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***...GROWTH EQUITIES...***

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**GROWTH EQUITIES ACCUMULATION LIMITED**

ABN 69 103 383 151

**FINANCIAL REPORT**

**FOR THE PERIOD 14 JANUARY 2003 TO 30 JUNE 2004**

Managed by

**Growth Equities Pty Ltd**

ABN: 71 103 383 160

AFS Licence Number: 225781

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# ...GROWTH EQUITIES...

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## GROWTH EQUITIES ACCUMULATION LIMITED DIRECTORS' REPORT

Your directors present their report on the company from its date of incorporation, 14 January 2003, to 30 June 2004.

### **Directors**

The following persons were directors of Growth Equities Accumulation Limited from the dates set out below and up to the date of this report:

R B Lester	14 January 2003
R D Lester	14 January 2003
W F Cawley	14 January 2003

### **Principal Activities**

During the period from incorporation to 30 June 2004 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 \$473,859.

### **Dividends**

No dividends were paid during the year and none are proposed to be paid at the date of this report.

### **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.

## GROWTH EQUITIES ACCUMULATION LIMITED

### DIRECTORS' REPORT (continued)

#### **Matters Subsequent to the End of the Financial Period**

No matter or circumstance has arisen since 30 June 2004 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**

<b>Russell Bryce Lester</b>	Director
Qualifications	Bachelor of Economics
Experience	Board member since January 2003. Director of Lester Group of Companies. Experience in Banking and Finance Industry.
<b>Richard Denis Lester</b>	
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.
<b>William Francis Cawley</b>	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 2004, and the number of meetings attended by each director were:

	Number of Meetings Attended	Number of Meetings Held whilst a Director
R D Lester	2	2
W F Cawley	2	2
R B Lester	2	2

**GROWTH EQUITIES ACCUMULATION LIMITED**  
**DIRECTORS' REPORT (continued)**

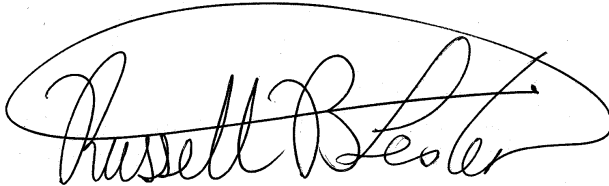
***Environmental Regulation***

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 enclosed within a large, hand-drawn oval shape.

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R B Lester  
Director  
Perth, WA  
October 2004

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# **...GROWTH EQUITIES...**

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**GROWTH EQUITIES ACCUMULATION LIMITED**

**FINANCIAL STATEMENTS**  
**FOR THE PERIOD 14 JANUARY 2003 TO 30 JUNE 2004**

**DIRECTORS' DECLARATION**

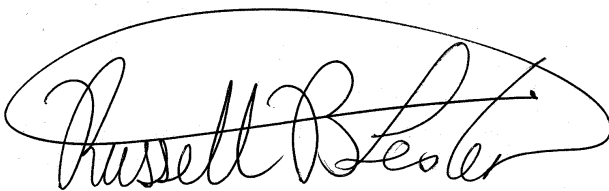
The directors declare that the financial statements and notes set out on pages 5 to 12:

- (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 2004 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.

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.

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R B Lester  
Director

Perth, WA  
October 2004

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# ...GROWTH EQUITIES...

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**GROWTH EQUITIES ACCUMULATION LIMITED**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE PERIOD 14 JANUARY 2003 TO 30 JUNE 2004**

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

	Note	2004 \$
<b>Current Assets</b>		
Cash Assets	4	763,308
Receivables	5	245,256
Investments	6	<u>4,721,536</u>
<b>Total Current Assets</b>		<u>5,730,100</u>
<b>Non-Current Assets</b>		
Intangibles	7	<u>7,276</u>
<b>Total Non-Current Assets</b>		<u>7,276</u>
<b>Total Assets</b>		<u>5,737,376</u>
<b>Current Liabilities</b>		
Payables	8	71,026
Current tax liabilities	9	<u>2,937</u>
		<u>73,963</u>
<b>Non-Current Liabilities</b>		
Payables	10	<u>14,626</u>
<b>Total Non-Current Liabilities</b>		<u>14,626</u>
<b>Total Liabilities</b>		<u>88,589</u>
<b>Net Assets</b>		<u>5,648,787</u>
<b>Equity</b>		
Contributed equity	11	5,174,928
Retained profits	12	<u>473,859</u>
<b>Total Equity</b>		<u>5,648,787</u>

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

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# ...GROWTH EQUITIES...

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**GROWTH EQUITIES ACCUMULATION LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD 14 JANUARY 2003 TO 30 JUNE 2004**

	Note	2004 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Dividends Received		186,648
Distributions Received		1,322
Interest Received		14,294
Other Income		506
Payments to Suppliers		<u>(76,350)</u>
<b>Net cash inflow from operating activities</b>		<u>126,420</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for Investments		(5,553,563)
Proceeds from Sale of Investments		1,013,023
Payments for Formation Costs		<u>(12,126)</u>
<b>Net cash (outflow) from investing activities</b>		<u>(4,552,666)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Issues of Shares		5,174,928
Proceeds from Borrowings		<u>14,626</u>
<b>Net cash inflow from financing activities</b>		<u>5,189,554</u>
Net increase in cash held		763,308
Cash at the beginning of the period		<u>-</u>
Cash at the end of the year	4	<u>763,308</u>

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

## GROWTH EQUITIES ACCUMULATION LIMITED

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD 14 JANUARY 2003 TO 30 JUNE 2004

#### 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.

The Company was incorporated during the financial period and consequently there are no prior period figures.

##### **(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.

## GROWTH EQUITIES ACCUMULATION LIMITED

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD 14 JANUARY 2003 TO 30 JUNE 2004

#### 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.

2004  
\$

#### 2. PROFIT/(LOSS) FROM ORDINARY ACTIVITIES

Profit/(loss) from ordinary activities includes the following specific expenses:

Formation expenses amortised	<u>4,850</u>
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#### 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>476,796</u>
Income tax (benefit)/expense calculated at 30%	143,038
Adjust for unrealised profits	(78,892)
Tax effect of Franking Credits	<u>(61,209)</u>
Income tax expense	<u>2,937</u>

# ...GROWTH EQUITIES...

## GROWTH EQUITIES ACCUMULATION LIMITED

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued) FOR THE PERIOD 14 JANUARY 2003 TO 30 JUNE 2004

	2004 \$
<b>4. CURRENT ASSETS – CASH ASSETS</b>	
Cash on Hand	1
Cash at Bank	<u>763,307</u>
	<u>763,308</u>
<b>5. CURRENT ASSETS – RECEIVABLES</b>	
Trade Debtors	242,193
Other Debtors	<u>3,063</u>
	<u>245,256</u>
<b>6. CURRENT ASSETS – INVESTMENTS</b>	
Listed shares	<u>4,721,536</u>
	<u>4,721,536</u>
<p>Listed shares are readily saleable with no fixed terms. There would be a material capital gains tax payable if these assets were sold at reporting date.</p>	
<b>7. NON-CURRENT ASSETS - INTANGIBLES</b>	
Formation Expenses – at cost	12,126
Accumulated Amortisation	<u>(4,850)</u>
	<u>7,276</u>
<b>8. CURRENT LIABILITIES – PAYABLES</b>	
Trade Creditors	65,581
Other Payables	<u>5,445</u>
	<u>71,026</u>
<b>9. CURRENT TAX LIABILITIES</b>	
Provision for Income tax	<u>2,937</u>
	<u>2,937</u>

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# ...GROWTH EQUITIES...

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	<b>2004</b>
	<b>\$</b>
<b>10. NON-CURRENT LIABILITIES – PAYABLES</b>	
Unsecured loan – Growth Equities Pty Ltd	<u>14,626</u>
	<u>14,626</u>
<p>The loan has no fixed schedule for repayment and is interest free.</p>	
<b>11. CONTRIBUTED EQUITY</b>	
Ordinary Shares fully paid	<u>5,174,928</u>
	<u>5,174,928</u>
<p><i>Ordinary Shares</i> 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 2004 there were 5,125,000 fully paid shares on issue.</p>	
<b>12. RETAINED PROFITS</b>	
Balance of accumulated losses at the beginning of the year	-
Profit from ordinary activities after income tax	<u>473,859</u>
Balance of retained profits at the end of the year	<u>473,859</u>
<b>13. RELATED PARTIES</b>	
<b>(a) Parent Entity</b>	
<p>The parent entity, Balwyn Holdings Pty Ltd, owns 97.52% of the issued capital of the company.</p>	
<b>(b) Directors</b>	
<p>The names of the persons who were directors of the company during the period ended 30 June 2004 and to the date of this report are as follows:</p>	
<p>R B Lester R D Lester W F Cawley</p>	
<p>No Director was paid any remuneration by the company in respect of his position as a director of the company.</p>	
<b>(c)</b>	
<p>At the end of the financial year an amount of \$14,626 was owed to Growth Equities Pty Ltd a related entity. This loan bears no interest and is unsecured.</p>	

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# ...GROWTH EQUITIES...

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**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.

	<b>2004</b>
	<b>\$</b>
<b>15. STATEMENT OF CASHFLOWS</b>	
<b>(a) Reconciliation of the net profit after tax to the net cash flows from operations</b>	
Profit from ordinary activities after income tax	473,859
<b>Non Cash Items</b>	
Amortisation	4,850
Realised profit from investments	(64,535)
Unrealised profit from investments	(262,973)
<b>Changes in Assets and Liabilities</b>	
(Increase) in trade debtors	(35,296)
(Increase) in other debtors	(3,063)
Increase in trade creditors	5,196
Increase in other payables	5,445
Increase in provisions	2,937
	<hr/>
Net cash inflow from operating activities	<b><u>126,420</u></b>