Lazard Select Australian Equity Fund

ARSN 095 115 414

Financial report
For the year ended 30 June 2010

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Contents

Directors' report

The directors of Lazard Asset Management Pacific Co. ("the Responsible Entity") submit herewith the annual financial report of the Lazard Select Australian Equity Fund ("the Scheme") for the financial year ended 30 June 2010. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of the directors of the Responsible Entity during or since the end of the financial year and up to the date of this financial report are:

Ashish Bhutani
Nicholas Bratt
Robert Osborn
Robert Prugue
John Reinsberg

Principal activities

The Scheme is a registered managed investment scheme domiciled in Australia.

The principal activity of the Scheme is to invest funds in accordance with its investment objectives and guidelines as set out in the current Product Disclosure Statement and in accordance with the provision of the Constitution.

The Scheme invests primarily, but not exclusively, in companies among the 200 largest listed on the Australian Stock Exchange. The number of stock will generally range from 12 to 25. That means we take active investment decisions to invest in companies that we believe are out of favour for temporary reasons and trading below their intrinsic value.

From time to time, the actual number of stocks will typically depend on the assessment of the relative value of the companies that form the Value Rank. Where opportunities are fairly evenly matched, the number of investments held could be increased, and additional diversification gained, without diminishing the expected return from the Scheme. In this circumstance, the number of stocks held may be greater than the indicated range.

There have been no significant changes in the activities of the Scheme during the financial year.

The Scheme did not have any employees during the financial year.

Service Providers

Responsible Entity - Lazard Asset Management Pacific Co.

Custodian - State Street Australia Limited

Auditor - Deloitte Touche Tohmatsu

Impact of applying Australian equivalents to International Financial Reporting Standards (AIFRS) for financial reporting

It is the opinion of the directors that adopting AIFRS does not have unit pricing consequences, as the basis of unit price accounting is as outlined in the Scheme's Constitution and the governing documents of the Scheme. The key differences between net assets for unit pricing purposes and net assets as reported in the financial statements prepared under AIFRS have been outlined below:

	30 June 2010 $	30 June 2009 $
Net assets for unit pricing purposes	**38,549,327**	29,686,700
Purchase transaction costs expensed under AIFRS	**(58,865)**	(47,158)
Difference between net market value (for unit pricing) and fair value (for financial reporting) of securities	**(24,352)**	(108,836)
Reclassification of net assets attributable to unitholders to liabilities	**(38,466,110)**	(29,530,706)
Net assets under AIFRS	**-**	-

Directors' report (continued)

Review of operations

Results

The results of operations of the Scheme are disclosed in the Statement of comprehensive income. The operating profit attributable to unitholders for the financial year ended 30 June 2010 was $2,876,524 (30 June 2009: loss $14,511,618).

Distributions

The directors of the Responsible Entity report payment of distributions for the financial years ended 30 June 2010 and 30 June 2009 as follows:

	I Class $	I Class cents per unit	W Class $	W Class cents per unit
Financial Year Ended				
30 June 2010				
Interim distribution paid on 7 January 2010	86,311	1.40	404,833	1.24
Interim distribution paid on 8 April 2010	29,078	0.47	147,995	0.41
Final distribution paid on 9 July 2010	85,217	1.23	455,650	1.18
30 June 2009				
Interim distribution paid on 3 October 2008	337,075	0.73	271,801	0.71
Interim distribution paid on 7 January 2009	693,235	1.49	458,803	1.17
Interim distribution paid on 9 April 2009	252,744	0.81	367,207	0.98
Final distribution paid on 10 July 2009	116,105	2.12	792,857	2.45

Performance

Investment objective

The Lazard Select Australian Equity Fund seeks to achieve total returns (includes income and capital appreciation before the deduction of fees and taxes) that exceed those of the S&P/ASX 200 Accumulation Index by 5% per annum over rolling five-year periods.

Return to 30 June*	2010 %	2009 %	2008 %	2007 %	2006 %
Total Return	12.4	-13.6	-24.9	35.0	6.9
S&P/ASX 200 Accumulation Index	13.1	-20.1	-13.4	28.7	23.9

* Past performance may not be indicative of future results. Performance is presented gross of fees and assumes reinvestment of all distributions.

Directors' report (continued)

Commentary

Over the financial year to 30 June 2010, the Scheme rose 12.4%[1] underperforming the index for the year by 0.7%. The Scheme's high conviction stocks James Hardie and Flight Centre contributed the most to the performance, while Telecom New Zealand and Sigma Pharmaceuticals detracted. James Hardie released a solid financial year result, which was driven by strong operating results. The stock price was also helped by the general perception that the US economy has bottomed and a recovery in US housing market is more likely. Flight Centre provided the market with guidance, which contained an upgrade to earnings for financial year 2010 on the back of improved trading conditions for its Australian operations. On a less positive side, Telecom New Zealand performed poorly as another regulatory decision imposed by the Government went against the company. The New Zealand Government is proposing to fund a rural broadband plan by levying a fee on Telecom New Zealand and other operators. Sigma Pharmaceuticals detracted from performance. After a number of weeks in suspension in March, Sigma re-commenced trading after announcing significant write-downs on goodwill associated with the acquisition of Arrow and Herron. This triggered a breach of banking covenants but these were waived by the banks although Sigma is required to reduce overall gearing over the next twelve to twenty-four months. Management has outlined plans to reduce working capital (specifically customer trading terms), selling excess property assets (and potentially non-core businesses), as well as retaining earnings. Underlying profits for the year ended January 2010 were some 15% below market expectations (i.e. before non-cash asset write-downs), but the share price halved on re-listing. While there are obvious risks to Sigma's deleveraging, the fall in the share price does seem to be overly harsh. We will continue to search for opportunities to invest in companies that, subject to a strict valuation process, look cheap for the "normal long run". We believe that this approach should add value for our investors over the medium to long-term.

1 Past performance may not be indicative of future results. Performance is presented gross of fees and assumes reinvestment of all distributions.

Changes in state of affairs

During the financial year there were no significant changes in the state of affairs of the Scheme other than that referred to in the financial statements or notes thereto.

Subsequent events

There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the Scheme, the results of those operations, or the state of affairs of the Scheme in future financial years.

Future developments

The Scheme will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Scheme and in accordance with the provisions of the Scheme's Constitution.

Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Further information on likely developments in the operations of the Scheme and the expected results of those operations have not been included in this report because the Responsible Entity believes it would be likely to result in unreasonable prejudice to the Scheme.

Directors' report (continued)

Indemnification of officers of the Responsible Entity and auditors

During the financial year, a related party of the Responsible Entity paid a premium in respect of a contract insuring the directors of the Responsible Entity and all executive officers of the Responsible Entity against a liability incurred as such a director or executive officer to the extent permitted by the Corporations Act 2001.

The Responsible Entity has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Responsible Entity against a liability incurred as such an officer or auditor.

Scheme information in the Directors' report

Fees paid to the Responsible Entity and its associates[1] out of Scheme property during the financial year are disclosed in Note 4 to the financial statements. Note 5 to the financial statements discloses details of the indirect cost ratio.

The number of units in the Scheme held by the Responsible Entity or its associates[1] as at the end of the financial year are disclosed in Note 16 to the financial statements.

The number of interests in the Scheme issued during the financial year, withdrawals from the Scheme during the financial year, and the number of interests in the Scheme at the end of the financial year are disclosed in Note 11 to the financial statements.

The value of the Scheme's assets as at the end of the financial year is disclosed in the statement of financial position as "Total Assets" and the basis of valuation is included in Note 1 to the financial statements.

1 Associates include directors and secretaries of the Responsible Entity, related body corporates and directors and secretaries of related body corporates.

Environmental regulation

The operations of the Scheme are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is included on page 6.

Signed in accordance with a resolution of the directors of the Responsible Entity made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors

Robert Osborn
Director

Sydney
27 August 2010

Deloitte.

Deloitte Touche Tohmatsu
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The Board of Directors
Lazard Asset Management Pacific Co.
Level 39, Gateway
1 Macquarie Place
Sydney NSW 2000

27 August 2010

Dear Board Members,

Lazard Select Australian Equity Fund

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Lazard Asset Management Pacific Co, as Responsible Entity for the Lazard Select Australian Equity Fund.

As lead audit partner for the audit of the financial statements of Lazard Select Australian Equity Fund for the financial year ended 30 June 2010, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

Richard Rassi
Partner
Chartered Accountants

Deloitte.

Deloitte Touche Tohmatsu
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Independent Auditor's Report to the unitholders of the Lazard Select Australian Equity Fund

We have audited the accompanying financial report of the Lazard Select Australian Equity Fund ("the registered scheme"), which comprises the statement of financial position as at 30 June 2010, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' declaration as set on pages 9 to 32.

Directors' Responsibility for the Financial Report

The directors of the Responsible Entity, Lazard Asset Management Pacific Co, are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes 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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the 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 entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Deloitte.

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

Auditor's Independence Declaration

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 the Lazard Select Australian Equity Fund is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the registered scheme's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Richard Rassi
Partner
Chartered Accountants
Sydney, 27 August 2010

Directors' declaration

The financial statements and notes thereto of the Lazard Select Australian Equity Fund ("the Scheme") for the year ended 30 June 2010 have been prepared by Lazard Asset Management Pacific Co. ("the Responsible Entity") in accordance with the Corporations Act 2001.

The directors of the Responsible Entity declare that, in the directors' opinion:

(a) the financial statements and notes set out on pages 10 to 32 are in accordance with the Corporations Act including

(i) complying with Accounting Standards, the Corporations Regulations 2001; and

(ii) complying with International Financial Reporting Standards as stated in Note 1 to the financial statements; and

(iii) giving a true and fair view of the Scheme's financial position as at 30 June 2010 and of its performance for the financial year ended on that date.

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

Signed in accordance with a resolution of the directors of the Responsible Entity made pursuant to s.295(5) of the Corporations Act 2001

On behalf of the Directors

Robert Osborn
Director

Sydney
27 August 2010

	Notes	Year ended 30 June 2010 $	30 June 2009 $
INCOME			
Dividends		**1,826,212**	3,568,614
Interest		**19,678**	51,425
Net gains/(losses) on investments	3	**1,548,433**	(17,344,638)
Other operating income		**15,299**	10,502
TOTAL INCOME/(LOSS)		**3,409,622**	(13,714,097)
EXPENSES			
Management costs	4	**426,618**	680,472
Transaction costs on purchases		**58,865**	47,158
Other operating expenses	7	**47,615**	69,891
TOTAL EXPENSES		**533,098**	797,521
PROFIT/(LOSS) ATTRIBUTABLE TO UNITHOLDERS		**2,876,524**	(14,511,618)
FINANCING COSTS ATTRIBUTABLE TO UNITHOLDERS			
Distribution to unitholders	14	**(1,209,084)**	(3,289,827)
(Increase)/decrease in liabilities attributable to unitholders	11	**(1,667,440)**	17,801,445
NET PROFIT/(LOSS)		**-**	-
Other comprehensive income		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**-**	-

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

	Notes	As at 30 June 2010 $	 30 June 2009 $
ASSETS			
Cash and cash equivalents		**701,398**	543,383
Receivables	9	**283,598**	259,562
Due from brokers - receivable for securities sold		**-**	24,256
Investments	8	**38,068,323**	29,653,466
TOTAL ASSETS		**39,053,319**	30,480,667
LIABILITIES (EXCLUDING LIABILITIES ATTRIBUTABLE TO UNITHOLDERS)			
Payables	10	**46,342**	38,450
Distributions payable	14	**540,867**	908,962
Due to brokers - payable for securities purchased		**-**	2,549
TOTAL LIABILITIES (EXCLUDING LIABILITIES ATTRIBUTABLE TO UNITHOLDERS)		**587,209**	949,961
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		**38,466,110**	29,530,706
LIABILITIES ATTRIBUTABLE TO UNITHOLDERS	11	**38,466,110**	29,530,706
NET ASSETS		**-**	-

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

	Year ended 30 June 2010 $	30 June 2009 $
TOTAL EQUITY AT THE BEGINNING OF THE FINANCIAL YEAR	**-**	-
Net profit/(loss) for the year	**-**	-
Other comprehensive income for the year	**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR	**-**	-
Transactions with equity holders in their capacity as equity holders	**-**	-
Distributions to equity holders	**-**	-
TOTAL EQUITY AT THE END OF THE FINANCIAL YEAR	**-**	-

Under AIFRS, net assets attributable to unitholders are classified as a liability rather than equity. As a result there was no equity at the start or end of the year.

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

	Notes	Year ended 30 June 2010 $	30 June 2009 $
Cash flows from operating activities			
Dividends received		**1,026,178**	2,844,501
Interest received		**19,678**	51,425
Other revenue received		**15,616**	17,140
Management costs paid		**(410,183)**	(622,054)
Payments of other expenses		**(47,615)**	(86,821)
NET CASH INFLOW FROM OPERATING ACTIVITIES	15(a)	**603,674**	2,204,191
Cash flows from investing activities			
Proceeds from sale of investments		**20,353,340**	59,816,178
Purchase of investments		**(26,456,241)**	(33,886,944)
NET CASH (OUTFLOW)/INFLOW FROM INVESTING ACTIVITIES		**(6,102,901)**	25,929,234
Cash flows from financing activities			
Proceeds from applications by unitholders		**15,218,939**	11,420,539
Payments for redemptions by unitholders		**(8,105,286)**	(37,110,405)
Distributions paid		**(1,456,411)**	(3,907,681)
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES		**5,657,242**	(29,597,547)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**158,015**	(1,464,122)
Cash and cash equivalents at the beginning of the year		**543,383**	2,007,505
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	15(b)	**701,398**	543,383

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

Contents

1 Summary of significant accounting policies

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

Statement of compliance and basis of preparation

This general purpose financial report has been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations and complies with other requirements of the law.

The financial statements were authorised for issue by the directors on 27 August 2010.

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets.

In the application of AIFRS management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the result of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of AIFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

Compliance with International Financial Reporting Standards ("IFRS")

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report of the Scheme, comprising the financial statements and notes thereto, complies with IFRS.

New and revised accounting standards

The following new and revised Standards and Interpretations have been adopted in the current period and have affected the amounts reported in these financial statements.

- AASB 101 *Presentation of Financial Statements* (as revised in September 2007), AASB 2007-8 *Amendments to Australian Accounting Standards arising from AASB 101*and AASB 2007-10 *Further Amendments to Australian Accounting Standards arising from AASB 101*

  AASB 101(September 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.

- AASB 2009-2 *Amendments to Australian Accounting Standards - Improving Disclosures about Financial Instruments*

  The amendments to AASB 7 expand the disclosures required in respect of fair value measurements and liquidity risk. The Scheme has elected not to provide comparative information for these expanded disclosures in the current year in accordance with the transitional reliefs offered in these amendments.

1 Summary of significant accounting policies (continued)

Significant Accounting Policies

(a) Financial instruments

(i) Classification

The Scheme's investments are categorised at fair value through profit or loss. They comprise:

- Financial instruments held for trading

  These include derivative financial instruments including futures, forward contracts, options and interest rate swaps. The Scheme does not designate any derivatives as hedges in a hedging relationship.

- Financial instruments designated at fair value through profit or loss upon initial recognition

  These include financial assets that are not held for trading purposes and which may be sold. These are investments in listed equities.

  Financial assets and financial liabilities designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Scheme's documented investment strategy. The Scheme's policy is for the Responsible Entity to evaluate the information about these financial assets on a fair value basis together with other related financial information.

(ii) Recognition/derecognition

The Scheme recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

Investments are derecognised when the right to receive cashflows from the investments have expired or the Scheme has transferred substantially all risks and rewards of ownership.

(iii) Measurement

(a) Financial assets and liabilities held at fair value through profit or loss

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 financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the income statement as part of net gains or losses on investments.

- Fair value in an active market

  The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the balance sheet date without any deduction for estimated future selling costs. Financial assets are priced at current bid prices, while financial liabilities are priced at current asking prices.

- Fair value in an inactive or unquoted market

  The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

  Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used in a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions.

(b) Loans and receivables

Trade receivables, loans, dividends and other receivables are recorded at amortised cost less impairment.

1 Summary of significant accounting policies (continued)

(a) Financial instruments (continued)

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(b) Liabilities attributable to unitholders

Units are redeemable at the unitholders' option and are therefore classified as financial liabilities. The units can be put back to the Scheme at any time subject to any overriding restrictions outlined in the Scheme's Constitution or offer documents for cash equal to a proportionate share of the Scheme's net asset value. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the balance sheet date if unitholders exercised their right to put the units back to the Scheme. Because the Scheme's redemption unit price is based on different valuation principles to that applied in financial reporting, a valuation difference exists, which has been treated as a separate component of liabilities attributable to unitholders.

(c) Cash and cash equivalents

Cash and cash equivalents includes cash on hand and deposits held at call with banks.

(d) Investment income

Interest income is recognised on a time proportionate basis taking into account the effective yield on the financial assets.

Dividend income is recognised on the ex-dividend date with any related foreign withholding tax recorded as an expense.

Trust distributions are recognised on an entitlements basis.

(e) Expenses

All expenses, including management costs, are recognised in the statement of comprehensive income on an accruals basis.

(f) Income tax

Under current income tax legislation the Scheme is not liable to pay income tax as net income of the Scheme is assessable in the hands of the beneficiaries (the unitholders) who are ‘presently entitled’ to the income of the Scheme. There is no income of the Scheme to which the unitholders are not presently entitled and additionally, the Scheme's Constitution requires the distribution of the full amount of the net income of the Scheme to the unitholders each period.

As a result, deferred taxes have not been recognised in the financial statements in relation to differences between the carrying amounts of assets and liabilities and their respective tax bases, including taxes on capital gains which could arise in the event of a sale of investments for the amount at which they are stated in the financial statements. In the event that taxable gains are realised by the Scheme, these gains would be included in the taxable income that is assessable in the hands of the unitholders as noted above.

Realised capital losses are not distributed to unitholders but are retained within the Scheme to be offset against any realised capital gains. The benefit of any carried forward capital losses are also not recognised in the financial statements. If in any period realised capital gains exceed realised capital losses, including those carried forward from earlier periods and eligible for offset, the excess is included in taxable income that is assessable in the hands of unitholders in that period and is distributed to unitholders in accordance with the requirements of the Scheme's Constitution.

1 Summary of significant accounting policies (continued)

(g) Distributions

In accordance with the Scheme's Constitution, the Scheme distributes its distributable (taxable) income, and any other amounts determined by the Responsible Entity, to unitholders by cash or reinvestment. The distributions are recognised in the statement of comprehensive income as finance costs attributable to unitholders.

Distributions to unitholders comprise the taxable income of the Scheme to which the unitholders are presently entitled. The distributions are generally payable at the end of September, December, March and June quarters.

(h) Increase/decrease in liabilities attributable to unitholders

Movements in liabilities attributable to unitholders are recognised in the statement of comprehensive income as finance costs attributable to unitholders.

Non-distributable income is included in liabilities attributable to unitholders and may consist of unrealised changes in the fair value of financial instruments held at fair value through profit or loss, derivative financial instruments, accrued income not yet assessable, expenses provided or accrued for which are not yet deductible, net capital losses and tax free or tax deferred income. Net capital gains on the realisation of any financial instruments (including any adjustments for tax deferred income previously taken directly to liabilities attributable to unitholders) and accrued income not yet assessable will be included in the determination of distributable income in the same year in which it becomes assessable for tax.

(i) Foreign currency translation

i) Functional and presentation currency
Items included in the Scheme’s financial statements are measured using the currency of the primary economic environment in which it operates (the “functional currency”). This is the Australian dollar, which reflects the currency of the economy in which the Scheme competes for funds and is regulated. The Australian dollar is also the Scheme’s presentation currency.

ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

The Scheme does not isolate that portion of gains or losses on securities and derivative financial instruments which is due to changes in foreign exchange rates from that which is due to changes in the market price of securities. Such fluctuations are included with the net gains or losses on financial instruments at fair value through profit or loss.

(j) Due from/to brokers

Amounts due from/to brokers represent payables for securities purchased and receivables for securities sold that have been contracted for but not yet delivered by the end of the year. Trades are recorded on trade date, and normally settled within three business days. A provision for impairment of amounts due from brokers is established when there is objective evidence that the Scheme will not be able to collect all amounts due from the relevant broker. Indicators that the amount due from brokers is impaired include significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation and default in payments.

(k) Payables

Payables includes liabilities and accrued expenses owing by the Scheme which are unpaid as at balance date.

Trades are recorded on trade date, and normally settled within three business days. Purchases of securities and investments that are unsettled at reporting date are included in payables.

1 Summary of significant accounting policies (continued)

(k) Payables (continued)

The distribution amount payable to unitholders as at the reporting date is recognised separately on the statement of financial position as unitholders are presently entitled to the distributable income as at Wednesday, June 30, 2010 under the Scheme's Constitution.

(l) Applications and redemptions

Applications received for units in the Scheme are recorded net of any entry fees payable prior to the issue of units in the Scheme. Redemptions from the Scheme are recorded gross of any exit fees payable after the cancellation of units redeemed.

Unit application and redemption prices are determined by reference to the net assets of the Scheme divided by the number of units on issue adjusted for the buy/sell spread.

(m) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of the acquisition of an asset or as part of an item of expenses; or

ii) for receivables and payables which are recognised inclusive of GST.

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

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

(n) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2010 reporting periods. The directors' assessment of the impact of these new standards (to the extent relevant to the Scheme) and interpretations is set out below:

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

(i) AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (effective from 1 January 2010)

AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual improvements Project* specify amendments resulting from the IASB's annual improvement project to various Australian accounting standards and interpretations. As permitted, the Scheme has adopted the amendments to AASB 8 and AASB 101.

(ii) AASB 124 Related Party Disclosures (revised December 2009), AASB 2009-12 Amendments to Australian Accounting Standards (effective from 1 January 2011)

In December 2009 the AASB issued a revised AASB 124 *Related Party Disclosures.* It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The Scheme will apply the amended standard from 1 July 2011. When the amendments are applied, the Scheme would need to disclose any transactions between its subsidiaries and its associates. However, as the Scheme does not have any subsidiaries and associates, the amendment will not have any effect on the Scheme's financial statements.

1 Summary of significant accounting policies (continued)

(n) New accounting standards and interpretations (continued)

(iii) AASB 9 *Financial Instruments,* AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 (effective from 1 January 2013)

AASB 9 *Financial Instruments* addresses the classification and measurement of financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not traded. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in statement of comprehensive income. The Scheme has not yet decided when to adopt AASB 9. However, management does not expect this will have a significant impact on the Scheme's financial report as the Scheme does not hold any available-for-sale investments.

2 Financial risk management

The Scheme’s activities expose it to a variety of financial risks: market risk (including price risk and interest rate risk), credit risk and liquidity risk.

The Scheme’s overall risk management programme focuses on ensuring compliance with the Scheme's Product Disclosure Statement and seeks to maximise the returns derived for the level of risk to which the Scheme is exposed.

Financial risk management is carried out by the investment management department under policies approved by the Board of Directors of the Responsible Entity (the Board). The Scheme uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and price risks and ratings analysis for credit risk.

(a) Market risk

(i) Price Risk

The Scheme is exposed to equity securities price risk. This arises from investments held by the Scheme for which prices in the future are uncertain. They are classified on the balance sheet at fair value through profit or loss. All securities investments present a risk of loss of capital. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

The Investment Manager mitigates this price risk through diversification and a careful selection of securities and other financial instruments within specified limits set by the Board. The majority of the Scheme’s equity investments are publicly traded on Australian Stock Exchange.

The table on page 22 summarises the impact of an increase/decrease of the S&P/ASX 200 Accumulation Index on the Scheme’s net assets attributable to unitholders at 30 June 2010. The analysis is based on the assumptions that the index increased/decreased by 10% (2009: 10%) with all other variables held constant and that the fair value of the Scheme’s portfolio of equity securities moved according to the historical correlation with the index.

(ii) Foreign exchange risk

There is no significant direct foreign currency risk in this Scheme as the Scheme invests primarily in companies listed on the Australian Stock Exchange.

(iii) Interest rate risk

The Scheme’s interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. This risk is usually measured by way of sensitivity analysis.

The impact of changes in interest rates will not have a material effect on the financial position or cash flows of the Scheme due to the cash balance being on average a small percentage of the Scheme’s assets. Accordingly no sensitivity analysis has been prepared for interest rate risk.

2 Financial risk management (continued)

(a) Market risk (continued)

The table below summarises the Scheme's exposure to interest rate risks. It includes the Scheme's assets and liabilities at fair values, categorised by the earlier of contractual repricing or maturity dates.

30 June 2010	Floating interest rate $	Fixed interest rate 1 year or less $	1 to 5 years $	Over 5 years $	Non interest bearing $	Total $
Assets						
Cash and cash equivalents	701,398	-	-	-	-	701,398
Receivables	-	-	-	-	283,598	283,598
Investments	-	-	-	-	38,068,323	38,068,323
Total assets	701,398	-	-	-	38,351,921	39,053,319
Liabilities						
Payables	-	-	-	-	46,342	46,342
Distributions payable	-	-	-	-	540,867	540,867
Total liabilities (excluding liabilities attributable to unitholders)	-	-	-	-	587,209	587,209
Liabilities attributable to unitholders	701,398	-	-	-	37,764,712	38,466,110

30 June 2009	Floating interest rate $	Fixed interest rate 1 year or less $	1 to 5 years $	Over 5 years $	Non interest bearing $	Total $
Assets						
Cash and cash equivalents	543,383	-	-	-	-	543,383
Receivables	-	-	-	-	259,562	259,562
Due from brokers - receivable for securities sold	-	-	-	-	24,256	24,256
Investments	-	-	-	-	29,653,466	29,653,466
Total assets	543,383	-	-	-	29,937,284	30,480,667
Liabilities						
Payables	-	-	-	-	38,450	38,450
Distributions payable	-	-	-	-	908,962	908,962
Due to brokers - payable for securities purchased	-	-	-	-	2,549	2,549
Total liabilities (excluding liabilities attributable to unitholders)	-	-	-	-	949,961	949,961
Liabilities attributable to unitholders	543,383	-	-	-	28,987,323	29,530,706

An analysis of financial liabilities by maturity is provided in paragraph (d) below.

2 Financial risk management (continued)

(b) Summarised sensitivity analysis

The following table summarises the sensitivity of the Scheme's operating profit and net assets attributable to unitholders to price risk. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical correlation of the Scheme's investments with the relevant benchmark and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the economies, markets and securities in which the Scheme invests. As a result, historic variations in risk variables are not a definitive indicator of future variations in the risk variables.

	Price risk Effect on net assets and profit attributable to unitholders	
	-10 %	**+10 %**
	$	**$**
30 June 2010	-3,555,003	3,555,003
30 June 2009	-2,264,831	2,264,831

In determining the impact of an increase/decrease in net assets attributable to unitholders arising from market risk, the Responsible Entity has considered prior period and expected future movements of the portfolio based on market information.

(c) Credit risk

Credit risk primarily arises from investments in cash and cash equivalents, deposits with banks and other financial institutions and amounts due from brokers. None of these assets are impaired nor past due.

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

In the opinion of the Responsible Entity, the carrying amount of these financial assets represents the maximum credit risk exposure at the end of the reporting period.

(d) Liquidity Risk

The Scheme is exposed to daily cash redemptions of redeemable units. Other than cash, the Scheme holds investments that are traded in an active market and can be readily disposed. The Scheme's listed securities are considered readily realisable, as they are publicly traded on the Australian Stock Exchange.

The Scheme's policy is to hold 100% of the net assets attributable to unitholders in liquid investments.

2 Financial risk management (continued)

(d) Liquidity Risk (continued)

The table below analyses the Scheme's financial liabilities into relevant maturity groupings based on the remaining period to the earliest possible contractual maturity date at the year end date. The amounts in the table are contractual undiscounted cash flows.

	Less than 1 month	1-6 months	6-12 months	At call	Total
	$	$	$	$	$
At 30 June 2010					
Payables	46,342	-	-	-	46,342
Distributions payable	540,867	-	-	-	540,867
Liabilities attributable to unitholders	-	-	-	38,466,110	38,466,110
Total financial liabilities	587,209	-	-	38,466,110	39,053,319
At 30 June 2009					
Payables	38,450	-	-	-	38,450
Distributions payable	908,962	-	-	-	908,962
Due to brokers - payable for securities purchased	2,549	-	-	-	2,549
Liabilities attributable to unitholders	-	-	-	29,530,706	29,530,706
Total financial liabilities	949,961	-	-	29,530,706	30,480,667

(e) Fair value estimation

The majority of the Scheme's financial assets and financial liabilities included in the statement of financial position are carried at fair value. The fair value of financial assets and financial liabilities has been determined in accordance with note 1 to the financial statements.

The Scheme does not have significant holdings of investments which are not readily traded on original markets in standardised form or for which prices are not readily available.

(f) Fair value hierarchy

The Scheme has adopted the amendments to AASB 7, effective 1 July 2009. This requires the Scheme to classify investment using a fair value hierarchy that reflects the subjectivity of the inputs used in determining fair values. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the valuation technique for an asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Responsible Entity. The Responsible Entity considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

2 Financial risk management (continued)

(e) Fair value hierarchy (continued)

The table below sets out the Scheme's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at 30 June 2010. Comparative information has not been provided as permitted by the transitional provisions of the new revised standards.

As at 30 June 2010	Level 1	Level 2	Level 3	Total
Investments				
Equity securities	38,068,323	-	-	38,068,323
Total	38,068,323	-	-	38,068,323

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, including active listed equities.

There are no investments classified as level 2 and 3 within the Scheme.

There were no transfers between the levels in the fair value hierarchy in 2010.

3 Net gains/(losses) on Investments

	30 June 2010 $	30 June 2009 $
Financial assets		
Unrealised changes in the fair value of investments	**7,914,572**	9,591,100
Realised gains/(losses) on disposal of investments	**(6,366,139)**	(26,935,738)
Total net gains/(losses) on investments	**1,548,433**	(17,344,638)

4 Management Costs

Management Costs for the Scheme include both Investment Costs and Administration Costs paid to the Responsible Entity.

The Management costs disclosed in the statement of comprehensive income are outlined below.

	30 June 2010 $	30 June 2009 $
I Class Units	**57,035**	323,474
W Class Units	**369,583**	356,998
Total	**426,618**	680,472

5 Indirect Cost Ratio (ICR)

The indirect cost ratio for the Scheme is the ratio of the Scheme's Management Costs to the Scheme's average Net Asset Value.

The ICR of the Scheme is shown in the following table.

	30 June 2010 %	30 June 2009 %
ICR - I Class	**1.00**	1.00
ICR - W Class	**1.15**	1.15

6 Auditor's remuneration

During the year the following fees were paid or payable by the Responsible Entity for services provided by the auditor of the Scheme:

	30 June 2010 $	30 June 2009 $
Auditing the financial report	**24,313**	23,155
Other non-audit services	**9,030**	8,600
	33,343	31,755

The auditor of Lazard Select Australian Equity Fund is Deloitte Touche Tohmatsu.

7 Other operating expenses

	30 June 2010 $	30 June 2009 $
Foreign tax credits	**44,192**	69,683
Sundry	**3,423**	208
	47,615	69,891

8 Investments

	30 June 2010 Fair value $	30 June 2009 Fair value $
At fair value		
Equity Securities	**38,068,323**	29,653,466
	38,068,323	29,653,466

Investments that individually represent more than 5% of the total value of investments of the Scheme as 30 June 2010 and 30 June 2009 are disclosed below:

Material investments

2010	**Principal activity**	**Fair value $**	**Interest Ownership %**	**% of Total Value %**
Security Description				
Telstra Corp	Telecommunications	**3,497,042**	**<1**	**9.19**
National Australia Bank	Banking and financial services	**3,206,676**	**<1**	**8.42**
Brambles Ltd	Logistics	**2,500,021**	**<1**	**6.57**
Transurban Group	Transportation	**2,362,079**	**<1**	**6.20**
Telecom Corp of NZ	Telecommunications	**2,354,205**	**<1**	**6.18**
Tabcorp Holdings Ltd	Hotels and leisure	**2,299,633**	**<1**	**6.04**
News Corp	Media	**2,051,024**	**<1**	**5.39**
Sonic Healthcare Ltd	Health care equipment and services	**2,006,181**	**<1**	**5.27**
Suncorp Metway Ltd	Insurance	**1,980,816**	**<1**	**5.20**
Fletcher Building Ltd	Materials	**1,975,261**		**5.19**
Total		**24,232,938**		

8 Investments (continued)

2009	Principal activity	Fair value $	Interest Ownership %	% of Total Value %
Security Description				
Telstra Corp	Telecommunication	3,066,836	<1	10.34
Brambles Ltd	Logistics	2,153,639	<1	7.26
Telecom Corp of NZ	Telecommunication	2,080,765	<1	7.02
News Corp	Media	1,840,479	<1	6.21
Macquarie Infrastructure Grp	Infrastructure Investment	1,646,253	<1	5.55
Tabcorp Holdings Ltd	Hotels and leisure	1,516,189	<1	5.11
National Australia Bank	Banking and financial services	1,483,172	<1	5.00
Total		13,787,333		

9 Receivables

	30 June 2010 **$**	30 June 2009 $
Dividends receivable	**248,779**	249,427
Application receivable	**25,000**	-
Goods and services tax receivable	**9,819**	10,135
	283,598	259,562

10 Payables

	30 June 2010 **$**	30 June 2009 $
Management costs payable	**36,753**	27,523
Redemption payable	**9,589**	10,927
	46,342	38,450

11 Liabilities attributable to unitholders

Movements in number of units and liabilities attributable to unitholders during the year were as follows:

Each unit represents a right to an individual share in the Scheme per the constitution. Each unit has the same rights attaching to it as all other units in the same class.

	30 June 2010 No.	30 June 2009 No.	**30 June 2010 $**	30 June 2009 $
I Class Units				
Opening balance	**5,490,631**	54,393,713	**4,297,463**	53,166,404
Applications	**1,382,345**	3,417,045	**1,317,205**	3,099,869
Redemptions	**-**	(57,649,580)	**-**	(47,131,931)
Units issued upon reinvestment of distributions	**55,217**	5,329,453	**48,086**	5,021,427
Increase/(decrease) in liabilities attributable to unitholders	**-**	-	**11,038,291**	(9,858,306)
Closing balance	**6,928,193**	5,490,631	**16,701,045**	4,297,463

	30 June 2010 No.	30 June 2009 No.	**30 June 2010 $**	30 June 2009 $
W Class Units				
Opening balance	**32,270,641**	34,563,065	**25,233,243**	33,877,174
Applications	**14,933,691**	9,275,893	**13,933,939**	8,425,171
Redemptions	**(8,675,538)**	(11,808,367)	**(8,103,948)**	(9,349,620)
Units issued upon reinvestment of distributions	**85,637**	240,050	**72,682**	223,657
Increase/(decrease) in liabilities attributable to unitholders	**-**	-	**(9,370,851)**	(7,943,139)
Closing balance	**38,614,431**	32,270,641	**21,765,065**	25,233,243
Total liabilities attributable to unitholders	**45,542,624**	37,761,272	**38,466,110**	29,530,706

Capital risk management

The Scheme manages its liabilities attributable to unitholders as capital. The amount of liabilities attributable to unitholders can change significantly on a daily basis as the Scheme is subject to daily applications and redemptions at the discretion of unitholders.

12 Realised capital gains/losses

Capital losses available to offset future assessable capital gains were $41,034,119 (2009: $35,650,604 loss).

13 Unrealised taxable capital gains/losses

Net unrealised taxable capital losses were $1,495,460 (2009: $9,264,354 loss). If these losses were realised they could be used to offset any realised capital gains.

14 Distribution to unitholders

Provision for distribution payable

	30 June 2010 $	30 June 2010 cents per unit	30 June 2009 $	30 June 2009 cents per unit
I Class Units				
Opening balance	**116,105**	**2.12**	4,145,073	7.62
Additional provisions for distributions recognised	**200,606**	**3.10**	1,399,159	5.15
Distribution paid during the period	**(231,494)**	**(3.99)**	(5,428,127)	(10.65)
Closing balance	**85,217**	**1.23**	116,105	2.12
W Class Units				
Opening balance	**792,857**	**2.45**	2,626,827	7.60
Additional provisions for distributions recognised	**1,008,478**	**2.83**	1,890,668	5.31
Distribution paid during the period	**(1,345,685)**	**(4.10)**	(3,724,638)	(10.46)
Closing balance	**455,650**	**1.18**	792,857	2.45
Total closing balance	**540,867**		908,962	

Distributions paid and payable

	30 June 2010 $	30 June 2010 cents per unit	30 June 2009 $	30 June 2009 cents per unit
I Class Units				
Interest income	**196,922**	**0.16**	-	-
Australian dividend income	**11,085**	**3.05**	1,515,703	5.31
Foreign income	**60,466**	**0.94**	382,933	1.66
Franking credits	**(61,327)**	**(0.95)**	(457,688)	(1.70)
Foreign tax credits	**(6,540)**	**(0.10)**	(41,789)	(0.12)
	200,606	**3.10**	1,399,159	5.15
W Class Units				
Interest income	**57,922**	**0.15**	-	-
Australian dividend income	**1,088,300**	**2.85**	1,915,454	5.34
Foreign income	**310,002**	**0.88**	631,869	1.79
Franking credits	**(332,111)**	**(0.95)**	(611,949)	(1.70)
Foreign tax credits	**(35,635)**	**(0.10)**	(44,706)	(0.12)
	1,008,478	**2.83**	1,890,668	5.31
Total distributions paid and payable	**1,209,084**		3,289,827	

The final distribution in respect of units for the year ended 30 June 2010 has been recognised in this financial report, as under the Scheme's Constitution, unitholders are entitled to receive a distribution equal to the full amount of assessable income, notwithstanding the fact that the amount of the final distribution was quantified subsequent to 30 June 2010.

15 Reconciliation of net profit/(loss) to net cash inflow/(outflow) from operating activities

	30 June 2010 $	30 June 2009 $
(a) Reconciliation of net profit/(loss) to net cash inflow/(outflow) from operating activities		
Net profit/(loss)	**-**	-
Finance costs attributable to unitholders	**2,876,524**	(14,511,618)
Net (gains)/losses on investments	**(1,548,433)**	17,344,638
Transaction costs on purchases	**58,865**	47,158
Dividend income reinvested	**(800,681)**	(1,331,472)
Management fee rebates reinvested	**7,205**	115,921
Net change in receivables	**964**	613,997
Net change in payables	**9,230**	(74,433)
Net cash inflow from operating activities	**603,674**	2,204,191
(b) Cash and cash equivalents		
Cash as at the end of the financial year as shown in statement of cash flows is reconciled to the statement of financial position as follows:		
Cash and cash equivalents	**701,398**	543,383
(c) Non-cash financing activities		
Income distributions reinvested by unitholders for additional units in the Scheme	**800,681**	5,245,084
Redemption satisfied by in specie asset transfers	**-**	19,429,161
Management fee rebates reinvested by unitholders for additional units in the Scheme	**7,205**	115,921

16 Related party disclosure

(a) Responsible Entity, Manager and Custodian

The Responsible Entity of the Scheme is Lazard Asset Management Pacific Co. (ABN 13 064 523 619), a company incorporated in and operating in Australia. Its principal registered office and principal place of business is as follows:

Level 39, Gateway
1 Macquarie Place
Sydney NSW 2000

Lazard Asset Management Pacific Co. is a wholly owned subsidiary of Lazard Asset Management LLC, a Delaware Limited Liability company. On 5 May 2005, Lazard LLC, the ultimate holding company of Lazard Asset Management LLC announced certain changes to its ownership structure. On that date, shares of Lazard Ltd, a newly formed Bermuda corporation, began trading publicly on the New York Stock Exchange. Interests in Lazard Ltd are held by public stockholders, as well as by current and former managing directors of Lazard LLC, which changed its name to Lazard Group LLC. As before the initial public offering of shares, Lazard Group LLC continues to be the sole member of Lazard Freres & Co. LLC, a New York limited liability company, which continues to be the holding company of Lazard Asset Management LLC. However, the day-to-day management and operations of Lazard Asset Management LLC and Lazard Asset Management Pacific Co. have not changed as a result. Transactions with entities related to Lazard Asset Management Pacific Co. are disclosed below.

Lazard Asset Management Pacific Co. acts as the Manager of the Scheme. State Street Australia Limited is the Custodian.

16 Related party disclosure (continued)

Key management personnel

The names of the key management personnel of the scheme during the financial year were:

Ashish Bhutani (Director)
Nicholas Bratt (Director)
Robert Osborn (Director)
Robert Prugue (Director)
John Reinsberg (Director)

The positions noted above for the Scheme's key management personnel are the positions held within the Responsible Entity and not the Scheme itself.

No amounts of remuneration were paid directly by the Scheme to the key management personnel of the Responsible Entity (2009: $Nil).

(b) Holdings of units by related parties

No units were held by the Responsible Entity or its associates in the Scheme at any time during the financial years ended 30 June 2010 and 30 June 2009.

No key management personnel or any of their related entities held units or had options granted in the Scheme, either directly, indirectly, or beneficially during the financial years ended 30 June 2010 and 30 June 2009.

(c) Key management personnel's loans

No loans were made by the Scheme to the key management personnel and/or their related parties.

(d) Transactions with related parties

Transactions with related parties have taken place at arms length and in the ordinary course of business.

Management costs of $426,618 (2009: $680,472) were paid or payable to the Responsible Entity directly by the Scheme.

No amounts were paid or payable by the Scheme directly to the directors of the Responsible Entity.

(e) Investments in related parties

No investments in related parties were held during the financial year (2009: $Nil).

17 Events occurring after the balance sheet date

There has not been any matter or circumstance that has occurred subsequent to the balance date that would require adjustments to, or disclosure within, the financial report.

18 Contingent assets and liabilities and commitments

There are no outstanding contingent assets and liabilities or commitments as at 30 June 2010 and 30 June 2009.