

WINPAR HOLDINGS LIMITED
A.C.N. 003 035 523

REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2005

WINPAR HOLDINGS LIMITED
INCOME STATEMENT
FOR THE 6 MONTHS ENDED 31 DECEMBER 2005

	Note	2005 \$	2004 \$
Sales of shares (trading)		883,440	780,820
Cost of sales		<u>(633,106)</u>	<u>(567,607)</u>
		250,334	213,213
Revaluation of trading stock to market values		<u>175,400</u>	<u>21,008</u>
Gross profit		425,734	234,221
Revaluation of investment stock	1	5,313	17,509
Other revenue from ordinary activities	4	55,466	91,952
Other expenses from ordinary activities	5	<u>(44,698)</u>	<u>(98,318)</u>
Profit/(loss) from ordinary activities before related income tax expense		441,815	245,364
Income tax expense relating to ordinary activities	2	<u>(126,991)</u>	<u>(66,668)</u>
Profit/(loss) from ordinary activities after related income tax expense		<u>314,824</u>	<u>178,696</u>
Total changes in equity other than those resulting from transactions with owners as owners		<u>\$ 314,824</u>	<u>\$ 178,696</u>
Basic earnings per share		<u>\$ 0.113</u>	<u>\$ 0.065</u>

WINPAR HOLDINGS LIMITED

BALANCE SHEET
AS AT 31 DECEMBER 2005

	Note	2005 \$	2004 \$
CURRENT ASSETS			
Cash & cash equivalents	7	72,251	75,644
Trade & other receivables	8	19,318	83,394
Inventories	9	2,107,873	1,944,316
TOTAL CURRENT ASSETS		<u>2,199,442</u>	<u>2,103,354</u>
NON-CURRENT ASSETS			
Property plant & equipment	10	1,501	2,400
Financial assets	11	1,375,840	1,221,244
TOTAL NON-CURRENT ASSETS		<u>1,377,341</u>	<u>1,223,644</u>
TOTAL ASSETS		<u>3,576,783</u>	<u>3,326,998</u>
CURRENT LIABILITIES			
Trade & other payables	12	43,005	12,401
Short term borrowings	13	56,498	102,990
Current tax liabilities	14	31,208	326
Short term provisions	15	85,000	92,000
TOTAL CURRENT LIABILITIES		<u>215,711</u>	<u>207,717</u>
NON-CURRENT LIABILITIES			
Deferred tax liabilities	14	107,086	64,698
TOTAL LIABILITIES		<u>322,797</u>	<u>272,415</u>
NET ASSETS		<u>3,253,986</u>	<u>\$ 3,054,583</u>
EQUITY			
Issued capital	16	2,789,310	2,738,487
Retained earnings	17	464,676	316,096
TOTAL EQUITY		<u>3,253,986</u>	<u>\$ 3,054,583</u>

WINPAR HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE 6 MONTHS ENDED 31 DECEMBER 2005

	Note	Share Capital Ordinary	Retained Earnings	Total
		\$	\$	\$
Balance at 1 July 2004		2,658,725	217,162	2,875,887
Shares issued during the year	16	79,762	-	79,762
Profit attributable to members	17	-	178,696	178,696
Sub-total		2,738,487	395,858	3,134,345
Dividends paid or provided for		-	- 79,762	- 79,762
Balance at 31 December 2004		2,738,487	316,096	3,054,583
Balance at 1 July 2005		2,789,310	149,852	2,939,162
Shares issued during the year	16	-	-	-
Profit attributable to members	17	-	314,824	314,824
Sub-total		2,789,310	464,676	3,253,986
Dividends paid or provided for		-	-	-
Balance at 31 December 2005		2,789,310	464,676	3,253,986

WINPAR HOLDINGS LIMITED
STATEMENT OF CASH FLOWS
FOR THE 6 MONTHS ENDED 31 DECEMBER 2005

	Note	2005 \$	2004 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of trading securities		883,440	764,492
Dividends received		23,982	25,298
Interest income		2,310	3,413
Other investment income		30,231	63,241
Payments for trading securities & and to suppliers		(853,509)	(1,023,367)
Borrowing costs			(3,998)
Income tax paid		(5,378)	54,329
Net cash used in operating activities	18(b)	<u>81,076</u>	<u>(116,592)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of investments		22,741	186,888
Payments for purchase of investments		(166,239)	(112,707)
Purchases of plant & equipment		-	-
Net cash used in operating activities		<u>(143,498)</u>	<u>74,181</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		-	(23,863)
Proceeds from borrowings		(4,686)	13,143
Repayment of borrowings		-	-
Net cash used in financing activities		<u>(4,686)</u>	<u>(10,720)</u>
NET INCREASE/(DECREASE) IN CASH HELD		(67,108)	(53,131)
CASH HELD AT THE BEGINNING OF THE PERIOD		<u>139,359</u>	<u>128,775</u>
CASH HELD AT THE END OF THE PERIOD	18(a)	<u>\$ 72,251</u>	<u>\$ 75,644</u>

WINPAR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS ENDED 31 DECEMBER 2005

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The general purpose financial statements have been prepared in accordance with applicable Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the *Corporations Act* 2001.

The financial statements have been prepared on the basis of historical costs except where otherwise and do not take into account changing money values. The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting standards have been consistently applied unless otherwise stated.

First Time Adoption of Australian Equivalents to International Financial Reporting Standards

Winpar Holdings Limited has prepared financial statements in accordance with the Australian equivalents to international Financial Reporting Standard (IFRS) from 1 July 2005.

In accordance with the requirements of AASB 1: First time Adoption of Australian Equivalents to International Financial Reporting Standards, any adjustments resulting from the introduction of IFRS were to be applied retrospectively to 2005 comparative figures. These accounts are the first financial statements of Winpar Holdings Ltd to be prepared in accordance with Australian equivalents to IFRS.

(b) Investments

Listed investments have been stated at market value. Unlisted investments whose value has been determined by a court have been stated at that value. Other unlisted investments have been stated at cost or directors' valuation.

(c) Inventories

The portfolio of shares held as current assets has been stated at its market value.

(d) Dividends and interest

Dividends and interest have been brought into account in the statement of financial performance when received or receivable.

(e) Income tax

The company has adopted the liability method of tax effect accounting.

Income tax has been calculated on operating profit adjusted for permanent differences between taxable and accounting income. The tax effect of timing differences which arise from items being brought into account at different periods for income tax and accounting purposes has been carried forward to the statement of financial position as a deferred tax asset or provision for deferred tax liability.

WINPAR HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS ENDED 31 DECEMBER 2005**

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Future income tax benefits have not been brought into account unless realisation of the benefits is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses have not been brought into account unless there is virtual certainty of realisation of the benefits.

The benefits which have been brought into account or which may be realised in the future have been determined on the assumption that no adverse change will occur in income tax legislation, and in the anticipation that the Company will derive sufficient future assessable income to enable it to realize the benefits and to comply with the conditions of deductibility imposed by law.

(f) Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in deposits at call with financial institutions which are readily convertible into cash on hand.

2 TAXATION

The components of tax expense comprise

Current tax

Deferred tax

	2005	2004
	\$	\$
	31,445	974
	95,546	65,694
	<u>\$ 126,991</u>	<u>\$ 66,668</u>

The prima facie tax on profit/(loss) from ordinary activities before income tax is reconciled to the income tax as follows:

Prima facie tax payable on profit/(loss) from ordinary activities before income tax at 30%

132,545 73,609

Adjustment to tax effect accounting of temporary differences

- -

Adjustment to tax effect accounting of permanent differences

- tax effect of franked dividends

(5,554) (6,682)

Overprovision prior years

- (259)

	<u>\$ 126,991</u>	<u>\$ 66,668</u>
--	-------------------	------------------

WINPAR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS ENDED 31 DECEMBER 2005

	2005 \$	2004 \$
3 DIVIDENDS		
Proposed final fully franked ordinary dividend cents per share	\$ -	\$ -
Balance of franking account at 31 December 2005 adjusted for franking credits which will arise from payment of income tax provided for in the financial statements and on dividends recognised as receivable, and after deducting franking credits to be used in payment of dividends and franking credits that may be prevented from distribution in subsequent financial years.	\$ 200,945	\$ 219,769
4 OTHER REVENUE FROM ORDINARY ACTIVITIES		
Dividends received	23,982	25,298
Interest received	2,310	3,413
Trust income	2,858	4,305
Foreign source income	28,297	15,845
Sundry income	-	4,000
Foreign Currency Exchanges	(748)	(1,521)
Profit/(loss) on sale of investment stock	(1,233)	40,612
	\$ 55,466	\$ 91,952
5 OPERATING PROFIT		
Expenses		
Interest paid or payable - other corporations	1,426	3,998
Legal expenses	4,004	58,167
Auditor's remuneration	3,000	3,000
Other expenses	36,268	33,153
	\$ 44,698	\$ 98,318
6 AUDITOR'S REMUNERATION		
Remuneration of the auditor of the Company for: Auditing of the financial report	\$ 3,000	\$ 3,000
7 CASH ASSETS		
Cash at financial institutions	\$ 72,251	\$ 75,644
8 RECEIVABLES		
Other debtors including estimated legal costs recoverable	\$ 19,318	\$ 83,394

WINPAR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS ENDED 31 DECEMBER 2005

	2005 \$	2004 \$
9 INVENTORIES		
Listed equities portfolio held for resale		
Market value	\$ 2,107,873	\$ 1,944,316
Cost	\$ 2,675,069	\$ 2,375,302
10 PROPERTY PLANT & EQUIPMENT		
Office furniture & equipment - at cost	5,376	5,376
Accumulated depreciation	(3,875)	(2,976)
	\$ 1,501	\$ 2,400
Movements in carrying amount		
Balance at the beginning of the period	1,850	3,575
Additions	-	-
Depreciation expense	(349)	(1,175)
	\$ 1,501	\$ 2,400
11 FINANCIAL ASSETS		
Available for sale financial assets		
Equities portfolio held as investments		
Market value	\$ 1,375,840	\$ 1,221,244
Cost	\$ 1,435,739	\$ 1,228,153
Available for sale Financial Assets comprise investments in the ordinary share capital of various entities. There are no fixed returns or fixed maturity date attached to these investments.		
12 TRADE & OTHER PAYABLES		
Creditors	\$ 43,005	\$ 12,401
13 BORROWINGS		
Secured		
BT Margin Lending	55,496	100,927
Unsecured		
Loans	1,002	2,063
	\$ 56,498	\$ 102,990
14 TAX LIABILITIES		
Current		
Income tax	\$ 31,208	\$ 326
Non-current		
Income tax	8,067	18,823
Provision for deferred income tax	99,019	45,875
	\$ 107,086	\$ 64,698

WINPAR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS ENDED 31 DECEMBER 2005

	2005 \$	2004 \$
15 SHORT TERM PROVISIONS		
Other provisions	\$ 85,000	\$ 92,000
16 ISSUED CAPITAL		
Issued paid-up capital		
31/12/05: 2,789,310 ordinary shares fully paid	\$ 2,789,310	\$ 2,738,487
31/12/04: 2,738,487 ordinary shares fully paid		
Ordinary shares		
At the beginning of reporting period	2,789,310	2,658,725
Shares issued during year		
30 October 2004	-	79,762
At reporting date	2,789,310	2,738,487
17 RETAINED PROFITS		
Retained profits at the beginning of the period	149,852	217,162
Profit/(loss) after income tax	314,824	178,696
Dividends paid or proposed	-	(79,762)
	\$ 464,676	\$ 316,096
18 CASH FLOW INFORMATION		
(a) Reconciliation of cash		
Cash at the end of the financial period as shown in the Statement of Cash Flows is reconciled to the related item in the Statement of Financial Position as follows:		
Cash at financial institutions	\$ 72,251	\$ 75,644
(b) Reconciliation of operating profit after tax to cash flow from operating activities		
Profit/(loss) from ordinary activities after income tax	314,824	178,696
Non-cash flows in profit from ordinary activities		
Dividends reinvested	(82)	(34)
Depreciation	349	560
Net loss/(gain) on disposal of investments	1,232	(40,612)
Net loss/(gain) on disposal of trading stock	(250,334)	-
Unrealised gains on trading stock	(175,400)	(21,008)
Unrealised gains on investments	(5,406)	(17,247)
Changes in assets and liabilities		
Increase/decrease in deferred tax assets/liabilities	-	65,953
Increase/decrease in trade & other debtors	20,888	89,525
Increase/decrease in shares held for resale	35,249	(417,043)
Increase/decrease in trade & other creditors	18,143	(10,426)
Increase/decrease in income taxes payable	121,613	55,044
	\$81,076	(\$116,592)

WINPAR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS ENDED 31 DECEMBER 2005

19 FINANCIAL INSTRUMENTS

a) Recognition

Financial instruments are initially measured at cost on trade date, which includes transactions costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

b) Financial assets at fair value through the profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

c) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

d) Available- for-sale financial assets

Available- for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses from changes in fair value are recognised in the income statement.

(e) 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, and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below.

	Weighted average interest rate	Floating interest rate \$	Non-interest bearing \$	Total \$
Financial assets				
Cash assets	3.0%	72,251	-	72,251
Receivables		-	19,318	19,318
Investments		-	3,483,713	3,483,713
		<u>72,251</u>	<u>3,503,031</u>	<u>3,575,282</u>
Financial liabilities				
Payables		-	43,005	43,005
Borrowings	8.5%	56,498	-	56,498
		<u>56,498</u>	<u>43,005</u>	<u>99,503</u>

(f) Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

The credit risk on financial assets, excluding investments, of the Company which have been recognised on the Statement of Financial Position, is the carrying amount. The Company is not materially exposed to any individual credit risk.

WINPAR HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS ENDED 31 DECEMBER 2005**

20 SEGMENT REPORTING

The Company is engaged in investment activities conducted in Australia and the United Kingdom and derives revenue and investment income from listed and unlisted securities and fixed interest.

21 DIRECTORS

The names of directors who have held office during the period are:

John Weston Seaforth Mackenzie

Robert Franklin Cameron

Gordon Bradley Elkington

John David Honan

Steven Pritchard

22 CONTINGENT LIABILITIES

Some costs orders have been made against the Company in connection with proceedings to which it has been a party. No action has been taken against the company to quantify or recover these costs.

**WINPAR HOLDINGS LIMITED
DIRECTORS' DECLARATION**

The directors of the company declare that:

1 the financial statements and notes, as set out on the pages 3 to 14 are in accordance with the Corporations Act 2001 and:

- (a) comply with Accounting Standards and the Corporations Regulations 2001; and
- (b) give a true and fair view of the financial position as at 31 December 2005 and of its performance for the half-year year ended on that date.

2 in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed by and on behalf of the directors by:



Robert Franklin Cameron
Director



Gordon Bradley Elkington
Director

Dated: 15.03.06

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS WINPAR HOLDINGS LIMITED**

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2005 there have been:

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

Geoffrey Allan White
Chartered Accountant

Dated:


15 March 2006

10 George Street
Leichhardt NSW

**INDEPENDENT REVIEW REPORT
TO THE MEMBERS OF WINPAR HOLDINGS LIMITED**

SCOPE

I have reviewed the financial report of Winpar Holdings Limited for the half-year ended 31 December 2005 as set out on pages 3 to 14. The company's directors are responsible for the financial report. I have conducted an independent review of this financial report in order to state whether, on the basis of the procedures described, anything has come to my attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 134: Interim Financial Reporting and other mandatory professional reporting requirements in Australia and statutory requirements, so as to present a view which is consistent with my understanding of the company's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the company to lodge the financial report with the Australian Securities and Investments Commission/Newcastle Stock Exchange Limited.

My review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. I have not performed an audit and accordingly, I do not express an audit opinion.

INDEPENDENCE

In conducting my review, I followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

In accordance with ASIC Class Order 05/83, I declare to the best of my knowledge and belief that the auditor's independence declaration set out on page 14 of the financial report has not changed as at the date of providing my review opinion.

STATEMENT

Based on my review, which is not an audit, I have not become aware of any matter that makes me believe that the half-year financial report of Winpar Holdings Limited is not in accordance with:

- (a) Corporations Act, 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 31 December 2005 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standards AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

Geoffrey Allan White
Chartered Accountant

Dated:

[Handwritten signature]
15 March 2006

10 George Street
Leichhardt NSW