

## WINPAR HOLDINGS LIMITED

## ANNUAL REPORT 2006

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## DIRECTORS' REPORT

The Directors present their report together with the accounts of Winpar Holdings Limited for the financial year ended 30 June 2006.

### DIRECTORS

The following persons have held office as directors during the financial year and since the end of the financial year:

John Weston Seaforth Mackenzie  
Robert Franklin Cameron  
Gordon Bradley Elkington  
John David Honan  
Steven Pritchard

### SECRETARY

The secretary has been Gordon Bradley Elkington during the financial year and since the end of the financial year.

### INFORMATION ABOUT DIRECTORS AND THE SECRETARY

John Weston Seaforth Mackenzie, A.M., B.Sc. Agr. (Hons.), F.A.I.A.S.T., M.A.A.A.C., C.P.Ag.

Mr. Mackenzie is an agricultural scientist with more than 40 years' experience in business and representative organizations. He is a former Treasurer of the National Farmers' Federation and a former Chairman of the Australian Shareholders' Association. He has been a director of the Company since 1996 and is the Company's Chairman.

Robert Franklin Cameron

Mr. Cameron is the founder and Managing Director of Cameron Stockbrokers Limited. He has worked in the securities industry since 1970. He has been a director of Florin Mining Investment Company Limited since 2004 and a director of Pritchard Equity Limited since 2005. He has been a director of the Company since 1985 and is the Company's Managing Director.

Gordon Bradley Elkington, B.Sc. (Hons.), M.Sc., Ph.D., LL.M.

Dr. Elkington is a Barrister of the Supreme Court of New South Wales. He is a director of Stokes (Australasia) Limited and a director of Pritchard Equity Limited. He has been a director of the Company since 1994 and is the Company Secretary.

John David Honan, B.A., M.A., F. Fin.

Mr. Honan is an associate director and the Chief Economist of Ausbil Dexia Limited, a wholesale funds manager associated with Bank Internationale a Luxembourg and with Dexia. He has also lectured and examined for the Securities Institute of Australia. He has been a director of the Company since 2001.

Steven Pritchard, B.Com., C.P.A., F. Fin.

Mr. Pritchard is a Certified Practising Accountant, and an affiliate member and past director and chairman of The Stock Exchange of Newcastle Limited. He is the principal of the Newcastle based accounting firm Rees Pritchard Pty. Limited. He is a director of Illuminator Investment Company Limited, a director of Florin Mining Investment Company Limited, and the Chairman of Pritchard Equity Limited. He has been a director of the Company since 2003.

#### **DIRECTORS' INTERESTS IN THE COMPANY**

At the date of this report the directors who hold office hold the following relevant interests in shares in the Company.

	Shares held directly	Shares held indirectly
Mr. John Mackenzie	0	10,300
Mr. Robert Cameron	0	256,134
Dr. Gordon Elkington	376,078	0
Mr. John Honan	0	11,141
Mr. Steven Pritchard	0	204,871

## DIRECTORS' MEETINGS ATTENDED

There were four directors meetings held during the financial year. Attendances at these meetings were as follows:

Mr. John Mackenzie	4
Mr. Robert Cameron	4
Dr. Gordon Elkington	4
Mr. John Honan	3
Mr. Steven Pritchard	4

There were two meetings of the audit committee held during the financial year. Attendances at this meeting were as follows:

Mr. John Mackenzie	2
Mr. John Honan	2
Mr. Steven Pritchard	2

## PRINCIPAL ACTIVITIES

The principal activities in which the Company was engaged during the financial year were share trading and investment.

The trading portfolio as at 30 June 2006 is set out on pages 27-29.

The investment portfolio as at 30 June 2006 is set out on pages 30-32. The investments making up this portfolio are considered to be long term investments, and are not intended to be traded.

## RESULT OF OPERATIONS

The net profit for the year after provision for income tax was \$405,585 (2005: \$123,161).

## REVIEW OF OPERATIONS

There was no change in the nature of the Company's activities during the year, and there were no significant events which affected the Company's performance.



**DIVIDENDS**

On 4 January 2006 the Company paid a fully franked dividend of 3 cents per share to members registered as at 31 October 2005. The total amount of the dividend was \$79,762.

On 23 June 2006 the Company paid a fully franked dividend of 3 cents per share to members registered as at 30 April 2006. The total amount of the dividend was \$82,155.

The Company proposes to pay a fully franked dividend of 3 cents per share on 30 November 2006 to members registered as at 31 October 2006. The total amount of the dividend will be \$87,280.

**LIKELY DEVELOPMENTS**

The company intends to continue with its activities of share trading, investment and underwriting.

**EVENTS SUBSEQUENT TO BALANCE DATE**

No matters of significance have arisen since balance date.

**REMUNERATION REPORT**

No fees have been paid to the Company's directors, and no options have been granted or shares issued to directors as a result of the exercise of options or otherwise during or after the end of the financial year.

**INDEMNITIES**

No indemnification agreements have been entered into and no insurance premiums have been paid in respect of officers or auditors of the Company during the financial year.

**PROCEEDINGS ON BEHALF OF COMPANY**

No person has applied for leave of the Court to bring proceedings on behalf of the Company or to 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.

## **CORPORATE GOVERNANCE**

The Board is responsible for ensuring that the Company is properly managed so that shareholders' interests are protected and enhanced, disclosure and reporting obligations are complied with, and conflicts of interest are avoided. To this end the Board has delineated the functions of its officers and management, and regularly reviews the Company's financial performance and financial position.

The Board has established an Audit Committee consisting of non-executive directors, whose function it is to review the Company's accounts independently of management.

## **REMUNERATION REPORT**

The Company's Constitution requires that the remuneration of non-executive directors be approved by shareholders at a general meeting. No remuneration has been approved by shareholders, and none of the directors has received any fees for his services during the financial year.

## **AUDITOR'S INDEPENDENCE DECLARATION**

The auditor's independence declaration for the year ended 30 June 2006 has been received and can be found on page 30.

Signed at 10 Spring Street, Sydney on 19 October 2006 in accordance with a resolution of the Board of Directors.

Steven Pritchard  
Director

Gordon Bradley Elkington  
Director

**WINPAR HOLDINGS LIMITED  
ABN 81 003 035 523**

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2006 there have been:

- (i) no contraventions of the auditor independence requirements as set out in 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.

**Geoffrey Allan White**  
Chartered Accountant

10 George Street  
Leichhardt NSW

Dated: 29 September 2006

WINPAR HOLDINGS LIMITED  
 ABN 81 003 035 523  
 INCOME STATEMENT  
 FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 \$	2005 \$
Sale of financial assets		1,776,293	1,471,661
Cost of sales		<u>(1,336,351)</u>	<u>(1,043,326)</u>
		439,942	428,335
Financial assets - movements in fair value		<u>87,024</u>	<u>(290,829)</u>
Gross profit		526,966	137,506
Other revenue from ordinary activities	3	136,616	200,508
Finance costs		(6,131)	(7,212)
Other expenses from ordinary activities	4	<u>(93,551)</u>	<u>(171,701)</u>
<b>Profit/(loss) from ordinary activities before related income tax expense</b>		563,900	159,101
Income tax expense relating to ordinary activities	5	<u>(158,315)</u>	<u>(35,940)</u>
<b>Profit/(loss) from ordinary activities after related income tax expense</b>		<u>405,585</u>	<u>123,161</u>
 <b>Total changes in equity other than those resulting from transactions with owners as owners</b>		 <u>\$ 405,585</u>	 <u>\$ 123,161</u>
 <b>Basic earnings per share</b>	8	 <u>\$ 0.144</u>	 <u>\$ 0.045</u>

WINPAR HOLDINGS LIMITED  
ABN 81 003 035 523  
BALANCE SHEET  
AS AT 30 JUNE 2006

	Note	2006 \$	2005 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	9	70,085	139,357
Trade and other receivables	10	31,470	40,207
Inventories	11	2,152,190	1,717,388
<b>TOTAL CURRENT ASSETS</b>		<u>2,253,745</u>	<u>1,896,952</u>
<b>NON-CURRENT ASSETS</b>			
Financial Assets	12	1,743,546	1,228,086
Property plant & equipment	13	1,156	1,850
<b>TOTAL NON-CURRENT ASSETS</b>		<u>1,744,702</u>	<u>1,229,936</u>
<b>TOTAL ASSETS</b>		<u>3,998,447</u>	<u>3,126,888</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	14	85,614	24,861
Short term Borrowings	15	136,217	61,184
Current tax liabilities	16	60,859	(237)
Provisions	17	95,000	85,000
<b>TOTAL CURRENT LIABILITIES</b>		<u>377,690</u>	<u>170,808</u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities	16	169,933	16,918
<b>TOTAL LIABILITIES</b>		<u>547,623</u>	<u>187,726</u>
<b>NET ASSETS</b>		<u>\$3,450,824</u>	<u>\$ 2,939,162</u>
<b>EQUITY</b>			
Issued capital	18	2,909,345	2,789,310
Revaluation Reserve		109,191	(45,899)
Retained earnings		432,288	195,751
<b>TOTAL EQUITY</b>		<u>\$3,450,824</u>	<u>\$ 2,939,162</u>

**WINPAR HOLDINGS LIMITED**  
**ABN 81 003 035 523**  
**STATEMENT OF CHANGES IN EQUITY**  
**AS AT 30 JUNE 2006**

	Note	Share Capital Ordinary	Financial Assets Reserve	Retained Earnings	Total
		\$		\$	\$
<b>Balance at 1 July 2004</b>		2,658,725	(17,345)	234,506	2,875,886
Shares issued during the year	18	130,585		-	130,585
Profit attributable to members		-		123,161	123,161
Revaluation increment/(decrement)			(28,554)		(28,554)
<b>Sub-total</b>		<b>2,789,310</b>	<b>(45,899)</b>	<b>357,667</b>	<b>3,101,078</b>
Dividends paid or provided for	7	-		(161,916)	(161,916)
<b>Balance at 30 June 2005</b>		<b>\$ 2,789,310</b>	<b>\$ (45,899)</b>	<b>\$ 195,751</b>	<b>\$ 2,939,162</b>
<b>Balance at 1 July 2005</b>		2,789,310	(45,899)	195,751	2,939,162
Shares issued during the year	18	120,035		-	120,035
Profit attributable to members		-		405,585	405,585
Revaluation increment/(decrement)			155,090		155,090
<b>Sub-total</b>		<b>2,909,345</b>	<b>109,191</b>	<b>601,336</b>	<b>3,619,872</b>
Dividends paid or provided for	7	-		(169,048)	(169,048)
<b>Balance at 30 June 2006</b>		<b>\$ 2,909,345</b>	<b>\$ 109,191</b>	<b>\$ 432,288</b>	<b>\$ 3,450,824</b>

WINPAR HOLDINGS LIMITED  
ABN 81 003 035 523  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2006

	2006 \$	2005 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Proceeds from sale of trading securities	1,776,297	1,483,561
Other investment income	114,838	91,042
Payments for trading securities and to suppliers	(1,778,375)	(1,623,884)
Income tax paid	(10,675)	48,951
<b>Net cash used in operating activities</b>	<u>102,085</u>	<u>(330)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	72,012	303,002
Payments for purchase of investments	(299,966)	(232,096)
Purchases of plant & equipment	-	-
<b>Net cash used in operating activities</b>	<u>(227,954)</u>	<u>70,906</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(49,013)	(31,331)
Proceeds from share issue	-	-
Repayment of borrowings	-	(28,663)
Proceeds from borrowing	105,610	-
<b>Net cash used in financing activities</b>	<u>56,597</u>	<u>(59,994)</u>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	(69,272)	10,582
<b>CASH AT BEGINNING OF FINANCIAL YEAR</b>	<u>139,357</u>	<u>128,775</u>
<b>CASH AT END OF FINANCIAL YEAR</b>	<u>\$ 70,085</u>	<u>\$ 139,357</u>



**WINPAR HOLDINGS LIMITED**  
**ABN 81 003 035 523**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2006**

**1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

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

These financial statements are the first financial statements which have been prepared by the Company in accordance with Australian equivalents to the International Financial Reporting Standards (AIFRS).

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

**Basis of preparation**

The first time Adoption of Australian equivalents to International Financial Reporting Standards

Winpar Holdings Limited has prepared financial statements in accordance with AIFRS from 1 July 2005.

In accordance with the requirements of AASB1: First-time adoption of Australian equivalents to International Financial Reporting Standards, adjustments to the accounts resulting from the introduction of AIFRS have been applied retrospectively to 2005 comparative figures.

Reconciliations of the transition from previous GAAP to AIFRS have been included in Note 2 to this report.

*Reporting Basis and Conventions*

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

**Accounting Policies**

**(a) Income tax**

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is charged in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefit brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

WINPAR HOLDINGS LIMITED  
ABN 81 003 035 523  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2006

**1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued**

**(b) Inventories**

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

**(c) Property, Plant and Equipment**

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment loss.

**Plant and equipment**

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

**Depreciation**

The depreciable amount of all fixed assets is depreciated on a diminishing value basis over their useful lives to the company from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation rate
Computer equipment	37.50%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When re-valued assets are sold, amounts included in the revaluation reserve relation to that asset are transferred to retained earnings.

**(d) Financial Instruments**

**Recognition**

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

**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.

**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 arising from changes in fair value are taken directly to equity. Other unlisted investments have been stated at cost or directors' valuation.

**Fair Value**

Fair Value is determined based on current published prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, and reference to similar instruments.

WINPAR HOLDINGS LIMITED  
ABN 81 003 035 523  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2006

**1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued**

**(d) Financial Instruments (continued)**

**Impairment**

At each reporting date the company assesses where there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

**(f) Impairment of Assets**

At each reporting date the carrying values of tangible and intangible assets are reviewed to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, then recoverable amount of the cash-generating unit to which the asset belongs is estimated.

**(g) Foreign Currency Transactions and Balances**

The financial statements are presented in Australian dollars which is the company's functional and presentation currency.

**Transactions and balances**

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Exchange differences arising on the translation of monetary items are recognised in the income statement.

**(h) Provisions**

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

**(i) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities three months or less, and bank overdrafts.

**(j) Revenue**

Dividends and interest have been brought into account in the profit and loss when received or receivable.

**(k) Borrowing Costs**

Borrowing costs are recognised in the income in the period in which they are incurred.

**(l) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheets are shown inclusive of GST.

**(m) Comparative Figures**

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



WINPAR HOLDINGS LIMITED  
ABN 81 003 035 523  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2006

2 First-time Adoption of Australian Equivalents to International Financial Reporting Standards  
Reconciliation of Equity at 1 July 2004

	Previous GAAP 1 July 2004	Effect of transition to AIFRS 1 July 2004	AIFRS at 1 July 2004
<b>CURRENT ASSETS</b>			
Cash assets	128,775	-	128,775
Receivables	149,057	-	149,057
Inventories	1,506,265	-	1,506,265
<b>TOTAL CURRENT ASSETS</b>	<u>1,784,097</u>	<u>-</u>	<u>1,784,097</u>
<b>NON-CURRENT ASSETS</b>			
Property plant & equipment	2,960	-	2,960
Investments	1,237,532	-	1,237,532
Tax assets	20,079	-	20,079
<b>TOTAL NON-CURRENT ASSETS</b>	<u>1,260,571</u>	<u>-</u>	<u>1,260,571</u>
<b>TOTAL ASSETS</b>	<u>3,044,668</u>	<u>-</u>	<u>3,044,668</u>
<b>CURRENT LIABILITIES</b>			
Payables	114,828	-	114,828
Borrowings	89,847	-	89,847
Current tax liabilities	(60,095)	-	(60,095)
Provisions	-	-	-
<b>TOTAL CURRENT LIABILITIES</b>	<u>144,580</u>	<u>-</u>	<u>144,580</u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities	24,201	-	24,201
<b>TOTAL LIABILITIES</b>	<u>168,781</u>	<u>-</u>	<u>168,781</u>
<b>NET ASSETS</b>	<u>\$2,875,887</u>	<u>\$ -</u>	<u>\$ 2,875,887</u>
<b>EQUITY</b>			
Contributed equity	2,658,725	-	2,658,725
Revaluation Reserve	-	(17,345)	(17,345)
Retained earnings	217,162	17,345	234,507
	<u>\$2,875,887</u>	<u>\$ -</u>	<u>\$ 2,875,887</u>

WINPAR HOLDINGS LIMITED  
ABN 81 003 035 523  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2006

2 First-time Adoption of Australian Equivalents to International Financial Reporting Standards continued  
Reconciliation of Equity at 30 June 2005

	Previous GAAP 30 June 2005	Effect of transition to AIFRS 30 June 2005	AIFRS at 30 June 2005
<b>CURRENT ASSETS</b>			
Cash assets	139,357	-	139,357
Receivables	40,207	-	40,207
Inventories	1,717,388	-	1,717,388
<b>TOTAL CURRENT ASSETS</b>	<u>1,896,952</u>	<u>-</u>	<u>1,896,952</u>
<b>NON-CURRENT ASSETS</b>			
Property plant & equipment	1,850	-	1,850
Investments	1,228,086	-	1,228,086
Tax assets	-	-	-
<b>TOTAL NON-CURRENT ASSETS</b>	<u>1,229,936</u>	<u>-</u>	<u>1,229,936</u>
<b>TOTAL ASSETS</b>	<u>3,126,888</u>	<u>-</u>	<u>3,126,888</u>
<b>CURRENT LIABILITIES</b>			
Payables	24,861	-	24,861
Borrowings	61,184	-	61,184
Current tax liabilities	(237)	-	(237)
Provisions	85,000	-	85,000
<b>TOTAL CURRENT LIABILITIES</b>	<u>170,808</u>	<u>-</u>	<u>170,808</u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities	16,918	-	16,918
<b>TOTAL LIABILITIES</b>	<u>187,726</u>	<u>-</u>	<u>187,726</u>
<b>NET ASSETS</b>	<u>\$2,939,162</u>	<u>\$ -</u>	<u>\$ 2,939,162</u>
<b>EQUITY</b>			
Contributed equity	2,789,310	-	2,789,310
Revaluation Reserve	-	(45,899)	(45,899)
Retained earnings	149,852	45,899	195,751
	<u>\$2,939,162</u>	<u>\$ -</u>	<u>\$ 2,939,162</u>

WINPAR HOLDINGS LIMITED  
ABN 81 003 035 523  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2006

2 First-time Adoption of Australian Equivalents to International Financial Reporting Standards continued  
Reconciliation of Equity at 30 June 2005

Reconciliation of Profit or Loss for 2005	Previous GAAP 30 June 2005	Effect of transition to AIFRS 30 June 2005	AIFRS at 30 June 2005
Sales of shares (trading)	1,471,661	-	1,471,661
Cost of sales	(1,043,326)	-	(1,043,326)
	428,335	-	428,335
Revaluation of trading stock to market values	(290,829)	-	(290,829)
Gross profit	137,506	-	137,506
Revaluation of investment stock	(40,792)	40,792	-
Other revenue from ordinary activities	200,508	-	200,508
Other expenses from ordinary activities	(178,913)	-	(178,913)
<b>Profit/(loss) from ordinary activities before related income tax expense</b>	118,309	40,792	159,101
Income tax expense relating to ordinary activities	(23,703)	(12,237)	(35,940)
<b>Profit/(loss) from ordinary activities after related income tax expense</b>	94,606	28,555	123,161
 <b>Total changes in equity other than those resulting from transactions with owners as owners</b>	 \$ 94,606	 \$ 28,555	 \$ 123,161

WINPAR HOLDINGS LIMITED  
ABN 81 003 035 523  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 \$	2005 \$
<b>3 REVENUE</b>			
Operating activities			
Dividends received		42,259	42,583
Interest received		4,334	6,607
Trust income		6,298	8,091
Foreign source income		66,974	23,089
Sundry income		-	21,553
Foreign currency exchanges		2,933	(3,668)
Profit on sale of investment stock		13,818	102,253
		<u>\$ 136,616</u>	<u>\$ 200,508</u>
<b>4 PROFIT FOR THE YEAR</b>			
Expenses			
Depreciation		694	1,110
Legal expenses		14,004	93,167
Auditor's remuneration	6	15,636	10,000
Other expenses		63,217	67,424
		<u>\$ 93,551</u>	<u>\$ 171,701</u>
<b>5 INCOME TAX EXPENSE</b>			
The components of tax expense comprise:			
Current tax		58,325	410
Deferred tax		99,990	35,790
Over provision in respect of prior years			(260)
		<u>158,315</u>	<u>35,940</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%		169,170	47,730
Less tax effect of:			
-rebateable fully franked dividends		(10,085)	(9,717)
-trust distributions received		(770)	(1,813)
-under/(over) provision for income tax prior years		-	(260)
		<u>\$ 158,315</u>	<u>\$ 35,940</u>



WINPAR HOLDINGS LIMITED  
ABN 81 003 035 523  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2006

	2006 \$	2005 \$
<b>6 AUDITOR'S REMUNERATION</b>		
Remuneration of the auditor of the Company for: Auditing or reviewing the financial report	15,636 <u>\$ 15,636</u>	10,000 <u>\$ 10,000</u>
<b>7 DIVIDENDS</b>		
Distributions paid:		
2006: 4/1/2006 (2005: 31/10/04) Interim fully franked ordinary dividend paid of 3 cents per share (2005: 3cents) franked at the rate of 30% (2005 30%)	83,679	79,762
2006: 23/06/2006 (2005 30/4/05) Interim fully franked ordinary dividend paid of 3 cents per share (2005: 3cents) franked at the rate of 30% (2005 30%)	85,369 <u>169,048</u>	82,154 <u>161,916</u>
Balance of franking account at year end 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.		
Franking credits accumulated at beginning of year	148,201	234,238
Imputation credits from franked dividends	14,407	32,392
Tax paid net of refunds	10,675	(49,015)
Dividends paid	<u>(72,449)</u> 100,834	<u>(69,414)</u> 148,201
Franking credits expected to arise from payment of 2006 income tax and deferred tax	84,502 <u>\$ 185,336</u>	13,791 <u>\$ 161,992</u>
<b>8 EARNINGS PER SHARE</b>	<b>Cents</b>	<b>Cents</b>
(a) Basic and diluted earnings per share		
Profit from continuing operations attributable to the ordinary equity holders of the company	<u>14.4</u>	<u>4.5</u>
Profit attributable to the ordinary equity holders of the company	<u>14.4</u>	<u>4.5</u>
(b) Reconciliation of earnings used in calculating earnings per share		
Basic and diluted earnings per share		
Profit from continuing operations	\$ 405,585	\$ 123,161
Profit attributable to the ordinary equity holders of the company used in calculating basic and diluted earnings per share	<u>\$ 405,585</u>	<u>\$ 123,161</u>

WINPAR HOLDINGS LIMITED  
ABN 81 003 035 523  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2006

	2006 Number	2005 Number
<b>8 EARNINGS PER SHARE continued</b>		
(c) Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	<u>2,824,808</u>	<u>2,720,370</u>
	2006 \$	2005 \$
<b>9 CASH AND CASH EQUIVALENTS</b>		
Cash at financial institutions	<u>\$ 70,085</u>	<u>\$ 139,357</u>
<b>10 TRADE AND OTHER RECEIVABLES</b>		
Trade receivables	12,153	12,156
Other receivables	<u>19,317</u>	<u>28,051</u>
	<u>\$ 31,470</u>	<u>\$ 40,207</u>
<b>11 INVENTORIES</b>		
Listed equities portfolio held for resale		
Financial assets held for sale - fair value	<u>\$2,152,190</u>	<u>\$ 1,717,388</u>
<b>12 OTHER FINANCIAL ASSETS</b>		
Equities portfolio held as investments		
Available-for-sale financial assets	<u>\$1,743,546</u>	<u>\$ 1,228,086</u>
Available for sale financial assets comprise		
Listed investments, at fair value		
- shares in listed corporations	1,063,591	833,310
Listed investments, at cost		
Shares in other corporations at cost	679,955	394,776
Total available for sale financial assets	<u>\$1,743,546</u>	<u>\$ 1,228,086</u>
<b>13 PROPERTY PLANT &amp; EQUIPMENT</b>		
Computer equipment - at cost	5,376	5,376
Less accumulated depreciation	<u>(4,220)</u>	<u>(3,526)</u>
	<u>\$ 1,156</u>	<u>\$ 1,850</u>
<b>Movements in carrying amount</b>	Computer equipment	
Balance at the beginning of the year	1,850	2,960
Additions	-	-
Depreciation expense	<u>(694)</u>	<u>(1,110)</u>
Carrying amount at the end of year	<u>\$ 1,156</u>	<u>\$ 1,850</u>

WINPAR HOLDINGS LIMITED  
ABN 81 003 035 523  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2006

	2006 \$	2005 \$
<b>14 TRADE AND OTHER PAYABLES</b>		
Sundry payables and accrued expenses	\$ 85,614	\$ 24,861
<b>15 BORROWINGS</b>		
Secured liabilities		
BT Margin Lending	\$ 136,217	\$ 61,184
<b>16 TAX LIABILITIES</b>		
<b>CURRENT</b>		
Income tax	\$ 60,859	\$ (237)
<b>NON-CURRENT</b>		
Income tax	-	13,445
Deferred tax liability	169,933	3,473
	<u>\$ 169,933</u>	<u>\$ 16,918</u>
Deferred tax liability comprises:		
-Tax effect of values adopted in relation to financial assets held for sale	163,007	52,844
-Revaluation Reserve	46,796	(19,671)
-Other	(39,870)	(29,700)
	<u>\$ 169,933</u>	<u>\$ 3,473</u>
<b>17 PROVISIONS</b>		
Provision for legal fees	\$ 95,000	\$ 85,000
<b>18 ISSUED CAPITAL</b>		
<b>Ordinary Shares</b>		
At the beginning of the reporting period	2,789,310	2,658,725
<b>Shares issued during the year</b>		
56,302 at \$1.00 on 4 January 2006 (DRP)	56,302	79,762
63,733 at \$1.00 on 23 June 2006 (DRP)	63,733	50,823
At reporting date	<u>2,909,345</u>	<u>2,789,310</u>

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled on a poll to one vote per share at shareholders meetings. On a show of hands each member present at a meeting or by proxy has one vote. In the event of the winding up of the Company ordinary shareholders rank after creditors and share in any proceeds on winding up in proportion to the number of shares held.

**19 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.

**20 SEGMENT REPORTING**

The Company operates in Australia as an investment company.

WINPAR HOLDINGS LIMITED  
ABN 81 003 035 523  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2006

	2006 \$	2005 \$
<b>21 CASH FLOW INFORMATION</b>		
<b>(a) Reconciliation of cash</b>		
Cash at the end of the financial year as shown in the cash flow statement is reconciled to the related item in the Statement of Financial Position as follows:		
Cash at financial institutions	\$ 70,085	\$ 139,357
<b>(b) Reconciliation of Cash Flow from Operations with Profit after Income Tax</b>		
Profit/(loss) from ordinary activities after income tax	405,585	123,161
Non-cash flows in profit from ordinary activities		
Dividends reinvested	(81)	
Depreciation	694	1,110
Net loss/(gain) on disposal of investments	(13,818)	(102,254)
Net loss/(gain) on disposal of trading stock	(439,942)	(428,335)
Changes in assets and liabilities		
(Increase)/decrease in deferred tax assets/liabilities	99,993	35,788
(Increase)/decrease in trade & other debtors	8,735	108,851
(Increase)/decrease in shares held for resale	(46,908)	217,212
Increase/(decrease) in trade & other creditors	40,176	(4,966)
Increase/(decrease) in income taxes payable	47,651	49,103
	<u>\$ 102,085</u>	<u>\$ (330)</u>

**22 RELATED PARTY DISCLOSURE**

**(a) Directors**

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

John Weston Seaforth Mackenzie

Robert Franklin Cameron

Gordon Bradley Elkington

John David Honan

Steven Pritchard

**(b) Share transactions of directors**

Directors and director related entities held in aggregate directly, indirectly or beneficially shares in the company totalling 858,524 shares. Details of specific holdings are detailed in the Directors Report.

**WINPAR HOLDINGS LIMITED**  
**ABN 81 003 035 523**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2006**

**(c) Directors remuneration**

No director received remuneration from the company in respect of his services as a director.

**(d) Transactions with directors**

Since the end of the previous financial year no director of the Company has received or become entitled to receive a benefit arising out of any contract that the director, a firm of which the director is a member or an entity in which the director has a substantial financial interest except as follows.

Commissions were paid on ordinary commercial terms to Cameron Stockbrokers Limited, a company in which each of Mr Robert Cameron and Mr Steven Pritchard has a substantial financial interest, for buying and selling shares for the Company. Commissions of \$39,493 in total were paid.

Fees were paid to Newcastle Capital Markets Registries Pty Ltd, a company in which Mr Steven Pritchard has an indirect interest for providing share registry services to the company. The total amount paid was \$6,000 (inclusive of GST).

The Company occupies a room adjoining the offices of Cameron Stockbrokers Limited, and uses Cameron Stockbrokers Limited's office facilities. No charge is made for the accommodation or services.

**23 DIRECTORS AND EXECUTIVES DISCLOSURE**

In accordance with the Corporations Amendments Regulation 2005 (No. 4) the Company has transferred the disclosure required by AASB 1046 from the Notes to the Financial Statements to the Remuneration Report in the Directors Report.

**24 FINANCIAL INSTRUMENTS****(a) 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 \$
<b>2006</b>				
<b>Financial assets</b>				
Cash and cash equivalents	3.0%	70,085	-	70,085
Receivables		-	31,470	31,470
Investments		-	3,895,736	3,895,736
		<u>70,085</u>	<u>3,927,206</u>	<u>3,997,291</u>
<b>Financial liabilities</b>				
Payables		-	85,614	85,614
Borrowings	7.8%	136,217	-	136,217
		<u>136,217</u>	<u>85,614</u>	<u>221,831</u>



**WINPAR HOLDINGS LIMITED**  
**ABN 81 003 035 523**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2006**

	Weighted average interest rate	Floating interest rate \$	Non-interest bearing \$	Total \$
<b>2005</b>				
<b>Financial assets</b>				
Cash and cash equivalents	1.5%	139,357	-	139,357
Receivables		-	40,207	40,207
Investments		-	2,945,474	2,945,474
		<u>139,357</u>	<u>2,985,681</u>	<u>3,125,038</u>
<b>Financial liabilities</b>				
Payables		-	24,861	24,861
Borrowings	0.5%	61,184	-	61,184
		<u>61,184</u>	<u>24,861</u>	<u>86,045</u>

**(b) 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 Income Statements, is the carrying amount. The Company is not materially exposed to any individual credit risk.

**(c) Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company monitors its cash flow requirements and ensures that it has either cash or access to short term borrowing facilities to meet any payments. The assets of the Company are largely in the form of readily tradable securities which can be sold on the market if necessary.

**(d) Market risk**

Market risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market conditions.

Because the Company invests a substantial part of its assets in tradable securities which are not risk free, it is always subject to market risk. The investments are however widely spread so that the risk is minimised.

**(e) Net fair values**

The carrying amounts of financial instruments on the Balance Sheet approximate their net fair values.

**25 Company Details**

The registered office of the company is:

Level 5  
 10 Spring Street  
 Sydney New South Wales 2000

The principal place of business is:

Level 5  
 10 Spring Street  
 Sydney New South Wales 2000

**WINPAR HOLDINGS LIMITED**  
**ABN 81 003 035 523**  
**DIRECTORS' DECLARATION**

The directors of the company declare that:

1 the financial statements and notes, as set out on the pages 8 to 25 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 30 June 2006 and of the performance for the year ended on that date of the company;

2 the Chief Executive Officer and Chief Finance Officer have each declared that:

- (a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001.
- (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
- (c) the financial statements and notes for the financial year give a true and fair view;

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.

Signed at 10 Spring Street, Sydney on 19 October 2006 in accordance with a resolution of the Board of Directors.

Steven Pritchard  
Director

Gordon Bradley Elkington  
Director



**WINPAR HOLDINGS LIMITED**  
**ABN 81 003 035 523**  
**INDEPENDENT AUDIT REPORT**  
**TO THE MEMBERS OF WINPAR HOLDINGS LIMITED**

**SCOPE**

I have audited the financial report of Winpar Holdings Limited for the financial year ended 30 June 2006 as set out on pages 8 to 26. The company's directors are responsible for the financial report. I have conducted an independent audit of this financial report in order to express an opinion on it to the members of the company.

My audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. My procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with our understanding of the company's financial position and its performance as represented by the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

**INDEPENDENCE**

In conducting my audit I followed applicable independence requirements of Australian professional and 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 7 of the financial report has not changed as at the date of providing my audit opinion.

**AUDIT OPINION**

In my opinion, the financial report of Winpar Holdings Limited is in accordance with:

- (a) Corporations Act, 2001, including:
  - (i) giving a true and fair view of the company's financial position as at 30 June 2006 and of its performance for the year ended on that date; and
  - (ii) complying with Accounting Standards in Australia and the Corporation Regulations 2001;
- (b) other mandatory professional reporting requirements in Australia.

**Geoffrey Allan white**  
Chartered Accountant

10 George Street  
Leichhardt NSW

27 OCT 2006

**TRADING PORTFOLIO  
AS AT 30 JUNE 2006**

<b>Company</b>	<b>Number</b>	<b>Market \$</b>
Accent Resources No Liability [option: 30.09.09]	100,000	5,000
Advanced Magnesium Limited	100,000	2,486
Amazing Loans Limited	155,000	31,337
Amerod Resources Limited	120,000	50,750
Atlantic Gold No Liability	300,000	15,600
Atlantic Gold No Liability [contributing]	15,000	6,000
Avantogen Limited	168,315	16,267
Avantogen Limited [option: 31.12.07]	600	1,683
Australian Offshore Energy Fund	11,050	39,900
Australian Oil Company Limited [option: 31.12.09]	50,750	2,100
Australian Value Funds Management Limited	12,535	13,200
B. Digital Limited	155,000	17,825
Beaconsfield Gold No Liability	50,277	11,552
Bigair Group Limited	8,000	1,200
Bougainville Copper Limited	1,052	747
Brainytoys Limited	21,169	1,164
Brandrill Limited	91,522	13,728
Bridgestone Australia Limited	2,000	5,240
Buka Gold Limited	47,101	8,007
Canada Land Limited	91,000	4,914
Capral Aluminium Limited	20,000	26,000
Carnarvon Petroleum Limited	200,000	10,400
Carrington Cotton Corporation Limited	100	426
C. B. H. Resources Limited	50,000	14,000
Chiquita Brands South Pacific Limited	10,000	5,000
Chongherr Investments Limited	50,000	2,000
C. M. I. Limited [preference]	6,000	6,720
Codan Limited	5,000	4,600
Collins and Leahy Holdings Limited	11,460	17,190
Country Road Limited	1,000	1,920
Cullen Resources Limited	100,000	2,900
Danks Holdings Limited	1,731	12,204
Diatreme Resources Limited	2,430	510
Diatreme Resources Limited [option: 31.10.07]	1,215	146
Ebet Limited	50,000	4,500
Elkedra Diamonds No Liability [note]	6,667	24,001
Equatorial Mining Limited	4,350	29,667
Equity Trustees Limited	4,409	81,566
Evans and Tate Limited [note]	92,000	18,400
Evans and Tate Limited [preference]	399,548	22,375
Farsands Corporation Limited [option: 30.11.08]	280,000	0
Felix Resources Limited	5,000	8,075

Florin Mining Investments Limited	57,600	14,668
Florin Mining Investments Limited [option: 15.12.06]	110,000	1,650
Florin Mining Investments Limited [option: 15.12.08]	110,000	2,200
General Publishers Limited	245,000	23,765
G. P. S. Online Limited	416,665	30,000
Grand Hotel Group	43,000	37,195
G. Retail Limited	34,569	2,075
Halcyon Group Limited	1,300,000	22,100
Hampton Hill Mining No Liability	619,800	77,475
Home Leisure Limited	30,000	7,050
Ideas International Limited	50,000	7,000
I. M. B. Limited	5,708	17,581
I. M. D. Group Limited	200,000	14,800
Infracorp Limited	25,000	5,750
Kentor Gold Limited	62,667	10,653
K. H. Foods Limited	98,700	50,337
Klondike Source Limited	49,700	2,485
Korvest Limited	7,500	31,500
K. T. L. Technologies Limited	1,511,730	31,746
Labtam Limited	940	188
Lend Lease Corporation Limited	1,200	16,788
Linc Energy Limited	80,000	14,000
Linden and Conway Limited	359	14,180
Lipa Pharmaceuticals Limited	40,000	26,800
Lodestone Exploration Limited	5,250	178
Lodestone Exploration Limited [right]	7,000	21
Logan Community Financial Services Limited]	1,000	970
Lycopodium Limited	4,900	13,475
Macquarie Radio Network Limited	10,000	9,100
Magellan Petroleum Corporation	3,187	6,055
Magma Metals Limited	125,000	18,750
McPhersons Limited	20,000	29,000
Media Corporation Australia Limited	75,400	15,080
Merchant House International Limited	100,000	20,000
Mermaid Marine Australia Limited	84,700	50,820
Mobileactive Limited	947,665	66,337
Morning Star Holdings Australia Limited	26,500	1,325
Mithril Resources Limited	27,960	8,108
Multiplex Acumen Property Fund	40,246	45,277
Multiplex Group	10,000	32,700
National Australia Bank Limited	1,000	35,160
National Can Industries Limited	17,825	33,689
New Bounty Limited	1,461,526	43,846
Nylex Limited	430,000	24,080
Oldfields Holdings Limited	45,659	45,659
On Q. Group Limited [option: 30.05.08]	5,000	600
Orient Resources Holdings Limited	2,750	412
Paradigm Gold Limited	80,000	4,160



Paradigm Gold Limited [option: 18.05.08]	5,000	50
P. Cleland Enterprises Limited	7,100	2,627
Pearl Health Care Limited	407,000	5,689
Platina Resources Limited	50,000	9,500
Promentum Limited	107	103
Pro-Pac Packaging Limited	20,000	5,700
Q. Limited	1,540,273	30,805
Redbank Mines Limited	135,000	14,175
Redbank Mines Limited [option: 13.5.08]	5,000	100
Red Metal Limited	30,000	6,900
Repco Corporation Limited	10,000	11,400
Shieldliner Limited	90,000	10,800
Sigma Pharmaceuticals Limited	4,391	11,417
Smorgon Steel Group Limited	14,000	23,520
Souls Private Equity Limited	100	18
Souls Private Equity Limited [option: 10.12.09]	1,955	82
S. P. Telemedia Limited	5,000	3,900
Steamships Trading Company Limited	12,380	86,536
Stokes Australasia Limited	93,270	51,298
Strathfield Group Limited	200,000	6,200
Strathfield Group Limited [option: 30.03.08]	50,000	500
Tandou Limited	18,000	17,100
Tasmania Mines Limited	189,262	208,188
Thundelarra Exploration Limited	56,000	9,240
Tissue Therapies Limited	12,723	5,216
Tooth and Company Limited	283,649	17,019
Traka Resources Limited	50,000	5,750
Transmetro Corporation Limited	35,200	14,784
T. Z. Limited	35,000	16,800
Villa World Limited	8,000	13,400
Vision Systems Limited	500	930
Vital Metals Limited	75,000	15,000
Warrnambool Cheese and Butter Factory Limited	5,000	17,000
W. C. P. Diversified Investments Limited	64,291	3,562
W. C. P. Diversified Investments Limited [option: 30.06.10]	2,859	94
Wellcom Group Limited	3,000	5,349
Zelos Resources Limited	50,000	7,750
Zelos Resources Limited [option: 31.12.07]	100,000	5,600
		<u>\$2,152,190</u>

**INVESTMENT PORTFOLIO  
AS AT 30 JUNE 2006**

<b>Company</b>	<b>Number</b>	<b>Market \$</b>
A. Cohen p.l.c.	6,100	43
A. Cohen p.l.c. [non-voting]	1,183	263
Aga Foodservice Group p.l.c.	1,400	13,314
Allied Irish Banks p.l.c.	550	17,523
Allgas Energy Limited [preference]	285	513
Angostura Holdings p.l.c.	10,000	11,700
Balmain / Rozelle Financial Services Limited	1,000	950
Bendigo Community Telco Limited	6,400	7,040
Berkshire Hathaway Limited	1	4,133
Bidgee Finance Limited	5,000	10,350
Blooms of Bressingham Holdings p.l.c.	15,000	24,600
Blue Planet Financials Growth and Income Investment Trusts p.l.	2,000	4,980
Brendale Community Finance Limited	5,000	5000
Bristol Water Group p.l.c.	1,000	13,080
Broadstoner Holdings p.l.c. [preference]	5,000	10,350
Broadwater Financial Services Limited	5,000	5,000
Byford and District Community Development Services Limited	5,000	5,000
Caffyns p.l.c. [preference]	5,852	22,647
Capilano Honey Limited	3,500	11,900
Caplay p.l.c.	10,000	22,200
Carlton Investments Limited [preference]	5,566	11,466
C. I. Traders Limited	500	1,035
Coal and Allied Industries Limited [preference]	45,805	45,805
Community Financial Services Victoria Limited	4,000	4,000
Conygar Investment Company p.l.c.	5,000	15,050
Doncaster East Community Financial Services Limited	5,000	5,000
Ettalong Beach Financial Services Limited	1,500	1,350
Fiji Industries Limited	4,555	19,495
Fosters Group Pacific Limited	450	8,635
Fuller Smith and Turner p.l.c. [A ordinary]	300	9,063
Guildhall Property Company p.l.c.	5,000	13,400
Gympie and District Financial Services Limited	500	450
Hardys and Hanson p.l.c. [preference]	500	1,025
Harris and Company Limited [preference]	5,500	13,750
Hydro Hotel Eastbourne p.l.c.	100	3,047
I. G. C. Resources Incorporated	35,000	23,800
Jackson William & Son p.l.c.	2	5,200
James Latham p.l.c. [preference]	2,000	5,180
John Lewis Partnership p.l.c. [preference]	5,000	11,850
Johnston Press p.l.c. [preference]	4,000	18,600
K. H. Foods Limited [preference]	3,525	8,742
Linden and Conway Limited [5 percent preference]	200	900

Logan Community Financial Services Limited	37,900	23,985
London and St. Lawrence Investment Company p.l.c. [preference]	5,000	31,600
Ludowici Limited [first preference]	2,825	2,542
Ludowici Limited [second reference]	3,207	3,047
Mackay Building Society Limited	7,000	41,300
Mallett p.l.c.	2,000	11,920
Mandurah Community Financial Services Limited	6,000	6,120
Mariana Resources Limited	30,000	14,400
McMullen and Sons Limited [non-voting]	5,000	41,200
Meander Valley Financial Services Limited	1,000	900
National Consolidated Limited	9,926	9,926
New Bounty Limited	364,390	10,931
Nord Anglia Education p.l.c.	2,500	9,125
N. Y. S. E. Group Incorporated	100	9,208
Orica Limited [preference]	74,261	89,113
Pauls Victoria Limited	325	650
Phosphate Resources Limited	8,300	37,184
Pioneer Building Society Limited	18,000	55,800
P. Z. Cussons p.l.c. [A ordinary]	500	17,110
Public Holdings Australia Limited	299,576	35,949
Queensland Professional Credit Union Limited	1	10
Ransomes p.l.c. [preference]	76,729	274,690
Redcliffe Peninsular Financial Services Limited	1,000	900
Rights and Issues Investment Trust p.l.c.	5,000	11,100
Rockingham Community Financial Services Limited	1,000	900
Rutherland Pty. Limited	75,538	76,293
Sarina and District Financial Services Limited	1,500	1,350
Shepherd Neame Limited	2,212	70,408
Sietel Limited [preference]	16,800	17,640
Simon Group p.l.c.	20,000	30,800
South Burdekin Community Financial Services Limited	3,900	3,510
Sovereign Reversions p.l.c.	2,000	16,040
Starlight Holdings Limited	500	100
Sunbeam Foods Limited	10,000	22,500
Sunshine Coast Community Financial Services Limited	23,100	15,015
S. X. R. Uranium One Incorporated	6,000	61,500
Tate and Lyle p.l.c. [preference]	10,000	27,700
Textron Incorporated	28	3,552
The Investment Company p.l.c.	7,600	22,344
The Investment Company p.l.c. [preference]	10,000	24,900
The Peninsular and Oriental Steam Navigation Company [prefer]	3,500	8,260
The Romney Hythe and Dymchurch Railway p.l.c.	200	1,536
The Van Diemens Land Company	30	40
Tongala and District Financial Services Limited	3,000	2,700
Tuggeranong Valley Financial Services Limited	1,000	1,250
Vealls Limited [preference]	2,150	6,450
Verizon Communications Limited	574	25,847
Wadworth and Company Limited [preference]	400	11,348

Warburton Community Financial Services Limited	3,000	4,050
Webster Limited [preference]	31,974	59,152
Westco Financial Corporation	5	2,561
Whitefield Limited [preference]	6,248	8,122
Witan Investment Trust p.l.c. [preference]	20,000	27,600
Young and Company's Brewery p.l.c.	500	32,420
Yule Catto and Company p.l.c.	270	1,519
		<u>\$1,743,546</u>



**SHAREHOLDER INFORMATION  
AS AT 30 SEPTEMBER 2006**

As at 30 September 2006 the Company had 276 shareholders.  
The 20 largest shareholders and their shareholdings were as follows:

<b>Shareholder</b>	<b>Holding</b>
National Exchange Pty. Limited	508,652
Gordon Bradley Elkington	376,078
Darin Investments Pty. Limited	241,492
Peq Nominees Pty. Limited	204,800
Bell Ixl Investments Pty. Limited	118,276
Peters Trading Company Australia Pty. Limited	81,000
National Exchange Pty. Limited	77,543
Milly Elkington	73,858
R. F. C. Investment Holdings Pty. Limited	50,800
A. K. W. Investments Pty. Limited	36,977
Mary Graham Neild	34,809
Peter Windeyer Donovan	32,781
Wilcorp No. 41 Pty. Limited	31,463
Bulwark Trading Pty. Limited	28,870
Boulevard Nominees Pty. Limited	28,000
Douglas Robert Graham Neild	27,701
Peter Andrew Martin	27,055
M. H. C. L. Nominees Pty. Limited	27,055
Lynette Gay McLennan	25,504
Kyleast Pty. Limited	25,000

The distribution of shareholdings was as follows:

<b>Range</b>	<b>Number of holders</b>	<b>Percentage of holders</b>	<b>Number of shares</b>	<b>Percentage of shares</b>
1-1,000	122	44	41,651	17
1,001-5,000	84	34	219,763	32
5,001-10,000	21	7	163,605	10
10,001-50,000	40	13	751,827	26
50,001-100,000	4	1	283,201	6
100,001-500,000	4	1	940,646	8
500,001-1,000,000	1	-	508,652	1
	<u>276</u>	<u>100</u>	<u>2,909,345</u>	<u>100</u>

The number of shareholders holding less than a marketable parcel was 82.

The substantial shareholders and their shareholdings were as follows:

<b>Shareholder</b>	<b>Holding</b>
National Exchange Pty. Limited	586,195
Gordon Bradley Elkington	376,078
Darin Investments Pty. Limited	241,492
Peq Nominees Pty. Limited	204,800

## FIVE YEAR SUMMARY

	2002 \$	2003 \$	2004 \$	2005 \$	2006 \$
Earnings before tax	118,953	(240,573)	370,148	159,102	563,904
Tax	35,686	(72,820)	45,075	35,941	158,318
Earnings after tax	83,267	(167,753)	325,073	123,161	405,586
Dividends paid	51,626	51,626	77,439	161,917	169,048
Current assets	2,024,516	1,834,691	1,784,097	1,896,952	2,253,745
Current liabilities	310,659	430,253	144,580	170,808	377,689
Non-current assets	1,120,387	1,229,515	1,260,571	1,229,936	1,744,701
Non-current liabilities	98,292	34,968	24,201	16,918	169,933
Shareholders equity	2,735,952	2,598,985	2,875,887	2,939,162	3,450,824
Subscribed capital	2,581,287	2,581,287	2,658,725	2,789,310	2,909,345

**CORPORATE DIRECTORY**

<b>Directors</b>	John Weston Seaforth Mackenzie Robert Franklin Cameron Gordon Bradley Elkington John David Honan Steven Pritchard
<b>Company Secretary</b>	Gordon Bradley Elkington
<b>Registered office</b>	Level 5 10 Spring Street Sydney New South Wales 2000
<b>Auditor</b>	Geoffrey Allan White Chartered Accountant 10 George Street Leichhardt New South Wales 2040
<b>Solicitor</b>	Stephen Blanks and Associates 119 Evans Street Rozelle New South Wales 2039
<b>Share Registrar</b>	Newcastle Capital Markets Registries Pty. Limited 10 Murray Street Hamilton New South Wales 2303
<b>Bankers</b>	Macquarie Cash Management Trust 20 Bond Street Sydney New South Wales 2000  The Rock Building Society Limited Cnr. Archer and Bolsover Streets Rockhampton Queensland 4500  Wide Bay Capricorn Building Society Limited 16-20 Barolin Street Bundaberg Queensland 4670  Manchester Building Society 24 Queen Street Manchester M2 5AH United Kingdom