

**Revetec Holdings Limited**  
**and its controlled entities**

**A.C.N 115 621 317**

Interim Financial Report  
31 December 2006

**REVETEC HOLDINGS LIMITED  
AND ITS CONTROLLED ENTITIES  
A.C.N. 115 621 317**

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**REVETEC HOLDINGS LIMITED  
AND ITS CONTROLLED ENTITIES  
A.C.N. 115 621 317**

**DIRECTORS' REPORT**

The Directors present their report together with the financial report of Revetec Holdings Limited ("the company" or "Revetec Holdings") and its controlled entities, for the half-year ended 31 December 2006 and the review report thereon.

**Directors**

The Directors of the Company in office at any time during or since the period end are:

- Charles Chok Kwong Chan                      Appointed 4 August 2005
- Bradley David Howell-Smith                  Appointed 4 August 2005
- Paul Rudolf Moitzi                              Appointed 4 August 2005

**Review of operations**

For the half-year ended 31 December 2006, the company recorded a net operating loss after income tax of \$465,891 (\$281,000 for the period 4 August 2005 to 31 December 2005).

On 4 August 2006, \$350,000 was received under the terms of a convertible note agreement and on 8 August 2006 7,777,778 ordinary shares were issued under the terms of a convertible note agreement.

On 14 November 2006 Ausindustry approved Revetec Holdings Limited's application for funding under the Commercial Ready Grant scheme. The scheme provides funding representing 50% of eligible expenditure up to a maximum of \$1,020,107. At 31 December 2006 Revetec Holdings Limited had received an amount of \$168,544 (GST exclusive) which was paid in advance for 50% of the forecast eligible expenses for the two quarters to 31 December 2006.

The entity's focus for the period has been on:

- Strengthening its intellectual property and its protection in international and domestic markets
- Building stronger relationships in commercial markets in India, China and the Middle East
- Using a specialist team of engineers as needed to focus on refinement of the technology and proto types engines
- The evaluation of strategies for continued expansion in the Company's product development plans including an increase in capital

The company is in the advance stages of building a prototype of an engine for the light aircraft, which is described as the X4 engine. This engine is planned to be adaptable for the trike and automobile industries.

**REVETEC HOLDINGS LIMITED  
AND ITS CONTROLLED ENTITIES  
A.C.N. 115 621 317**

**DIRECTORS' REPORT (CONTINUED)**

**Events subsequent to period end**

On 27 February 2007, the company received \$124,765 (GST exclusive) from the Commercial Ready Grant scheme. This grant instalment was paid in advance and represents 50% of the forecast eligible expenses for the two quarters to 30 June 2007, adjusted for any overpayments in the first instalment.

On 31 January 2007 and 7 March 2007, the company issued 250,000 and 2,500,000 shares respectively to consultants in exchange for services provided. The fair value of the share based payments is \$6,250 and \$101,461, respectively. The portion of the fair values relating to services provided in the 6 month period to 31 December 2006 and recognised as an expense in the financial report at 31 December 2006 is \$6,250 and \$67,169, respectively.


With the exception of the recognition of expenses relating to the share-based payments as noted above, the financial effect of these events, subsequent to balance date, has not been included in the interim financial report at 31 December 2006.

**Lead auditor's independence declaration under Section 307C of the Corporations Act 2001**

The lead auditor's independence declaration is set out on page 3 and forms part of the directors' report for the period ended 31 December 2006.

Dated at Gold Coast this 15th day of March 2007.

Signed in accordance with a resolution of the directors:

  
Charles Chan  
Managing Director



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

To: the directors of Revetec Holdings Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2006, 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.

KPMG

P G Steer

*Partner*

Gold Coast

15 March 2007

**REVETEC HOLDINGS LIMITED  
AND ITS CONTROLLED ENTITIES  
A.C.N. 115 621 317**

**CONSOLIDATED INTERIM INCOME STATEMENT  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2006**

	<b>31 December 2006 \$</b>	<b>4 August to 31 December 2005 Restated* \$</b>
Other income	137,608	109,783
Marketing expenses	530	17,200
Depreciation and amortisation expenses	16,576	16,769
Directors fees	18,083	67,482
Management fees	66,628	52,001
Research and development expenses	324,680	161,025
Other expenses	167,095	71,488
<b>Loss from operating activities</b>	<b>(455,984)</b>	<b>(276,182)</b>
Financial income	7,422	7,084
Financial expenses	(17,329)	(11,902)
<b>Net financing costs</b>	<b>(9,907)</b>	<b>(4,818)</b>
<b>Loss before tax</b>	<b>(465,891)</b>	<b>(281,000)</b>
Income tax (expense)/benefit	-	-
<b>Loss for the period</b>	<b>(465,891)</b>	<b>(281,000)</b>
<b>Loss per share</b>		
Basic loss per share	(0.0023)	(0.0014)
Diluted loss per share	(0.0023)	(0.0014)

*\* Refer to note 7 for details of restatement*

*The consolidated interim income statement is to be read in conjunction with the notes  
to and forming part of the financial statements.*

**REVETEC HOLDINGS LIMITED  
AND ITS CONTROLLED ENTITIES  
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**CONSOLIDATED INTERIM STATEMENT OF  
RECOGNISED INCOME AND EXPENSE  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2006**

	<b>31 December 2006 \$</b>	<b>4 August to 31 December 2005 Restated* \$</b>
Loss for the half-year	(465,891)	(281,000)
<b>Total recognised income and expense for the half-year</b>	<b>(465,891)</b>	<b>(281,000)</b>

*\* Refer to note 7 for details of restatement*

*The consolidated interim statement of recognised income and expense is to be read in conjunction with the notes to and forming part of the financial statements.*

**REVETEC HOLDINGS LIMITED  
AND ITS CONTROLLED ENTITIES  
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**CONSOLIDATED INTERIM BALANCE SHEET**

**AS AT 31 DECEMBER 2006**

	Note	31 December 2006 \$	30 June 2006 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		312,302	77,389
Trade and other receivables		10,374	5,141
Income tax receivable		-	248,648
<b>Total current assets</b>		<u>322,676</u>	<u>331,178</u>
<b>Non-current assets</b>			
Property, plant and equipment		135,701	75,477
<b>Total non-current assets</b>		<u>135,701</u>	<u>75,477</u>
<b>Total assets</b>		<u>458,377</u>	<u>406,655</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		210,147	60,767
Interest-bearing loans and borrowings		167,056	157,907
<b>Total current liabilities</b>		<u>377,203</u>	<u>218,674</u>
<b>Non-current liabilities</b>			
Interest-bearing loans and borrowings		225,032	215,948
<b>Total non-current liabilities</b>		<u>225,032</u>	<u>215,948</u>
<b>Total liabilities</b>		<u>602,235</u>	<u>434,622</u>
<b>Net assets/(deficiency)</b>		<u>(143,858)</u>	<u>(27,967)</u>
<b>Equity</b>			
Issued capital	6	13,708,297	13,358,297
Retained earnings/(accumulated losses)	6	<u>(13,852,155)</u>	<u>(13,386,264)</u>
<b>Total equity/(deficiency)</b>		<u>(143,858)</u>	<u>(27,967)</u>

*The consolidated interim balance sheet is to be read in conjunction with the notes to and forming part of the financial statements.*



**REVETEC HOLDINGS LIMITED  
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**CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2006**

	<b>31 December 2006 \$</b>	<b>4 August to 31 December 2005 Restated* \$</b>
<b>Cash flows from operating activities</b>		
Cash receipts from customers	-	521
Cash paid to suppliers and employees	(461,503)	-
Cash generated from operations	(461,503)	521
Commercial Ready Grant funds received	168,543	-
R&D concession refund – income tax benefit	248,648	-
Deposits paid	(300)	-
Borrowing costs paid	-	(196)
Interest received	7,420	6,772
<b>Net cash from operating activities</b>	<b>(37,192)</b>	<b>7,097</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of property, plant and equipment	-	111,027
Acquisition of property, plant and equipment	(78,800)	(91,227)
Disposal of net assets of Revetec Limited - cash	-	(389,216)
<b>Net cash from investing activities</b>	<b>(78,800)</b>	<b>(369,416)</b>
<b>Cash flows from financing activities</b>		
Proceeds from the issue of share capital	350,000	1
Loans from related parties	904	369,416
Borrowings	-	50
<b>Net cash from financing activities</b>	<b>350,903</b>	<b>369,467</b>
Net increase/(decrease) in cash and cash equivalents	234,912	7,148
Cash and cash equivalents at 1 July	77,389	-
<b>Cash and cash equivalents at 31 December</b>	<b>312,302</b>	<b>7,148</b>

*\* Refer to note 7 for details of restatement*

*The condensed consolidated interim statement of cash flows is to be read in conjunction with the notes to and forming part of the financial statements.*

**REVETEC HOLDINGS LIMITED  
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**CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2006**

**1. Reporting entity**

Revetec Holdings Limited (the "Company" or "Revetec Holdings") is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the six months ended 31 December 2006 comprises the Company and its subsidiaries (together referred to as the "consolidated entity").

The consolidated annual financial report of the consolidated entity as at and for the year ended 30 June 2006 is available upon request from the Company's registered office at Suite 5, 2 Elliot Street Bundall QLD or at [www.revetec.com.au](http://www.revetec.com.au)

**2. Statement of compliance**

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards AASB 134 Interim Financial Reports and the Corporations Act 2001.

The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the consolidated entity as at and for the year ended 30 June 2006.

This consolidated interim financial report was approved by the Board of Directors on 15 March 2007.

**3. Going concern**

The financial report has been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

At 31 December 2006, the consolidated entity had incurred an operating loss of \$465,892. The consolidated entity had net liabilities of \$143,858 at 31 December 2006 and had minimal cash reserves.

The company has prepared cash flow projections indicating that over the next 12 months the company can pay its debts as and when they fall due, taking into account the following assumptions:

- The Company continues to receive the funding available under the Commercial Ready Grant scheme; and
- The Company continues to receive the funding available under the convertible loan facility, as disclosed in note 6, to enable the ongoing key operations to continue.

Accordingly, the Directors are of the opinion that the going concern basis is appropriate for the preparation of the consolidated financial report. If the company does not receive the funding from the Commercial Ready Grant scheme and from the convertible loan facility, there is no certainty as to whether the consolidated entity may realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in this financial report.

**REVETEC HOLDINGS LIMITED  
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**CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2006**

**4. Significant accounting policies**

Except as described below, the accounting policies applied by the consolidated entity in this consolidated interim financial report are the same as those applied by the consolidated entity in its consolidated financial report as at and for the year ended 30 June 2006.

**New accounting policy**

***Share based payments***

Goods or services received or acquired in a share-based payment transaction are recognised when the consolidated entity obtains the goods or as the services are received. The consolidated entity recognises a corresponding increase in equity if the goods or services were received in an equity-settled share-based payment transaction, or a liability if the goods or services were acquired in a cash-settled share-based payment transaction.

For equity-settled share-based payment transactions, the consolidated entity measures the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably. If the entity cannot estimate reliably the fair value of the goods or services received, the entity shall measure their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted

**5. Segment reporting**

The consolidated entity comprises one main business segment being engine development. This incorporates the research and design of petrol and diesel application engines.

The consolidated entity's business segment operates in Australia.

**REVETEC HOLDINGS LIMITED  
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**CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2006**

**6. Capital and reserves**

<b>Reconciliation of movement in capital and reserves attributable to equity holders of the parent</b>	<b>Share capital \$</b>	<b>Retained earnings/ (accumulated losses) \$</b>	<b>Total \$</b>
Balance at 1 July 2005	13,341,972	(13,000,668)	341,304
Total recognised income and expense	-	(385,596)	(385,596)
Shares issued	873,212	-	873,212
Share issue costs, net of tax	(385,695)	-	(385,695)
In specie distribution	(471,192)	-	(471,192)
Balance at 30 June 2006	13,358,297	(13,386,264)	(27,967)
Balance at 1 July 2006	13,358,297	(13,386,264)	(27,967)
Total recognised income and expense	-	(465,891)	(465,891)
Shares issued	350,000	-	350,000
Balance at 31 December 2006	13,708,297	(13,852,155)	(143,858)

***Ordinary shares***

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the consolidated entity ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation.

**REVETEC HOLDINGS LIMITED  
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**CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2006**

**6. Capital and reserves (continued)**

*Convertible notes*

On 27 July 2006, the Company amended the convertible note arrangement with Douglas John Lomas, as Trustee for the Centre Management Trust. The amended facility provides funding to a maximum of \$1.95 million with requirements to draw down specified amounts and convert into ordinary shares as follows:

- The sum of \$350,000 shall be drawn no later than 7 August 2006 and such amount shall be immediately converted into ordinary shares at 4.5 cents per share.
- A further sum of \$950,000 shall be drawn down monthly to a maximum of \$20,000 per month to match the Australian Government's dollar for dollar Commercial Ready Grant and as each sum is received the same shall be converted into shares at 4.5 cents per share.
- The balance of the sum of \$650,000 shall be drawn down after the full draw down of the \$950,000 and the Note holder shall have the option to convert the same into ordinary shares at 5 cents a share within two years from 27 July 2006.

On 4 August 2006 \$350,000 was received and on 8 August 2006 7,777,778 ordinary shares were issued under this arrangement.

*Share-based payments*

During the half year ended 31 December 2006 the Company entered into agreements with two consultants to exchange the provision of their services for shares in the company. The fair value of the share-based payments were measured by reference to the fair value of the shares to be issued and were recognised as an expense with a corresponding increase in trade and other payables over the period the services were rendered. At 31 December 2006 the shares had not been issued.

Number of shares to be issued #	Total \$	Fair value	
		6 months to 31 December 2006 \$	6 months to 30 June 2007 \$
2,500,000	101,461	67,169	34,292
250,000	6,250	6,250	-
2,750,000	107,711	73,419	34,292

*Dividends*

No dividends were paid during the half-year ended 31 December 2006 (\$Nil: 31 December 2005) and no dividends are currently proposed.

**REVETEC HOLDINGS LIMITED  
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**CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2006**

**7. Change to accounting treatment of business combinations since 31 December 2005**

In the company's financial report for the half year ended 31 December 2005, the directors did not account for the reverse acquisition of Revetec Limited, an entity controlled by the company between the period 1 August 2005 and 30 September 2005.

This omission was based on management's interpretation of mandatory financial reporting requirements regarding the accounting treatment of business combinations where the accounting acquirer could be an entity other than the legal acquirer, subject to interpretation of the application of AASB 3 *Business Combinations*. Management's initial interpretation was that Revetec Limited was not the accounting acquirer in the business combination and thus accounting for the business combination as a reverse acquisition was not required.

In preparing the 30 June 2006 financial statements, management determined that, after further consideration of AASB 3 *Business Combinations* and industry practice, Revetec Limited was the acquirer for accounting purposes, albeit not the acquirer in a legal framework.

Accordingly, management corrected this impact in the 30 June 2006 financial statements. The following table discloses the income statement, statement of recognised income and expense and the statement of cashflows for the six-month period ended 31 December 2005 as included in the 31 December 2005 half year financial report and the adjusted income statement, statement of recognised income and expense and statement of cashflows after restatement.

**REVETEC HOLDINGS LIMITED  
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**CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2006**

**7. Change to accounting treatment of business combinations since 31 December 2005 (continued)**

<b>Income statement</b>	<b>4 August to 31 December 2005 \$</b>	<b>4 August to 31 December 2005 Restated \$</b>
Other income	-	109,783
Marketing expenses	13,350	17,200
Depreciation and amortisation expenses	16,769	16,769
Directors fees	67,482	67,482
Management fees	35,455	52,001
Research and development expenses	25,589	161,025
Other expenses	90,715	71,488
<b>Loss from operating activities</b>	<b>(249,360)</b>	<b>(276,182)</b>
Financial income	6,772	7,084
Financial expenses	(11,902)	(11,902)
<b>Net financing costs</b>	<b>(5,130)</b>	<b>(4,818)</b>
<b>Loss before tax</b>	<b>(254,490)</b>	<b>(281,000)</b>
Income tax (expense)/benefit	-	-
<b>Loss for the period</b>	<b>(254,490)</b>	<b>(281,000)</b>
<b>Loss per share</b>		
Basic loss per share	(0.0013)	(0.0014)
Diluted loss per share	(0.0013)	(0.0014)

**Statement of recognised income and expense**

Loss for the period	(254,490)	(281,000)
<b>Total recognised income and expense for the period</b>	<b>(254,490)</b>	<b>(281,000)</b>

**REVETEC HOLDINGS LIMITED  
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**CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2006**

**7. Change to accounting treatment of business combinations since 31 December 2005 (continued)**

Statement of cashflows	4 August to 31 December 2005 \$	4 August to 31 December 2005 Restated \$
Cash receipts from customers	521	521
Cash paid to suppliers and employees	-	-
Cash generated from operations	521	521
Borrowing costs paid	(196)	(196)
Interest received	6,772	6,772
<b>Net cash from operating activities</b>	<b>7,097</b>	<b>7,097</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of property, plant and equipment	-	111,027
Acquisition of property, plant and equipment	-	(91,227)
Disposal of net assets of Revetec Limited - cash	-	(389,216)
<b>Net cash from investing activities</b>	<b>-</b>	<b>(369,416)</b>
<b>Cash flows from financing activities</b>		
Proceeds from the issue of share capital	1	1
Loans from related parties	-	369,416
Borrowings	50	50
<b>Net cash from financing activities</b>	<b>51</b>	<b>369,467</b>
Net increase/(decrease) in cash and cash equivalents	7,148	7,148
Cash and cash equivalents at 1 July	-	-
<b>Cash and cash equivalents at 31 December</b>	<b>7,148</b>	<b>7,148</b>

**8. Related parties**

Arrangements with related parties continue to be in place. For details of these arrangements, refer to the 30 June 2006 annual financial report.

**9. Contingent liabilities**

The consolidated entity had no contingent liabilities as at 31 December 2006 (Nil: 30 June 2006).



**REVETEC HOLDINGS LIMITED  
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**CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2006**

**10. Subsequent events**

On 27 February 2007, the company received \$124,765 (GST exclusive) from the Commercial Ready Grant scheme. This grant instalment was paid in advance and represents 50% of the forecast eligible expenses for the two quarters to 30 June 2007, adjusted for any overpayments in the first instalment.

On 31 January 2007 and 7 March 2007, the company issued 250,000 and 2,500,000 shares respectively to consultants in exchange for services provided. The fair value of the share based payments is \$6,250 and \$101,461, respectively. The portion of the fair values relating to services provided in the 6 month period to 31 December 2006 and recognised as an expense in the financial report at 31 December 2006 is \$6,250 and \$67,169, respectively.

With the exception of the recognition of expenses relating to the share-based payments as noted above, the financial effect of these events, subsequent to balance date, has not been included in the interim financial report at 31 December 2006.

**REVETEC HOLDINGS LIMITED  
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**DIRECTORS' DECLARATION**

In the opinion of the directors of Revetec Holdings Limited:

1. the financial statements and notes, set out on pages 4 to 15, are in accordance with the Corporations Act 2001, including:
  - a) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2006 and of its performance, as represented by the results of its operations and cash flows, for the half year ended on that date; and
  - b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Dated at Gold Coast this 15<sup>th</sup> day of March 2007.

Signed in accordance with a resolution of the directors:



Charles Chan  
Managing Director



**REVETEC HOLDINGS LIMITED  
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**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF REVETEC  
HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES**

We have reviewed the accompanying interim financial report of Revetec Holdings Limited, which comprises the interim consolidated balance sheet as at 31 December 2006, income statement, statement of recognised income and expense and cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes 1 to 10 and the directors' declaration set out on pages 4 to 16 of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year's end or from time to time during the half-year.

***Directors' Responsibility for the Financial Report***

The directors of the disclosing entity are responsible for the preparation and fair presentation of the interim financial report in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the interim financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

***Auditor's Responsibility***

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the disclosing entity's financial position as at 31 December 2006 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Revetec Holdings Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



**REVETEC HOLDINGS LIMITED  
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***Conclusion***

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Revetec Holdings Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2006 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

***Inherent uncertainty regarding going concern***

Without qualification to the conclusion above, as a result of the matters described in Note 3, there is significant uncertainty whether the consolidated entity will be able to continue as a going concern and therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

A handwritten signature in dark ink, appearing to be 'KPMG'.

KPMG

A handwritten signature in dark ink, appearing to be 'P G Steer'.

P G Steer  
*Partner*

Gold Coast

15 March 2007