

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

REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2005



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 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.

**Graham Baker**  
Graham Baker & Associates



2 Kennedy Place  
St Ives NSW

Dated:

15 March 2007

WINPAR HOLDINGS LIMITED  
 ABN 81 003 035 523  
 INCOME STATEMENT  
 FOR THE HALF YEAR ENDED 31 DECEMBER 2006

	2006 \$	2005 \$
Sales of shares (trading)	853,418	883,440
Cost of sales	<u>(568,793)</u>	<u>(633,106)</u>
	284,625	250,334
Revaluation of trading stock to market values	<u>624,876</u>	<u>175,400</u>
Gross profit	909,501	425,734
Revaluation of investment stock	-	5,313
Other revenue from ordinary activities	134,600	55,466
Other expenses from ordinary activities	<u>(71,011)</u>	<u>(44,698)</u>
<b>Profit/(loss) from ordinary activities before related income tax expense</b>	973,090	441,815
Income tax expense relating to ordinary activities	<u>(287,054)</u>	<u>(126,991)</u>
<b>Profit/(loss) from ordinary activities after related income tax expense</b>	<u>686,036</u>	<u>314,824</u>
 Total changes in equity other than those resulting from transactions with owners as owners	 <u>\$ 686,036</u>	 <u>\$ 314,824</u>
 Basic earnings per share	 <u>\$ 0.235</u>	 <u>\$ 0.108</u>

**WINPAR HOLDINGS LIMITED**  
**ABN 81 003 035 523**  
**BALANCE SHEET**  
**AS AT 31 DECEMBER 2006**

	Note	2006 \$	2005 \$
<b>CURRENT ASSETS</b>			
Cash & cash equivalents		45,706	72,251
Trade & other receivables		75,162	19,318
Inventories		2,978,426	2,107,873
<b>TOTAL CURRENT ASSETS</b>		<u>3,099,294</u>	<u>2,199,442</u>
<b>NON-CURRENT ASSETS</b>			
Property plant & equipment		936	1,501
Financial assets		2,216,132	1,375,840
<b>TOTAL NON-CURRENT ASSETS</b>		<u>2,217,068</u>	<u>1,377,341</u>
<b>TOTAL ASSETS</b>		<u>5,316,362</u>	<u>3,576,783</u>
<b>CURRENT LIABILITIES</b>			
Trade & other payables		89,416	43,005
Short term borrowings		176,181	56,498
Current tax liabilities		190,521	31,208
Short term provisions		-	85,000
<b>TOTAL CURRENT LIABILITIES</b>		<u>456,118</u>	<u>215,711</u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		451,548	107,086
<b>TOTAL LIABILITIES</b>		<u>907,666</u>	<u>322,797</u>
<b>NET ASSETS</b>		<u>4,408,696</u>	<u>\$ 3,253,986</u>
<b>EQUITY</b>			
Issued capital		2,977,734	2,789,310
Revaluation reserve		399,918	(45,899)
Retained earnings		1,031,044	510,575
<b>TOTAL EQUITY</b>		<u>4,408,696</u>	<u>\$ 3,253,986</u>

**WINPAR HOLDINGS LIMITED**  
**ABN 81 003 035 523**  
**STATEMENT OF CHANGES IN EQUITY**

	Share Capital Ordinary	Financial Assets Reserve	Retained Earnings	Total
	\$		\$	\$
<b>Balance at 1 July 2005</b>	2,789,310	(45,899)	195,751	2,939,162
Shares issued during the year	-	-	-	-
Profit attributable to members	-	-	314,824	314,824
<b>Sub-total</b>	2,789,310	(45,899)	510,575	3,253,986
Dividends paid or provided for	-	-	-	-
<b>Balance at 31 December 2005</b>	<u>\$ 2,789,310</u>	<u>\$ (45,899)</u>	<u>\$ 510,575</u>	<u>\$ 3,253,986</u>
 <b>Balance at 1 July 2006</b>	2,909,345	109,191	432,288	3,450,824
Shares issued during the year	68,389	-	-	68,389
Profit attributable to members	-	-	686,036	686,036
Revaluation increment/(decrement)	-	290,727	-	290,727
<b>Sub-total</b>	2,977,734	399,918	1,118,324	4,495,976
Dividends paid or provided for	-	-	(87,280)	(87,280)
<b>Balance at 31 December 2006</b>	<u>\$ 2,977,734</u>	<u>\$ 399,918</u>	<u>\$ 1,031,044</u>	<u>\$ 4,408,696</u>

WINPAR HOLDINGS LIMITED  
 ABN 81 003 035 523  
 STATEMENT OF CASH FLOWS  
 FOR THE HALF YEAR ENDED 31 DECEMBER 2006

	2006 \$	2005 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Proceeds from sale of trading securities	819,578	883,440
Dividends received	31,969	23,982
Interest income	14,590	2,310
Other investment income	42,869	30,231
Payments for trading securities & and to suppliers	(900,865)	(853,509)
Borrowing costs	(5,484)	-
Income tax paid	(375)	(5,378)
<b>Net cash used in operating activities</b>	<u>2,282</u>	<u>81,076</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	116,210	22,741
Payments for purchase of investments	(133,367)	(166,239)
Purchases of plant & equipment	-	-
<b>Net cash used in operating activities</b>	<u>(17,157)</u>	<u>(143,498)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(18,891)	-
Proceeds from borrowings	9,387	-
Repayment of borrowings	-	(4,686)
<b>Net cash used in financing activities</b>	<u>(9,504)</u>	<u>(4,686)</u>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	(24,379)	(67,108)
<b>CASH HELD AT THE BEGINNING OF THE PERIOD</b>	<u>70,085</u>	<u>139,359</u>
<b>CASH HELD AT THE END OF THE PERIOD</b>	<u>\$ 45,706</u>	<u>\$ 72,251</u>

**WINPAR HOLDINGS LIMITED**  
**ABN 81 003 035 523**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2006**

**1 BASIS OF PREPARATION**

The half-year financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standard AASB 134: Interim Financial Reporting, Urgent Issues Group Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

The half year report does not include full disclosures of the type normally included in an annual financial 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**

The accounting policies applied by the entity in this interim financial report are the same as those applied by the entity in its financial report as at year end for the year ended 30 June 2006.

**(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.

**(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.



**WINPAR HOLDINGS LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2006**

**1 BASIS OF PREPARATION continued**

**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 HALF YEAR ENDED 31 DECEMBER 2006**

**1 BASIS OF PREPARATION 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 HALF YEAR ENDED 31 DECEMBER 2006

	2006	2005
	\$	\$
<b>2 DIVIDENDS</b>		
Distributions paid:		
2006: 8/12/2006	<u>87,280</u>	<u>-</u>
Interim fully franked ordinary dividend paid of 3 cents per share		
<b>3 CONTINGENT LIABILITIES</b>		
There has been no change in contingent liabilities since the last annual reporting date		

**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 3 to 11 are in accordance with the Corporations Act 2001 and:
  - (a) comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations; and
  - (b) give a true and fair view of the financial position as at 31 December 2006 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.



Robert Franklin Cameron  
Director



Gordon Bradley Elkington  
Director

Dated: 15.03.07



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

**SCOPE**

We have reviewed the financial report of Winpar Holdings Limited for the half-year ended 31 December 2006 as set out on pages 3 to 12. The company's directors are responsible for the financial report. We have performed an independent review of this financial report in order to state whether, on the basis of the procedures described, anything has come to our 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 our 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.

Our 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, we do not express an audit opinion.

**INDEPENDENCE**

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

In accordance with ASIC Class Order 05/83, we declare to the best of our 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 our review opinion.

**STATEMENT**

Based on our review, which is not an audit, we have not become aware of any matter that makes us 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 2006 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.

**Graham Baker**  
Graham Baker & Associates



2 Kennedy Place  
St Ives NSW

Dated:

*15 March 2007*