
...GROWTH EQUITIES...

GROWTH EQUITIES IMPUTATION LIMITED

ABN 71 103 383 160

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2005

Managed by

Growth Equities Pty Ltd

ABN: 71 103 383 160

AFS Licence Number: 225791

...GROWTH EQUITIES...

GROWTH EQUITIES IMPUTATION LIMITED DIRECTORS' REPORT

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

Directors

The following persons were directors of Growth Equities Imputation Limited for the year ended 30 June 2005 and up to the date of this report:

R B Lester
R D Lester
W F Cawley

Principal Activities

During the year the company commenced operations as an Investment Company.

Review of Operations and Results

The loss from ordinary activities after income tax of the company for the financial year was \$(54,238) [2004; loss \$(7,350)].

Dividends

No dividends were paid during the year. A dividend of 7.9 cents per share is proposed to be paid on 31 October 2005.

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 as the inclusion of such information is likely to result in unreasonable prejudice to the company.

Issued Shares or Interests in the Company

No options over issued shares or interests in the company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Environmental Regulation

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

Matters Subsequent to the End of the Financial Period

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

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

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GROWTH EQUITIES IMPUTATION LIMITED DIRECTORS' REPORT (continued)

Insurance or Indemnification

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the company.

Leave of Court

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Information On Directors

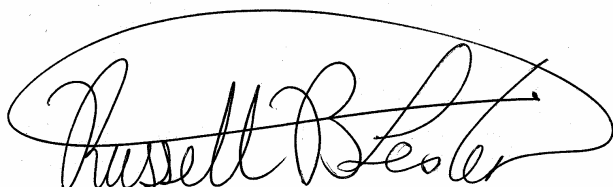
Russell Bryce Lester	Director
Qualifications	Bachelor of Economics
Experience	Board member since January 2003. Director of Lester Group of Companies. Experience in Banking and Finance Industry.
Richard Denis Lester	Director
Qualifications	Diploma in Agricultural Business; Certificate in Real Estate Management 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 2005, and the number of meetings attended by each director were:

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

Signed in accordance with a resolution of the Board of Directors.



R B Lester

Director

Dated at Perth on this 28th day of October 2005


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

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

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

PKF

PKF
Chartered Accountants



IAN P OLSON
Partner

Dated at Perth on this 28th day of October 2005

GROWTH EQUITIES IMPUTATION LIMITED

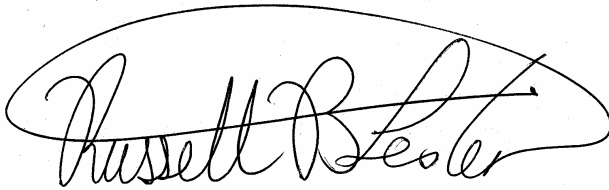
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 5 to 13, are in accordance with the *Corporations Act 2001*:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2005 and of the performance for the year ended on that date of the company.
2. In the directors' opinion 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 Board of Directors.



R B Lester
Director

Dated at Perth on this 28th day of October 2005

...GROWTH EQUITIES...

GROWTH EQUITIES IMPUTATION LIMITED

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2005

	Note	2005 \$	14 January 2003 to 30 June 2004 \$
Revenue from ordinary activities	2	110,007	-
Amortisation	3	4,850	(4,850)
Professional Services	3	(11,120)	(2,500)
Other expenses from ordinary activities	3	<u>(156,717)</u>	<u>-</u>
(Loss)/Profit from ordinary activities before income tax expense		(52,980)	(7,350)
Income tax expense relating to ordinary activities	4	<u>(1,258)</u>	<u>-</u>
(Loss)/Profit from ordinary activities after related income tax expense		<u>(54,238)</u>	<u>(7,350)</u>
Total changes in equity other than those resulting from transactions with owners as owners		<u>(54,238)</u>	<u>(7,350)</u>

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

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GROWTH EQUITIES IMPUTATION LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2005

	Note	2005 \$	2004 \$
Current Assets			
Cash Assets	5	359,736	1
Receivables	6	<u>8,570</u>	<u>-</u>
Total Current Assets		<u>368,306</u>	<u>1</u>
Non-Current Assets			
Investments	7	881,528	-
Intangibles	8	<u>-</u>	<u>7,276</u>
Total Non-Current Assets		<u>881,528</u>	<u>7,276</u>
Total Assets		<u>1,249,834</u>	<u>7,277</u>
Current Liabilities			
Payables	9	131,964	-
Current tax liabilities	10	<u>204</u>	<u>-</u>
Total Current Liabilities		<u>132,168</u>	<u>-</u>
Non-Current Liabilities			
Payables	11	-	14,626
Deferred tax liabilities	12	<u>1,054</u>	<u>-</u>
Total Non-Current Liabilities		<u>1,054</u>	<u>14,626</u>
Total Liabilities		<u>133,222</u>	<u>14,626</u>
Net Asset/(Liabilities)		<u>1,116,612</u>	<u>(7,349)</u>
Equity			
Contributed equity	13	1,178,200	1
Accumulated losses	14	<u>(61,588)</u>	<u>(7,350)</u>
Total Equity		<u>1,116,612</u>	<u>(7,349)</u>

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

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GROWTH EQUITIES IMPUTATION LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2005

	Note	2005 \$	14 January 2003 to 30 June 2004 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers		(13,620)	-
Dividends received		89,635	-
Interest received		<u>11,802</u>	<u>-</u>
Net cash inflow/(outflow) from operating activities	5 (b)	<u>87,817</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for investment purchases		(985,024)	-
Proceeds from investment sales		<u>78,743</u>	<u>-</u>
Net cash inflow/(outflow) from investing activities		<u>(906,281)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		<u>1,178,199</u>	<u>1</u>
Net cash inflow/(outflow) from financing activities		<u>1,178,199</u>	<u>1</u>
Net increase/(decrease) in cash held		359,735	1
Cash at the beginning of the year		<u>1</u>	<u>-</u>
Cash at the end of the year	5 (a)	<u>359,736</u>	<u>1</u>

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

...GROWTH EQUITIES...

GROWTH EQUITIES IMPUTATION LIMITED

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Growth Equities Imputation 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.

The financial report has been prepared on an accruals basis and is based on historical costs.

(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) 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.

(d) 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 are recognised as expenses in the period in which they are incurred.

(e) Investments

- (i) Investments in marketable securities are stated at current market value and current market value is determined on an individual investment basis.

Increases and decreases in investments carried at current market values are taken to the statement of financial performance.

- (ii) Disposals of Investments

On disposal of an investment the difference between net disposal proceeds and the carrying amount is charged or credited to the statement of financial performance.

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GROWTH EQUITIES IMPUTATION LIMITED

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

	2005	14 January 2003 to 30 June 2004
	\$	\$
2. REVENUE		
Operating activities:-		
Dividends – other parties	94,693	-
Interest – other parties	15,314	-
	<u>110,007</u>	<u>-</u>
Total revenue		
	<u>110,007</u>	<u>-</u>
3. PROFIT/(LOSS) FROM ORDINARY ACTIVITIES		
Profit/(loss) from ordinary activities includes the following specific net gains and expenses:		
Expenses		
Management fees	6,825	-
Bank fees	4	-
Brokerage fees	6,791	-
Accounting fees	(2,500)	2,500
Formation expenses amortised *	(4,850)	4,850
	<u>(4,850)</u>	<u>4,850</u>
Net Gains		
Unrealised gain/(loss) in investments	(54,660)	-
Realised gain/(loss) in investments	(102,057)	-
	<u>(156,717)</u>	<u>-</u>
* Formation expenses taken up by this company during the year ended 30 June 2004 of \$12,126 and amortisation charged thereon in that financial year of \$4,850 have been recharged to a related company during the year ended 30 June 2005. This was done following a review of these costs and the decision that they should more properly have originally been charged to that related company.		
4. INCOME TAX EXPENSE		
Prima facie income tax benefit calculated at 30% (2004: 30%) on the operating result	(15,894)	(2,205)
Tax effect on permanent differences:		
Imputation gross-up on dividends received	12,175	-
Franking credits on dividends received	(40,583)	-
Sundry items	(1,455)	-
	<u>(29,857)</u>	<u>-</u>
Income tax adjusted for permanent differences	(45,757)	(2,205)
Timing differences not brought to account	47,015	2,205
	<u>1,258</u>	<u>-</u>
Income tax expense		
	<u>1,258</u>	<u>-</u>

GROWTH EQUITIES IMPUTATION LIMITED

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

4. INCOME TAX EXPENSE (Continued)

This benefit of tax losses will only be obtained if:

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

	2005 \$	2004 \$
5. CASH FLOW INFORMATION		
For the purposes of the Statement of Cash Flows, cash includes cash at bank. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the statement of financial position as follows		
(a) Cash at bank	<u>359,736</u>	<u>1</u>
(b) Reconciliation of the net profit after tax to the net cash flows from operations		
Profit from ordinary activities after income tax	(54,238)	(7,350)
Non-cash items		
Realised (Loss)/Profit from investments	102,057	-
Unrealised (Loss)/Profit from investments	54,660	-
Changes in Assets/Liabilities		
Reduction/(increase) in other debtors	(8,570)	-
(Reduction)/increase in other creditors	(7,350)	7,350
Increase in current tax liabilities	204	-
Increase in deferred tax liabilities	<u>1,054</u>	<u>-</u>
Net Cash Flow from Operating Activities	<u><u>87,817</u></u>	<u><u>-</u></u>
6. CURRENT ASSETS – RECEIVABLES		
Other Amounts Receivable	<u><u>8,570</u></u>	<u><u>-</u></u>

...GROWTH EQUITIES...

GROWTH EQUITIES IMPUTATION LIMITED

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

	2005 \$	2004 \$
13. CONTRIBUTED EQUITY		
(a) Ordinary Shares fully paid	<u>1,178,200</u>	<u>1</u>

Ordinary Shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. At 30 June 2005, there were 1,180,000 fully paid shares on issue.

(b) Movements in the ordinary share capital

Date	Details	Number of Shares	Issue Price	\$
1 Jul 2004	Opening Balance	1	1.00	1
16 Nov 2004	Issue of shares	120,000	1.00	120,000
17 Nov 2004	Issue of shares	250,000	1.00	250,000
26 Nov 2004	Issue of shares	159,999	1.00	159,999
30 Nov 2004	Issue of shares	500,000	1.00	500,000
8 Feb 2005	Issue of shares	50,000	1.032	51,600
8 Jun 2005	Issue of shares	<u>100,000</u>	0.966	<u>96,600</u>
		<u>1,180,00</u>		<u>1,178,200</u>

14. ACCUMULATED LOSSES

Balance of accumulated losses at the beginning of the year		-
Year	(7,350)	-
(Loss)/Profit from ordinary activities after income tax	<u>(54,238)</u>	<u>(7,350)</u>
Balance of accumulated losses at the end of the year	<u>(61,588)</u>	<u>(7,350)</u>

15. RELATED PARTIES

(a) Related Parties

The following related parties hold shares in the company:-

Ancaro Pty Ltd as trustee for Lester & Associates Super Fund	100,000 shares
Balwyn Holdings Pty Ltd	150,000 shares
RB Lester and NS Lester	10,000 shares

(b) Directors

The names of the persons who were directors of the company during the year ended 30 June 2005 and to the date of this report are as follows:

R B Lester
R D Lester
W F Cawley

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

GROWTH EQUITIES IMPUTATION LIMITED

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

15. RELATED PARTIES (Continued)

- (c) At the end of the financial year an amount of Nil (2004: \$14,626) was owed to Growth Equities Pty Ltd, a commonly controlled entity. This loan bears no interest and is unsecured.
- (d) Transactions between Growth Equities Imputation Limited and other entities in the owned group during the period ended 30 June 2005 consisted of the payment of management fees to Growth Equities Pty Ltd.

16. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO IFRS

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

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

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

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

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



Chartered Accountants
& Business Advisers

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**INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF GROWTH EQUITIES IMPUTATION LIMITED**

Scope

The financial report and directors' responsibility

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

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

Audit Approach

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

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

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

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

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

Independence

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

Audit Opinion

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

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

**PKF**

Chartered Accountants

**IAN P OLSON**

Partner

Dated on this 28th day of October 2005