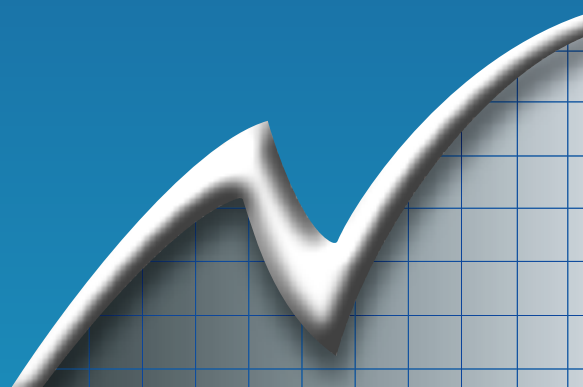


NavralInvest

Consolidated Annual Financial Report

For the year ended 30 June 2011



NAVRAINVEST LIMITED

A.C.N. 101 355 239

FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

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These financial statements cover the consolidated entity consisting of NavraInvest Limited and its subsidiary, Navra Financial Services Pty Limited ("the Group"). The financial statements are presented in Australian dollars.

The financial statements were authorised for issue by the directors on 30 September 2011. The Group has the power to amend and reissue the financial statements.

NAVRAINVEST LIMITED

DIRECTORS' REPORT

The directors present their report on the consolidated entity (referred to hereafter as "the Group") consisting of Navrainvest Limited ("the Company") and its controlled entity, Navra Financial Services Pty Limited ("NFS") for the year ended 30 June 2011.

Directors

The names and details of the directors of Navrainvest Limited during the whole of the financial year and up to the date of this report are as follows:

Bleddyn J. Gambold – Non-Executive Director

Bleddyn is a Chartered Accountant with a BA (Hons) Degree in Accountancy. He qualified in the United Kingdom and has over twenty-seven years experience in the financial services sector, specialising in trustee operations and funds management.

Edgar R. Penter – Non-Executive Director

Bob has a Master of Business Administration (MBA) degree, he is a Fellow of the Australian Institute of Management (FAIM) and is a member of the Australian Institute of Company Directors (MAICD). Bob brings with him a wealth of experience in Public Sector and Statutory Authority Management, facilities management, logistics, and critical commercial business operations.

Louis Yu – Finance Director

Louis is a Certified Accountant and has over twenty years experience in the funds management industry through work in Hong Kong and Australia. At Navrainvest, Louis is responsible for maintaining the company's financial and secretarial records. He is also the Compliance Officer and in this role his duty is to insure that Navrainvest and its Funds adhere to industry best practice with regards to corporate governance and compliance.

Stephen L. Navra – Chairman & Managing Director

With more than twenty years of accounting, stockbroking and property investment experience behind him, Steve is an innovator in the ever-changing property and investment market. Steve's executive role is to lead the management team and to build the business whilst ensuring that the business is marketed, managed and administered effectively and prudentially.

William J. Tootill – Non-Executive Director

Bill is a solicitor admitted in the UK and in Hong Kong and has over twenty-seven years experience in the financial services industry, specialising in legal, regulatory and compliance services for investment products and funds management activities.

Directors' meetings and attendances at those meetings for the financial year were as follows:

	Meetings Held and Entitled to Attend	Meetings Attended
Stephen L. Navra	5	5
Louis Yu	5	5
Bleddyn J. Gambold	5	5
William J. Tootill	5	5
Edgar R. Penter	5	4

Principal Activities of the Group

The principal activity of the Group during the year was acting as the responsible entity of Australian Registered Managed Investment Schemes.

NAVRAINVEST LIMITED

DIRECTORS REPORT (continued)

Review and Results of Operations

Overview

2011 has been a very difficult year for the Group.

Navra Financial Services, in which the Company had a significant investment, has been liquidated and as a result the Company's investment has been written off. The amount written off is \$1,601,220. The deferred tax asset, which was \$219,000 related to the potential future benefit associated with accumulated losses, has also been written off. The overall loss made by the Company for the year is \$1,420,263.

Assets under management in NavraInvest's Funds have fallen to approximately \$50 million from a height of approximately \$225 million. This reduction impacts directly on NavraInvest's fee income and at the current fee level NavraInvest is running just below breakeven, despite having reduced our cost base considerably. We have forecast the net cash flow for 12 months from the date of signing, and based on current funds under management it will favour surplus cash. In the event that funds under management have to fall by as much as 50%, the Company would still have sufficient cash assets to meet its commitments. Additionally, directors are actively pursuing an alternative distribution channel to replace Navra Financial Services. The directors are confident this alternative distribution channel will be found and believe funds under management will actually increase.

The directors are currently working on specific plans for the future of NavraInvest and we look forward to presenting these plans to shareholders shortly. The directors will ensure that any proposals are presented to the shareholders at a shareholder meeting called specifically to consider those proposals. As no notice of such a shareholder meeting has been issued, and as any plans submitted would be subjected to approval, or otherwise, by shareholders the directors are unable to provide further information on their plans at present.

Dividends

A final dividend of 2.0 cents per share for the year ended 30 June 2010 was paid in August 2010. Interim dividends of 1.0 cent per share were paid in each of October 2010 and January 2011 making a total dividend of 2.0 cents per share for the year. The directors do not recommend a final dividend for the year ended 30 June 2011.

State of Affairs

During the financial year there was no significant change in the state of affairs of the Group other than as referred to in the financial report or notes thereto.

Indemnification of Officers

The Group has indemnified directors and officers of the company, including members of the Compliance Committee, for any actions that may arise as a result of acting in their capacity as directors and officers of the company in respect of: -

- (a) Liability to third parties when acting in good faith; and
- (b) Costs and expenses of defending legal proceedings and ancillary matters.

The terms of the insurance policy preclude the disclosure of the premium.

NAVRAINVEST LIMITED

DIRECTORS REPORT (continued)

Environmental Regulations

The Group's operations are not subject to any significant environmental regulations.

Auditor's Independence Declaration

A copy of the Independence Declaration given to the Directors by the lead auditor for the audit undertaken by HLB Mann Judd is included on page 5.

Directors' Outlook

The Directors are working on plans to improve shareholder value. At this time we are unable to provide shareholders with specific details, however we anticipate being able to present our plans shortly.

This report is made in accordance with a resolution of directors.



Stephen Navra
Chairman and Managing Director

Sydney
30 September 2011

**NAVRAINVEST LIMITED
ACN 101 355 239**


AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of Navrainvest Limited:

As lead auditor for the audit of Navrainvest Limited for the year ended 30 June 2011, I declare to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.

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



Mark D Muller
Partner

Sydney
30 September 2011

NAVRAINVEST LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2011

	Notes	Consolidated 2011 \$	2010 \$
Revenue from continuing operations	4	2,577,841	5,388,794
Impairment of intangible assets	5	(1,601,220)	-
Employee benefits expense		(787,508)	(1,191,204)
Depreciation expense		(8,917)	(16,861)
Professional fees		(159,530)	(240,014)
Sales and marketing expenses		(86,066)	(145,436)
Insurance and claims provision		(36,594)	(290,619)
Fund administration fees		(504,972)	(370,262)
Rent		(40,874)	(80,574)
Commission		(524,628)	(1,908,464)
Travel and entertainment		(10,096)	(112,169)
Other expenses from ordinary activities		(18,699)	(161,230)
Profit/(loss) before income tax		(1,201,263)	871,961
Income tax (expense) benefit	7	(219,000)	(144,401)
Profit/(loss) from continuing operations		(1,420,263)	727,560
Profit/(loss) from discontinued subsidiary	3	(287,573)	-
Profit/(loss) for the year		(1,707,836)	727,560
Profit/(loss) is attributable to			
Members of the parent entity		(1,564,050)	561,487
Non-controlling interest		(143,786)	166,073
		(1,707,836)	727,560
Other comprehensive income/(loss)		-	-
Total comprehensive income/(loss)		(1,707,836)	727,560
Total comprehensive income/(loss) attributable to			
Members of the parent entity		(1,564,050)	561,487
Non-controlling interest		(143,786)	166,073
		(1,707,836)	727,560

The above statement of comprehensive income is to be read in conjunction with the accompanying notes.

NAVRAINVEST LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011

	Notes	Consolidated	
		2011	2010
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	21(a)	952,920	3,017,340
Trade and other receivables	8	89,710	142,036
TOTAL CURRENT ASSETS		1,042,630	3,159,376
NON-CURRENT ASSETS			
Plant & equipment	10	11,414	48,627
Other financial assets	9	-	-
Intangible assets	11	-	1,601,220
Deferred tax assets	12	-	252,585
TOTAL NON-CURRENT ASSETS		11,414	1,902,432
TOTAL ASSETS		1,054,044	5,061,808
CURRENT LIABILITIES			
Trade and other payables	13	98,909	339,107
Other liabilities	15	93,159	950,310
Provisions	14	32,139	169,486
Tax liabilities	16	-	100,013
TOTAL CURRENT LIABILITIES		224,207	1,558,916
NON-CURRENT LIABILITIES			
Provisions	14	56,350	55,496
TOTAL NON-CURRENT LIABILITIES		56,350	55,496
TOTAL LIABILITIES		280,557	1,614,412
NET ASSETS		773,487	3,447,396
EQUITY			
Contributed equity	17	7,406,123	7,406,123
Accumulated losses	18	(6,632,636)	(4,124,800)
Non-controlling interests	19	-	166,073
TOTAL EQUITY		773,487	3,447,396

The above statement of financial position is to be read in conjunction with the accompanying notes.

NAVRAINVEST LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2011

Consolidated

	Attributable to owners		Total	Non-controlling Interest	Total
	Contributed equity	Retained profits			
Balance at 1 July 2009	7,406,123	(4,686,287)	2,719,836	-	2,719,836
Total comprehensive income for the year	-	561,487	561,487	166,073	727,560
Balance at 30 June 2010	<u>7,406,123</u>	<u>(4,124,800)</u>	<u>3,281,323</u>	<u>166,073</u>	<u>3,447,396</u>
Total comprehensive income for the year	-	(1,564,050)	(1,564,050)	(143,786)	(1,707,836)
Discontinued subsidiary – Amount written off		(143,786)	(143,786)	(22,287)	(166,073)
<i>Transactions with owner in their capacity as owners:</i>					
Final dividend for 2010 year	-	(400,000)	(400,000)	-	(400,000)
Interim dividend for 2011 year	-	(400,000)	(400,000)	-	(400,000)
Total Dividends	<u>-</u>	<u>(800,000)</u>	<u>(800,000)</u>	<u>-</u>	<u>(800,000)</u>
Balance at 30 June 2011	<u>7,406,123</u>	<u>(6,632,636)</u>	<u>773,487</u>	<u>-</u>	<u>773,487</u>

The above statement of changes in equity is to be read in conjunction with the accompanying notes.

NAVRAINVEST LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2011

	Notes	Consolidated	
		2011	2010
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		71,073	61,718
Management fee received		1,367,344	3,451,348
Other income received		363,358	3,652,380
Payments to suppliers and employees (including goods and services tax)		<u>(2,425,900)</u>	<u>(4,933,002)</u>
Net cash inflow from operating activities	21(b)	<u>(624,125)</u>	<u>2,232,444</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		-	(39,263)
Dividend received		<u>80,000</u>	<u>-</u>
Net cash inflow/(outflow) from investing activities		<u>80,000</u>	<u>(39,263)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of dividends		<u>(800,000)</u>	<u>-</u>
Net cash inflow/(outflow) from financing activities		<u>(800,000)</u>	<u>-</u>
Net increase in cash held		(1,344,125)	2,193,181
Cash and cash equivalents at beginning of the financial year		<u>2,297,045</u>	<u>824,159</u>
Cash and cash equivalents at end of the financial year	21(a)	<u>952,920</u>	<u>3,017,340</u>

The above statement of cash flows is to be read in conjunction with the accompanying notes.

NAVRAINVEST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of NavraInvest Limited and its subsidiary.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (including Australian Accounting Interpretations), and the *Corporations Act 2001*.

Compliance with IFRS

The financial statements of NavraInvest Limited Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

This financial statements have been prepared under the historical cost convention, as modified by the valuation of financial assets designated at fair value through profit or loss.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

(b) Going Concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The Consolidated Entity generated a net loss after income tax of \$1,707,836 for the year ended 30 June 2011 (2010: net profit after tax \$727,560) and a net cash outflow of \$1,344,125 (2010: net cash inflow of \$2,193,181). As at 30 June 2011 the Consolidated Entity had cash and cash equivalents of \$952,920 (2010: \$3,017,340) and net current assets of \$818,423 (2010: \$1,600,460).

The operating results of the Company for the year include two miscellaneous items that form \$1,820,220.

The Company has forecast its net cash flow for 12 months from the date of signing, and based on current funds under management it will favour surplus cash. In the event that funds under management have to fall by as much as 50%, the Company would still have sufficient cash assets to meet its commitments. Additionally, directors are actively pursuing an alternative distribution channel to replace Navra Financial Services. The directors are confident this alternative distribution channel will be found and believe funds under management will actually increase.

On this basis, it is the opinion of the Board of Directors that the Consolidated Entity will be able to continue as a going concern and that therefore, the basis of preparation is appropriate.

(c) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of the subsidiary of NavraInvest Limited ("company" or "parent entity") as at 30 June 2011 and the results of the subsidiary for the period then ended. NavraInvest Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

NAVRAINVEST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Principles of consolidation (continued)

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

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

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group.

Investments in subsidiaries are accounted for at cost less any impairment in the individual financial statements of NavraInvest Limited. Allowance for impairment is calculated using appropriate methods such as capitalisation of future maintainable earnings or discounted cash flow method.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of financial position and statement of changes in equity respectively.

Navra Financial Services Pty Ltd, a subsidiary of NavraInvest Limited, ceased business in May 2011 and was placed into liquidation on 8 July 2011. As such it is classified as a discontinued operation at 30 June 2011 and its financial results will not be consolidated with the Company's results but shown separately as a single amount in the statement of comprehensive income. An analysis of the financial results is shown in note 3.

(d) Management Fee Revenue

Management fees are charged at rates of 1% per annum on the Navra Australian Retail Fund and at 1.1% on the Navra Australian Wholesale Fund. The fee is calculated daily based on the funds under management at the close of business.

Management fee for the Navra Structured Property Fund is calculated monthly at 3% per annum based on the gross asset under management.

As Responsible Entity of the Navra Asia Pacific Growth Fund, a fixed fee of 1% per annum is charged based on the invested amount in the Fund. This fixed annual fee received upfront is recognised as "unearned income" in the statement of financial position, and is recognised as revenue on a straight line basis over the period to which the receipt relates.

(e) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

NAVRAINVEST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Income Tax (continued)

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(f) Cash and cash equivalents

For statement of cash flows presentation purposes, 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.

(g) Investments and other financial assets

(i) Classification

The Group classifies its investments as financial assets designated at fair value through profit or loss. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

(ii) Designated at fair value through profit and loss

All investments are initially recognised at fair value, being the fair value of the consideration paid excluding transaction costs. After initial recognition, the financial assets designated as at fair value through profit or loss are re-valued to fair value at each reporting date.

Investments in unlisted companies are valued at cost less allowance for impairment. Allowance for impairment is calculated using appropriate techniques such as capitalisation of future maintainable earnings or discounted cash flow method.

Gains or losses on investments designated as at fair value through profit or loss are recognised in the statement of comprehensive income.

NAVRAINVEST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Investments and other financial assets (continued)

These investments have been designated as at fair value through profit or loss as doing so results in more relevant information. These investments are managed and their performance evaluated on a fair value basis in accordance with the risk management and investment strategies of the company, as discussed in Note 22.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised at the time when the company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership.

(h) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment over its expected useful life. Estimates of remaining useful lives are made on a regular basis for all assets. The expected useful life for plant and equipment is 3 years.

(i) Intangible assets

Intangible assets acquired are capitalised at cost. Following initial recognition, the cost model is applied to the class of intangible assets. Where amortisation is charged on assets with finite lives, this expense is taken to the income statement through the 'depreciation expenses' line item. The useful lives of these intangible assets are as follows:

General computer software - 3 years.

Intangible assets with finite useful lives are tested for impairment where an indicator of impairment exists.

NavTrade System

The NavTrade System is classified as an intangible asset with indefinite useful life. The NavTrade system is a proprietary and unique share trading system which represents an investment methodology. This is the preferred platform for the timely identification of share buying and selling opportunity.

The methodology may be refined from time to time to achieve the desired outcome however the Group considers that this methodology will always be used in providing the management services hence it is said to have an indefinite useful life. Intangible assets with indefinite useful lives are tested for impairment annually, either individually or at the cash generating unit level.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the Group's investment in each operating segment.

NAVRAINVEST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(k) Trade and other Receivables

All trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using effective interest method less provision for impairment. Trade and other receivables are generally due for settlement within 14 days.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of receivables) is used when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the receivable is impaired.

(l) Trade and other Payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial period and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(m) Provisions

Wages and salaries, bonuses and annual leave

Liabilities for wages and salaries (including non-monetary benefits), bonuses payable and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. On costs are included where relevant.

Long service leave

The liability for long service leave is recognised in employee entitlements and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expect future wage and salary levels, experience of employee departures and periods of service.

Allowance for claims

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is probable that recovery will be received and the amount of the receivable can be measured reliably.

NAVRAINVEST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Provisions (continued)

The amount recognised as an allowance for claims is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

(n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST unless the GST incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statements of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are receivables from or payable to the taxation authority, are presented as operating cash flows.

(o) New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2011 reporting period. The Group's assessment of the impact of these new standards and interpretations is that they will result in no significant changes to the amounts recognised or matters disclosed in the Group's financial statements.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will by definition, seldom equal the actual results. The estimates and assumptions that have a significant risk causing material adjustment to the carrying amounts of assets and liabilities within the financial year are discussed below.

(a) Impairment of NavTrade System

The Group tests annually whether intangibles have suffered any impairment in accordance with accounting policy stated in Note 1(i). There was insufficient evidence to justify any reversal of impairment on the NavTrade System at 30 June 2011.

(b) Impairment of investments

The Company's investment into Navra Financial Services Pty Ltd made in February 2009 was fully written off as at 30 June 2011 as the company was placed into liquidation on 8 July 2011.

NAVRAINVEST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

3. DISCONTINUED SUBSIDIARY

STATEMENT OF COMPREHENSIVE INCOME

	2011	2010
	\$	\$
Revenue from operations	1,217,552	2,936,642
Advisors commission	(532,050)	(1,399,473)
Employee benefits expense	(428,025)	(482,025)
Insurance	(135,384)	(134,307)
Travel and entertainment	(89,464)	(93,054)
Professional fees	(59,918)	(43,627)
Rent	(50,554)	(40,351)
Sales and marketing expenses	(45,993)	(11,343)
Loss on asset disposal	(20,837)	-
Other expenses from ordinary activities	(97,917)	(255,916)
Profit/(loss) before income tax	(242,590)	476,546
Income tax expense	(44,983)	(144,401)
Total comprehensive income/(loss)	(287,573)	332,145

NAVRAINVEST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

3. DISCONTINUED SUBSIDIARY (continued)

STATEMENT OF FINANCIAL POSITION

	2011 \$	2010 \$
CURRENT ASSETS		
Cash and cash equivalents	-	720,295
Trade and other receivables	-	36,582
TOTAL CURRENT ASSETS	<u>-</u>	<u>756,877</u>
NON-CURRENT ASSETS		
Plant & equipment	-	28,297
Deferred tax assets	-	33,585
TOTAL NON-CURRENT ASSETS	<u>-</u>	<u>61,882</u>
TOTAL ASSETS	<u>-</u>	<u>818,759</u>
CURRENT LIABILITIES		
Trade and other payables	-	242,640
Provisions	-	19,423
Tax liabilities	-	100,013
TOTAL CURRENT LIABILITIES	<u>-</u>	<u>362,076</u>
NON-CURRENT LIABILITIES		
Provisions	-	9,110
TOTAL NON-CURRENT LIABILITIES	<u>-</u>	<u>9,110</u>
TOTAL LIABILITIES	<u>-</u>	<u>371,186</u>
NET ASSETS	<u>-</u>	<u>447,573</u>
EQUITY		
Contributed equity	300,004	300,004
Accumulated gains/(losses)	(300,004)	147,569
TOTAL EQUITY	<u>-</u>	<u>447,573</u>

NAVRAINVEST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

3. DISCONTINUED SUBSIDIARY (continued)

STATEMENT OF CASH FLOWS

	2011	2010
	\$	\$
CASH FLOW FROM OPERATING ACTIVITIES		
Interest received	14,787	9,523
Income received	1,188,454	3,014,663
Operating expenses paid	(1,652,125)	(2,361,871)
Tax payment	(111,411)	-
	<u>(560,295)</u>	<u>662,315</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	<u>-</u>	<u>(16,489)</u>
Net cash used in investing activities	<u>-</u>	<u>(16,489)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Payment of dividend	<u>(160,000)</u>	<u>-</u>
Net cash provided by/(used in) financing activities	<u>(160,000)</u>	<u>-</u>
Net increase (decrease) in cash held	(720,295)	645,826
Cash and cash equivalents at beginning of year	<u>720,295</u>	<u>74,469</u>
Cash and cash equivalents at end of year	<u><u>-</u></u>	<u><u>720,295</u></u>

NAVRAINVEST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	Consolidated	
	2011	2010
	\$	\$
4. REVENUE		
Revenue from operating activities		
- Management fees	2,083,052	1,995,448
- Commission income	-	2,918,566
Revenue from outside the operating activities		
- interest	72,468	60,885
- reimbursed expenses	342,321	367,321
- other income	80,000	46,574
	<u>2,577,841</u>	<u>5,388,794</u>
Revenue from continuing operations		
	<u>2,577,841</u>	<u>5,388,794</u>
5. EXPENSES		
Impairment expense		
Impairment of investment in controlled entity	1,601,220	-
	<u>1,601,220</u>	<u>-</u>
6. AUDITORS REMUNERATION		
The amount received or due and receivable by the auditors for their services to the group:		
Taxation Services	6,000	12,420
Audit of financial statements		
- Company	36,073	32,325
- Navra Compliance Plan	8,850	4,700
Other Services	-	2,250
	<u>50,923</u>	<u>51,695</u>
7. INCOME TAX EXPENSE		
(a) Income statement		
Major components of income tax expense for the years ended 30 June 2011 and 2010 are:		
Current income tax charge	-	261,589
<i>Deferred income tax</i>		
Relating to origination and reversal of temporary differences and tax losses	219,000	(118,625)
Overstatement of deferred tax asset in prior period	-	1,437
	<u>219,000</u>	<u>144,401</u>
Income tax expense (benefit) reported in statement of comprehensive income	<u>219,000</u>	<u>144,401</u>

NAVRAINVEST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	Consolidated	
	2011	2010
	\$	\$
7. INCOME TAX EXPENSE (continued)		
(b) Numerical reconciliation of income tax to prima facie tax payable		
Accounting profit/(loss) before income tax	(1,201,263)	871,961
At the statutory tax rate of 30% (2010: 30%)	(360,379)	261,589
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Adjustment for current tax of prior period	219,000	(3,700)
Other timing differences	-	2,451
Previously unrecognised tax losses now recouped	<u>360,379</u>	<u>(115,939)</u>
Income tax expense/(benefit)	<u>219,000</u>	<u>144,401</u>
(c) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	<u>1,326,984</u>	<u>1,901,369</u>
Potential tax benefit @ 30%	<u>398,095</u>	<u>570,411</u>
A deferred tax asset has been recognised in respect of temporary differences and unused tax losses to the extent it is probable that future taxable profit will be available against which the unused tax losses and temporary differences can be utilised.		
8. TRADE AND OTHER RECEIVABLES		
Current		
Management fee receivable	81,627	98,766
Interest receivable	8,083	6,688
Other receivables	<u>-</u>	<u>36,582</u>
	<u>89,710</u>	<u>142,036</u>

Refer to Note 22 for more information on the risk management policy of the Group and the credit quality of the Group's trade and other receivables.

NAVRAINVEST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	Consolidated	
	2011	2010
	\$	\$
9. OTHER FINANCIAL ASSETS		
Non-current		
Investments in controlled entities		
Navra Financial Services Pty Ltd	2,194,908	-
Allowance for impairment	<u>(2,194,908)</u>	<u>-</u>
	<u>-</u>	<u>-</u>

These financial assets are valued at cost less allowance for impairment.

10. PLANT AND EQUIPMENT

Computer Hardware		
At Cost	85,051	161,078
Less accumulated depreciation	<u>(79,905)</u>	<u>(136,393)</u>
	<u>5,146</u>	<u>24,685</u>
Furniture, Fixture & Equipment		
At Cost	114,853	141,601
Less accumulated depreciation	<u>(108,585)</u>	<u>(117,659)</u>
	<u>6,268</u>	<u>23,942</u>
Total Plant and Equipment	<u>11,414</u>	<u>48,627</u>

Reconciliations

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

	Computer Hardware	Furniture, Fixtures & Equipment	Total
	\$	\$	\$
Consolidated			
Carrying amount at beginning of the year	24,685	23,942	48,627
Depreciation expense	(4,974)	(3,943)	(8,917)
Discontinued subsidiary – amounts written off	<u>(14,565)</u>	<u>(13,731)</u>	<u>(28,296)</u>
Carrying amount at 30 June 2011	<u>5,146</u>	<u>6,268</u>	<u>11,414</u>

NAVRAINVEST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	Consolidated	
	2011	2010
	\$	\$
11. INTANGIBLE ASSETS		
General computer software - at cost	14,252	14,252
Accumulated depreciation	<u>(14,252)</u>	<u>(14,252)</u>
	-	-
NavTraDE System – at cost	1,000,000	1,000,000
Allowance for impairment	<u>(1,000,000)</u>	<u>(1,000,000)</u>
	-	-
Goodwill on consolidation	1,961,509	1,961,509
Allowance for impairment	<u>(1,961,509)</u>	<u>(360,289)</u>
	-	1,601,220
TOTAL	<u>-</u>	<u>1,601,220</u>

The NavTraDE System is trading software that includes embedded intellectual property. Its carrying value is determined by its ability to generate income from management fees paid by Managed Investment Schemes that relate to returns in the schemes as a result of the use of the trading system.

The NavTraDE system has an indefinite useful life as stated in the statement of significant accounting policies in note 1(h). Its carrying value has been written down to \$nil.

The goodwill arises from the acquisition of 50,000 shares (representing 50% of issued equity) in Navra Financial Services Pty Limited (NFS). The carrying value of those shares was reviewed at reporting date using an impairment assessment calculated as described in note 2(b). The goodwill on consolidation was fully written off due to appointment of liquidator for NFS on 8 July 2011.

	Consolidated	
	2011	2010
	\$	\$
12. DEFERRED TAX ASSETS		
Deferred tax asset	<u>-</u>	<u>252,585</u>
Components of deferred tax asset		
Deferred tax asset due to tax losses	-	178,588
Accrued expenses	-	74,826
Plant and equipment	-	12,092
Accrued income	<u>-</u>	<u>(12,921)</u>
	<u>-</u>	<u>252,585</u>

NAVRAINVEST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	Consolidated	
	2011	2010
	\$	\$
12. DEFERRED TAX ASSET (continued)		
Reconciliation of movements in deferred tax asset		
Deferred tax asset at beginning of financial year	252,585	296,973
Tax losses derecognised	(219,000)	-
Discontinued subsidiary – amounts written off	(33,585)	-
Tax losses recouped	-	(70,370)
Tax losses recognised for the year	-	(880)
Accrued expenses	-	40,982
Plant and equipment	-	(3,455)
Accrued income	-	(10,665)
	<u>-</u>	<u>(10,665)</u>
Deferred tax asset at end of financial year	<u>-</u>	<u>252,585</u>
13. TRADE AND OTHER PAYABLES		
Current		
Payroll and superannuation payable	14,918	26,098
Accrued expenditure	68,596	98,664
Fees refundable	-	87,545
Withholding tax payable	-	11,551
GST payable	15,395	115,249
	<u>98,909</u>	<u>339,107</u>
14. PROVISIONS		
Current		
Allowance for claims	-	125,000
Employee benefits - Annual Leave	32,139	44,486
	<u>32,139</u>	<u>169,486</u>
Non-Current		
Employee benefits - Long Service Leave	<u>56,350</u>	<u>55,496</u>
The Group contributes an amount in accordance with the Superannuation Guarantee Contributions legislation.		
15. OTHER LIABILITIES		
Unearned income	<u>93,159</u>	<u>950,310</u>
16. TAX LIABILITIES		
Provision for income tax	<u>-</u>	<u>100,013</u>

NAVRAINVEST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	Consolidated	
	2011	2011
	\$	\$
17. CONTRIBUTED EQUITY		
20,000,000 Ordinary Shares fully paid	7,406,123	7,406,123
572,500 "E" Class Shares fully paid	-	-
	<u>7,406,123</u>	<u>7,406,123</u>

Ordinary shares entitle the holders to participate in dividends and the proceeds on winding up in proportion to the number of and amounts paid on the shares held. The following rights, privileges, restrictions and conditions apply to "E" Class Shares:

- a) The "E" Class Shares carry no voting rights other than the right to vote on a resolution to wind up the Company;
- b) The "E" Class Shares carry no rights to be paid any dividends; and
- c) The "E" Class shares rank equally with the Ordinary Shares on a winding up or liquidation of the Company except that the right to participate or share shall be limited to a maximum of \$0.01 (1 cent) per "E" Class Share.

Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that the Group can continue to provide returns for the shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts. Working capital in the form of undistributed dividends is principally used to support the cash flow and regulatory requirements of the business. Dividends are therefore not paid until there is a sufficient cash balance to provide a buffer for anticipated expenses and other liabilities.

The business does not require large amounts of capital to support the ongoing business hence management considers monitoring the working capital of the Group is more relevant to the practice of the business. Current ratio of the Group at 30 June 2011 was 4.65 (2010: 2.03).

	Consolidated	
	2011	2010
	\$	\$
18. ACCUMULATED LOSSES		
Accumulated losses at the beginning of the financial year	(4,124,800)	(4,686,287)
Operating profit (loss) for the year attributable to members of parent entity	(1,564,050)	561,487
Discontinued subsidiary – amount written off	(143,786)	
Dividend paid during the year	(800,000)	-
	<u>(6,632,636)</u>	<u>(4,124,800)</u>
Accumulated losses at the end of financial year		

NAVRAINVEST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	Consolidated	
	2011	2010
	\$	\$
19. NON-CONTROLLING INTERESTS		
Non-controlling interest at the beginning of the financial year	166,073	-
Discontinued subsidiary – amounts written off	(166,073)	-
Share of total comprehensive income	-	166,073
	<u>-</u>	<u>166,073</u>
Non-controlling interest at the end of the financial year	<u>-</u>	<u>166,073</u>
Non-controlling interest at the end of the financial year comprised of:		
Share capital	-	2
Retained profits	-	166,071
	<u>-</u>	<u>166,073</u>

20. DIVIDENDS

(a) Dividends during the year

Total dividend paid during the financial year \$800,000 (2010: \$nil).

(b) Franking credits

	Consolidated	
	2011	2010
	\$	\$
Franking credits available for subsequent financial years	<u>38,073</u>	<u>189,976</u>

The above amounts represent the balance of the franking account as at the reporting date, adjusted for:

- (i) franking credits that will arise from the payment of the amount of the current tax liability;
- (ii) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date;
- (iii) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date; and
- (iv) franking credits that may be prevented from being distributed in subsequent reporting periods.

NAVRAINVEST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Consolidated
2011 **2010**
\$ **\$**

21. CASHFLOW INFORMATION

(a) Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

Cash at bank	807,920	1,872,340
Funds on deposit	145,000	1,145,000
	<u>952,920</u>	<u>3,017,340</u>

Cash and cash equivalents

The funds on deposit are bank term deposits. They both earn interest at a rate of 6.0% (2010: 4.5% and 5.8%) and will mature between July and September 2011. The term deposits are provided as security for maintaining the direct debit facility and bank guarantee issued to the landlord for the office lease.

(b) Reconciliation of cash flow from operations with net profit after income tax

Net profit/(Loss) after income tax	(1,420,263)	727,560
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Non-cash flows in operating profit

Impairment expenses	1,601,220	-
Depreciation	8,917	16,861
Dividend Income	(80,000)	-
Allowance for claims	-	125,000

Changes in assets and liabilities

Decrease in receivables	15,743	68,737
Decrease/(increase) in tax assets	219,000	144,401
Increase in payables	(122,558)	184,627
Increase in employee benefits	17,040	14,948
Increase in other liabilities	(863,224)	950,310
	<u>(624,125)</u>	<u>2,232,444</u>

22. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Strategy in using financial instruments

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, and fair value interest rate risk), credit risk, liquidity risk and cash flow interest rate risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

The Board of Directors of the Group has overall responsibility for the establishment and oversight of the Group's risk management framework.

NAVRAINVEST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

22. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(a) Strategy in using financial instruments (continued)

A risk management framework is in operation. As part of this framework, the Group is subject to regular reporting and committee meetings regarding risk and compliance issues. The purpose is to facilitate a flow of information between the business and the Group's board and committees. Any material matters identified are promptly investigated and reported as outlined in the procedures. The Board keeps informed of market risk through financial market reports from the media and reports from the investment management committee.

There are no significant changes in the strategies used to manage financial risks from the previous period.

(b) Market risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to changes in market variables such as equity prices or interest rates. Market risk is managed and monitored by ensuring investment activity is as per Board strategy and targets.

(i) Foreign exchange risk

There is no direct foreign exchange risk in the Group.

(ii) Interest rate risk

The Group has interest bearing financial assets, such as cash deposits, therefore the Group's income flows are subject to changes in market interest rates.

(iii) Summarised Sensitivity analysis

Sensitivity analysis for Market Risk (Impact on operating surplus)

	Consolidated Interest rate risk	
	- 100bps	+100bps
	\$	\$
Financial Assets		
Cash and cash equivalents	<u>(8,079)</u>	<u>8,079</u>
30 June 2011	<u>(8,079)</u>	<u>8,079</u>
Financial Assets		
Cash and cash equivalents	<u>(19,207)</u>	<u>19,207</u>
30 June 2010	<u>(19,207)</u>	<u>19,207</u>

The above table summarises the sensitivity of the Group's operating profit and net assets to price risk and interest rate risk for financial assets and liabilities at balance date. The reasonable possible movements in the risk variables have been determined based on management's best estimates of a number of variables, including historic changes.

However the actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including usually large movements in interest rates. As a result, historic variations are not a definitive indicator of future variations in the risk variables.

NAVRAINVEST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

22. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(c) Credit risk

Credit risk refers to the risk that the counterparty to the financial instrument will fail to discharge an obligation and cause the Group a financial loss.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

With respect to credit risk arising from financial assets of the Group, the Group's exposure to credit risk arises from default of the counterparty, with the current exposure equal to the fair value of these instruments as disclosed in the statement of financial position. This does not represent the maximum risk exposure that could arise in the future as a result of changes in values, but best represents the current maximum exposure at the reporting date.

For the Group's exposure to credit risk, refer to Note 8. None of the trade and other receivables are past due or impaired, or would otherwise be past due or impaired. The maximum exposure to credit risk at the reporting date is the carrying amount of trade and other receivables as detailed in Note 8. Credit risk is not considered to be significant to the Group as the Group does not hold any instruments in debt securities.

Credit quality

The Group has adopted the policy of only dealing with credit worthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group measures credit risk on a fair value basis.

(d) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. This risk is controlled through the Group maintaining sufficient cash and cash equivalents to meet normal operating requirements.

Maturity analysis for financial liabilities

The maturity analysis for financial liabilities is not shown as all the trade and other payables are payable within 30 days.

(e) Fair value

All financial assets and liabilities included in the statement of financial position are carried at fair value.

Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and liabilities at fair value through profit or loss are expensed immediately. Subsequent to recognition, all instruments held at fair value through profit or loss is measured at fair value with changes in their fair value recognised in the statement of comprehensive income.

NAVRAINVEST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

23. EMPLOYEE SHARE OPTION PLAN

On 6 November 2002 the Company established a discretionary trust called the NavraInvest Share Trust ("the Trust"). The Trust currently holds 75,000 ordinary shares of the Company, acquired at zero cost, of the company in connection with the NavraInvest Limited Employee Share Option Plan ("the Plan"). The Board of Directors of the company controls the appointment of the Trustees of the Trust and makes decisions about allocations of options under the Plan.

As these options are over shares of the company that are already on issue, there is no cost to the company to issue the options. Additionally, if any options are ultimately exercised, there will be no dilution of existing shareholders interests as the exercise will result in a transfer of ownership of the shares from the Trust to the employee.

24. KEY MANAGEMENT PERSONNEL DISCLOSURES

Directors

The following persons were directors of NavraInvest Limited during the financial year, and up to the date of this report:

Stephen L. Navra	- Chairman & Managing Director
Louis Y.M. Yu	- Finance Director
Bleddyn J. Gambold	- Non Executive Director
William J. Tootill	- Non Executive Director
Edgar R. Penter	- Non Executive Director

The key management personnel are the directors of the Group. The key management personnel compensation disclosed in this note has been determined by the Board taking into account of market competitiveness and reasonableness, individual capability and experience, and acceptability to shareholders.

Key Management Personnel Compensation

Details of the compensation paid to key management personnel are set out in the following tables.

	Consolidated	
	2011	2010
Short-term benefits		
- employment	355,001	408,130
- advisors commission	-	744,415
Long-term benefits	1,066	9,223
Post-employment benefits	23,456	30,637
	<u>379,523</u>	<u>1,192,405</u>

Service agreements

There are no service agreements between the Group and the directors.

NAVRAINVEST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

24. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

Interests in shares and options

The numbers of ordinary shares and options over ordinary shares in the company held during the year by each director, including their personally related parties, are set out below.

	Balance at the start of the year	Changes during the year	Balance at the end of the year
Shares			
Stephen Navra	6,366,429	(80,000)	6,286,429
Louis Yu	150,000	-	150,000
Bleddyn Gambold	97,500	-	97,500
Edgar Penter	321,000	-	321,000

25. RELATED PARTIES DISCLOSURES

Service fees paid to director related entities

During the year, Columbus Investment Services Limited, of which Bleddyn Gambold and William Tootill are directors, received the following fees from the Group:

- Director Services \$30,000 (2010 : \$30,000)

During the year, Ballinger Pacific Pty Limited, of which William Tootill is a director, received the following fees from the Group:

- Director Services \$15,000 (2010 : \$15,000)
- Consulting \$7,500 (2010 : \$72,500)

Other transactions with director related entities

During the year, NavraInvest Limited paid \$510,971 (2010: \$457,591) in trail commissions to Navra Group Pty Ltd, of which Steve Navra is the sole director and 100% shareholder.

During the year, Navra Financial Services Pty Ltd. received \$1,161,678 (2010: \$3,022,933) in commission and financial services income from Navra Group Pty Ltd, of which Steve Navra is the sole director and 100% shareholder. Note that Navra Group Pty Ltd receives all commission and financial services income on behalf of the Group as holder of the Australian Financial Services Licence.

26. LEASE COMMITMENTS

	Consolidated	
	2011	2010
	\$	\$
Operating lease commitments for office accommodation due:		
Not later than one year	103,976	99,935
One year to five years	21,662	120,743
	<u>125,638</u>	<u>220,678</u>
Lease rentals expensed during the year	<u>40,874</u>	<u>72,155</u>

NAVRAINVEST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

27. SUBSIDIARIES

The Company has 50% control holdings in Navra Financial Services Pty Ltd. (NFS) which acquired in February 2009. As disclosed in note 1(b), NFS was placed into liquidation on 8 July 2011. The financial results of Navra Financial Services Pty Ltd. was not consolidated into the Group's accounts for the current year but separately disclosed in note 3.

28. EVENTS OCCURRING AFTER THE REPORTING PERIOD

A voluntary liquidator has been appointed to Navra Financial Services Pty Limited on 8 July 2011, a company in which the Company had a major investment. The investment has been fully written off in the accounts of the Company for the year ended 30 June 2011. While the loss of a major distribution channel through Navra Financial Services may affect the Navra Funds inflows in the short term, the directors are looking at different plans for a replacement distribution channel. There has not arisen in the interval between the end of the financial year and the date of these financial statements any other item, transaction or event of a material nature that has not been brought to the attention of shareholders.

29. OTHER INFORMATION

NavraInvest Limited is a company limited by shares, incorporated and domiciled in Australia. Its Registered Office and principal place of business is:

Suite 203, Level 2
21 Berry Street
North Sydney, NSW 2060

NAVRAINVEST LIMITED

DIRECTORS' DECLARATION

1. In the directors' opinion:
 - (a) the financial statements and notes set out on pages 6 to 31 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
 - (ii) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2011 and of their performance for the financial year ended on that date; 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.
2. The notes to the financial statements include a statement of compliance with International Financial Reporting Standards.

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



Stephen Navra
Chairman and Managing Director

Sydney
30 September 2011

**NAVRAINVEST LIMITED
ACN 101 355 239**

INDEPENDENT AUDITOR'S REPORT

To the members of Navrainvest Limited:

We have audited the accompanying financial report of Navrainvest Limited ("the company"), which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, the statement of changes in equity and the 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 for the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the consolidated financial report complies 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 and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

**INDEPENDENT AUDITOR'S REPORT
(continued)**

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report of NavraInvest Limited for the financial year ended 30 June 2011 included on NavraInvest Limited's website. The company's directors are responsible for the integrity of the NavraInvest Limited website. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report and remuneration report to confirm the information contained in this website version of the financial report.

Independence

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

Auditor's Opinion

In our opinion:

- (a) the financial report of NavraInvest 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 2011 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(a).



**HLB MANN JUDD
Chartered Accountants**



**Mark D Muller
Partner**

**Sydney
30 September 2011**