
...GROWTH EQUITIES...

**GROWTH EQUITIES ACCUMULATION LIMITED
ABN 69 103 383 151**

**FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010**

...GROWTH EQUITIES...

GROWTH EQUITIES ACCUMULATION LIMITED DIRECTORS' REPORT

Your directors present their report on the Company for the year ended 30 June 2010.

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

D P Hicks

Principal activities

During the year, the principal continuing activities of the Company consisted of investing into Australian listed securities.

Review of operations and results

The 2010 financial year saw the Company's share value increase by 14.6%, but the year was a tale of two halves.

The Company's share value increased 36.6% during the six months from June to December 2009, with only one of the six months producing a negative result. During this half, share market investors grew increasingly confident that the bear market of 2008 had turned, as gains were held and improved upon. Investors moved back into the market with conviction because of the effects of global stimulus packages (including locally), evidence of a stabilising US economy and continued double digit growth in China boosted confidence. They saw good value despite lower earnings and dividends, with lower debt and risk, as companies had repaired their balances sheets through deeply discounted capital raisings.

The second half, January to June 2010 saw the Company's share value fall 15.5% with four of the six months producing negative results. Broad market sentiment did an about face during April as Europe's debt burden became evident and moderating growth expectations in China made the prospect of a double dip into recession a real concern for the global economy. Locally, the Rudd government's surprise Resource Super Profits Tax caused investors to sell shares across the board as they factored in lower profits and slower economic growth in Australia.

Growth Equities Accumulation Limited results:

- Total revenue from continuing operations for the year \$440,477 (2009: \$562,135);
- Profit before income tax for the year \$1,706,800 (2009: Loss of \$2,601,362);
- Profit attributable to members for the year \$1,435,217 (2009: Loss of \$2,391,554);
- Positive portfolio return before providing for tax on unrealised gains of 14.62% (2009: Negative portfolio return of 21.51%); and
- Positive portfolio return after providing for tax on unrealised gains of 11.31% (2009: Negative portfolio return of 19.60%).

The Company's top five share price performers, ranked by contribution to the Company's result were:

- Wesfarmers Limited, up 26.5%;
- ANZ Bank, up 31.0%;
- Leighton Holdings Limited, up 23.2%;
- Commonwealth Bank, up 24.7%; and
- Peet and Company Limited, up 32.7%.

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GROWTH EQUITIES ACCUMULATION LIMITED DIRECTORS' REPORT (Continued)

Review of operations and results (continued)

The Board does not consider it appropriate to forecast movements in equity markets or the flow of funds into or out of the company and accordingly provides no forecast for future performance.

The company will maintain its existing investment strategies and objectives. The assets of the company are managed with a strong philosophy of capital preservation based on detailed research and analysis to ensure each investment is highly profitable, conservatively financed and purchased at a deep discount to its assessed valuation. Whilst the company endeavours to stay substantially invested through all investment cycles, it will allow cash balances to build up when it cannot identify attractive investments that meet its strict investment criteria. This naturally occurs as the market becomes overpriced, and then protects the company during weak market periods.

Dividends

No dividends were paid during the year and none are proposed to be paid at the date of this report. Dividends paid to members during the 2008 financial year were as follows:

	2010 \$	2009 \$
Final ordinary dividend for the year ended 30 June 2008 of 1 cent per fully paid share paid by 31 st July 2008	-	78,444
	-	78,444

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

The directors have considered ASIC Regulatory Guide 170. They do not believe that they have a reasonable basis to forecast future earnings of the Company as they are inherently uncertain. Accordingly, any forecast or projection would contain such a broad range of potential outcomes and possibilities that it is not possible to propose a reliable best estimate forecast or projection.

Matters subsequent to the end of the financial year

No other matter or circumstance has arisen since 30 June 2010 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.

GROWTH EQUITIES ACCUMULATION LIMITED DIRECTORS' REPORT (Continued)

Insurance of officers

During the financial year, the Manager (Growth Equities Pty Ltd) paid a premium of \$17,436 to insure the officers of Growth Equities Pty Ltd, Growth Equities Accumulation Limited and Growth Equities Imputation Limited.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers or the Company and any other payments arising from liabilities incurred in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Information on directors

Russell Bryce Lester

Director

Qualifications

Bachelor of Economics; Graduate Diploma of Applied Finance & Investment. Graduate of the Australian Institute of Company Directors.

Experience

Board member since January 2003. Director of Lester Group of Companies. Experience in Banking and Finance Industry.

Other responsibilities

Company secretary and Compliance officer

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 the Lester Group of Companies since 1994 and Former Director of Wesfarmers Limited (September 1995 - 30 June 2008). Extensive experience in property development and investment.

Damian Peter Hicks

Non-Executive Director

Qualifications

Bachelor of Commerce (Accounting & Finance); Barrister and Solicitor of the Supreme Court of WA; Graduate Diploma in Applied Finance and Investment and Graduate Diploma in Company Secretarial Practice.

Experience

Board member since July 2007. Managing Director of Hannans Reward Limited (ASX Code: HNR)

Meetings of directors

The number of meetings of the Company's board of directors held during the year ended 30 June 2010, 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
R B Lester	3	3
D P Hicks	3	3

GROWTH EQUITIES ACCUMULATION LIMITED
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 5.

Auditor

Moore Stephens continues in office 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 Lester". The signature is written in a cursive style and is enclosed within a large, thin, oval-shaped outline.

R B Lester
Director

Perth, WA
28th July 2010

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

TO: The Directors of

GROWTH EQUITIES ACCUMULATION LIMITED

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 this 28th day of July 2010
in Perth, WA

GROWTH EQUITIES ACCUMULATION LIMITED

DIRECTORS' DECLARATION FOR THE YEAR ENDED 30 JUNE 2010

In the directors' opinion:

- (a) the financial statements and notes set out on pages 7 to 25 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 2010 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
28th July 2010

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GROWTH EQUITIES ACCUMULATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2010

	Notes	2010 \$	2009 \$
Revenue from continuing operations	4	440,477	562,135
Performance fees	5	-	-
Realised gains/(losses) on financial assets held-for-trading		492,085	(2,322,604)
Unrealised gains/(losses) on financial assets held-for-trading		903,142	(687,777)
Other expenses	5	<u>(128,904)</u>	<u>(153,116)</u>
Profit/(Loss) before income tax		1,706,800	(2,601,362)
Income tax (expense)/revenue	6	<u>(271,583)</u>	<u>209,808</u>
Profit/(Loss) for the year	15	<u>1,435,217</u>	<u>(2,391,554)</u>
Other comprehensive income for the year		<u>-</u>	<u>-</u>
Profit/(Loss) attributable to members of the Company		<u>1,435,217</u>	<u>(2,391,554)</u>
Total comprehensive income attributable to members of the Company		<u><u>1,435,217</u></u>	<u><u>(2,391,554)</u></u>

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

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GROWTH EQUITIES ACCUMULATION LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010

	Notes	2010 \$	2009 \$
ASSETS			
Current assets			
Cash and cash equivalents	7	387,615	112,871
Trade and other receivables	8	<u>52,543</u>	<u>65,792</u>
Total current assets		<u>440,158</u>	<u>178,663</u>
Non-current assets			
Other financial assets	9	8,354,956	8,988,090
Deferred tax assets	10	<u>5,134</u>	<u>276,076</u>
Total non-current assets		<u>8,360,090</u>	<u>9,264,166</u>
Total assets		<u>8,800,248</u>	<u>9,442,829</u>
LIABILITIES			
Current liabilities			
Trade and other payables	11	358,692	55,556
Current tax liabilities	12	<u>-</u>	<u>-</u>
Total current liabilities		<u>358,692</u>	<u>55,556</u>
Non-current liabilities			
Deferred tax liabilities	13	<u>727</u>	<u>86</u>
Total non-current liabilities		<u>727</u>	<u>86</u>
Total liabilities		<u>359,419</u>	<u>55,642</u>
Net assets		<u>8,440,829</u>	<u>9,387,187</u>
Equity			
Contributed equity	14	8,561,460	10,597,172
(Accumulated losses)/Retained earnings	15	<u>(120,631)</u>	<u>(1,209,985)</u>
Total equity		<u>8,440,829</u>	<u>9,387,187</u>
Net tangible assets per share before providing for tax on unrealised capital gains		1.3698	1.1951
Net tangible assets per share after providing for tax on unrealised capital gains		1.3706	1.2313

The above statement of financial position 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 2010

	Contributed equity \$	(Accumulated losses) / Retained earnings \$	Total \$
Balance at 1 July 2008	<u>10,899,833</u>	<u>1,113,647</u>	<u>12,013,480</u>
Loss attributable to members of the Company	-	(2,391,554)	(2,391,554)
Total other comprehensive income for the year	<u>-</u>	<u>-</u>	<u>-</u>
	10,899,833	(1,277,907)	9,621,926
Contributions of equity, net of transaction costs	94,028	-	94,028
Shares bought back	(396,689)	67,922	(328,767)
Dividends paid	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 30 June 2009	<u>10,597,172</u>	<u>(1,209,985)</u>	<u>9,387,187</u>
Profit attributable to members of the Company	-	1,435,217	1,435,217
Total other comprehensive income for the year	<u>-</u>	<u>-</u>	<u>-</u>
	10,597,172	225,232	10,822,404
Contributions of equity, net of transaction costs	71,288	-	71,288
Shares bought back	(2,107,000)	(345,863)	(2,452,863)
Dividends paid	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 30 June 2010	<u>8,561,460</u>	<u>(120,631)</u>	<u>8,440,829</u>

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 2010

	Notes	2010 \$	2009 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Dividends received		421,924	628,925
Interest received		16,802	32,615
Other revenue		-	-
Payments to suppliers		<u>(166,768)</u>	<u>(118,583)</u>
Net cash inflows from operating activities	21	<u>271,958</u>	<u>542,957</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for financial assets purchases		(1,229,484)	(2,079,055)
Proceeds from financial assets sales		<u>3,623,845</u>	<u>1,237,952</u>
Net cash inflows/(outflows) from investing activities		<u>2,394,361</u>	<u>(841,103)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of shares		61,288	94,028
Proceeds from new investors/subscriptions		-	5,000
Payment under share purchase plan		-	(15,000)
Payment for shares bought back		(2,452,863)	(328,767)
Dividend paid		<u>-</u>	<u>(78,444)</u>
Net cash outflows from financing activities		<u>(2,391,575)</u>	<u>(323,183)</u>
Net increase/(decrease) in cash and cash equivalents		274,744	(621,329)
Cash and cash equivalents at the beginning of the financial year		<u>112,871</u>	<u>734,200</u>
Cash and cash equivalents at the end of the financial year	7	<u><u>387,615</u></u>	<u><u>112,871</u></u>

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

GROWTH EQUITIES ACCUMULATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1. CORPORATE INFORMATION

The financial statement of Growth Equities Accumulation Limited for the year ended 30 June 2010 was authorised for issue in accordance with a resolution of the directors on 28th July 2010.

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 statement are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

This general purpose financial statement 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 IFRS

The financial statement of Growth Equities Imputation Limited also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

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.

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.

Financial statement presentation

The Company has applied the revised AASB 101 *Presentation of Financial Statements* which became effective on 1 January 2009. The revised standard requires the separate presentation of a statement of comprehensive income and a statement of changes in equity. All non-owner changes in equity must now be presented in the statement of comprehensive income. As a consequence, the group had to change the presentation of its financial statements. Comparative information has been re-presented so that it is also in conformity with the revised standard.

GROWTH EQUITIES ACCUMULATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2010

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 statement of comprehensive income. 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 reporting 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.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable 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 statement of comprehensive income as 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).

GROWTH EQUITIES ACCUMULATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2010

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

Deferred tax 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

Interest is recognised as revenue when the right to the interest income is established.

Dividends

Dividends are recognised as revenue 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.

GROWTH EQUITIES ACCUMULATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2010

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 30 June 2010 reporting periods. The directors have assessed that other changes applicable for periods after 1 July 2010, arising from new or amended standards and interpretations, are unlikely to have a significant impact on the Company.

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 2010

	2010 \$	2009 \$
4. REVENUE		
From continuing operations		
Dividends received	421,539	541,103
Other revenue		
Interest received	18,938	21,032
Sundry revenue	-	-
	<u>440,477</u>	<u>562,135</u>
5. EXPENSES		
Profit/(Loss) before income tax includes the following specific expenses:		
Performance fees	-	-
Bad debts	-	38,796
Brokerage fees	15,589	13,304
Management fees	113,315	101,016
	<u>128,904</u>	<u>153,116</u>
6. INCOME TAX EXPENSE/(REVENUE)		
(a) Income tax expense/(revenue)		
Current tax	-	-
Deferred tax	271,583	(209,808)
Adjustments for current tax of prior periods	-	-
Income tax expense/(revenue) reported in statement of comprehensive income	<u>271,583</u>	<u>(209,808)</u>
<i>Deferred income tax (revenue)/expense included in income tax expense comprises:</i>		
Decrease/(Increase) in deferred tax assets (note 10)	270,942	(206,333)
Increase/(Decrease) in deferred tax liabilities (note 13)	641	(3,475)
	<u>271,583</u>	<u>(209,808)</u>

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GROWTH EQUITIES ACCUMULATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2010

	2010 \$	2009 \$
6. INCOME TAX EXPENSE/(REVENUE) (Continued)		
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit/(Loss) before income tax	<u>1,706,800</u>	<u>(2,601,362)</u>
Tax at the Australian tax rate of 30% (2009 - 30%)	512,040	(780,409)
<i>Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:</i>		
Imputation gross up on dividend received	42,073	61,429
Realised (gains)/losses on financial assets held-for-trading	(147,626)	696,781
Tax offset for franked dividends	<u>(134,904)</u>	<u>(187,609)</u>
	271,583	(209,808)
Adjustments for current tax of prior periods	<u>-</u>	<u>-</u>
Income tax expense/(revenue)	<u>271,583</u>	<u>(209,808)</u>
7. CURRENT ASSETS – CASH AND CASH EQUIVALENTS		
Cash at bank	<u>387,615</u>	<u>112,871</u>
	<u>387,615</u>	<u>112,871</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 statement as follows:		
Balance as above	<u>387,615</u>	<u>112,871</u>
Balance as per cash flow statement	<u>387,615</u>	<u>112,871</u>

GROWTH EQUITIES ACCUMULATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2010

	2010 \$	2009 \$
8. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES		
Trade receivables	50,119	50,504
Other receivables	2,424	15,288
	<u>52,543</u>	<u>65,792</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>8,354,956</u>	<u>8,988,090</u>
<u>Investment in entities not being subsidiaries or associates</u>		

Name	Principal Activity	Fair Value \$
ANZ Bank	Bank	528,451
Ausdrill Limited	Materials	192,382
Commonwealth Bank	Bank	445,056
Leighton Holdings Limited	Capital Goods	859,815
Macquarie Group Limited	Diversified Financials	763,299
National Australia Bank	Bank	202,583
Nomad Building Solutions Limited	Capital Goods	56,540
Port Bouvard Limited	Real Estate	430,176
Peet and Company Limited	Real Estate	361,441
QBE Insurance Limited	Insurance	800,800
Sunland Group Limited	Real Estate	133,468
Tassal Group Limited	Food Beverage & Tobacco	156,848
Telstra Corporation Limited	Telecommunication Services	828,750
Toll Holdings Limited	Transports & Warehousing	164,400
Wellcom Group Limited	Commercial & Professional Services	492,397
Wesfarmers Limited	Food and Staples Retailing	888,150
Westpac Bank	Bank	339,680
Worley Parsons Limited	Energy	710,720
		<u>8,354,956</u>

Listed shares consist of investments in ordinary shares and therefore have no fixed maturity date or coupon rate. 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 2010

	2010 \$	2009 \$
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	-	-
Fair value adjustments	5,134	276,076
	<u>5,134</u>	<u>276,076</u>
Deferred tax assets	<u>5,134</u>	<u>276,076</u>
Movements		
Opening balance at 1 July	276,076	69,743
(Charged)/Credited to statement of comprehensive income (Note 6)	<u>(270,942)</u>	<u>206,333</u>
Closing balance at 30 June	<u>5,134</u>	<u>276,076</u>
11. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES		
Trade payables	358,692	45,556
Other payables	-	10,000
	<u>358,692</u>	<u>55,556</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	-	-
Accrued interest	727	86
	<u>727</u>	<u>86</u>
Deferred tax liabilities	<u>727</u>	<u>86</u>
Movements		
Opening balance at 1 July	86	3,561
Charged/(Credited) to statement of comprehensive income (Note 6)	<u>641</u>	<u>(3,475)</u>
Closing balance at 30 June	<u>727</u>	<u>86</u>

...GROWTH EQUITIES...

GROWTH EQUITIES ACCUMULATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2010

	2010 \$	2009 \$
14. CONTRIBUTED EQUITY		
Ordinary shares - fully paid	<u>8,561,460</u>	<u>10,597,172</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 2010 there were 6,158,436 fully paid shares on issue (2009: 7,623,748 fully paid shares)

(a) Movement in ordinary shares

Date	Details	Number of shares	Issue Price	\$
1 July 2009	Opening balance	7,623,748		10,597,172
1 July 2009	Issue of shares	8,368	1.1950	10,000
1 August 2009	Issue of shares	11,485	1.3060	15,000
1 August 2009	Shares bought back	(19,519)	1.3900	(27,131)
1 September 2009	Issue of shares	13,680	1.4620	20,000
1 October 2009	Shares bought back	(744,257)	1.3900	(1,034,517)
1 January 2010	Shares bought back	(689,350)	1.3900	(958,197)
1 March 2010	Issue of shares	16,982	1.5480	26,288
1 March 2010	Shares bought back	(8,818)	1.3900	(12,257)
1 April 2010	Shares bought back	(53,883)	1.3900	(74,898)
30 June 2010	Closing balance	<u>6,158,436</u>		<u>8,561,460</u>

(b) Dividend reinvestment plan

The Company has established a dividend reinvestment plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than by being paid in cash.

(c) Share buy-back

During the 2010 financial year, the Company had bought back 1,515,827 shares (2009: 285,388 shares) at an average price of \$1.3900 (2009: 1.3900).

...GROWTH EQUITIES...

GROWTH EQUITIES ACCUMULATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2010

	2010 \$	2009 \$
15. (ACCUMULATED LOSSES)/RETAINED EARNINGS		
Movements in (accumulated losses)/retained earnings were as follows:		
(Accumulated losses)/Retained earnings at the beginning of the financial year	(1,209,985)	1,113,647
Profit/(Loss) for the year	1,435,217	(2,391,554)
Shares bought back	(345,863)	67,922
Dividends paid/payable	-	-
	<u> </u>	<u> </u>
(Accumulated losses)/Retained earnings at the end of the financial year	<u>(120,631)</u>	<u>(1,209,985)</u>
16. RELATED PARTY TRANSACTIONS		
(a) Parent entity		
The parent entity, Balwyn Holdings Pty Ltd, owns 59.03% (2009: 67.17%) 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 2010 and to the date of this report are as follows:		
Name		
R B Lester		
R D Lester		
D P Hicks		
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	112,463 shares (2009: 112,463 shares)	
L P Lester	32,676 shares (2009: 32,676 shares)	
Balwyn Holdings Pty Ltd	3,635,528 shares (2009: 5,121,057 shares)	
Saphir Pty Ltd <The Saphir Trust>	128,093 shares (2009: 91,415 shares)	
(d) Transactions with a related party		
The following transactions occurred with a related party:		
	2010 \$	2009 \$
Growth Equities Pty Ltd		
Performance fees	-	-
Management fees	113,315	101,016
	<u> </u>	<u> </u>
	<u>113,315</u>	<u>101,016</u>

GROWTH EQUITIES ACCUMULATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2010

16. RELATED PARTY TRANSACTIONS (Continued)

(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:

	2010 \$	2009 \$
Growth Equities Pty Ltd		
Performance fees	-	-
Management fees	<u>7,692</u>	<u>45,556</u>
	<u>7,692</u>	<u>45,556</u>

17. DIVIDENDS PAID/PAYABLE

Declared and paid during the year:

Dividend on ordinary shares:

Final franked dividends for 2008: 1 cent

-	<u>78,444</u>
<u>-</u>	<u>78,444</u>

Franking credit balance

The amount of franking credits available for the subsequent financial year are:

<u>1,066,013</u>	<u>1,076,339</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

The Company's financial instruments consist mainly of deposits with banks, a portfolio of ASX listed equities, receivable and payables.

The Company does not have any derivative instruments at 30 June 2010 and does not speculate in any type of financial instrument.

GROWTH EQUITIES ACCUMULATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2010

18. FINANCIAL RISK MANAGEMENT (Continued)

(a) Financial risks

The activities of the Company expose it primarily to the financial risks associated with its financial instruments. These are market price risk, interest rate risk, credit risk and liquidity risk. The Board of Directors are responsible for monitoring and managing the financial risks of the Company. They monitor these risks through weekly management meetings. Monthly management accounts are prepared, analysed and presented to the board quarterly.

(i) Market price risk

Market price risk arises from other financial assets held by the Company in the form of a managed portfolio of investments in listed equities. The portfolio of investments is managed by Growth Equities Pty Ltd (portfolio manager).

Only investments in the managed portfolio of investments of \$8,354,956 as at 30 June 2010 are subject to movements in prices of the investment markets.

By its nature as an Unlisted Investment Company that invests in tradeable securities, the Company can never be free of market price risk as it invests its capital in securities which are not risk free – the market price of these securities can fluctuate. The nature of the Company's business is long term investment in equity securities listed on the ASX. This activity exposes the Company to movements in the value of equity securities in which it holds an investment.

The Company seeks to minimise market price risk at the investment portfolio level by ensuring that it is not, in the opinion of the Investment Committee, overly exposed to one Company or one particular sector of the market. The relative weightings of the individual securities are reviewed by the Investment Committee, normally weekly, and risk can be managed by reducing exposure where necessary. The Company manages risk in various ways including; allowing a maximum of 10% of the value of the portfolio to be purchased into any one investment; and allowing a maximum of 20% of the value of the portfolio to be held in any one investment at market prices.

The Company's investment by sector is as below:

	2010	2009
	%	%
Agriculture	-	2.4
Bank	18.1	20.6
Capital Goods	11.0	12.8
Commercial & Professional Services	5.9	5.8
Diversified Financials	9.1	10.0
Energy	8.5	15.1
Food and Staples Retailing	10.6	12.7
Food Beverage & Tobacco	1.9	-
Insurance	9.6	10.7
Materials	2.3	-
Real Estate	11.1	7.8
Transports & Warehousing	2.0	2.1
Telecommunication Services	9.9	-

GROWTH EQUITIES ACCUMULATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2010

18. FINANCIAL RISK MANAGEMENT (Continued)

(i) Market price risk (Continued)

Securities representing over 9% of investment at 30 June 2010 were:

	% of portfolio
Wesfarmers Limited	10.6
Leighton Holdings Limited	10.3
Telstra Corporation Limited	9.9
QBE Insurance Limited	9.6
Macquarie Group Limited	9.1

No other security represents over 9% of the Company's investment portfolios.

To demonstrate the Company's sensitivity in changes to market prices a movement in the value of the managed portfolio of investments of plus or minus 10% at the reporting date would have increased/decreased net profit/(loss) before tax by \$835,495

(ii) Interest rate risk

The Company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates, is limited only to its cash holdings with a number of banks.

In 2010 the average floating interest rates on cash at bank and cash on deposit were 2.30% (2009: 5.09%).

To demonstrate the Company's sensitivity to changes in interest rates a movement in rates of plus or minus 1% at the reporting date would have increased/decreased net profit/(loss) by \$3,876.

(iii) Foreign currency risk

The Company is not directly exposed to foreign currency risk as all its investments are quoted in Australian dollars.

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company has exposure to credit risk through its trade receivables and other receivables. The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

The Company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Company.

The directors manage credit risk by regular monitoring of receivables and establish allowances for impairment when it is expected that any receivables are uncollectable.

GROWTH EQUITIES ACCUMULATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2010

18. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has surplus cash reserves which enable sufficient cash to be available to settle obligations as they fall due

The Company monitors its cash-flow requirements daily. Furthermore, the Investment Committee monitors the level of contingent payments on a weekly basis by reference to known sales and purchases of securities, dividends and distributions to be paid or received. The Company ensures that it has cash sufficient to meet these contingent payments.

The Company's risk management strategies include maintaining a policy of not gearing its operations through interest bearing debt. This removes the risk of being forced to liquidate its investment portfolio to repay debt or meet servicing obligations as these pressures are always greatest at the worst times to be selling investments.

All financial liabilities are expected to be paid out at their carrying amounts within a period of less than 12 months.

19. FINANCIAL INSTRUMENTS

Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as investments held for trading) is based on the Stock Exchange quoted market closing prices at the close of business on the reporting date.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

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 2010

	2010 \$	2009 \$
21. CASH FLOW STATEMENT		
<i>Reconciliation of profit/(loss) after income tax to net cash inflows from operating activities</i>		
Profit/(Loss) for the year	1,435,217	(2,391,554)
Adjustments for:		
Realised (gains)/losses on financial assets held-for-trading	(492,085)	2,322,604
Unrealised (gains)/losses on financial assets held-for-trading	(903,142)	687,777
Changes in assets and liabilities		
Decrease in trade receivables	385	87,822
(Increase)/Decrease in other receivables	(2,136)	11,583
Decrease/(Increase) in deferred tax assets	270,942	(206,333)
(Decrease)/Increase in trade payables	(37,864)	34,533
Decrease in other payables	-	-
Increase/(Decrease) in deferred tax liabilities	641	(3,475)
Net cash inflows from operating activities	<u>271,958</u>	<u>542,957</u>

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GROWTH EQUITIES ACCUMULATION LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Growth Equities Accumulation Limited (the company) which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and cashflow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the company.

Directors' Responsibility for the Financial Report

The directors of the company 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 2, 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 (IFRS) 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 judgment, 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.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, as provided to the directors of Growth Equities Accumulation Limited, would be in the same terms if provided to the directors as at the date of this auditor's report

Moore Stephens ABN 75 368 525 284

Level 3, 12 St Georges Terrace Perth, Western Australia 6000

PO Box 3019 Perth Adelaide Terrace, Western Australia 6832

Telephone +61 8 9225 5355 Facsimile +61 8 9225 6181

Email perth@moorestephens.com.au Website www.moorestephens.com.au

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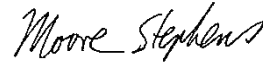
Auditor's Opinion

In our opinion:

- a. the financial report of Growth Equities Accumulation Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company'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 2.



Neil Pace
Partner



Moore Stephens
Chartered Accountants

Dated this 28th day of July 2010
in Perth, WA.

Moore Stephens ABN 75 368 525 284
Level 3, 12 St Georges Terrace Perth, Western Australia 6000
PO Box 3019 Perth Adelaide Terrace, Western Australia 6832
Telephone +61 8 9225 5355 Facsimile +61 8 9225 6181
Email perth@moorestephens.com.au Website www.moorestephens.com.au

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...GROWTH EQUITIES...

GROWTH EQUITIES ACCUMULATION LIMITED

DETAILED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2010

	2010 \$	2009 \$
Revenue		
Dividends received	421,539	541,103
Realised gains on financial assets held-for-trading	492,085	-
Unrealised gains on financial assets held-for-trading	903,142	-
Interest received	18,938	21,032
Sundry revenue	-	-
	<hr/>	<hr/>
Total revenue	1,835,704	562,135
	<hr/>	<hr/>
Expenses		
Bad debts	-	38,796
Brokerage fees	15,589	13,304
Management fees	113,315	101,016
Performance fees	-	-
Realised losses on financial assets held-for-trading	-	2,322,604
Unrealised losses on financial assets held-for-trading	-	687,777
	<hr/>	<hr/>
Total expenses	128,904	3,163,497
	<hr/>	<hr/>
Net profit/(loss) for the year	1,706,800	(2,601,362)