes to fair value at reporting date (unrealised).

4. Expenses from Continuing Operations		
Employee benefits expense	69,615	155,392
Brokerage costs	1,368	131,783
Audit fees	27,000	27,500
Legal and professional fees	577,594	93,469
Other expenses	88,091	82,022
Total expenses from continuing operations	**763,668**	**490,166**

Notes to the Financial Statements for the Year Ended 30 June 2012

5. Income Tax

	2012 $	2011 $
(a) Income tax expense		
Current tax	473,961	425,388
Deferred tax	(28,163)	22,763
Tax expense reported in profit or loss	445,798	448,151
(b) Deferred tax assets		
The balance comprises temporary differences attributable to:		
Amounts recognised in profit or loss		
- Other accrued expenses	5,400	5,400
Balance	5,400	5,400
Set-off of deferred tax liabilities	-	(5,400)
Net deferred tax assets	5,400	-
(c) Deferred tax liabilities		
The balance comprises temporary differences attributable to:		
Amounts recognised in profit or loss		
- Other financial assets held for trading	-	28,163
- Other receivables	-	-
	-	28,163
Set-off of deferred tax assets	-	(5,400)
Net deferred tax liabilities	-	22,763
(d) Movements in net deferred tax (assets) / liabilities		
Opening balance	22,763	-
Charged / (credited) to income statement	(28,163)	22,763
Closing balance	(5,400)	22,763

Notes to the Financial Statements for the Year Ended 30 June 2012

	2012	2011
5. Income Tax (continued)	**$**	**$**

(e) Explanation of the relationship between income tax expense and accounting profit :

A numerical reconciliation between income tax expense and the product of accounting profit before income tax multiplied by the statutory income tax rate is as follows:

	2012	2011
Accounting profit before income tax	1,486,025	8,950,160
Tax at the statutory income tax rate of 30% (2011: 30%)	445,807	2,685,048
Prior year tax losses	-	(1,562,487)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income		
- Non deductible entertainment	-	185
- Non taxable distributions	-	(643,295)
- Over-provision in prior year	(9)	-
- Penalties and fines	-	20
- Tax offset for franked dividends	-	(31,320)
Income tax expense / (credit)	**445,798**	**448,151**

6. Trade and Other Receivables

	2012	2011
Other receivables	7,935	20,143
Deposit receivable	600,000	-
Total receivables	**607,935**	**20,143**

The deposit receivable of $600,000 entirely comprises an amount lodged with The Supreme Court of Queensland as security for legal costs associated with the action against CMI Group Limited and its related parties. As the case was dismissed on 18 June 2012, the Court will shortly be remitting these funds to Trojan Equity in full.

There were no impaired receivables, nor receivables past due not impaired, at 30 June 2012 (2011 : $nil). Refer Note 13 for information on risk exposure.

7. Other Financial Assets Held for Trading

	2012	2011
At beginning of year	1,241,996	26,598,005
Additions	667,140	1,702,838
Disposals	(1,909,136)	(27,152,661)
Unrealised gains	-	93,814
At end of year	**-**	**1,241,996**

Other financial assets held for trading include the following classes:

	2012	2011
ASX listed securities	-	1,241,996
Unlisted securities	-	-
Total	**-**	**1,241,996**

Refer to Note 13 for further disclosure on fair value measurements and classifications as they pertain to the assets listed above.

ASX listed securities are valued at their closing bid price at year end.

Valuation techniques are used in respect of unlisted securities. These valuation techniques comprise :

- Reference to the actual price paid in recent sales of the securities;
- Reference to investee company annual reports and other information; and
- Consideration of the effect of current general financial market conditions on the valuation of the investees.

Notes to the Financial Statements for the Year Ended 30 June 2012

7. Other Financial Assets Held for Trading (continued)

In applying these valuation techniques, there is a risk that management's estimate of fair value could be incorrect. However, the Directors believe this risk is not material to the overall position of the Company.

Refer Note 13 for information on risk exposure.

Collateral pledged

Refer Note 9 for information on Other Financial Assets held for Trading pledged as security.

No financial assets were held for trading at 30 June 2012. The following investments represent greater than 10% of the net assets of the Company as at 30 June 2011.

	Fair value $
2011	
CMI Limited Class A shares	1,241,480

During the year, 4 (2011: 143) transactions in securities were conducted with total brokerage costs of $1,368 (2011: $131,783) being incurred.

8. Trade and Other Payables

	2012 $	2011 $
Return of capital	-	18,608,606
Dividend	1,051,473	3,822,662
Trade creditors and accruals	24,373	40,664
Total payables	**1,075,845**	**22,471,932**

The dividend was declared on 18 June 2012 and paid on 10 July 2012.

In respect of the 2011 comparative figures, the return of capital was approved by shareholders on 15 June 2011, and paid on 8 July 2011. The dividend was also declared on 15 June 2011 and paid on 8 July 2011.

Refer Note 13 for information on risk exposure.

9. Borrowings

As at 30 June 2012, the Company had a margin loan facility available of $2,500,000 (2011 : $2,500,000). As at 30 June 2012 and 30 June 2011, this facility was undrawn.

The security for the margin loan facility is the financial assets (ie, shares) held by the Company. No financial assets were held at 30 June 2012.

The facility is at call and subject to variable interest rates.

Details regarding interest rate and price risk exposures relating to these borrowings are detailed further in Note 13.

Notes to the Financial Statements for the Year Ended 30 June 2012

10. Contributed Equity

	2012 $	2011 $
(a) Share capital		
7,788,687 (2011 : 7,788,687) ordinary shares fully paid	2,832,513	2,832,513

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

Share movements were as follows:	No. of Shares	$
Balance at 1 July 2010	**48,579,577**	**34,520,780**
Return of capital approved by shareholders on 15 June 2011 (31,154,539 shares at $0.5973 per pre-consolidation share)	-	(18,608,606)
Shares bought back during the year and cancelled at an average of $0.75 per share	(17,425,038)	(13,079,661)
Consolidation of share capital on 1:4 basis approved by shareholders on 15 June 2011	(23,365,852)	-
Balance at 30 June 2011	**7,788,687**	**2,832,513**
Balance at 30 June 2012	**7,788,687**	**2,832,513**

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

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

(b) Capital Risk Management

With the completion of the Company's programme of realising its assets during the 2012 financial year, the Company will seek to invest its remaining capital in suitable listed and unlisted investments as identified by management. Depending on the outcomes of these investments, further capital returns or dividends may be paid in the future.

The total amount of capital that the Company manages as at 30 June 2012 is $3,886,046 (30 June 2011 : $25,217,831), being its total financial assets. It is not intended that the margin loan facility be used.

(c) Share Options

The Company had no options on issue at either 30 June 2011 or 30 June 2012.

Notes to the Financial Statements for the Year Ended 30 June 2012

	2012 $	2011 $
11. Cash and Cash Equivalents		
(a) Reconciliation of cash and cash equivalents		
Cash and cash equivalents comprise:		
Cash at financial institutions	3,278,111	23,955,692
	3,278,111	**23,955,692**

Refer Note 13 for information on risk exposure.

	2012 $	2011 $
(b) Reconciliation of profit after income tax to net cash outflow from operating activities		
Profit for the year after tax	1,040,227	8,502,009
Other non-cash expenses	-	2,808
Gain on sale of controlled entity	-	(10,004)
Impairment of goodwill	-	-
Decrease / (increase) in other financial assets held for trading	1,241,996	25,356,009
Decrease in receivables	(587,792)	203,337
Increase / (decrease) in payables	(16,292)	34,673
Increase / (decrease) in provision for employee benefits	-	(862)
Increase in current tax liabilities	75,548	448,151
Net cash inflows from operating activities	**1,753,687**	**34,536,121**

12. Earnings per Share	2012 cents	2011 cents
Basic earnings per share (cents)	13.4	19.6
Diluted earnings per share (cents)	13.4	19.6
	$	**$**
Net profit after tax used in the calculation of basic and diluted earnings per share	1,040,227	8,502,009
	Number	**Number**
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	7,788,687	43,316,030
Weighted average number of dilutive potential ordinary shares	-	-
Weighted average number of ordinary shares and potential ordinary shares outstanding during the year used in the calculation of diluted earnings per share	7,788,687	43,316,030

Note - In the comparative 2011 year, as required by the relevant Accounting Standard, the weighted average number of ordinary shares has been adjusted to take account of the share consolidation that was effective from 15 June 2011.

There were no options on issue during the 2011 or 2012 years. Options are considered potential ordinary shares.

Notes to the Financial Statements
for the Year Ended 30 June 2012

13. Financial Instruments Disclosure

The Company's activities expose it to financial risks. These risks can be broadly classified into market risk, credit risk, and liquidity risk. Market risk itself is further comprised of price risk, interest rate risk, and currency risk. The Company's overall risk management programme focuses on minimising potential adverse effects arising from all these risks on the financial performance of the Company. Risk management techniques include holding a range of different investments in the portfolio, conducting reviews of existing investments, keeping borrowings to a prudent level and maintaining spare borrowing capacity, and investing primarily in Australian dollar denominated assets.

Details of these risks, and the effects they have on the profit and loss and equity position of the Company under different scenarios, are detailed under the relevant headings below.

The Company has the following financial instruments:

	2012	2011
	$	$
Financial Assets		
Cash and cash equivalents	3,278,111	23,955,692
Trade and other receivables (1)	607,935	20,143
Other financial assets held for trading (2)	-	1,241,996
Total	**3,886,047**	**25,217,831**
Financial liabilities		
Trade and other payables (3)	1,075,845	22,471,932
Total	**1,075,845**	**22,471,932**

(1) Loans and receivables

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

(3) Financial liabilities at amortised cost

(a) Market risk

(i) Price risk

Price risk, in the form of equity securities price risk, primarily affects financial assets of the Company.

Price risk is managed through the core strategy of the Company being to invest in undervalued asset situations where there is a catalyst for the discount to valuation to be reduced or removed and the investment process undertaken. Risk is further managed by the Board being required to approve investments that comprise more than 20% of the net assets of the Company. Portfolio reviews and valuations are undertaken on a regular basis to assess the risk to the Company of the various positions. Also, the Board receives regular updates on the portfolio and its components.

During the current and prior reporting periods, the Company had no exposure to hedge transactions.

The Company is primarily exposed to equity securities price risk arising from investments held by the Company and classified as held for trading. The Company is also exposed to equity securities price risk if it undertakes any borrowings and other liabilities (note 9).

There were no borrowings at 30 June 2012 or 30 June 2011.

Notes to the Financial Statements for the Year Ended 30 June 2012

13. Financial Instruments Disclosure (continued)

There is no concentration risk associated with the portfolio given that almost all the Company's assets comprise cash. As at 30 June 2011, there was concentration risk arising from the Company having its largest investment holding representing 53% of net assets.

The Company held no investments at 30 June 2012. The following paragraph pertains to the 2011 year.

Due to general market and investment specific fluctuations, the overall value of the Company's portfolio of investments will change. As changes in the value of investments are fully and immediately reflected in the profit and loss, such fluctuations will affect both the statement of financial position and the profit and loss. Based on the investments held at 30 June 2011, had the portfolio's value increased/decreased by 10%, the Company's post-tax profit for the year would have been $86,940 higher / $86,940 lower. The movements shown of plus or minus 10% are based on the Company's estimation of reasonably likely changes in the value of the overall portfolio of securities held. However, given the past and present volatility of the stockmarket, increases or decreases in excess of this amount are possible.

(ii) Interest rate risk

The Company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of a change in market interest rates, is minimal in respect of the Company's assets due to the nature and composition of the assets held. Accordingly, no risk management transactions are entered into. In relation to assets, the only effect of interest rate movements would be to affect the amount of interest revenue derived by the Company on its cash deposits.

The Company's exposure to interest rate risk in respect of its liabilities arises from any margin loan borrowings it may have. At 30 June 2012, these borrowings totalled $nil (2011 - $nil). The interest rate on the borrowings is variable, and the loans have no fixed terms of repayment. No interest rate hedging was undertaken in respect of these loans, due to their small size and the ability of the Company to repay them if required via the sale of assets.

The effect on the Company's profit and equity of interest rates increasing or decreasing by 100 basis points is set out below. Such a possible variation is considered reasonable by the Company. It should be noted that of the $3,278,111 cash on hand at 30 June 2012, $1,051,473 was paid out in the form of a dividend 10 July 2012. Consequently, the figures stated below are now not representative.

2012	**Interest rate risk**			
	+1%		**-1%**	
	Profit after tax	**Equity**	**Profit after tax**	**Equity**
	$	**$**	**$**	**$**
Financial assets				
Cash	22,947	22,947	(22,947)	(22,947)
Totals	**22,947**	**22,947**	**(22,947)**	**(22,947)**

2011				
	+1%		**-1%**	
	Profit after tax	**Equity**	**Profit after tax**	**Equity**
	$	**$**	**$**	**$**
Financial assets				
Cash	167,690	167,690	(167,690)	(167,690)
Totals	**167,690**	**167,690**	**(167,690)**	**(167,690)**

(iii) Currency risk

As at 30 June 2012 and 30 June 2011, the Company has no assets or borrowings denominated in foreign currencies, and consequently bears no currency risk.

Notes to the Financial Statements
for the Year Ended 30 June 2012

13. Financial Instruments Disclosure (continued)

(b) Credit risk

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

The maximum exposure to credit risk on financial assets which have been recognised on the statement of financial position is the carrying amount. The Company is exposed to credit risk arising from receivables as explained below. None of these receivables are secured. Cash at financial institutions was held at year end with the ANZ Banking Group Limited, Bank of Queensland Limited, and Macquarie Bank Limited.

Other receivables mostly comprise an amount of $600,000 lodged with the Supreme Court of Queensland relating to the CMI Limited legal action. As the action has been settled in favour of the Company, this amount will be refunded shortly. There is also a small amount relating to GST refundable. The Company has no reason to believe that these amounts will not be received when due.

(c) Liquidity risk

The Company manages its liquidity risk in accordance with the investment process set out above. The Company may borrow funds from time to time when management believes the risk/reward profile of identified investment opportunities can justify borrowing to make such investments.

As detailed in Note 9, the Company has margin lending facilities. These facilities are summarised below.

	2012 $	2011 $
Maximum amount of facilities	2,500,000	2,500,000
Amount drawn down	-	-
Balance available	**2,500,000**	**2,500,000**

The facilities have no maturity date. As noted under the price risk commentary, the amount available for drawdown on the facilities is affected by the value of the underlying equities pledged as security. The "maximum amount of facility" figures above are based on the prices of the equities prevailing at balance date.

In the event of a decline in the prices of those equities, the facility limit will be decreased. The Company may be required to pledge additional securities or repay part or all of the loan if the facility limit falls below the actual amount drawn down.

Notes to the Financial Statements
for the Year Ended 30 June 2012

13. Financial Instruments Disclosure (continued)

(c) Liquidity risk (continued)

A maturity analysis, together with the effective weighted average interest rate for classes of financial liabilities, is set out below:

	Weighted Average Interest Rate	Total due in less than 6 months $
2012		
Financial liabilities		
Trade and other payables	-	1,075,845
Total financial liabilities		**1,075,845**
2011		
Financial liabilities		
Trade and other payables	-	22,471,932
Total financial liabilities		**22,471,932**

(d) Net fair values

The fair value of financial assets must be estimated for recognition and measurement or for disclosure purposes. The carrying amounts of trade receivables and payables are assumed to approximate their fair value due to their short term nature.

As of 1 July 2009, the Company has adopted the amendment to AASB 7 Financial Instruments : Disclosures which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy :

(a) quoted price (unadjusted) in active markets for identical assets or liabilities (level 1)

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

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3)

The following table presents the Company's assets measured and recognised at fair value as at 30 June 2011. The company had no financial assets measured at fair value at 30 June 2012.

Company - as at 30 June 2011

Assets	**Level 1** $	**Level 2** $	**Level 3** $	**Total** $
Financial assets at fair value through profit or loss				
Other financial assets held for trading	1,241,996	-	-	1,241,996
Total assets	1,241,996	-	-	1,241,996

Notes to the Financial Statements for the Year Ended 30 June 2012

13. Financial Instruments Disclosure (continued)

(d) Net fair values (continued)

The fair value of financial instruments traded in active markets (such held for trading securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, unlisted securities) is determined using valuation techniques. The Company uses a range of such techniques, including private sales, recent capital raisings, and estimations of value.

The following table presents the change in level 3 instruments.

	Other financial assets held for trading	
	2012	**2011**
	$	**$**
Opening balance	-	701,672
Sold during the year	-	(701,672)
Closing balance	**-**	**-**

14. Auditor's Remuneration

	2012	**2011**
	$	**$**
Remuneration of Johnston Rorke, the auditor of the Company:		
Audit and review of the financial statements	27,000	27,500
Other services - tax and accounting	5,130	10,810
	32,130	38,310

15. Events Subsequent to Balance Date

On 10 July 2012, a fully-franked dividend of 13.5 cents per share was paid to shareholders. The total amount of cash paid out was $1,051,473.

Other than the above, there has not arisen in the interval between the end of the reporting 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, to significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

16. Contingent Liabilities

There were no contingent liabilities at balance date (2011 - nil).

Notes to the Financial Statements for the Year Ended 30 June 2012

17. Commitments

As at 30 June 2012, the Company had GST-inclusive commitments of $nil (2011 - $nil).

18. Franking Credits and Dividends

(a) Franking Credits / (Deficit)

	2012	2011
	$	$
Franking credits / (deficit) available for subsequent financial years based on a tax rate of 30%	(5,143)	(28,480)

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

(a) Franking credits that will arise from the payment of the amount of the provision for income tax;

(b) Franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and

(c) Franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

(b) Dividends declared and paid during the year

A partly-franked special dividend of $3,822,662 (12.27c per share, franked to 26.6%) was declared prior to 30 June 2011 and paid on 8 July 2011.

A fully franked final dividend of $1,051,473 was declared prior to 30 June 2012 and paid on 10 July 2012.

(c) Dividends not recognised at year end

No dividends were declared but unrecognised as at 30 June 2012 (30 June 2011 - none).

19. Disposal of Controlled Entity

On 30 June 2011, the Company disposed of its entire shareholding in Trojan Investment Management Pty Ltd, which was formerly a controlled entity of the Company. The consideration for the disposal comprised cash of $12,700 which was received on that date.

	2011
Consideration received;	$
Cash	12,700
Gain on sale before income tax	10,004
Income tax	-
Gain on sale after income tax	**10,004**
Carrying amount of net assets disposed;	
Cash	80,678
Other	705
Total assets	**81,383**
Payables	23,556
Income tax payable	55,131
Total liabilities	**78,687**
Net assets disposed	**2,696**
The net cash outflow on disposal was as follows;	
Cash disposed	(80,678)
Cash proceeds received	12,700
Net cash inflow / (outflow)	(67,978)

Notes to the Financial Statements
for the Year Ended 30 June 2012

19. Disposal of Controlled Entity (continued)

The disposed business contributed revenues of $347,128 and a profit of $135,421 for the period 1 July 2010 to 30 June 2011.

20. Key Management Personnel and Related Party Disclosures

(a) Directors

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

A.P.S. Kemp - Chairman

R.B. Clarke - Non-Executive Director

T.J. Harry - Managing Director

T.J. Harry is the officer primarily responsible for making investment decisions. The Company had 1 employee at 30 June 2012 (2011: 1). The key management personnel during 2012 comprised the directors of the Company and R.J. Symons (Chief Financial Officer and Company Secretary). R.J. Symons ceased employment with the Company on 31 December 2010, and was retained as a consultant.

(b) Remuneration of Key Management Personnel

	2012	2011
	$	$
Short term employee benefits	82,762	148,697
Post employment benefits	22,478	24,320
	105,240	**173,017**

(c) Other Transactions with Key Management Personnel

R.B. Clarke is Chairman of the Board of Advice at RBS Morgans Limited. This Company was the sponsoring broker to the share offer pursuant to the prospectus dated 5 April 2005 and provides ongoing brokerage services to the Company.

Interest of $1,300 was paid by the Company to an entity related to T.J. Harry. The interest was charged at a rate of 8% per annum on a $100,000 advance made to the Company to cover operating expenses incurred prior to the Company receiving the sale proceeds from its CMI Limited Class A shares. The loan comprised two advances of $30,000 and $70,000 received on 10 April 2012 and 18 April 2012 respectively. The loan was repaid in full on 13 June 2012.

Aggregate amounts of each of the above types of transactions with Key Management Personnel and their related parties are as follows:

	2012	2011
	$	$
Amounts recognised as revenue		
Proceeds from sale of S2Net Limited shares	-	18,500
Proceeds from sale of Trojan Investment Management Pty Ltd	-	10,004
	-	**28,504**
Amounts recognised as expenses*		
Brokerage costs (includes share buy backs)	1,334	80,705
Interest	1,300	-

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

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

Notes to the Financial Statements for the Year Ended 30 June 2012

20. Key Management Personnel and Related Party Disclosures (continued)

(d) Share holdings

The number of shares in the Company held during the year by each Key Management Personnel, including their personally related entities, is set out below. No shares were issued as remuneration during the financial year (2011 - nil).

2012

Name	Balance at the beginning of the year	Other changes during year	Balance at end of the year
A.P.S. Kemp	20,000	-	20,000
T.J. Harry	1,834,886	-	1,834,886
R.B Clarke	43,750	-	43,750
R.J. Symons	3,750	-	3,750

2011

Name	Balance at the beginning of the year	Other changes during year *	Balance at end of the year
A.P.S. Kemp	80,000	(60,000)	20,000
T.J. Harry	7,339,541	(5,504,655)	1,834,886
R.B Clarke	175,000	(131,250)	43,750
R.J. Symons	15,000	(11,250)	3,750

* - Effect of 1:4 share consolidation as approved by shareholders on 15 June 2011.

(e) Transactions with related companies

During the 2012 year, no transactions were undertaken with related companies. During 2011, Trojan Investment Management Pty Ltd ("TIMPL") was the only other company associated with Trojan Equity Limited. Transactions undertaken with TIMPL during the 2011 financial year, up until its disposal by Trojan on 30 June 2011, were :

	2012 $	2011 $
Loans made to TIMPL by Trojan Equity Limited	-	115,000
Loans repaid by TIMPL to Trojan Equity Limited	-	129,000
Dividend paid by TIMPL to Trojan Equity Limited	-	117,586
Management services fee paid by Trojan Equity Limited to TIMPL	-	337,000

DIRECTORS' DECLARATION

In the opinion of the Directors:

(a) the attached financial statements and notes are in accordance with the *Corporations Act 2001*, including :

(i) giving a true and fair view of the Company's financial position as at 30 June 2012 and of its performance for the financial year ended on that date; and

(ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, and

(c) the financial statements of the Company comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2012.

Signed in accordance with a resolution of the Directors.

Troy Harry
Managing Director
1 August 2012

JOHNSTON RORKE
CHARTERED ACCOUNTANTS

Level 30
Central Plaza 1
345 Queen Street
Brisbane Qld 4000

Tel: 07 3222 8444
Fax: 07 3221 7779

Postal Address:
GPO Box 1144
Brisbane Qld 4001

www.jr.com.au
jr@jr.com.au

Independent Auditor's Report to the Members of Trojan Equity Limited

Report on the Financial Report

We have audited the accompanying financial report of Trojan Equity Limited, which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

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

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

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Opinion

In our opinion:

(a) the financial report of Trojan Equity Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the consolidated financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 5 to 6 of the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Trojan Equity Limited for the year ended 30 June 2012 complies with Section 300A of the *Corporations Act 2001.*

JOHNSTON RORKE
Chartered Accountants

J. Evans

J. J. EVANS
Partner

Brisbane, Queensland
1 August 2012

SHAREHOLDER INFORMATION

As at 31 July 2012

Twenty Largest Shareholders

	Balance	%
ROCKET SCIENCE PTY LTD <THE TROJAN CAPITAL FUND A/C>	1,834,886	23.56
HANCROFT PTY LTD	523,002	6.72
BOUTIQUE ASSET MANAGEMENT PTY LTD	453,940	5.83
JH NOMINEES AUSTRALIA PTY LTD <HARRY FAMILY SUPER FUND A/C>	422,500	5.43
MERCANTILE INVESTMENT COMPANY LTD	356,080	4.57
YORK HOUSE PTY LTD <NO 2 A/C>	300,000	3.85
MANUKEY PTY LTD <THE CULLEN AVENUE ACCOUNT>	287,500	3.69
ROSYABBEY PTY LIMITED <MONTGOMERY FAMILY S/F A/C>	191,168	2.45
UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	184,237	2.37
M J B SUPERANNUATION PTY LTD <M J B STAFF SUPER FUND A/C>	138,679	1.78
MR COLIN JAMES LAWRENCE & MRS WENDY MARILYN LAWRENCE <COLDY RETIREMENT FUND A/C>	124,000	1.59
LARAVON PTY LTD <LOTUS SUPER FUND A/C>	101,121	1.30
GURRAVEMBI INVESTMENTS PTY LTD <THE GURRAVEMBI S/FUND A/C>	100,000	1.28
MR GERALD CAIN & MS JANETTE FRANCES CAIN <J F CAIN SUPER FUND A/C>	100,000	1.28
MR GRAHAM DENNIS HUBBERT & MS BETH HARRINGTON <ADVANX SUPER FUND A/C>	100,000	1.28
MR RICHARD JOHN HOPSICK & MRS WENDY LAURA HOPSICK <HOPSICK SUPER FUND A/C>	100,000	1.28
J J N A PTY LTD	82,250	1.06
PEGUM INVESTMENTS PTY LTD <PEGUM FAMILY SUPER FUND A/C>	78,007	1.00
ROSYCLOWN PTY LTD <DAVID MONTGOMERY FAM NO2 A/C>	75,000	0.96
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	67,500	0.87
	5,619,870	72.16

No options were on issue at 30 June 2012

Distribution of Shareholders

Security Classes	Holdings Ranges	Holders	Total Units	%
Fully Paid Ordinary	1 - 1,000	82	37,868	0.49
	1,001 - 5,000	126	317,757	4.08
	5,001 - 10,000	37	272,072	3.49
	10,001 - 100,000	58	2,243,877	28.81
	100,001 - 9,999,999	12	4,917,113	63.13
	Totals	**315**	**7,788,687**	**100.00%**

Substantial shareholders

Details of substantial shareholders are set out below:

Holder	Shares
Rocket Science Pty Ltd <Trojan Capital Fund A/C>	1,834,886
Hancroft Pty Ltd	523,002
Boutique Asset Management Pty Ltd	453,940
JH Nominees Australia Pty Ltd <Harry Family Superfund)	422,500

Voting Rights

Ordinary Shares

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

Unmarketable parcels

As at 31st July 2012, there were 96 shareholders who held unmarketable parcels.