
...GROWTH EQUITIES...

GROWTH EQUITIES ACCUMULATION LIMITED

ABN 69 103 383 151

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2005

Managed by

Growth Equities Pty Ltd

ABN: 71 103 383 160

AFS Licence Number: 225791

...GROWTH EQUITIES...

GROWTH EQUITIES ACCUMULATION LIMITED

DIRECTORS' REPORT

Your directors present their report on the company for the year ended 30 June 2005.

Directors

The following persons were directors of Growth Equities Accumulation Limited during the financial year and up to the date of this report:

R B Lester
R D Lester
W F Cawley

Principal Activities

During the period from incorporation to 30 June 2005 the company as an unlisted investment company.

Review of Operations and Results

The profit from ordinary activities after income tax of the company for the period was \$756,716 (2004 \$473,859).

Dividends

No dividends were paid during the year. A dividend of 1 cent per share was proposed and paid subsequent to the end of the financial year.

Significant changes in the State of Affairs

During the financial year there were no significant changes in the state of affairs of the company other than reflected in the accounts or notes thereto.

Likely Developments and Expected Results of Operations

Information on likely developments in the operations of the company and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the company.

Directors' Benefits

During or since the end of the financial period, no director of the company has received or become entitled to receive a benefit because of a contract that the director, or a firm of which the director is a member, or an entity in which the director has a substantial interest, made with the company, or an entity that the company controlled, or a body corporate that was related to the company, when the contract was made or when the director received, or became entitled to receive, the benefit other than:

- (i) a benefit included in the aggregate amount of emoluments received or due and receivable by the directors and set out in a note to these accounts, if any; or
- (ii) the fixed salary of a full time employee of the company, or an entity that the company controlled, or a related body corporate.

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DIRECTORS' REPORT (continued)

Matters Subsequent to the End of the Financial Period

No matter or circumstance has arisen since 30 June 2005 that has significantly affected, or may significantly affect:

- (a) the company's operations in future years, or
- (b) the results of those operations in future years, or
- (c) the company's state of affairs in future financial years.

Insurance or Indemnification

The company has not paid, or agreed to pay, any insurance premiums to cover the liability of any Directors or Officers, or any former Directors or Officers, of the company against any claims arising from the performance of their duties to the company.

The company has not indemnified, or agreed to indemnify, any Directors or Officers, or any former Directors or Officers, of the company against any liabilities arising from the performance of their duties to the company.

Information On Directors

Russell Bryce Lester	Director
Qualifications	Bachelor of Economics
Experience	Board member since January 2003. Director of Lester Group of Companies. Experience in Banking and Finance Industry.
Richard Denis Lester	
Qualifications	Diploma in Agricultural Business; Certificate in Real Estate Management of Valuations; Licensed Valuer; Licensed Real Estate & Business Agent.
Experience	Board member since January 2003. Director of Wesfarmers Ltd and Lester Group of Companies. Extensive experience in property development.
William Francis Cawley	Director
Qualifications and Experience	Board member since January 2003. Director of Lester Group of Companies. Extensive experience in business management.

Meetings of Directors

The number of meetings of the company's board of directors held during the year ended 30 June 2005, and the number of meetings attended by each director were:

	Number of Meetings Attended	Number of Meetings Held whilst a Director
R D Lester	3	3
W F Cawley	3	3
R B Lester	3	3

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GROWTH EQUITIES ACCUMULATION LIMITED

DIRECTORS' REPORT (continued)

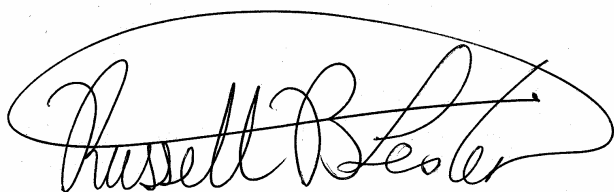
Environmental Regulation

The company is not subject to any significant environmental regulations in respect of its activities.

Auditor

PKF have been appointed as Auditors in accordance with Section 327 of the Corporations Act 2001.

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

A handwritten signature in black ink, reading "Russell B. Lester". The signature is written in a cursive style and is enclosed within a large, hand-drawn oval.

R B Lester
Director

Perth, WA
28 October 2005


**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF GROWTH EQUITIES ACCUMULATION LIMITED**

As lead engagement partner for the audit of Growth Equities Accumulation Limited for the year ended 30 June 2005, I declare that, to the best of my knowledge and belief, there have been:

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



PKF
Chartered Accountants



IAN P OLSON
Partner

Dated this 28th day of October 2005.

GROWTH EQUITIES ACCUMULATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

DIRECTORS' DECLARATION

The directors declare that the financial statements and notes set out on pages 5 to 14:

- (a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) give a true and fair view of the company's financial position as at 30 June 2005 and of its performance, as represented by the results of its operations, and its cash flows for the financial period ended on that date.

In the directors' opinion:

- (a) the financial statements and notes are in accordance with the Corporations Act 2001; 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.

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



R B Lester
Director

Perth, WA
28th October 2005

...GROWTH EQUITIES...

GROWTH EQUITIES ACCUMULATION LIMITED

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2005

	Note	2005 \$	2004 \$
Revenue from ordinary activities		850,077	568,637
Amortisation		(7,276)	(4,850)
Professional Fees		<u>(86,085)</u>	<u>(86,991)</u>
Profit from ordinary activities before income tax expense		756,716	476,796
Income tax expense	3	<u>-</u>	<u>2,937</u>
Profit from ordinary activities after related income tax expense		<u>756,716</u>	<u>473,859</u>
Total changes in equity other than those resulting from transactions with owners as owners	12	<u>756,716</u>	<u>473,859</u>

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

...GROWTH EQUITIES...

GROWTH EQUITIES ACCUMULATION LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2005

	Note	2005 \$	2004 \$
Current Assets			
Cash Assets	4	164,892	763,308
Receivables	5	<u>32,258</u>	<u>245,256</u>
Total Current Assets		<u>197,150</u>	<u>1,008,564</u>
Non-Current Assets			
Investments	6	6,370,792	4,721,536
Intangibles	7	<u>-</u>	<u>7,276</u>
Total Non-Current Assets		<u>6,370,792</u>	<u>4,728,812</u>
Total Assets		<u>6,567,942</u>	<u>5,737,376</u>
Current Liabilities			
Payables	8	39,818	71,026
Current tax liabilities	9	<u>2,937</u>	<u>2,937</u>
		<u>42,755</u>	<u>73,963</u>
Non-Current Liabilities			
Payables	10	<u>-</u>	<u>14,626</u>
Total Non-Current Liabilities		<u>-</u>	<u>14,626</u>
Total Liabilities		<u>42,755</u>	<u>88,589</u>
Net Assets		<u>6,525,187</u>	<u>5,648,787</u>
Equity			
Contributed equity	11	5,294,612	5,174,928
Retained profits	12	<u>1,230,575</u>	<u>473,859</u>
Total Equity		<u>6,525,187</u>	<u>5,648,787</u>

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

...GROWTH EQUITIES...

GROWTH EQUITIES ACCUMULATION LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2005

	Note	2005 \$	2004 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Dividends received		359,138	186,648
Distributions received		-	1,322
Interest received		23,291	14,294
Other income		-	506
Payments to suppliers		<u>(96,726)</u>	<u>(76,350)</u>
Net cash inflow from operating activities		<u>285,703</u>	<u>126,420</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for investment purchases		(3,200,755)	(5,553,563)
Proceeds from investment sales		2,206,133	1,013,023
Payments for formation costs		<u>-</u>	<u>(12,126)</u>
Net cash (outflow) from investing activities		<u>(994,622)</u>	<u>(4,552,666)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of shares		119,684	5,174,928
Proceeds from borrowings		5,445	14,626
Repayment of loan		<u>(14,626)</u>	<u>-</u>
Net cash inflow from financing activities		<u>110,503</u>	<u>5,189,554</u>
Net increase in cash held		(598,416)	763,308
Cash at the beginning of the period		<u>763,308</u>	<u>-</u>
Cash at the end of the year	4	<u><u>164,892</u></u>	<u><u>763,308</u></u>

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

...GROWTH EQUITIES...

GROWTH EQUITIES ACCUMULATION LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This special purpose financial report has been prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Corporation Act 2001.

It is prepared in accordance with the historical cost convention.

(a) Income Tax

Tax effect accounting procedures are followed whereby the income tax expense in the statement of financial performance is matched with the accounting profit after allowing for permanent differences. The future tax benefit relating to tax losses is not carried forward as an asset unless the benefit is virtually certain of realisation. Income tax on cumulative timing differences is set aside to the deferred income tax or the future income tax benefit accounts at the rates which are expected to apply when those timing differences reverse.

(b) Acquisition of Assets

The cost method of accounting is used for all acquisitions of assets. Cost is determined as the fair value of the assets given up, or liabilities undertaken, at the date of acquisition plus costs incidental to the acquisition.

(c) Investments

Listed shares held for trading are carried at market value. Changes in net market value are recognised as a revenue or expense in determining the net profit for the period.

When listed shares have been revalued, any capital gains tax, which may become payable has not been taken into account in determining the revalued carrying amount. Where it is expected that a liability for capital gains tax exists, this amount is recognised in the net profit for the reporting period.

(d) Trade Creditors and Accruals

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

(e) Interest Bearing Liabilities

Loans are carried at their principal amounts, which represent the present value of future cash flows associated with servicing the debt. Borrowing costs associated with interest bearing liabilities, if any, are recognised as expenses in the period in which they are incurred.

(f) Cash and Cash Equivalents

Cash on hand and in banks are stated at nominal value.

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks. Interest is recognised as an expense as it accrues.

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GROWTH EQUITIES ACCUMULATION LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Intangibles

Intangibles represent formation costs, which are recorded at cost. Formation costs are amortised on a straight line basis over 5 years.

(h) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised;

Interest

Control of the right to receive the interest payment.

Dividends

Control of the right to receive the dividend payment.

	2005 \$	2004 \$
2. PROFIT/(LOSS) FROM ORDINARY ACTIVITIES		
Profit/(loss) from ordinary activities includes the following specific expenses:		
Formation expenses amortised	<u>7,276</u>	<u>4,850</u>
3. INCOME TAX		
The aggregate amount of income tax attributable to the financial year differs from the amount calculated on the loss. The differences are reconciled as follows:		
Profit from ordinary activities before income tax	<u>756,716</u>	<u>476,796</u>
Income tax (benefit)/expense calculated at 30%	227,015	143,038
Adjust for unrealised profits	(247,899)	(78,892)
Tax effect of Franking Credits	-	(61,209)
Tax Losses not brought to account	<u>20,884</u>	<u>-</u>
Income tax expense	<u>-</u>	<u>2,937</u>
Franking tax credits available to offset against future profits	<u>144,691</u>	<u>-</u>

This benefit of tax losses will only be obtained if:

- (i) the company derives future assessable income of a nature and amount sufficient to enable the benefit from the deductions for the losses to be realised, and
- (ii) the company continues to comply with the conditions for deductibility imposed by tax legislation, and
- (iii) no changes in tax legislation adversely affect the company in realising the benefit from the deductions for the losses.

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GROWTH EQUITIES ACCUMULATION LIMITED

	2005 \$	2004 \$
4. CURRENT ASSETS – CASH ASSETS		
Cash on Hand	-	1
Cash at Bank	164,892	763,307
	<u>164,892</u>	<u>763,308</u>
5. CURRENT ASSETS – RECEIVABLES		
Trade Debtors	30,231	242,193
Other Debtors	2,027	3,063
	<u>32,258</u>	<u>245,256</u>
6. NON-CURRENT ASSETS – INVESTMENTS		
Listed shares	<u>6,370,792</u>	<u>4,721,536</u>
<u>Investment in entities not being subsidiaries or associates</u>		

Name	Principal Activity	Carrying Value \$
ANZ Bank	Bank	494,813
Billabong International Limited	Sports Apparel & Accessories	68,736
Boom Logistics Limited	Lifting & Logistics Services	144,000
Commonwealth Bank	Bank	385,192
City Pacific	Diversified Financials	515,625
HGL Limited	Capital Goods	427,287
IINET Limited	Softwares and Services	285,000
Just Group Limited	Retailing	253,200
K&S Corporation Limited	Logistics, Transports & Warehousing	186,464
Legalco Limited	Property Lawyers	40,727
Leighton Holdings	Constructions	402,500
National Australia Bank	Bank	292,220
Port Bouvard Limited	Real Estate	551,481
Peet and Company Limited	Real Estate	206,292
QBE Insurance	Insurance	769,440
Sunland Group Limited	Real Estate	327,415
Toll Holdings Limited	Transports & Warehousing	391,800
Waterco Limited	Pool & Spa Products	269,500
Westpac Bank	Bank	<u>359,100</u>
		<u>6,370,792</u>

Listed shares are readily saleable with no fixed terms.
There would have been a material liability for capital gains tax if these assets had been sold at reporting date.

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	2005 \$	2004 \$
7. NON-CURRENT ASSETS - INTANGIBLES		
Formation Expenses – at cost	12,126	12,126
Accumulated Amortisation	<u>(12,126)</u>	<u>(4,850)</u>
	<u>-</u>	<u>7,276</u>
8. CURRENT LIABILITIES – PAYABLES		
Trade Creditors	34,373	65,581
Other Payables	<u>5,445</u>	<u>5,445</u>
	<u>39,818</u>	<u>71,026</u>
9. CURRENT LIABILITIES - CURRENT TAX LIABILITIES		
Provision for Income tax	<u>2,937</u>	<u>2,937</u>
10. NON-CURRENT LIABILITIES – PAYABLES		
Unsecured loan – Growth Equities Pty Ltd	<u>-</u>	<u>14,626</u>
The loan has no fixed schedule for repayment and is interest free.		
11. CONTRIBUTED EQUITY		
Ordinary Shares fully paid	<u>5,294,612</u>	<u>5,174,928</u>
	<u>5,294,612</u>	<u>5,174,928</u>

Ordinary Shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. At 30 June 2005 there were 5,225,077 fully paid shares on issue (2004 - 5,125,000 fully paid shares)

Date	Details	Number of shares	Issue Price	\$
1 Jul 2004	Opening Balance	5,125,000		5,174,928
15 Sept 2004	Issue of shares	44,327	1.128	50,000
7 Oct 2004	Issue of shares	13,000	1.142	14,846
9 Dec 2004	Issue of shares	10,000	1.241	12,410
4 Feb 2005	Issue of shares	15,250	1.311	19,993
4 Mar 2005	Issue of shares	<u>17,500</u>	1.282	<u>22,435</u>
		<u>5,225,077</u>		<u>5,294,612</u>

...GROWTH EQUITIES...

GROWTH EQUITIES ACCUMULATION LIMITED

	2005 \$	2004 \$
12. RETAINED PROFITS		
Balance of accumulated losses at the beginning of the year	473,859	-
Profit from ordinary activities after income tax	<u>756,716</u>	<u>473,859</u>
Balance of retained profits at the end of the year	<u>1,230,575</u>	<u>473,859</u>
13. RELATED PARTIES		
(a) Parent Entity		
The parent entity, Balwyn Holdings Pty Ltd, owns 95.69% of the issued capital of the company.		
(b) Directors		
The names of the persons who were directors of the company during the year ended 30 June 2005 and to the date of this report are as follows:		
R B Lester		
R D Lester		
W F Cawley		
No Director was paid any remuneration by the company in respect of his position as a director of the company.		
(c) At the end of the financial year an amount of \$Nil (2004 \$14,626) was owed to Growth Equities Pty Ltd a related entity. This loan bears no interest and is unsecured.		
14. CORPORATE INFORMATION		
Growth Equities Accumulation Limited is an Australian public company limited by shares, incorporated and domiciled in Australia. Its registered office is located at Level 2, 47 Stirling Highway, Nedlands, Western Australia.		
15. STATEMENT OF CASHFLOWS		
<i>Reconciliation of the net profit after tax to the net cash flows from operations</i>		
Profit from ordinary activities after income tax	756,716	473,859
Non Cash Items		
Amortisation	7,276	4,850
Realised (loss)/profit from investments	352,580	(64,535)
Unrealised profit from investments	(826,329)	(262,973)
Changes in Assets and Liabilities		
Reduction/(Increase) in trade debtors relating to operations	5,064	(35,296)
Reduction/(Increase) in other debtors relating to operations	1,037	(3,063)
(Reduction)/Increase in trade creditors relating to operations	(5,196)	5,196
Increase in other payables	(5,445)	5,445
Increase in provisions	-	2,937
Net cash inflow from operating activities	<u>285,703</u>	<u>126,420</u>

GROWTH EQUITIES ACCUMULATION LIMITED

16. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO IFRS

Growth Equities Accumulation Limited is in the process of transitioning its accounting policies and financial reporting from current Australian Accounting Standards (AGAAP) to Australian equivalents of International Financial Reporting Standards (AIFRS) which will be applicable for the financial year ended 30 June 2006.

Set out below are the key areas where accounting policies are expected to change on adoption of AIFRS.

Under AASB 112 *Income Taxes*, the group would be required to use a balance sheet liability method, rather than the current income statement method, which recognises deferred tax balances where there is a difference between the carrying value of an asset or liability and its tax base. There were no adjustments to deferred tax balances on transition.

Under AASB 136 *Impairment of Assets*, the recoverable amount of an asset is determined as the higher of its net selling price and value in use. This will result in a change in the company's current accounting policy which determines the recoverable amount of an asset on the basis of non-discounted cash flows.

Management has decided to apply the exemption provided in AASB 1 *First time Adoption of Australian Equivalents to International Financial Reporting Standards* which permits entities not to apply the requirements of AASB 132 *Financial Instruments: Presentation and Disclosures* and AASB 139 *Financial Instruments: Recognition and Measurement for the financial year ended 30 June 2005*. The standards will be applied from 1 July 2005.

...GROWTH EQUITIES...

GROWTH EQUITIES ACCUMULATION LIMITED

DETAILED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2005

	2005 \$	2004 \$
Income		
Dividends & distributions received	354,073	223,266
Interest received	22,255	17,357
Realised profit/(loss) on investments	(352,580)	64,535
Unrealised profit/(loss) on investments	826,329	262,973
Other income	-	506
	<hr/>	<hr/>
Total Income	850,077	568,637
	<hr/>	<hr/>
Expenses		
Accounting fees	-	2,500
Amortisation of formation costs	7,276	4,850
Bank fees	4	-
Brokerage fees	15,983	34,186
Management fees	70,098	50,305
	<hr/>	<hr/>
Total Expenses	93,361	91,841
	<hr/>	<hr/>
Net profit before income tax	756,716	476,796
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**INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF GROWTH EQUITIES ACCUMULATION LIMITED**

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Growth Equities Accumulation Limited, for the year ended 30 June 2005.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

Audit Opinion

In our opinion, the financial report of Growth Equities Accumulation Limited is in accordance with:

- (a) the *Corporations Act 2001*, including:
 - i) giving a true and fair view of the company's financial position as at 30 June 2005 and of its performance for the year ended on that date; and
 - ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.

**PKF**

Chartered Accountants

**IAN P OLSON**

Partner

Dated on this 28 day of October 2005.