
...GROWTH EQUITIES...

GROWTH EQUITIES ACCUMULATION LIMITED
ABN 69 103 383 151

FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2007

...GROWTH EQUITIES...

GROWTH EQUITIES ACCUMULATION LIMITED DIRECTORS' REPORT

Your directors present their report on the company for the year ended 30 June 2007.

Directors

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

Name

R B Lester
R D Lester
W F Cawley

Mr. D P Hicks was appointed to act as Non-Executive Director of the company, effective from 1 July 2007.

Principal activities

During the year the principal continuing activities of the company consisted of investments into Australian listed securities.

Review of operations and results

The company experienced favourable investment conditions during the 2007 financial year. The disciplined investment processes utilised by the Manager enabled it to generate significant profits for the company's shareholders. The profit for the year for the company was \$3,189,757 (2006: Profit of \$1,558,398).

The directors declared a dividend of 1 cent fully franked per share which was paid in October 2006. All but one shareholder at that time utilised the Dividend Reinvestment Plan (DRP) to increase their investment in the company.

Dividends

Dividends paid to members during the financial year were as follows:

	2007 \$	2006 \$
Final ordinary dividend for the year ended 30 June 2006 of 1 cent (2005 – 1 cent) per fully paid share paid on 30 th October 2006	<u>62,090</u>	<u>52,461</u>
	<u>62,090</u>	<u>52,461</u>

The directors intend to maintain their stated dividend policy of, 'endeavouring to pay an increased dividend each year', and will make the DRP available to shareholders once again for the year ended 30 June 2007.

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.

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GROWTH EQUITIES ACCUMULATION LIMITED DIRECTORS' REPORT (Continued)

Matters subsequent to the end of the financial period

Since 30 June 2007, Growth Equities Accumulation Limited has appointed Mr. Damian Hicks to act as Non-Executive Director of the company, effective from 1 July 2007.

Except for the new appointment discussed above, no other significant matter or circumstance has arisen since 30 June 2007 that has significantly affected, or may significantly affect:

- (a) the company's operations in future financial years, or
- (b) the results of those operations in future financial 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; Graduate Diploma of Applied Finance & Investment.
Experience	Board member since January 2003. Director of Lester Group of Companies. Experience in Banking and Finance Industry.
Other responsibilities	Company secretary
Richard Denis Lester	Director
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 2007, 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

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DIRECTORS' REPORT (Continued)

Environmental regulation

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

Auditors' independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 4.

Auditor

Moore Stephens 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, thin, hand-drawn oval.

R B Lester
Director

Perth, WA
18th July 2007

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**

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 2007 I declare that, to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Growth Equities Accumulation Limited.



NEIL PACE

Partner
Moore Stephens
Chartered Accountants

Dated at Perth on this 18th day of July 2007

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GROWTH EQUITIES ACCUMULATION LIMITED

DIRECTORS' DECLARATION FOR THE YEAR ENDED 30 JUNE 2007

In the directors' opinion:

- (a) the financial statements and notes set out on pages 6 to 21 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the company's financial position as at 30 June 2007 and of their performance for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



R B Lester
Director

Perth, WA
18th July 2007

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GROWTH EQUITIES ACCUMULATION LIMITED

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

	Notes	2007 \$	2006 \$
Revenue from continuing operations	4	5,218,592	2,698,947
Performance fees	5	(581,874)	(282,427)
Realised losses on financial assets held-for-trading	5	(3,540)	(250,419)
Other expenses	5	<u>(157,509)</u>	<u>(93,796)</u>
Profit before income tax		4,475,669	2,072,305
Income tax expense	6	<u>(1,285,912)</u>	<u>(513,907)</u>
Profit for the year attributable to members of Growth Equities Accumulation Limited	15	<u><u>3,189,757</u></u>	<u><u>1,558,398</u></u>

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

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GROWTH EQUITIES ACCUMULATION LIMITED

BALANCE SHEET AS AT 30 JUNE 2007

	Notes	2007 \$	2006 \$
ASSETS			
Current assets			
Cash and cash equivalents	7	2,089,014	268,389
Trade and other receivables	8	<u>61,083</u>	<u>243,981</u>
Total current assets		<u>2,150,097</u>	<u>512,370</u>
Non-current assets			
Other financial assets	9	16,202,718	8,422,365
Deferred tax assets	10	<u>174,562</u>	<u>84,728</u>
Total non-current assets		<u>16,377,280</u>	<u>8,507,093</u>
Total assets		<u>18,527,377</u>	<u>9,019,463</u>
LIABILITIES			
Current liabilities			
Trade and other payables	11	2,503,939	296,058
Current tax liabilities	12	<u>-</u>	<u>-</u>
Total current liabilities		<u>2,503,939</u>	<u>296,058</u>
Non-current liabilities			
Deferred tax liabilities	13	<u>2,304,109</u>	<u>928,363</u>
Total non-current liabilities		<u>2,304,109</u>	<u>928,363</u>
Total liabilities		<u>4,808,048</u>	<u>1,224,421</u>
Net assets		<u>13,719,329</u>	<u>7,795,042</u>
Equity			
Contributed equity	14	8,181,941	5,385,321
Retained profits	15	<u>5,537,388</u>	<u>2,409,721</u>
Total equity		<u>13,719,329</u>	<u>7,795,042</u>
Net tangible assets per share before providing for tax on unrealised capital gains		\$2.3570	\$1.6491
Net tangible assets per share after providing for tax on unrealised capital gains		\$2.0181	\$1.4736

The above balance sheet should be read in conjunction with the accompanying notes.

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GROWTH EQUITIES ACCUMULATION LIMITED

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2007

	Contributed equity \$	Retained profits \$	Total \$
Balance at 1 July 2005	5,294,612	903,784	6,198,396
Profit for the year	-	1,558,398	1,558,398
Total recognised income and expense for the year	5,294,612	2,462,182	7,756,794
Contributions of equity, net of transaction costs	90,709	-	90,709
Dividends paid	-	(52,461)	(52,461)
Balance at 30 June 2006	5,385,321	2,409,721	7,795,042
Profit for the year	-	3,189,757	3,189,757
Total recognised income and expense for the year	5,385,321	5,599,478	10,984,799
Contributions of equity, net of transaction costs	2,796,620	-	2,796,620
Dividends paid	-	(62,090)	(62,090)
Balance at 30 June 2007	8,181,941	5,537,388	13,719,329

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

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GROWTH EQUITIES ACCUMULATION LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

	Notes	2007 \$	2006 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Dividends received		763,566	475,890
Interest received		39,139	9,227
Other revenue		22,064	
Payments to suppliers		<u>(438,502)</u>	<u>(91,603)</u>
Net cash inflows from operating activities	21	<u>386,267</u>	<u>393,514</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for financial assets purchases		(3,228,259)	(779,351)
Proceeds from financial assets sales		<u>21,087</u>	<u>451,086</u>
Net cash outflows from investing activities		<u>(3,207,172)</u>	<u>(328,265)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of shares		2,796,620	90,709
Proceeds from new investors/subscriptions		1,907,000	-
Dividend paid		<u>(62,090)</u>	<u>(52,461)</u>
Net cash inflows from financing activities		<u>4,641,530</u>	<u>38,248</u>
Net increase in cash and cash equivalents		1,820,625	103,497
Cash and cash equivalents at the beginning of the financial year		<u>268,389</u>	<u>164,892</u>
Cash and cash equivalents at the end of the financial year	7	<u><u>2,089,014</u></u>	<u><u>268,389</u></u>

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

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GROWTH EQUITIES ACCUMULATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

1. CORPORATE INFORMATION

The financial report of Growth Equities Accumulation Limited for the year ended 30 June 2007 was authorised for issue in accordance with a resolution of the directors on 18th July 2007.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

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

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

Compliance with IFRSs

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRSs). Compliance with AIFRSs ensures that the financial statements and notes of Growth Equities Accumulation Limited comply with International Financial Reporting Standards (IFRSs).

Early adoption of standards

The Group has elected to apply the following pronouncement to the annual reporting period beginning 1 July 2006:

- revised AASB 101 *Presentation of Financial Statements* (issued October 2006)

This includes applying the pronouncement to the comparatives in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. No adjustments to any of the financial statements were required for the above pronouncement, but certain disclosures are no longer required and have therefore been omitted.

Historical cost convention

These financial statements have been prepared under the historical cost convention, except for held-for-trading financial assets that have been measured at fair value through the profit and loss account.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

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GROWTH EQUITIES ACCUMULATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

(c) Investments

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment. After initial recognition, investments, which are classified as held for trading are measured at fair value through the profit and loss account. Gains or losses on investments held for trading are recognised in the income statement.

For investments that are actively traded in organised financial markets, fair value is determined by reference to Stock Exchange quoted market closing prices at the close of business on the balance sheet date.

Purchases and sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place are recognised on the trade date i.e. the date that the company commits to purchase or sell the financial assets.

(d) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade and other receivables are due for settlement no more than 30 days.

Collectibility of trade and other receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of trade and other receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the income statement in other expenses.

(e) Trade and other payables

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.

(f) Impairment of assets

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Income tax

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

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

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

(h) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(i) 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

Revenue is recognised as the right to the interest payment is established.

Dividends

Dividends is recognised when the shareholders' right to receive the payment is established.

(j) Comparatives figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

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NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the year ended 30 June 2007 reporting periods. The company's assessment of the impact of these new standards and interpretations is set out below.

AASB 7 Financial Instruments: Disclosures and AASB 2005-10 Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]

AASB 7 and AASB 2005-10 are applicable to annual reporting periods beginning on or after 1 January 2007. The company has not adopted the standards early. Application of the standards will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to the company's financial instruments.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no estimates and assumptions that are expected to have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

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GROWTH EQUITIES ACCUMULATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2007

	2007 \$	2006 \$
4. REVENUE		
From continuing operations		
Dividends received	571,567	686,506
Unrealised gains on financial assets held-for-trading	4,576,721	2,002,107
Other revenue		
Interest received	48,240	10,334
Sundry revenue	22,064	-
	<u>5,218,592</u>	<u>2,698,947</u>
5. EXPENSES		
Profit before income tax includes the following specific expenses:		
Performance fees	<u>581,874</u>	<u>282,427</u>
Realised losses on financial assets held-for-trading	<u>3,540</u>	<u>250,419</u>
Bank fees	-	-
Brokerage fees	10,508	5,717
Management fees	<u>147,001</u>	<u>88,079</u>
	<u>157,509</u>	<u>93,796</u>
6. INCOME TAX EXPENSE		
(a) Income tax expense		
Current tax	-	-
Deferred tax	1,285,912	516,844
Over provided in prior years	<u>-</u>	<u>(2,937)</u>
Income tax expense reported in income statement	<u>1,285,912</u>	<u>513,907</u>
<i>Deferred income tax (revenue)/expense included in income tax expense comprises:</i>		
Increase in deferred tax assets (note 10)	(89,834)	(84,728)
Increase in deferred tax liabilities (note 13)	<u>1,375,746</u>	<u>601,572</u>
	<u>1,285,912</u>	<u>516,844</u>

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GROWTH EQUITIES ACCUMULATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2007

	2007 \$	2006 \$
6. INCOME TAX EXPENSE (CONTINUED)		
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit before income tax	<u>4,475,669</u>	<u>2,072,306</u>
Tax at the Australian tax rate of 30% (2006 - 30%)	1,342,701	621,692
<i>Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:</i>		
Imputation gross up on dividend received	66,308	84,368
Realised loss on financial assets held-for-trading	1,062	75,126
Tax offset for franked dividends	<u>(124,159)</u>	<u>(264,342)</u>
	1,285,912	516,844
Overprovision in prior years	<u>-</u>	<u>(2,937)</u>
Income tax expense	<u>1,285,912</u>	<u>513,907</u>
7. CURRENT ASSETS – CASH AND CASH EQUIVALENTS		
Cash at bank	<u>2,089,014</u>	<u>268,389</u>
	<u>2,089,014</u>	<u>268,389</u>
The cash at bank earns interest at floating rates based on daily bank rates.		
Reconciliation to cash at the end of the year		
The above figures are reconciled to cash at the end of the financial year as shown in the cash flow statements as follows:		
Balance as above	<u>2,089,014</u>	<u>268,389</u>
Balance as per cash flow statements	<u>2,089,014</u>	<u>268,389</u>

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NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2007

	2007 \$	2006 \$
8. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES		
Trade receivables	48,848	240,847
Other receivables	12,235	3,134
	<u>61,083</u>	<u>243,981</u>

Trade receivables and other receivables are non-interest bearing and are generally on 30-days terms.

9. NON-CURRENT ASSETS – OTHER FINANCIAL ASSETS		
Listed shares – at fair value	<u>16,202,718</u>	<u>8,422,365</u>
<u>Investment in entities not being subsidiaries or associates</u>		

Name	Principal Activity	Fair Value \$
Asciano Group Limited	Transportation	303,900
ANZ Bank	Bank	659,523
Billabong International Limited	Sports Apparel & Accessories	90,522
Boom Logistics Limited	Lifting & Logistics Services	291,599
Commonwealth Bank	Bank	560,788
City Pacific	Diversified Financials	1,260,870
HGL Limited	Capital Goods	549,369
IINET Limited	Softwares and Services	116,542
Just Group Limited	Retailing	528,000
K&S Corporation Limited	Logistics, Transports & Warehousing	147,000
Leighton Holdings	Contructions	1,443,750
National Australia Bank	Bank	389,690
Nomad Building Solutions Limited	Capital Goods	1,538,680
PCH Group Limited	Industrial Services	1,038,143
Port Bouvard Limited	Real Estate	1,595,356
Peet and Company Limited	Real Estate	566,615
QBE Insurance	Insurance	1,497,600
Sunland Group Limited	Real Estate	890,570
Tassal Group Limited	Agriculture	369,317
Toll Holdings Limited	Transports & Warehousing	434,700
VDM Group Limited	Capital Goods	678,500
Wellcom Group Limited	Commercial Services & Supplies	789,804
Westpac Bank	Bank	<u>461,880</u>
		<u>16,202,718</u>

Listed shares consist of investments in ordinary shares, and therefore have no fixed maturity date or coupon rate. There would have been a material liability for capital gains tax if these assets had been sold at reporting date. As the nature of the company's business is long term investment, it does not intend to liquidate its investment portfolio. The fair value method used was based on published price quotation in an active market.

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NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2007

	2007 \$	2006 \$
10. NON-CURRENT ASSETS – DEFERRED TAX ASSETS		
<i>The balance comprises temporary differences attributable to :</i>		
<i>Amount recognised in profit and loss</i>		
Accrued performance fees	<u>174,562</u>	<u>84,728</u>
Deferred tax assets	<u>174,562</u>	<u>84,728</u>
Movements		
Opening balance at 1 July	84,728	-
Charged to income statement (Note 6)	<u>89,834</u>	<u>84,728</u>
Closing balance at 30 June	<u><u>174,562</u></u>	<u><u>84,728</u></u>
11. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES		
Trade payables	15,064	8,187
Other payables	<u>2,488,875</u>	<u>287,871</u>
	<u>2,503,939</u>	<u>296,058</u>
Trade payables and other payables are non-interest bearing and are normally settled on 30-days terms.		
12. CURRENT LIABILITIES - CURRENT TAX LIABILITIES		
Provision for income tax	<u>-</u>	<u>-</u>
13. NON-CURRENT LIABILITIES – DEFERRED TAX LIABILITIES		
<i>The balance comprises temporary differences attributable to :</i>		
<i>Amount recognised in profit and loss</i>		
Fair value adjustments	2,300,439	927,423
Accrued interest	<u>3,670</u>	<u>940</u>
Deferred tax liabilities	<u>2,304,109</u>	<u>928,363</u>
Movements		
Opening balance at 1 July	928,363	326,791
Charged to income statement (Note 6)	<u>1,375,746</u>	<u>601,572</u>
Closing balance at 30 June	<u><u>2,304,109</u></u>	<u><u>928,363</u></u>

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NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2007

	2007 \$	2006 \$
14. CONTRIBUTED EQUITY		
Ordinary shares - fully paid	<u>8,181,941</u>	<u>5,385,321</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 2007 there were 6,798,208 fully paid shares on issue (2006: 5,289,844 fully paid shares)

Movement in ordinary shares

Date	Details	Number of shares	Issue Price	\$
1 July 2006	Opening balance	5,289,844		5,385,321
5 July 2006	Issue of shares	612,370	1.633	1,000,000
1 August 2006	Issue of shares	5,963	1.677	10,000
1 September 2006	Issue of shares	300,836	1.752	527,065
1 October 2006	Dividend reinvestment	33,772	1.754	59,236
8 November 2006	Issue of shares	20,534	1.948	40,000
6 December 2006	Issue of shares	4,971	2.012	10,000
1 January 2007	Issue of shares	264,577	2.080	550,319
1 February 2007	Issue of shares	75,014	2.133	160,000
1 March 2007	Issue of shares	4,697	2.129	10,000
1 April 2007	Issue of shares	9,346	2.140	20,000
1 May 2007	Issue of shares	9,042	2.212	20,000
1 June 2007	Issue of shares	167,242	2.332	390,000
30 June 2007	Closing balance	<u>6,798,208</u>		<u>8,181,941</u>

	2007 \$	2006 \$
15. RETAINED PROFITS		
Movements in retained profits were as follows:		
Retained profits at the beginning of the financial year	2,409,721	903,784
Profit for the year	3,189,757	1,558,398
Dividends paid	<u>(62,090)</u>	<u>(52,461)</u>
Retained profits at the end of the financial year	<u>5,537,388</u>	<u>2,409,721</u>

...GROWTH EQUITIES...

GROWTH EQUITIES ACCUMULATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2007

16. RELATED PARTY TRANSACTIONS

(a) Parent entity

The parent entity, Balwyn Holdings Pty Ltd, owns 74.50% (2006: 95.20%) 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 2007 and to the date of this report are as follows:

Name

R B Lester

R D Lester

W F Cawley

Mr. D P Hicks was appointed to act as Non-Executive Director of the company, effective from 1 July 2007.

No director was paid any remuneration by the company in respect of his position as a director of the company.

(c) The following related parties hold shares in the company:-

R D Lester	111,222 shares (2006: 97,998 shares)
L P Lester	30,387 shares (2006: 30,215 shares)
Balwyn Holdings Pty Ltd	5,064,527 shares (2006: 5,035,817 shares)
R B Lester and N S Lester	58,688 shares (2006: 40,286 shares)

(d) Transactions with a related party

The following transactions occurred with a related party:

	2007	2006
	\$	\$
Growth Equities Pty Ltd		
Performance fees	581,874	282,427
Management fees	<u>147,001</u>	<u>88,079</u>
	<u>728,875</u>	<u>370,506</u>

(e) Outstanding balances arising from management fees and performance fees

The following balances are outstanding at the reporting date in relation to transactions with a related party:

	2007	2006
	\$	\$
Growth Equities Pty Ltd		
Performance fees	581,874	282,427
Management fees	<u>15,064</u>	<u>8,187</u>
	<u>596,938</u>	<u>290,614</u>

...GROWTH EQUITIES...

GROWTH EQUITIES ACCUMULATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2007

	2007 \$	2006 \$
17. DIVIDENDS PAID		
<i>Declared and paid during the year:</i>		
Dividend on ordinary shares:		
Final franked dividends for 2006: 1 cent (2005: 1 cent)	<u>62,090</u>	<u>52,461</u>
	<u>62,090</u>	<u>52,461</u>
Franking credit balance		
The amount of franking credits available for the subsequent financial year are:	<u>684,615</u>	<u>490,198</u>

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

- (a) franking credits that will arise from the payment of the amount of the provision for income tax
- (b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date, and
- (c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

- (a) Credit risk exposures
The credit risk on financial assets of the company which have been recognised on the balance sheet is generally the fair value amount. There are no significant concentrations of credit risk within the company
- (b) Interest rate exposure
All financial assets and financial liabilities are non-interest bearing except for cash balance which are at a floating interest rate.
- (c) Market risk exposure
The company is exposed to equity securities price risk. This arises from investments held by the Company and classified on the balance sheet as held-for-trading financial assets that have been measured at fair value through the profit and loss account.

19. FINANCIAL INSTRUMENTS

Fair value

The fair value of cash and cash equivalents, held-for-trading financial assets and monetary financial assets and liabilities approximates their carrying values.

20. SEGMENT INFORMATION

The company operates in one primary business segment being investment company and in one secondary geographical segment being Australia.

...GROWTH EQUITIES...

GROWTH EQUITIES ACCUMULATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2007

	2007	2006
	\$	\$
21. CASH FLOW STATEMENT		
<i>Reconciliation of profit after income tax to net cash inflows from operating activities</i>		
Profit for the year	3,189,757	1,558,398
Adjustments for:		
Realised losses on financial assets held-for-trading	3,540	250,419
Unrealised gains on financial assets held-for-trading	(4,576,721)	(2,002,107)
Changes in assets and liabilities		
Decrease/(Increase) in trade receivables	191,999	(210,616)
Increase in other receivables	(9,101)	(1,107)
Increase in deferred tax assets	(89,834)	(84,728)
Increase in trade payables	6,877	2,194
Increase in other payables	294,004	282,426
Decrease in current tax liabilities	-	(2,937)
Increase in deferred tax liabilities	1,375,746	601,572
Net cash inflow from operating activities	<u>386,267</u>	<u>393,514</u>

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF GROWTH EQUITIES ACCUMULATION LIMITED

SCOPE

The financial report & directors' responsibility

The financial report comprises the income statement, balance sheet, statement of changes in equity, cash flow statement, accompanying notes to the financial statements, and the directors' declaration for Growth Equities Accumulation Limited (the company) for the year ended 30 June 2007.

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 responsibility includes establishing and maintaining internal controls 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.

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*. We declare that the auditor's independence declaration set out on page 4 of the financial report has not changed as at the date of providing our audit opinion.

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 2007 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 professional reporting requirements in Australia.



NEIL PACE
PARTNER

Signed at Perth this 18th day of February 2007.



MOORE STEPHENS
CHARTERED ACCOUNTANTS

...GROWTH EQUITIES...

GROWTH EQUITIES ACCUMULATION LIMITED

DETAILED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2007

	2007 \$	2006 \$
Revenue		
Dividends received	571,567	686,506
Unrealised gains on financial assets held-for-trading	4,576,721	2,002,107
Interest received	48,240	10,334
Sundry revenue	22,064	-
	<hr/>	<hr/>
Total revenue	5,218,592	2,698,947
	<hr/>	<hr/>
Expenses		
Brokerage fees	10,508	5,717
Management fees	147,001	88,079
Performance fees	581,874	282,427
Realised losses on financial assets held-for-trading	3,540	250,419
	<hr/>	<hr/>
Total expenses	742,923	626,642
	<hr/>	<hr/>
Net profit for the year	4,475,669	2,072,305
	<hr/>	<hr/>