

CONCENTRATED CAPITAL LIMITED
ABN 34 087 730 667

Annual Financial Report
for the year ended 30 June 2007

General Information

ABN 34 087 730 667

Registered Office

Level 2
409 St Kilda Road
Melbourne VIC 3004
Phone: (03) 9820 2087

Solicitors

Deacons
Level 24
385 Bourke Street
Melbourne VIC 3000
Phone: (03) 8686 6571

Bankers

National Australia Bank Limited

Share Register

Computershare Investor Services Pty Limited
Yarra Falls, 452 Johnston Street
Abbotsford VIC 3067
Phone: 1300 137 328

Auditors

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000

Website Address

www.concentratedcapital.com.au

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Chairman's Report

During the year ended 30 June 2007, the Board of Concentrated Capital Limited continued to review opportunities presented to it which would enable the Company to move from the National Stock Exchange to the Australian Stock Exchange and provide greater liquidity to shareholders.

In order to facilitate various due diligence enquiries undertaken by the Company, the Company undertook a 1:10 underwritten rights issue at 25 cents per share which raised \$317,398 (before expenses). These monies have been utilised to retain independent financial advisors to review various investment opportunities and to supplement the working capital reserves of the Company.

On 14 August 2007, the Board advised NSX that it had entered into a Conditional Contract to acquire the business of Marbletrend Pty Ltd subject to finalization of contractual matters and the raising of equity funds necessary to complete the transaction. On 14 September 2007, the Board further advised that, it had executed definitive agreements in respect to this transaction. This is an exciting and company-transforming event for Concentrated Capital and subject to completion of the transaction will allow the Company to migrate to ASX.

Marbletrend is a family owned business established in 1939 and employs more than 90 people nationally. Marbletrend has branches and distribution centers in Victoria, New South Wales, Queensland and Western Australia and sales agencies including dedicated distribution centers in South Australia, Tasmania, far North Queensland and Northern Territory. Marbletrend is a market leading supplier of shower bases, screens, enclosures and systems, vanity cabinets and tops, baths and vitreous chinaware (including toilet suites). Marbletrend targets home owners, occupiers, renovators, builders and commercial markets and its customers are generally driven by a lifestyle upgrade.

The Company has been advised by the board of Persia Petroleum Services plc (PPS) that an extraordinary general meeting of shareholders and noteholders was held on 13 July 2007 where the proposed capital restructure of Persia Petroleum Services plc and its subsidiary companies was resolved on the basis that the existing convertible note holders in Persia Petroleum Services plc would ultimately hold 80% of the issued shares in Persia Petroleum Services plc and that Persia Petroleum Services plc shall be entitled to an 80% economic interest in each of the Iranium subsidiaries.

In addition, Kish International Petroleum Company (KIPC), a 100% owned subsidiary of PPS which was established for the intention of participating in oil and gas opportunities in Iran will sell 100% of its shares to KIPC Middle East Limited ("KIPC (ME)") and the convertible note holders shall ultimately own 70% of the issued capital in KIPC (ME). As a result of these transactions, together with other creditors participating in the transactions, Persia Petroleum Services plc has to a large extent become debt free with a removal of US \$16,000,000 of debt and in addition Persia Petroleum Services plc has retained a higher economic interest in the subsidiaries that remain within that structure.

The trustee for the convertible notes – RAB Capital Limited voted in favour of the restructure and is prepared to provide additional capital to the restructure to facilitate the profit potential within the business.

The Board of Concentrated Capital Limited voted in favour of the restructure and expects that KIPC(ME) will in due course be recapitalized in a manner which will allow the Company to recover its investment whilst still retaining an interest in Persia Petroleum Services plc.

The Company advises that interest accrued in respect to the convertible notes up to 30 June 2006 has been paid and additional penalty rates of interest have accrued since 30 June 2006 at a rate of 13.5%. This capitalised interest together with the outstanding principle of the convertible notes has been rolled into the new structure as outlined above. However due to the absence of a third party objective assessment of the value of the investment and a lack of control over the investment, the Board of Concentrated Capital Limited has taken a conservative view that the carrying value of the PPS investment should be fully impaired as at 30 June 2007. The Board believes that impairment may only be temporary as the loss is expected to be written back upon the eventual realization of the investment in PPS and KIPC(ME) or upon supply of objective assessment of the value of the investment.

Chairman's Report (continued)

As you are also aware, the Company has an interest in the Avalon Oil Company partnership and that partnership continues to reinvest its production income in further exploration and development fields although the manager of the partnership has indicated his intention that the partnership begin to sell down its assets and make capital returns to partners. The Company advises that for the year ending 30 June 2007 an amount of USD\$100,000 was returned to partners of the Avalon Oil Company partnership. The value of the interest in the Avalon Oil Company partnership has been written down during the year by \$118,911 as a result of an updated engineering valuation and the unfavorable impact of a strengthened Australian Dollar against the US Dollar.

On behalf of the Board I would like to thank all shareholders for their continuing support and I look forward to advising further developments in each of your companies investments as they eventuate.



.....
Hamish Giles, Chairman

Signed this 20th day of September 2007

Directors' Report

Your directors submit their report for the year ended 30 June 2007.

DIRECTORS

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

Hamish M Giles LLB, B.Ec. (Chairman of Directors and Company Secretary)

Mr Giles is founder and a director of a Melbourne based consultancy firm Salmon Giles Pty Ltd which offers strategic consultancy services in areas including human resource management consulting, strategic industrial relations consulting, accounting and tax planning services, remuneration structuring, personal wealth and contingency services.

Mr Giles established Salmon Giles Pty Ltd 19 years ago after working with Arthur Andersen and McIntosh Securities. Mr Giles has qualifications in Law and Accounting and provides advice in relation to enterprise bargaining, innovative remuneration and incentive arrangements, business consulting and taxation planning. His clients include government, city councils, the health care industry and a wide range of private companies and high net worth individuals.

Mr Giles is Chairman of the Audit and Compliance Committee, Strategic Review and Operations Committee and Nominations Committee of the Company.

During the past four years Mr Giles has also served as a director of the following other listed companies:

- HarvestRoad Limited* (8 years)

Peter Reilly BBAC, CA (Non Executive and Non Independent Director and Company Secretary)

Mr Reilly has in excess of 30 years experience and achievement in Senior Executive roles most recently as Managing Director Chief Executive Officer of Ausdoc Group Pty Limited.

Mr Reilly has undertaken a number of strategic acquisitions, divestments and business developments within Ausdoc and brings to the Board of Concentrated Capital Limited, significant commercial experience as a Public Company Director.

Mr Reilly is Chairman of the Remuneration Committee of the Company and a member of the Audit and Compliance Committee, Strategic Review and Operations Committee and Nominations Committee.

During the past three years, Mr Reilly has also served as a director of the following other listed companies:

- Tolhurst Group Limited* (2.5 years)
- CPI Group Limited* (6 years)

*denotes current directorship

Directors' Report (continued)

Christopher Kenneth George Rowe B.A., M.A., (Economics and Law) (Non Executive Director)

Resigned 16 August 2006

Mr Rowe migrated to Western Australia in 1970 and began legal practice with a leading commercial law firm. He became a Partner of the firm in 1972 where he practiced in the areas of corporate advisory, commercial, mining and taxation law for clients predominantly associated with the mining and general resources sector.

In 1979, Mr Rowe was appointed executive chairman of Cultus Petroleum N.L (ASX and Alberta) and other associated companies including Southern Ventures N.L (ASX). He remained in that position until 1990. Mr Rowe was responsible for the day to day activities of Cultus and completed a number of capital raisings during that time in Australia, England and Canada. During this period the group was involved in exploration activities which resulted in oil and gas discoveries in the United States, Australia and New Zealand, and the discovery of the Gabanintha Gold Mine at Meekatharra.

In 1990, Mr Rowe left Cultus to take a position as Counsel assisting the Western Australian Royal Commission into the Commercial Activities of the Government and Other Matters.

Since 1993, Mr Rowe has been a principal of Thames Capital (Thames) and in 2001 was appointed Executive Chairman of Hawkesbridge Private Equity a wholesale private equity fund manager based in Sydney.

Mr Rowe is currently a director of Unilink Data Systems Pty Ltd (Chairman), Persia Petroleum Services plc (Executive Director) and is on the Advisory Board of Avalon Oil & Gas Group (Midland, Texas).

Michael Evett B.Sc (Honours) Geology (Non Executive Director)

Appointed 16 August 2006

Mr Evett has 19 years international experience in Senior Executive roles including a number of positions in oil and gas service industries.

Since 1997 Mr Evett has held Senior Executive roles including Chief Executive Officer and Director of AUSDOC Information Management Pty Limited and Vice President and General Manager of Recall Australia Limited.

Mr Evett is a member of the Audit and Compliance Committee, Remuneration Committee and Strategic Review and Operations Committee.

COMPANY SECRETARIES

Hamish Giles

Refer to page 6.

Peter Reilly

Refer to page 6.

Directors' Report (continued)

Interests in the shares and options of the company and related bodies corporate

As at the date of this report, the interests of the directors in the shares and options of Concentrated Capital Limited were:

	Ordinary Shares Fully Paid	Options over Ordinary Shares
	Number	Number
H. Giles	649,667	-
P. Reilly	3,391,284	-
M. Evett (appointed 16 August 2006)	94,879	-
	4,135,830	-

DIVIDENDS

As the Company sustained a net loss attributable to the members for the year and has no retained profits at the commencement of the year, there will be no final dividend paid to the members.

CORPORATE INFORMATION

Corporate Structure

Concentrated Capital Limited is a company limited by shares and is incorporated and domiciled in Australia. Concentrated Capital Limited has prepared a consolidated financial report incorporating the entities that it controlled during the financial year, which are outlined in the following illustration of the group's corporate structure:

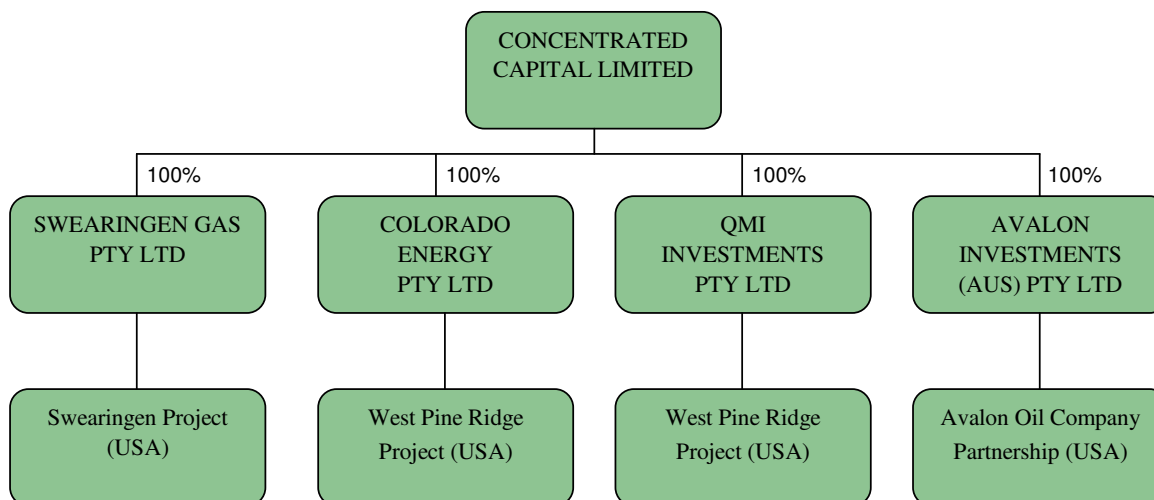
The Company has 4 wholly owned subsidiaries as follows:

- Swearingen Gas Pty Ltd (ACN 100 609 998);
- Colorado Energy Pty Ltd (ACN 100 609 952);
- QMI Investments Pty Ltd (ACN 099 936 875); and
- Avalon Investments (Aus) Pty Ltd (ACN 103 074 102).

Each of those subsidiaries has been a wholly owned subsidiary since incorporation.

Directors' Report (continued)

CORPORATE INFORMATION CONTINUED



Nature of operations and principal activities

The principal activities during the year of entities within the group were:

- Concentrated Capital Limited was formed to raise capital which in turn lent it to its fully owned subsidiaries (listed above) to undertake the investments as listed below. Concentrated Capital Limited also invests directly in its own right by purchasing Convertible Notes in Persia Petroleum Services plc and shares listed on the Australian Stock Exchange.
- Swearingen Gas Pty Ltd was formed with the intent to farm into the Swearingen Project;
- Colorado Energy Pty Ltd has farmed into the West Pine Ridge Project;
- QMI Investments Pty Ltd has farmed into the West Pine Ridge Project; and
- Avalon Investments (Aus) Pty Ltd has made investments into the Avalon Oil Company partnership ("Avalon").

There have been no significant changes in the nature of those activities during the year.

Employees

The group employed three employees as at 30 June 2007 (2006: three employees).

OPERATING AND FINANCIAL REVIEW

Group Overview

Concentrated Capital Limited has, through its subsidiaries, made passive investments in a range of oil and gas related businesses.

The group has made a direct investment in convertible notes issued by Persia Petroleum Services plc (PPS). For the period to 30 June 2007, interest has been accrued and capitalised at a penalty rate of 13.5%. As at the date of the Report, PPS has not been listed and there are ongoing negotiations with the directors of PPS in respect its strategy, in relation to realising further equity opportunities.

The Company has been advised by the board of Persia Petroleum Services plc that an extraordinary general meeting of shareholders and noteholders was held on 13 July 2007 where the proposed capital restructure of Persia Petroleum Services plc and its subsidiary companies was resolved on the basis that the existing convertible note holders in Persia Petroleum Services plc would ultimately hold 80% of the issued shares in Persia Petroleum Services plc and that Persia Petroleum Services plc shall be entitled to an 80% economic interest in each of the Iranium subsidiaries.

Directors' Report (continued)

Group Overview (continued)

In addition, Kish International Petroleum Company (KIPC), a 100% owned subsidiary of PPS which was established for the intention of participating in oil and gas opportunities in Iran will sell 100% of its shares to KIPC Middle East Limited ("KIPC (ME)") and the convertible note holders shall ultimately own 70% of the issued capital in KIPC (ME).

As a result of these transactions, together with other creditors participating in the transactions, Persia Petroleum Services plc has to a large extent become debt free with a removal of US \$16,000,000 of debt and in addition Persia Petroleum Services plc has retained a higher economic interest in the subsidiaries that remain within that structure.

The trustee for the convertible notes – RAB Capital Limited voted in favour of the restructure and is prepared to provide additional capital to the restructure to facilitate the profit potential within the business.

The Board of Concentrated Capital Limited voted in favour of the restructure and expects that KIPC(ME) will in due course be recapitalized in a manner which will allow the Company to recover its investment whilst still retaining an interest in Persia Petroleum Services plc.

The group has also made a passive investment in Samson Oil NL (an oil and gas producing company listed on the Australian Stock Exchange) in the prior year. There is no change during the year.

Colorado Energy Pty Ltd and QMI Investments Pty Ltd hold an equal share of the West Pine Ridge Project which comprised of 3,200 acres in Colorado. The directors have determined that any further investment in the West Pine Ridge Project will be fruitless and accordingly have abandoned this Project.

Avalon Investments (Aus) Pty Ltd holds a 3.645% interest in the Avalon Oil Company partnership which is constituted in the United States and holds a range of productive and prospective oil and gas leases throughout the United States.

Swearingen Gas Pty Ltd has a pre-emptive right to undertake the Swearingen Gas Project in conjunction with Pooled Mining Investments Limited and during the year no activity was undertaken.

Performance Indicators

The group is essentially a passive investor in that it is invested in a number of oil and gas projects of which a direct return has been accrued based on 13.5% per annum coupon payable by PPS on the convertible notes since 30 June 2006. The investment in PPS was carried at cost for the year ended 30 June 2007. However due to the absence of a third party objective assessment of the value of the investment and a lack of control over the investment, the Board of Concentrated Capital Limited has taken a conservative view that the carrying value of the PPS investment and any interest owing should be fully impaired as at 30 June 2007. The Board believes that impairment may only be temporary as the loss is expected to be written back upon the eventual realization of the investment in PPS and KIPC(ME) or upon supply of objective assessment of the value of the investment.

The investment made through its wholly owned subsidiary, Avalon Investments (Aus) Pty Ltd will be realised upon the sale of leases and assets held within the Avalon Oil Company partnership which will then provide a return of capital to the partners. During the year ended 30 June 2007, US\$100,000 was returned to partners of which the Company received US\$3,645 (A\$4,277).

Any return from the Swearingen Gas Pty Ltd investment are predicated on the capacity of its partner Pooled Mining Investments Ltd to invest in the Swearingen Gas Project together with raising financial resources from the consolidated entity. No activity was undertaken during the year ended 30 June 2007.

Directors' Report (continued)

Dynamics of the Business

As a passive investor, the consolidated entity makes returns to shareholders predicated on returns generated through its passive investments.

As the investments are linked to the oil and gas industry, the business in part is therefore driven by demand and prices of oil and gas. This is of specific relevance to the production generated through Avalon Oil Company partnership where revenues have increased during the year ending 30 June 2007. However, the value of the investment has fallen as a result of a reduction in the level of oil reserves based on an updated engineering report and the negative impact of currency movements.

In respect to the investment in Persia Petroleum Services plc, this is an oil and gas business based in Iran. Whilst the success of the oil and gas industry within Iran is of vital importance to that country's economy, there are significant political pressures that are being felt both in terms of investment in the geographic proximity and in light of military activity in the surrounding proximity. This has resulted in Persia Petroleum Services plc being unable to finalise its listing activities either in the United Kingdom or in Dubai. As a result, the Board of Persia Petroleum Services plc (PPS) undertook to restructure the capital of PPS and provide existing convertible note holders with 80% of the existing capital in Persia Petroleum Service PLC. The proposal was resolved positively at the Shareholders and Noteholders meeting held on 13 July 2007 and in addition the convertible note holders have acquired directly an 70% interest in KIPC Middle East Limited which is spun out of PPS. This restructure has resulted in the Company being allotted 11,195,250 shares in Persia Petroleum Services plc and 3,918,338 shares in KIPC Middle East Limited.

However due to the absence of a third party objective assessment of the value of the investment and a lack of control over the investment, the Board of Concentrated Capital Limited has taken a conservative view that the carrying value of the PPS investment should be fully impaired as at 30 June 2007. The Board believes that impairment may only be temporary as the loss is expected to be written back upon the eventual realization of the investment in PPS and KIPC(ME) or upon supply of objective assessment of the value of the investment.

Operating Results for the Year

The group generated a net loss for the year of \$856,718 after meeting operating expenses during the year after applying impairment tests to the carrying value of the financial assets in Persia Petroleum Services plc (PPS) and Avalon Oil Company partnership.

Net loss in the year ended 30 June 2007 increased as compared to the year ended 30 June 2006 is due to the impairment of investment assets. Operationally, there is no change in the level of activities from prior year and the Company's performance was consistent with the operations for the year ended 30 June 2006. The major expenses incurred is related to regulatory requirements in respect to reporting and share based payments to directors in respect to director fees.

CONCENTRATED CAPITAL LIMITED - ANNUAL REPORT

Directors' Report (continued)

Shareholder Returns

Returns to shareholders are predicated on either the realisation of investments undertaken by the consolidated entity and its subsidiaries or profits being generated by the consolidated entity as a result of returns from those investments.

For the year ended 30 June 2007, the consolidated entity made a net loss for the year of \$856,718 and accordingly no dividends are proposed to be paid.

No assets were realised during the year which would provide capacity for any return of capital to shareholders and as such, future returns will be predicated on the sale of assets predominantly being in respect to the investment in Persia Petroleum Services plc and the outcomes of that investment in terms of the capacity to invest in further equity opportunities.

During the financial year ended 30 June 2007 the group received a distribution from the Avalon Oil Company partnership of USD3,645 (A\$4,277) and proceeds are expected to be repatriated following the finalisation of the US tax returns.

	2007	2006	2005	2004
Basic earnings per share (cents)	(6.30)	(1.96)	(1.76)	(3.97)
Return on assets (%)	(173.5)	(24.5)	(18.6)	(35.8)
Return on equity (%)	(223.9)	(25.7)	(18.9)	(37.9)
Net debt / equity ratio (%)	29.1	5.0	1.9	5.8

Investments for Future Performance

The Board is continually monitoring opportunities to obtain alternative investments with the view to providing further liquidity to shareholders and the capacity to move from the National Stock Exchange to the Australian Stock Exchange. This may in turn require a further capital raising to meet expectations of any new business acquired.

Review of Financial Condition

Liquidity and Capital Resources

The consolidated cash flow statement illustrates that there was an increase in cash and cash equivalents in the year ended 30 June 2007 of \$344,867 (2006: \$40,627). This increase in cash flow in comparison to prior year relates mainly to the proceeds from the rights issue by the Company in the last quarter of the year ended 30 June 2007. Operating activities generated \$52,861 (2006: \$(8,447)) of net cash outflows, decreased in comparison to 30 June 2006 largely due to an increase in payments to suppliers particularly in respect to the activities leading up to the rights issue. The net outflow from operating activities is offset by a net increase in the cash from financing activities of \$357,101 (2006: \$20,000) from capital raised from the rights issue and borrowings.

Share Issues During the Year

The group has raised capital of \$317,398, before costs from a rights issue to existing shareholders on the basis of 1 new share for every 10 shares at 25 cents per share. The shares subscribed by existing shareholders totalled 519,975 (\$129,994) and the shortfall of 749,616 shares (\$187,404) was taken up by the underwriter, Parmelia Pty Ltd. Other share issues during the year include the share-based payment of director fees of \$70,000 (2006: \$70,000), consistent with the Board's resolution on 1 July 2005 to conserve cash for further investment obligations and operating expenses. 125,000 shares were issued at 10 cents per share following an exercise of share options.

Directors' Report (continued)

Risk Management

The group takes a proactive approach to risk management. The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the group's objectives and activities are aligned with the risks and opportunities identified by the Board.

The group believes that it is crucial for all Board members to be part of this process, and as such the Board has not established a separate risk management committee. Instead sub-committees are convened as appropriate in response to issues and risks identified by the Board as a whole, and the sub-committee further examines the issue and reports back to the Board.

The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include the following:

- Board approval of a strategic plan, which encompasses the group's vision, mission and strategy statements, designed to meet stakeholders' needs and manage business risk.
- Implementation of Board approved operating plans and the Board monitoring the progress against these plans, including the establishment and monitoring of KPIs of both a financial and non-financial nature.
- The establishment of committees to report on specific business risks as required.

Statement of Compliance

The report is based on the guidelines in The Group of 100 Incorporated publication *Guide to the Review of Operations and Financial Condition*.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs since the Board reported at the general meeting in November 2006.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

Persia Petroleum Services plc (PPS) has undergone a restructure that has resulted in PPS making an offer of alternative equity to shareholders and note holders in PPS which would be funded through further investment being made in a subsidiary entity of PPS by third parties.

Following the restructure as approved by the note holders on 13 July 2007, convertible note holders are entitled to own 80% of the issued capital in PPS and have also retained an 80% economic interest in the subsidiaries of PPS. PPS has also advised that its subsidiary Kish Island Petroleum Company which was established with the intention of participating in oil and gas opportunities in Iran has been sold to KIPC Middle East Limited (KIPC (ME)) which will be owned entirely by the note holders and creditors of PPS. As a result of this transaction, the note holders will own 70% of KIPC (ME) and it is likely that KIPC (ME) will enter into further capital raising transactions which will allow the note holders to either liquidate their investment in this structure by way of sale of shares in the structure or have the shares in the structure listed on a recognized stock exchange.

At the date of reporting, the Board of Persia Petroleum Service Plc has confirmed the restructure at a Noteholders Extraordinary General Meeting held on 13 July 2007 and the Company has since been allotted 11,195,250 shares in Persia Petroleum Services plc and 3,918,338 shares in KIPC (ME).

Directors' Report (continued)

SIGNIFICANT EVENTS AFTER THE BALANCE DATE (CONTINUED)

The Board has on 14 September 2007 executed final definitive agreements pertaining to the Company's acquisition of 70% of Marbletrend Holdings Pty Ltd (Marbletrend Holdings) which owns 100% of Marbletrend Pty Ltd (Marbletrend) and the granting of a call option in favour of the Company to enable it to acquire the remaining 30% interest in Marbletrend Holdings.

The transaction involved the Company acquiring 70% of the issued capital of Marbletrend Holdings for approximately \$10.5 million, subject to a net asset adjustment as at 31 October 2007. Completion is scheduled for early November 2007. The acquisition values Marbletrend at approximately \$15 million.

The Board further advised, that the Company intends to fund the Marbletrend acquisition by a combination of debt and equity. The Company is aiming to raise approximately \$9 million through an issue of 36 million new shares at an issue price of 25 cents (being the same issue price under the recent successfully concluded rights issue).

Marbletrend manufactures and distributes bathroom products. It has revenue of approximately \$40 million and is expected to make an EBIT in excess of \$3.5 million in the year to 30 June 2008. The business has a long established supply chain model encompassing design (in Australia), manufacturing (largely in China) and a strong distribution network largely in Australasia. Its customers include the major hardware retailers in Australia.

A shareholders' meeting to approve the acquisition and the capital raising is expected to be held in late October in conjunction with the Annual General Meeting of the Company. Approval will also be sought from shareholders to both changing of the name of Concentrated Capital Limited to Marbletrend Group Limited (to reflect the major new business of the Group) and to move the listing of the Company, subject to the successful capital raising, from the National Stock Exchange (NSX) to Australian Securities Exchange (ASX).

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Board expects to be able to deliver to shareholders at the annual general meeting of the company an update in respect to the acquisition of the Marbletrend business.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Company is not aware of any breaches of any relevant environmental protection legislation in relation to licenses issued to the company or its subsidiaries and in respect to the activities of Avalon in which the company is a partner.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, the Company did not undertake to insure Directors of the Company.

Directors' Report (continued)

DIRECTORS MEETINGS

The number of meetings of directors (including meetings of Committees of directors) held during the year and the number of meetings attended by each director were as follows:

Meetings of Committees

	Directors' Meetings	Audit & Compliance	Strategic Review & Operations	Nominations	Remuneration
Number of meetings held:	10	2	-	1	1
Number of meetings attended:					
H. Giles	10	2	-	1	-
P. Reilly	10	2	-	1	1
M. Evett (appointed 16 August 2006)	9	2	-	-	1
C. Rowe (resigned 16 August 2006)	-	-	-	-	-

Committee membership

As at the date of this report, the Company had an Audit & Compliance Committee, a Strategic Review and Operations Committee, a Nominations Committee and Remuneration Committee with Board agreed charters all appointed as sub Committees of the Board.

Members acting on the Committees of the Board during the year were:

Audit & Compliance	Strategic Review & Operations	Nominations	Remuneration
H. Giles (Chairman)	H. Giles (Chairman)	H. Giles (Chairman)	P. Reilly (Chairman)
P. Reilly	C. Rowe (resigned 16 August 2006)	P. Reilly	C. Rowe (resigned 16 August 2006)
C. Rowe (resigned 16 August 2006)	P. Reilly		M. Evett (appointed 16 August 2006)
M. Evett (appointed 16 August 2006)	M. Evett (appointed 16 August 2006)		
R. Baker (resigned 22 June 2007)			

TAX CONSOLIDATION

Concentrated Capital Limited and its 100% owned subsidiaries have not formed a tax consolidated group for the purposes of income taxation.

AUDITOR INDEPENDENCE

The Directors received the following declaration from the auditor of Concentrated Capital Limited on page 23.

Directors' Report (continued)

REMUNERATION REPORT (Audited)

This Remuneration Report outlines the director and executive remuneration arrangements of the Company in accordance with the requirements of the Corporations Act 2001 and its Regulations. It also provides the remuneration disclosures required by paragraphs Aus 25.4 to Aus 25.7.2 of AASB 124 Related Party Disclosures, which have been transferred to the Remuneration Report in accordance with Corporations Regulations 2M.6.04. For the purposes of this report Key Management Personnel (KMP) of the group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company, and includes the five executives in the parent and the Group receiving the highest remuneration.

For the purposes of this report, the term 'executive' encompasses the Chief Executive, senior executives, general managers and secretaries of the parent and the consolidated entity.

The performance of the Company depends upon the quality of its directors and executives. To prosper, the Company must attract, motivate and retain highly skilled directors and executives.

To this end, the Company embodies the following principles in its remuneration framework

- Provide competitive rewards to attract high calibre executives
- Link executive rewards to shareholder value

Remuneration Committee

The Remuneration Committee of the Board of Directors of the company is responsible for determining and reviewing compensation arrangements for the directors and senior management.

The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of directors and senior managers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team.

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive director and senior manager remuneration is separate and distinct.

Non-executive director remuneration

Objective

The Board seeks to set aggregate remuneration at a level which provides the company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Structure

The remuneration policy for non-executive directors is designed to remunerate non-executive directors for their time, commitment and responsibilities.

The Constitution and the NSX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external consultants as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Directors' Report (continued)

REMUNERATION REPORT (Audited) (continued)

It is the Board's policy that no employment contracts are entered into with non-executive Directors and that no additional fees are payable to non-executive Directors for occupying a position on a sub-committee of the Board.

It was resolved in the Directors meeting of 1 July 2005 that all director remuneration be paid as shares in the Company (at the weighted average of shares traded on NSX in the past 4 weeks prior to allotment) to preserve present cash resources to meet further investment obligations and operating expenses. Cash resources of the Company would be reviewed periodically to determine whether directors remuneration would revert to being paid as a combination of cash payments and fully paid shares.

Each director receives a fee for being a director of the company.

Non-executive directors have long been encouraged by the Board to hold shares in the company (purchased by the director on market). It is considered good governance for directors to have a stake in the company whose Board he or she sits.

The non-executive directors do not receive retirement benefits, nor do they participate in any incentive programs.

The remuneration of non-executive directors for the year ending 30 June 2007 is detailed in Table 1 on page 18 of this report.

Senior manager and executive director remuneration

Objective

The Company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the company and so as to:

- align the interests of executives with those of shareholders by requiring a portion of their remuneration to be paid as shares in the Company (refer below);
- link reward with the strategic goals and performance of the company (with regard to previously issued options of the Company); and
- ensure total remuneration is competitive by market standards.

Structure

Remuneration consists of fixed remuneration of up to \$150,000 as approved at the Annual General Meeting held on 24 November 2003 and ratified at the Annual General Meeting held on 24 November 2005 to be paid to non-executive directors.

It was resolved in the Directors meeting of 1 July 2005 that all director remuneration be paid as shares in the Company (at the weighted average of shares traded on NSX in the past 4 weeks prior to allotment) to preserve present cash resources to meet further investment obligations and operating expenses. Cash resources of the Company would be reviewed periodically to determine whether directors remuneration would revert to being paid as a combination of cash payments and fully paid shares.

Fixed Remuneration

Objective

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market.

Fixed remuneration is reviewed annually by the Directors and the process consists of a review of company, business unit and individual performance, relevant comparative remuneration in the market, internally and, where appropriate, external advice on policies and practices and ratified at the Annual General Meeting. As noted above, the Board has access to external advice independent of management.

Directors' Report (continued)

REMUNERATION REPORT (Audited) (continued)

Details of Key Management Personnel

(i) Directors

H. Giles	Executive Chairman and Company Secretary
P. Reilly	Director (non-executive) and Company Secretary
C. Rowe	Director (non-executive) (resigned 16 August 2006)
M. Evett	Director (non-executive) (appointed 16 August 2006)

(ii) Executives

R. Baker	Company Secretary (resigned 22 June 2007)
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Remuneration of Key Management Personnel

Table 1: Directors' Remuneration (these tables have been audited)

Consolidated/Parent	Share-based payments - shares	Total	% Performance Related
Directors			
	\$	\$	
H. Giles			
2007	30,000	30,000	-
2006	30,000	30,000	-
P. Reilly			
2007	20,000	20,000	-
2006	20,000	20,000	-
C. Rowe (resigned 16 August 2006)			
2007	2,528	2,528	-
2006	20,000	20,000	-
M. Evett (appointed 16 August 2006)			
2007	17,472	17,472	-
2006	-	-	-
Sub-total remuneration of Directors			
2007	70,000	70,000	
2006	70,000	70,000	
Other key management personnel			
R. Baker (resigned 22 June 2007)			
2007	-	-	-
2006	-	-	-
Sub-total executive KMP			
2007	-	-	
2006	-	-	

Corporate Governance Statement

The Board of Directors of Concentrated Capital Limited is responsible for the corporate governance of the group. The Board guides and monitors the business and affairs of Concentrated Capital Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

Concentrated Capital Limited's Corporate Governance Statement is structured with reference to the Corporate Governance Council's principles and recommendations, which are as follows:

- Principle 1. Lay solid foundations for management and oversight
- Principle 2. Structure the Board to add value
- Principle 3. Promote ethical and responsible decision making
- Principle 4. Safeguard integrity in financial reporting
- Principle 5. Make timely and balanced disclosure
- Principle 6. Respect the rights of shareholders
- Principle 7. Recognise and manage risk
- Principle 8. Encourage enhanced performance
- Principle 9. Remunerate fairly and responsibly
- Principle 10. Recognise the legitimate interests of stakeholders

Concentrated Capital Limited's corporate governance practices were in place throughout the year ended 30 June 2007 and were fully compliant with the Council's best practice recommendations with the exception that executive director holds positions on all Committees, except the Strategic Review and Operations Committee. This is due to the nature and size of the Company's activities that all executive functions are carried out by the Board.

For further information on corporate governance policies adopted by Concentrated Capital Limited, refer to our website:

www.concentratedcapital.com.au

Structure of the Board

The skills, experience and expertise relevant to the position of the director held by each director in office at the date of the annual report is included in the Director's Report. Directors of Concentrated Capital Limited are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with - or could be reasonably be perceived to materially interfere with - the exercise of their unfettered and independent judgement.

In the context of director independence, "materiality" is considered from both the company and individual director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal or less than 5% of the appropriate base amount. It is presumed to be material (unless there is qualitative evidence to the contrary), if it is equal to or greater than 10% of the appropriate base amount. Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors which point to the actual ability of the director in question to shape the direction of the Company's loyalty.

Corporate Governance Statement continued

Structure of the Board continued

In accordance with the definition of independence above, and the materiality thresholds set, the following directors of Concentrated Capital Limited are considered to be independent:

<i>Name</i>	<i>Position</i>
H. Giles	Chairperson, Executive Director
P. Reilly	Non-Executive Director
C. Rowe	Non-Executive Director (resigned 16 August 2006)
M. Evett	Non-Executive Director (appointed 16 August 2006)

There are procedures in place, agreed by the Board, to enable directors, in furtherance of their duties to seek independent professional advice at the company's expense.

The term in office held by each director in office at the date of this report is as follows:

<i>Name</i>	<i>Term in office</i>
H. Giles	6 years
P. Reilly	4 years
M. Evett	1 year
C. Rowe	3 years (resigned 16 August 2006)

For additional details regarding Board appointments, please refer to our website.

Nomination Committee

The Board has established a Nomination Committee, which meets at least annually, to ensure that the Board continues to operate within the established guidelines, including when necessary, selecting candidates for the position of the director. The Nomination Committee comprises executive and non-executive directors. The Nomination Committee comprised of the following members throughout the year:

H. Giles (Committee Chairman)
P. Reilly

For details of directors' attendance at meetings of the Nomination Committee, refer to the Directors' Report.

For additional details regarding the Nomination Committee, please refer to our website.

Audit & Compliance Committee

The Board has established an Audit and Compliance Committee, which operates under a charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators. The Board has delegated the responsibility for the establishment and maintaining a framework of internal control and ethical standards to the Audit Committee.

The Committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial reports. All members of the Audit and Compliance Committee are executive and non-executive directors and the company secretary.

Corporate Governance Statement continued

Audit & Compliance Committee continued

The Committee also undertakes the following:

- To establish a risk management process which objectively assesses the risks of the Company in their business activities;
- To provide quantitative and qualitative assessment of risks;
- To develop risk action plans and ensure that management responds to these plans and reports to this Committee as to their
- To liaise with the external auditors in respect to their assessment of risks encountered by the Company in its ongoing business activities; and
- To assess the business plans developed by management and independently determine risks associated with those business plans.

The members of the Audit and Compliance Committee during the year were:

H. Giles (Committee Chairman)

P. Reilly

C. Rowe (resigned 16 August 2006)

M. Evett (appointed 16 August 2006)

R. Baker (resigned 22 June 2007)

Qualifications of the Audit and Compliance Committee members

H. Giles has significant experience as both as an executive and non-executive director of numerous listed and unlisted companies. He has served as the managing director of Salmon Giles Pty Ltd which incorporates accounting and taxation practice. He is a member of the Australian Association of Taxation and Management Accountants and is a registered tax agent. He is also a director of a number of companies where as part of his role, he serves as a chairman on the Audit and Compliance Committee.

C. Rowe has qualifications in both economics and law and has served as an executive and non-executive director of numerous companies whereas part of his role, he serves as a member on the Audit and Compliance Committee.

P. Reilly has qualifications in accounting and has served as an executive and non-executive director of numerous companies whereas part of his role, he serves as a member on the Audit and Compliance Committee.

M.Evett has qualifications in geology and has served as a director and senior executive of numerous companies, including a number of positions in the oil & gas service industry.

R. Baker has qualifications in both economics and accounting and is a registered tax agent.

Strategic Review and Operations Committee

The Board has established a Strategic Review and Operations Committee ("Committee") to review the operational activities of the Company. As the Company at present has not appointed a Managing Director, this Committee has strategic and operational responsibility and reports directly to the Board. In the event that the Company appoints a Managing Director, then this Committee will support the activities of the Managing Director. The Committee has the right to seek independent professional advice, when considered necessary. The Committee should not, under any circumstances, accept the delegation of Executive power in respect to the operations of the Company or undertake activities in a manner which could be construed to impinge on the Executive role of the Company.

Corporate Governance Statement continued

Strategic Review and Operations Committee continued

The objectives of the Committee are as follows:

- Provide an interface to the Board on the operational activities of the Company;
- Develop the business plan and budgets for review by the Board;
- To keep the Board apprised of variances against the business plan and budgets;
- To liaise with the Audit and Compliance Committee and assess and determine any risks that may become apparent from an operational stand point; and
- To meet on a regular basis in order to provide executive management to the activities of the Company or in the event of a Managing Director being appointed to support the Managing Director's activities.

The members of the Strategic Review and Operations Committee during the year were:

H. Giles (Committee Chairman)

P. Reilly

C. Rowe (resigned 16 August 2006)

M. Evett (appointed 16 August 2006)

Performance

The performance of the Board and key executives is reviewed regularly against both measurable and qualitative indicators. During the reporting period, the Nomination Committee conducted two performance evaluations which involved an assessment of each board member's and key executive's performance against specific and measurable qualitative and quantitative performance criteria. The performance criteria against which directors and executives are assessed are aligned with the financial and non-financial objectives of Concentrated Capital Limited. Directors whose performance is consistently unsatisfactory may be asked to retire.

Remuneration

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and executive team by remunerating directors and key executives fairly and appropriately with reference to relevant employment market conditions. To assist in achieving this objective, the Remuneration Committee links the nature and amount of executive directors' and officers' emoluments to the Company's financial and operational performance. The expected outcomes of the remuneration structure are:

- retention and motivation of key executives
- attraction of quality management to the company
- performance incentives which allow executives to share the rewards of the success of Concentrated Capital Limited.

A full discussion of the Company's remuneration philosophy and framework and the remuneration received by directors and executives in the current period please refer to the Remuneration Report, which is contained within the Directors' Report.

There is no scheme to provide retirement benefits, other than statutory superannuation, to non-executive directors.

The Board is responsible for determining and reviewing compensation arrangements for the directors themselves and the chief executive officer and the executive team. The Board has established a Remuneration Committee, comprising two non-executive directors.

Members of the Remuneration Committee throughout the year were:

P. Reilly (Committee Chairman)

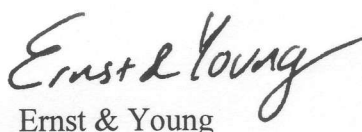
C. Rowe (resigned 16 August 2006)

M. Evett (appointed 16 August 2006)

For details on the number of meeting of the Remuneration Committee held during the year and the attendees at those meetings, refer to the Directors' Report.

Auditor's Independence Declaration to the Directors of Concentrated Capital Limited

In relation to our audit of the financial report of Concentrated Capital Limited for the financial year ended 30 June 2007, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.



Ernst & Young



A. J. Pititto
Partner

20 September 2007

Income Statement

FOR THE YEAR ENDED 30 JUNE 2007

	Notes	CONSOLIDATED		PARENT	
		2007	2006	2007	2006
		\$	\$	\$	\$
Revenue					
Finance revenue	5(a)	100,066	65,980	95,789	65,980
		100,066	65,980	95,789	65,980
Other revenue	5(b)	-	2,501	-	2,501
Salaries and employee benefits expense	5(c)	(70,000)	(70,000)	(70,000)	(70,000)
Accounting and audit fees		(57,701)	(53,336)	(57,701)	(53,336)
Writedown of deferred exploration, evaluation and development costs		-	(165,538)	-	-
Bad debts		-	-	(1,118)	(170,480)
Allowance for doubtful debts - loan		-	-	(90,124)	-
Impairment loss on available for sale assets		(61,589)	-	-	-
Impairment loss on other financial asset		(643,358)	-	(643,358)	-
Allowance for doubtful debt - interest		(94,257)	-	(94,257)	-
Finance costs		(1,667)	-	(1,667)	-
Other expenses	5(d)	(28,212)	(21,359)	(27,096)	(20,511)
Loss before income tax		(856,718)	(241,752)	(889,532)	(245,847)
Income tax expense	6	-	-	-	-
Net loss for the year		(856,718)	(241,752)	(889,532)	(245,847)
Earnings per share (cents per share)					
- basic for loss for the year	7	(6.30)	(1.96)		
- diluted for loss for the year		(6.30)	(1.96)		
- dividends per share		-	-		

Balance Sheet

AS AT 30 JUNE 2007

	<i>Notes</i>	<i>CONSOLIDATED</i>		<i>PARENT</i>	
		<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
		<i>\$</i>	<i>\$</i>	<i>\$</i>	<i>\$</i>
ASSETS					
Current Assets					
Cash and cash equivalents	8	344,867	40,627	344,863	40,623
Trade and other receivables	9	12,224	40,340	135,039	257,559
Other financial assets	11	-	-	-	-
Total Current Assets		357,091	80,967	479,902	298,182
Non-current Assets					
Available-for-sale financial assets	10	136,744	263,155	13,933	21,433
Other financial assets	11	-	643,358	-	643,358
Total Non-current Assets		136,744	906,513	13,933	664,791
TOTAL ASSETS		493,835	987,480	493,835	962,973
LIABILITIES					
Current Liabilities					
Trade and other payables	12	61,208	46,707	61,208	46,707
Total Current Liabilities		61,208	46,707	61,208	46,707
Non-current Liabilities					
Interest-bearing loans and borrowings	13	50,000	-	50,000	-
Total Non-Current Liabilities		50,000	-	50,000	-
TOTAL LIABILITIES		111,208	46,707	111,208	46,707
NET ASSETS		382,627	940,773	382,627	916,266
EQUITY					
Equity attributable to equity holders of the parent					
Contributed equity	18	2,332,643	1,969,250	2,332,643	1,969,250
Accumulated losses	19(a)	(1,903,080)	(1,046,362)	(1,933,945)	(1,044,413)
Other reserves	19(b)	(46,936)	17,885	(16,071)	(8,571)
TOTAL EQUITY		382,627	940,773	382,627	916,266

Cash Flow Statement

FOR THE YEAR ENDED 30 JUNE 2007

	<i>Notes</i>	<i>CONSOLIDATED</i>		<i>PARENT</i>	
		<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
		<i>\$</i>	<i>\$</i>	<i>\$</i>	<i>\$</i>
Cash flows from operating activities					
Interest received		33,964	49,497	33,964	49,496
Payments to suppliers and employees		(97,842)	(48,464)	(97,842)	(47,617)
GST refund received		12,267	17,021	12,267	17,021
Receipts from customers		-	13,501	-	13,501
Interest paid		(1,250)	-	(1,250)	-
Deferred exploration, evaluation and development costs		-	(23,108)	-	-
Net cash flows (used in)/from operating activities	20	(52,861)	8,447	(52,861)	32,401
Cash flows from investing activities					
Purchase of available-for-sale financial assets		-	(43,430)	-	(30,000)
Advances (to)/from related parties		-	-	-	(37,384)
Net cash flows used in investing activities		-	(43,430)	-	(67,384)
Cash flows from financing activities					
Proceeds from issue of ordinary shares	18	329,898	20,000	329,898	20,000
Payment of share issue costs		(22,797)	-	(22,797)	-
Proceeds from borrowings		50,000	-	50,000	-
Net cash flows from financing activities		357,101	20,000	357,101	20,000
Net increase/(decrease) in cash and cash equivalents		304,240	(14,983)	304,240	(14,983)
Cash and cash equivalents at beginning of period		40,627	55,610	40,623	55,606
Cash and cash equivalents at end of period	8	344,867	40,627	344,863	40,623

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2007

Attributable to equity holders of the parent

	<i>Issued capital</i>	<i>Accumulated losses</i>	<i>Other Reserves</i>	<i>Total</i>
	\$	\$	\$	\$
CONSOLIDATED				
At 1 July 2005	1,866,750	(804,610)	31,881	1,094,021
Net loss on available-for-sale financial assets	-	-	(13,996)	(13,996)
Loss for the year	-	(241,752)	-	(241,752)
Issue of share capital	90,000	-	-	90,000
Exercise of options	12,500	-	-	12,500
At 30 June 2006	1,969,250	(1,046,362)	17,885	940,773
Net loss on available-for-sale financial assets	-	-	(64,821)	(64,821)
Loss for the year	-	(856,718)	-	(856,718)
Issue of share capital	399,898	-	-	399,898
Issue costs	(36,505)	-	-	(36,505)
At 30 June 2007	2,332,643	(1,903,080)	(46,936)	382,627
PARENT				
At 1 July 2005	1,866,750	(798,566)	-	1,068,184
Net loss on available-for-sale financial assets	-	-	(8,571)	(8,571)
Loss for the year	-	(245,847)	-	(245,847)
Issue of share capital	90,000	-	-	90,000
Exercise of options	12,500	-	-	12,500
At 30 June 2006	1,969,250	(1,044,413)	(8,571)	916,266
Net loss on available-for-sale financial assets	-	-	(7,500)	(7,500)
Loss for the year	-	(889,532)	-	(889,532)
Issue of share capital	399,898	-	-	399,898
Capital raising costs	(36,505)	-	-	(36,505)
At 30 June 2007	2,332,643	(1,933,945)	(16,071)	382,627

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2007

1 CORPORATE INFORMATION

The financial report of Concentrated Capital Limited for the year ended 30 June 2007 was authorised for issue in accordance with a resolution of the directors on 20 September 2007.

Concentrated Capital Limited is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian stock exchange.

The nature of the operations and principal activities of the Group are described in the directors' report.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards. The financial report has also been prepared on a historical cost basis, except for available-for-sale financial assets that have been measured at fair value.

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar.

(b) Statement of compliance

Except for the amendments to AASB 101 Presentation of Financial Statements and AASB 2007-4 Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments, which the Group has early adopted, Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted for the annual reporting year ending 30 June 2007. These are outlined in the following table.

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2007

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Reference	Title	Summary	Application date of standard*	Impact on Group report	Application date for Group *
AASB 2005-10	Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]	Amending standard issued as a consequence of AASB 7 <i>Financial Instruments: Disclosures</i> .	1 January 2007	AASB 7 is a disclosure standard so will have no direct impact on the amounts included in the Group's financial statements. However, the amendments will result in changes to the financial instrument disclosures included in the Group's financial report.	1 July 2007
AASB 2007-1	Amendments to Australian Accounting Standards arising from AASB Interpretation 11 [AASB 2]	Amending standard issued as a consequence of AASB Interpretation 11 <i>AASB 2 - Group and Treasury Share Transactions</i>	1 March 2007	This is consistent with the Group's existing accounting policies for share-based payments, so the standard is not expected to have any impact on the Group's financial report.	1 July 2007
AASB 2007-2	Amendments to Australian Accounting Standards arising from AASB Interpretation 12 [AASB 1, AASB, AASB 117, AASB 118, AASB 120, AASB 121, AASB 127, AASB 131 & AASB 139]	Amending standard issued as a consequence of AASB Interpretation 12 <i>Service Concession Arrangements</i> .	1 January 2007	The Group currently has no service concession arrangements or public-private-partnerships (PPP), so the standard is not expected to have any impact on the Group's financial report.	1 July 2007
AASB 2007-3	Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038]	Amending standard issued as a consequence of AASB 8 <i>Operating Segments</i> .	1 January 2009	AASB 8 is a disclosure standard so will have no direct impact on the amounts included in the Group's financial statements. However, the standard is expected to have an impact on the Group's segment disclosures as segment information included in internal management reports is more detailed than that currently reported under ASB 114 <i>Segment Reporting</i> .	1 July 2009

CONCENTRATED CAPITAL LIMITED - ANNUAL REPORT

Notes to the Financial Statements continued

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

AASB 2007-5	Amendments to Australian Accounting Standard - Inventories Held for Distribution by Not-for-Profit Entities [AASB 102]	This standard makes amendments to AASB 102 <i>Inventories</i> .	1 January 2007	This amendment only relates to Not-for-Profit Entities and as such is not expected to have any impact on the Group's financial report.	1 July 2007
AASB 2007-6	Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116, AASB 138 and Interpretations 1 & 12]	Amending standard issued as a consequence of revisions to AASB 123 <i>Borrowing Costs</i> .	1 January 2009	The amendments to AASB 123 require that all borrowing costs associated with a qualifying asset be capitalised. The Group has no borrowing costs associated with qualifying assets and as such the amendments are not expected to have any impact on the Group's financial report.	1 July 2009
AASB 2007-7	Amendments to Australian Accounting Standards [AASB 1, AASB 101, AASB 2, AASB 4, AASB 5, AASB 107 and AASB 128]	Amending standards for wording errors, discrepancies and inconsistencies.	1 July 2007	The amendments are minor and do not affect the recognition, measurement or disclosure requirements of the standards. Therefore the amendments are not expected to have any impact on the Group's financial report.	1 July 2007
AASB 7	<i>Financial Instruments: Disclosures</i>	New standard replacing disclosure requirements of AASB 130 <i>Disclosures in the Financial Statements of Banks and Similar Financial Institutions</i> and AASB 132 <i>Financial Instruments: Disclosure and Presentation</i> .	1 January 2007	Refer to AASB 2005-10 above	1 July 2007
AASB 123 (amended)	<i>Borrowing Costs</i>	The amendments to AASB 123 require that all borrowing costs associated with a qualifying asset must be capitalised.	1 January 2009	Refer to AASB 2007-6 above	1 July 2009

CONCENTRATED CAPITAL LIMITED - ANNUAL REPORT

Notes to the Financial Statements continued

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

AASB Interpretation 10	<i>Interim Financial Reporting and Impairment</i>	Addresses an inconsistency between AASB 134 <i>Interim Financial Reporting</i> and the impairment requirements relating to goodwill in AASB 136 <i>Impairment of Assets</i> and equity instruments classified as available for sale in AASB 139 <i>Financial Instruments: Recognition and Measurement</i> .	1 November 2006	The prohibitions on reversing impairment losses in AASB 136 and AASB 139, which are to take precedence over the more general statement in AASB 134, are not expected to have any impact on the Group's financial report.	1 July 2007
AASB Interpretation 11	<i>Group and Treasury Share Transactions</i>	Addresses whether certain types of share-based payment transactions with employees (or other suppliers of good and services) should be accounted for as equity-settled or as cash-settled transactions under AASB 2 <i>Share-based Payment</i> . It also specifies the accounting in a subsidiary's financial statements for share-based payment arrangements involving equity instruments of the parent.	1 March 2007	Refer to AASB 2007-1 above	1 July 2007
AASB Interpretation 12	<i>Service Concession Arrangements</i>	Clarifies how operators recognise the infrastructure as a financial asset and/or an intangible asset - not as property, plant and equipment.	1 January 2008	Refer to AASB 2007-2 above	1 July 2008

* designates the beginning of the applicable annual reporting period

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). The financial report also complies with International Financial Reporting Standards (IFRS).

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2007

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Concentrated Capital Limited and its subsidiaries as at 30 June each year ('the Group').

Subsidiaries are all those entities (including special purpose entities) over which the consolidated entity has the power to govern the financial and operating policies so as to benefit from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

The acquisition of subsidiaries is accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition. The parent's investment in subsidiaries is carried at cost.

(d) Foreign currency translation

Both the functional and presentation currency of Concentrated Capital Limited and its Australian subsidiaries is Australian dollars (A\$).

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All exchange differences in the consolidated financial report are taken to the income statement with the exception of differences on foreign currency denominated available for sale investment. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(e) Segment reporting

A business segment is a distinguishable component of the entity that is engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is a distinguishable component of the entity that is engaged in providing products and services within a particular economic environment and is subject to risks and returns that are different than those of segments operating in other economic environments.

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2007

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(f) Investments and other financial assets

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through amortisation process.

Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent engineering report; and discounted cash flow analysis making as much use of available and supportable market data as possible and keeping judgmental inputs to a minimum.

Loans and receivables

Loans and receivables including loan notes and loans to key management personnel are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(g) Other receivables

Other receivables, which generally have 90 day terms, are recognised initially at fair value and amortised cost, using effective interest method, less any allowance for uncollectible amounts.

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2007

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(g) Other receivables (continued)

Collectibility of receivable is reviewed on an ongoing basis. Debts that are known to be uncollectable are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that the Group will not be able to collect the debt.

(h) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at bank and in hand, and short term deposits with an original maturity of 3 months or less than readily convertible to known amount of cash which are subject to an insignificant risk of changes in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

(i) Share-based payment transactions

The Group provides benefits to directors of the Group in the form of share-based payment transactions, whereby directors render services in exchange for shares ('equity-settled transactions').

The cost of these equity-settled transactions with employees is measured by reference to the average closing price of the shares as listed on the National Stock Exchange over the proceeding five (5) days prior to allotment of the shares.

In valuing equity-settled transactions, no account is taken of any vesting conditions and performance conditions, other than conditions linked to the price of the shares of Concentrated Capital Limited ('market conditions').

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see note 7).

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2007

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(i) Share-based payment transactions (continued)

The Group has applied the requirements of AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards' in respect of equity-settled awards and has applied AASB 2 'Share-Based Payments' only to equity instruments granted after 7 November 2002 that had not vested on or before 1 January 2005.

(j) Trade and other payables

Trade payables and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(k) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(l) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

Provisions are measured at the present value of the management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

(m) Impairment of financial assets

The Group assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced either directly or through use of an allowance. The amount of loss is recognised in profit or loss.

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2007

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(m) Impairment of financial assets (continued)

Available-for-sale investments

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the income statement. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

(n) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(o) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest

Revenue is recognised as the interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Distribution

Revenue is recognised when the Group's right to receive the payment is received.

(p) Income tax

Income Taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences, except when the taxable temporary difference is associated with investments in subsidiaries, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilised except when the deductible temporary difference is associated with investments in subsidiaries, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2007

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(p) Income tax (continued)

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(q) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(r) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2007

3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

In applying the Group's accounting policies, management continually evaluates judgments, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgments, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgments, estimates and assumptions. Significant judgments, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

(i) Significant accounting judgments

Classification of and valuation of investments

The Group has decided to classify investments in listed and unlisted securities as 'available-for-sale' investments and movements in fair value are recognised directly in equity. The fair value of listed shares has been determined by reference to published price quotations in an active market. The fair values of unlisted securities not traded in an active market are determined by an engineering report by using projected cash inflows from expected oil and gas reserves. These cash flows are then discounted back to their present value using a pre-tax discount rate of 15% (2005: 15%).

Impairment of non-financial assets other than goodwill

The Group assessed impairment on all assets at each reporting date by evaluating the conditions specific to the Group and to the particular asset that may lead to impairment. These include future recoverability of the cost of investments and interest income accrued from the investments. If an impairment trigger exists the recoverable amount of the asset is determined. This involves value in use calculations, which incorporates a number of key estimates and assumptions.

(ii) Significant accounting estimates and assumptions

Allowance for doubtful debts on other receivables

When receivables are outstanding beyond the normal trading terms, the likelihood of the recovery of these receivables is assessed by management. This assessment is based on supportable past collection history and historical write-offs of bad debts. The impairment loss is outlined in Note 9.

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2007

4 SEGMENT INFORMATION

The Group's primary reporting format is geographical segments.

Geographical segments

The Group's geographical segments are determined by the location of the Group's assets and operations.

The following tables present revenue, expenditure and certain asset information regarding geographical segments for the years ended 30 June 2007 and 30 June 2006.

	<i>Australia</i>	<i>United Kingdom</i>	<i>United States of America</i>	<i>Total</i>
	\$	\$	\$	\$
Year ended 30 June 2007				
Revenue				
Distributions received	-	-	4,277	4,277
Segment revenue	-	-	4,277	4,277
Interest revenue				95,789
Total revenue				100,066
Result				
Segment results	-	-	(57,312)	(57,312)
Interest income and expense				1,532
Unallocated expenses				(800,938)
Loss before income tax				(856,718)
Income tax expense				-
Net loss for the year				(856,718)
Other segment information				
Segment assets	366,741	-	127,094	493,835
Total assets	366,741	-	127,094	493,835
Unallocated liabilities				111,208
Other non-cash expenses	-	-	-	-
Year ended 30 June 2006				
Revenue				
Miscellaneous income	2,501	-	-	2,501
Segment revenue	2,501	-	-	2,501
Interest revenue				65,980
Total revenue				68,481
Result				
Segment results	2,501	-	-	2,501
Interest income and expense				(99,558)
Unallocated expenses				(144,695)
Loss before income tax				(241,752)
Income tax expense				-
Net loss for the year				(241,752)
Other segment information				
Segment assets	69,964	675,790	241,726	987,480
Total assets	69,964	675,790	241,726	987,480
Unallocated liabilities				46,707
Other non-cash expenses	-	-	(165,538)	(165,538)

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2007

	<i>CONSOLIDATED</i>		<i>PARENT</i>	
	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
	\$	\$	\$	\$
5 REVENUES AND EXPENSES				
(a) Finance revenue				
Distributions received	4,277	-	-	-
Interest income	95,789	65,980	95,789	65,980
Total finance revenue	100,066	65,980	95,789	65,980
(b) Other revenue				
Refund of License Fees	-	2,501	-	2,501
	-	2,501	-	2,501
(c) Employee benefits expense				
Directors fees	(70,000)	(70,000)	(70,000)	(70,000)
	(70,000)	(70,000)	(70,000)	(70,000)
(d) Other expenses				
Corporate filing fees	(3,248)	(848)	(2,132)	-
Share registry costs	(10,743)	(7,216)	(10,743)	(7,216)
NSX listing costs	(8,918)	(6,605)	(8,918)	(6,605)
Consultancy	(4,000)	(4,000)	(4,000)	(4,000)
Other	(1,303)	(2,689)	(1,303)	(2,689)
	(28,212)	(21,359)	(27,096)	(20,511)

6 INCOME TAX

No income tax is payable by the parent company or any subsidiary company within the Group as the companies are in a current tax loss position.

Numerical reconciliations between aggregate tax benefit recognised in the income statement and tax expense calculated per statutory income tax rate

A reconciliation between tax benefit and the product of accounting loss before tax multiplied by the Group's applicable income tax rate is as follows:

Loss before income tax	(856,718)	(241,752)	(889,532)	(245,847)
Tax benefit at the Group's statutory income tax rate of 30% (2006: 30%)	257,015	72,526	266,860	73,754
Adjustments				
Unrecognised temporary differences & tax losses	(257,015)	(72,526)	(266,860)	(73,754)
Aggregate income tax benefit	-	-	-	-

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2007

6 INCOME TAX continued

Income tax losses

The Group and parent company have accumulated tax losses and unrecognised temporary differences at reporting date. Due to the uncertainty involved in measurement these amounts have not been quantified. The future income tax benefit arising from these tax losses and temporary differences have not been brought to account at reporting date, as realisation of the benefit is not regarded as probable. The parent company was a Pooled Development Fund up until 16 March 2004. On this date the Pooled Development Fund License was relinquished, and consequently accumulated tax losses to that date may not be deductible in future years.

This future income tax benefit will only be obtained if:

- (a) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- (b) the conditions for deductibility imposed by tax legislation continue to be complied with; and
- (c) no changes in tax legislation adversely affect the consolidated entity in realising the benefit.

Tax consolidation

Concentrated Capital Limited and its 100% owned subsidiaries have not formed a tax consolidated group as at the date of this report.

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2007

7 EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of dilutive options).

The following reflects the income and share data used in the total operations basic and diluted earnings per share computations:

	<i>CONSOLIDATED</i>	
	<i>2007</i>	<i>2006</i>
	\$	\$
Net loss from continuing operations attributable to ordinary equity holders of the parent	(856,718)	(241,752)
Weighted average number of ordinary shares for basic earnings per share	13,589,030	12,306,211
Effect of dilution:		
Share options	-	-
Adjusted weighted average number of ordinary shares for diluted earnings per share	13,589,030	12,306,211
Weighted average number of converted, lapsed or cancelled potential ordinary shares included in diluted earnings per share	-	-

As the Company has incurred a loss for the year ended 30 June 2006, the effect of including share options when calculating earnings per share is anti-dilutive and consequently share options have not been included in calculating diluted earnings per share.

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2007

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$	\$	\$	\$
8 CURRENT ASSETS - CASH AND CASH EQUIVALENTS				
Cash at bank and in hand	344,867	40,627	344,863	40,623
	344,867	40,627	344,863	40,623
Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates.				
Reconciliation to cash flow statement				
For the purposes of the Cash Flow Statement, cash and cash equivalents comprise the following at 30 June:				
Cash at bank and in hand	344,867	40,627	344,863	40,623
	344,867	40,627	344,863	40,623
9 CURRENT ASSETS - TRADE AND OTHER RECEIVABLES				
Interest receivable	94,257	32,432	94,257	32,432
Allowance for doubtful debt (refer Note 11a)	(94,257)	-	(94,257)	-
Sundry receivables	12,224	5,454	7,945	5,455
Other receivables	-	2,454	-	2,454
	12,224	40,340	7,945	40,341
Related party receivables:				
Subsidiaries	-	-	217,218	217,218
Allowance for doubtful debts	-	-	(90,124)	-
	12,224	40,340	135,039	257,559
• Trade receivables are non-interest bearing and are generally on 30-day terms.				
• For terms and conditions relating to related party receivables refer to note 23.				
10 NON-CURRENT ASSETS - AVAILABLE-FOR-SALE FINANCIAL ASSETS				
At fair value				
Partnership Interest - Avalon Oil Company	122,815	241,726	-	-
Shares – listed	13,929	21,429	13,929	21,429
Shares - unlisted	-	-	4	4
	136,744	263,155	13,933	21,433

Available-for-sale financial assets consist of investments in ordinary shares and partnerships, and therefore have no fixed maturity date or coupon rate. The Group's interest in Avalon Oil Company partnership (based in the USA) is 3.645% (2006: 3.93%) of the whole partnership value of US\$4.6 million, based on an independent engineering valuation performed in 2007. The value of the interest in the Avalon Oil Company partnership has been written down as impairment loss during the year by \$118,911 based on an updated engineering valuation and the unfavorable impact of a strengthened Australian Dollar against the US Dollar.

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2007

	<i>CONSOLIDATED</i>		<i>PARENT</i>	
	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
	\$	\$	\$	\$
11 CURRENT AND NON-CURRENT ASSET - OTHER FINANCIAL ASSETS				
Current asset				
Financial Assets Held to Maturity	643,358	-	643,358	-
less: Provision for Impairment (refer below)	(643,358)	-	(643,358)	-
Net Balance	-	-	-	-
Non-current asset				
Financial Assets Held to Maturity	-	643,358	-	643,358
Net Balance	-	643,358	-	643,358

Note a.

The convertible note in Persia Petroleum Services plc (PPS) was repayable on 30 June 2006 and interest has been accruing at a penalty rate of 13.5% per annum from 1 July 2006. The convertible note has been recorded at amortised cost. As resolved at a Noteholders meeting held on 13 July 2007, all outstanding monies owed including capitalised and accrued interest on existing convertible notes were converted into ordinary shares in PPS and KIPC(ME). Specifically, the allocation made to Concentrated Capital Limited were 11,195,250 ordinary shares in PPS and 3,918,338 ordinary shares in KIPC(ME). These amounts represent 4.48% and 3.92% of the issued capital in the respective companies.

The investment in PPS was carried at amortised cost for the year ended 30 June 2007. However due to the absence of a third party objective assessment of the value of the investment and a lack of control over the investment, the Board of Concentrated Capital Limited has taken a conservative view that the carrying value of the PPS investment and any interest owing should be fully impaired as at 30 June 2007.

12 CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

Trade payables	3,753	9,046	3,753	9,046
Other payables	24,829	17,011	24,829	17,011
	28,582	26,057	28,582	26,057
Related party payables:				
Related parties	32,626	20,650	32,626	20,650
	61,208	46,707	61,208	46,707

Trade payables are non-interest bearing and are normally settled on 30-day terms. Other payables are non-interest bearing and have an average term of 3 months.

For terms and conditions relating to related parties refer to note 23.

The net of GST payable and GST receivable is remitted to the appropriate tax body on a quarterly basis.

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2007

	<i>Maturity</i>	<i>CONSOLIDATED</i>		<i>PARENT</i>	
		<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
		\$	\$	\$	\$
13 NON-CURRENT LIABILITY - INTEREST-BEARING LOANS AND BORROWINGS					
Non-current					
Other loans (unsecured):					
Loan from other related parties	20-Feb-09	25,000	-	25,000	-
Other loans	20-Feb-09	25,000	-	25,000	-
		50,000	-	50,000	-

(a) Fair values

Unless disclosed below, the carrying amount of the Group's current and non-current borrowings approximate their fair value. The fair values have been calculated by discounting the expected future cash flows at prevailing market interest rates.

	<i>2007</i>		<i>2006</i>	
	<i>Carrying amount</i>	<i>Fair value</i>	<i>Carrying amount</i>	<i>Fair value</i>
	\$	\$	\$	\$
Loan from other related parties	25,000	25,000	-	-
Other loans	25,000	25,000	-	-
	50,000	50,000	-	-

(b) Terms and conditions

(i) Current interest-bearing loans and borrowings

Unsecured loan from other related parties

This relates to the unsecured loan from Parmelia Pty Ltd to the Company for working capital purposes at an interest rate of 10% per annum payable monthly. The loan is repayable on 20 February 2009.

Other unsecured loan

This relates to the unsecured loan from Tony Stella to the Company for working capital purposes at an interest rate of 10% per annum payable monthly. The loan is repayable on 20 February 2009.

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2007

14 SHARE BASED PAYMENT PLANS

Summary of options granted under Employee Share Option Plan (ESOP)

A Director and Executive share scheme has been established where directors and executives of the Group are issued with options over the ordinary shares of Concentrated Capital Limited. The options are issued for nil consideration and are issued in accordance with performance criteria established by the Directors of Concentrated Capital Limited.

The options specified are exercisable at any time up till the expiry date upon (i) listing on the Australian Stock Exchange (125,000 options) and (ii) commercial production from any subsidiary of the Company (125,000 options). The options are issued for a term of five (5) years and are exercisable on granting. The options cannot be transferred and will not be quoted on the National Stock Exchange.

There are currently three (3) Directors eligible to participate.

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of share options issued under the ESOP.

	<i>2007</i> <i>No.</i>	<i>2007</i> <i>WAEP</i>	<i>2006</i> <i>No.</i>	<i>2006</i> <i>WAEP</i>
Outstanding at the beginning of the year	250,000	0.200	375,000	0.166
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	(125,000) ¹	0.100
Expired during the year	(250,000)	-	-	-
Outstanding at the end of the year	-	0.200	250,000	0.200
Exercisable at the end of the year	-	-	-	-

The outstanding balance as at 30 June 2006 is represented by:

- 250,000 options over ordinary shares with an exercise price of \$0.20 each, exercisable upon meeting the above conditions up until 18 April 2007;

¹ The average share price at the date of exercise for the options exercised was \$0.60.

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2007

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$	\$	\$	\$
15 AUDITORS' REMUNERATION				
<i>Amounts received or due and receivable by Ernst & Young Australia for:</i>				
• an audit or review of the financial report of the entity and any other entity in the group	30,000	22,500	30,000	22,500
	30,000	22,500	30,000	22,500
<i>Amounts received or due and receivable by non Ernst & Young audit firms for:</i>				
• preparation and review of the financial report	31,000	19,000	31,000	19,000
• taxation services	2,501	9,836	2,501	9,836
• other non-audit services	1,400	2,000	1,400	2,000
	34,901	30,836	34,901	30,836

16 EVENTS AFTER THE BALANCE SHEET DATE

The Group has been in discussions with the Board of Persia Petroleum Services plc relating to the convertible note that the Company has invested in and the repayment thereof. The consolidated entity has been advised that a number of activities have been undertaken by the Board of Persia Petroleum Services plc including a structured break up of that company with a view to repaying part of the convertible note and offering alternative equity options to shareholders and noteholders in Persia Petroleum Services plc which would be funded through further investment being made in the subsidiary entities of Persia Petroleum Services plc by third parties. As resolved at a Noteholders meeting held on 13 July 2007, all outstanding monies owed including capitalised and accrued interest on existing convertible notes were converted into ordinary shares in PPS and KIPC(ME). Specifically, the allocation made to Concentrated Capital Limited were 11,195,250 ordinary shares in PPS and 3,918,338 ordinary shares in KIPC(ME). These amounts represent 4.48% and 3.92% of the issued capital in the respective companies.

The Board has on 14 September 2007 executed final definitive agreements pertaining to the Company's acquisition of 70% of Marbletrend Holdings Pty Ltd (Marbletrend Holdings) which owns 100% of Marbletrend Pty Ltd (Marbletrend) and the granting of a call option in favour of the Company to enable it to acquire the remaining 30% interest in Marbletrend Holdings. The transaction involved the Company acquiring 70% of the issued capital of Marbletrend Holdings for approximately \$10.5 million, subject to a net asset adjustment as at 31 October 2007. Completion is scheduled for early November 2007. The acquisition values Marbletrend at approximately \$15 million.

The Board further advised, that the Company intends to fund the Marbletrend acquisition by a combination of debt and equity. The Company is aiming to raise approximately \$9 million through an issue of 36 million new shares at an issue price of 25 cents (being the same issue price under the recent successfully concluded rights issue).

17 COMMITMENTS AND CONTINGENCIES

Legal claim

Concentrated Capital Limited is not aware of any current or impending legal disputes.

Guarantees

Concentrated Capital Limited has no contingent liabilities at 30 June 2007.

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2007

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$	\$	\$	\$
18 CONTRIBUTED EQUITY				
<i>Ordinary shares</i>				
Issued and fully paid	2,332,643	1,969,250	2,332,643	1,969,250
	<i>Shares</i>	<i>\$</i>		
<i>Movement in ordinary shares on issue</i>				
At 1 July 2005	12,327,110	1,866,750		
Issued from exercise of share options (i)	125,000	12,500		
Issued in lieu of services (ii)	116,666	70,000		
Issued from private equity raising (iii)	57,143	20,000		
At 1 July 2006	12,625,919	1,969,250		
Issued from exercise of share options (iv)	125,000	12,500		
Issued in lieu of services (v)	280,000	70,000		
Issued from private equity raising (vi)	1,269,592	317,398		
Capital raising costs	-	(36,505)		
At 30 June 2007	14,300,511	2,332,643		

- (i) On 28 November 2005, 125,000 shares were issued at A\$0.10 by the exercising of 125,000 options.
- (ii) On 12 October 2005, 29,166 shares were issued at A\$0.60 each in lieu of payment of services rendered totalling A\$17,500.
On 15 December 2005, 29,166 shares were issued at A\$0.60 each in lieu of payment of services rendered totalling A\$17,500.
On 22 June 2006, 58,334 shares were issued at A\$0.60 each in lieu of payment of services rendered totalling A\$35,000.
- (iii) On 28 October 2005, 57,143 shares were issued at A\$0.35 each pursuant to an underwriting of a private placement.
Capital of A\$20,000 was raised. Each share issued by virtue of the underwriting had two attaching options exercisable at A\$0.35 on or before 30 June 2006.
- (iv) On 10 May 2007, 125,000 shares were issued at A\$0.10 by the exercising of 125,000 options.
- (v) On 11 Oct 2006, 100,000 shares were issued at A\$0.25 each in lieu of payment of services rendered totalling A\$25,000.
On 1 Nov 2006, 40,000 shares were issued at A\$0.25 each in lieu of payment of services rendered totalling A\$10,000.
On 22 Mar 2007, 70,000 shares were issued at A\$0.25 each in lieu of payment of services rendered totalling A\$17,500.
On 15 Jun 2007, 70,000 shares were issued at A\$0.25 each in lieu of payment of services rendered totalling A\$17,500.
- (vi) On 1 June 2007, 519,975 shares were issued at A\$0.25 each pursuant to a Rights Issue. Capital of A\$129,994 before expenses was raised.
On 30 June 2007, 749,617 shares were issued at A\$0.25 each pursuant to an underwriting of a private Capital of A\$187,404 before expenses was raised.

Nature and purpose of reserves

Net unrealised gains reserve

This reserve records movements in the fair value for available-for-sale financial assets.

Asset revaluation reserve

The asset revaluation reserve is used to record increments and decrements in the fair value of available-for-sale financial assets to the extent that they offset one another.

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2007

	<i>CONSOLIDATED</i>		<i>PARENT</i>	
	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
	<i>\$</i>	<i>\$</i>	<i>\$</i>	<i>\$</i>
19 ACCUMULATED LOSSES AND RESERVES				
(a) Movements in accumulated losses were as follows:				
Balance 1 July	(1,046,362)	(804,610)	(1,044,413)	(798,566)
Net loss	(856,718)	(241,752)	(889,532)	(245,847)
Balance 30 June	(1,903,080)	(1,046,362)	(1,933,945)	(1,044,413)

(b) Other Reserves

	<i>CONSOLIDATED</i>			<i>PARENT</i>	
	<i>Asset revaluation reserve</i>	<i>Net unrealised gains reserve</i>	<i>Total</i>	<i>Net unrealised gains reserve</i>	<i>Total</i>
At 1 July 2005	31,881	-	31,881	-	-
Net loss on available-for-sale financial assets	(5,425)	(8,571)	(13,996)	(8,571)	(8,571)
At 30 June 2006	26,456	(8,571)	17,885	(8,571)	(8,571)
Net loss on available-for-sale financial assets	(57,321)	(7,500)	(64,821)	(7,500)	(7,500)
At 30 June 2007	(30,865)	(16,071)	(46,936)	(16,071)	(16,071)

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2007

	<i>CONSOLIDATED</i>		<i>PARENT</i>	
	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
	<i>\$</i>	<i>\$</i>	<i>\$</i>	<i>\$</i>
20 CASH FLOW STATEMENT RECONCILIATION				
Reconciliation from the net loss after tax to the net cash flows from operations				
Net loss	(856,718)	(241,752)	(889,532)	(245,847)
<i>Adjustments for:</i>				
Shares issued in lieu of payment for services	70,000	82,500	70,000	82,500
Write down of deferred exploration, evaluation and development costs	-	165,538	-	-
Bad debts	-	-	1,118	170,480
Allowance for doubtful debts	-	-	90,124	-
Impairment loss on available for sale and other assets	799,204	-	737,615	-
<i>Changes in assets and liabilities</i>				
(Increase)/decrease in deferred exploration, evaluation and development costs	-	(23,108)	-	-
(Increase)/decrease in trade and other receivables	(67,453)	(5,437)	(64,292)	(5,438)
(Decrease)/increase in trade and other payables	(159)	26,410	(159)	26,410
(Decrease)/increase in goods and services tax payable	2,265	4,296	2,265	4,296
Net cash used in operating activities	(52,861)	8,447	(52,861)	32,401

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2007

21 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise loans, cash and short-term deposits.

The main purpose of these financial instruments is to raise finance for the Group's operations.

The Group has various other financial instruments such as trade receivables and payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are cash flow interest rate risk, foreign currency risk and credit risk. The Board reviews and agrees policies for managing each of these risks as summarised below.

Cash flow interest rate risk

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, and financial liability are disclosed in note 2 to the financial statements.

The Group's exposure to the risk of changes in market interest rates is minimal.

Foreign currency risk

As a result of investments in the United States, the Group's balance sheet can be affected by movements in the US\$/A\$ exchange rates.

The Group does seek to hedge this exposure as the risk is minimal.

The Group also has transactional currency exposures. Such exposure arises from sales or purchases by an operating unit in currencies other than the unit's measurement currency.

Credit risk

The Group trades only with recognised, creditworthy third parties.

It is the Group policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents and available-for-sale financial assets, the Group's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

There are no significant concentrations of credit risk within the Group.

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2007

22 FINANCIAL INSTRUMENTS

Fair values

All assets and liabilities recognised in the balance sheet, whether they are carried at cost or at fair value, are recognised at amounts that represents a reasonable approximation of fair value unless otherwise stated in the applicable notes.

Interest rate risk

The following table sets out the carrying amount, by maturity, of the financial instruments exposed to interest rate risk:

	< 1 Year	Total	Weighted average effective rate %
Year ended 30 June 2007		\$	
CONSOLIDATED			
FINANCIAL ASSETS			
<i>Fixed rate</i>			
Convertible note	643,358	643,358	13.5%
<i>Floating rate</i>			
Cash assets	344,867	344,867	0%
PARENT			
FINANCIAL ASSETS			
<i>Fixed rate</i>			
Convertible note	643,358	643,358	13.5%
<i>Floating rate</i>			
Cash assets	344,863	344,863	0%
Year ended 30 June 2006			
CONSOLIDATED			
FINANCIAL ASSETS			
<i>Fixed rate</i>			
Convertible note	643,358	643,358	10%
<i>Floating rate</i>			
Cash assets	40,627	40,627	0%
PARENT			
FINANCIAL ASSETS			
<i>Fixed rate</i>			
Convertible note	643,358	643,358	10%
<i>Floating rate</i>			
Cash assets	40,623	40,623	0%

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2007

23 RELATED PARTY DISCLOSURE

(a) Subsidiaries

The consolidated financial statements include the financial statements of Concentrated Capital Limited and the subsidiaries listed in the following table.

<i>Name</i>	<i>Country of incorporation</i>	<i>% Equity interest</i>		<i>Investment (\$)</i>	
		<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
Swearingen Gas Pty Ltd	Australia	100	100	1	1
Colorado Energy Pty Ltd	Australia	100	100	1	1
QMI Investments Pty Ltd	Australia	100	100	1	1
Avalon Investments (AUS) Pty Ltd	Australia	100	100	1	1
				4	4

(b) Transactions with related parties

The following table provides the total amount of transactions which have been entered into with related parties for the relevant financial year (for information regarding outstanding balances at year-end, refer to note 12 and note 13):

<i>Related party</i>		<i>Sales to related parties</i>	<i>Purchases from related parties</i>	<i>Amounts owed by related parties</i>	<i>Amounts owed to related parties</i>
		<i>\$</i>	<i>\$</i>	<i>\$</i>	<i>\$</i>
CONSOLIDATED					
Other related parties:					
Salmon Giles Pty Ltd - accounting & taxation services	2007	-	25,400	-	32,419
	2006	-	23,500	-	7,150
Parmelia Pty Ltd - loan	2007	-	-	-	25,000
	2006	-	-	-	-
PARENT					
Subsidiaries:					
Avalon Investments (Aus) Pty Ltd	2007	-	-	217,218	-
	2006	-	-	217,218	-
Other related parties:					
Salmon Giles Pty Ltd - accounting & taxation services	2007	-	25,400	-	32,419
	2006	-	23,500	-	7,150
Parmelia Pty Ltd - loan	2007	-	-	-	25,000
	2006	-	-	-	-

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2007

23 RELATED PARTY DISCLOSURE (CONTINUED)

Subsidiaries

Transactions between the parent and its subsidiaries included allowance for doubtful debts on loans owed by the subsidiaries during the financial year.

Terms and conditions of transactions with related parties

Sales to and purchases from related parties are made in arms length transactions at both normal market prices and normal commercial terms.

Outstanding balances at year-end are unsecured, non interest bearing (with exception to the loan from Parmelia Pty Ltd) and settlement occurs in cash or shares.

There have been no guarantees provided or received for any related party receivables.

(c) Loans from related parties

During the year a loan of \$25,000 was made by Parmelia Pty Ltd to the Company. Peter Reilly has 100% controlling interest in Parmelia Pty Ltd. Interest charged and paid during the year was \$1,667 at a rate of 10% per annum payable monthly in arrears.

The loan is repayable on 20 February 2009 (see note 13).

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2007

24 KEY MANAGEMENT PERSONNEL

(a) Details of Key Management Personnel

(i) Directors

H. Giles	Executive Chairman and Company Secretary
P. Reilly	Director (non-executive) and Company Secretary
C. Rowe	Director (non-executive) (resigned 16 August 2006)
M. Evett	Director (non-executive) (appointed 16 August 2006)

(ii) Executives

R. Baker	Company Secretary (resigned 22 June 2007)
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(b) Compensation of Key Management Personnel

	2007	2006
	\$	\$
Share-based payment - shares	70,000	70,000

Table 1: Directors and Executives Interest in Shares of Concentrated Capital Limited

	Balance 01-Jul-06	Granted as Remuneration	On Acceptance of Rights Issue and Acquisitions	Balance 30-Jun-07
30 June 2007				
Non-Executive Directors				
P. Reilly	2,323,333	80,000	987,951	3,391,284
M. Evett (appointed 16 Aug 2006)	-	69,890	24,989	94,879
C. Rowe (resigned 16 Aug 2006)	81,250	10,110	9,136	100,496
Sub-total non-executive directors	2,404,583	160,000	1,022,076	3,586,659
Executive Director				
H. Giles	373,333	120,000	156,334	649,667
Sub-total executive director	373,333	120,000	156,334	649,667
Other key management personnel				
R. Baker (resigned 22 Jun 2007)	20,000	-	-	-
Sub-total executive KMP	20,000	-	-	-
Totals	2,797,916	280,000	1,178,410	4,236,326

	Balance 01-Jul-05	Granted as Remuneration	On Exercise of Options	Balance 30-Jun-06
30 June 2006				
Non-Executive Directors				
P. Reilly	2,290,000	33,333	-	2,323,333
C. Rowe (resigned 16 Aug 2006)	47,917	33,333	-	81,250
Sub-total non-executive directors	2,337,917	66,666	-	2,404,583
Executive Director				
H. Giles	198,333	50,000	125,000	373,333
Sub-total executive director	198,333	50,000	125,000	373,333
Other key management personnel				
R. Baker (resigned 22 Jun 2007)	20,000	-	-	20,000
Sub-total executive KMP	20,000	-	-	20,000
Totals	2,556,250	116,666	125,000	2,797,916

All equity transactions with key management personnel other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2007

24 KEY MANAGEMENT PERSONNEL CONTINUED

(b) Compensation of Key Management Personnel (continued)

Table 2: Option Holdings of Key Management Personnel

Vested at 30 June 2007

30 June 2007	<i>Balance at beginning of period 01-Jul-06</i>	<i>Granted as Remune- ration</i>	<i>Options Expired</i>	<i>Balance at end of period 30-Jun-07</i>	<i>Total</i>	<i>Exercisable</i>	<i>Not Exercisable</i>
Directors							
H. Giles	250,000	-	250,000	-	-	-	-
P. Reilly	-	-	-	-	-	-	-
C. Rowe (resigned 16 Aug 2006)	-	-	-	-	-	-	-
M. Evett (appointed 16 Aug 2006)	-	-	-	-	-	-	-
Executives							
R. Baker	-	-	-	-	-	-	-
	250,000	-	250,000	-	-	-	-

Vested at 30 June 2006

30 June 2006	<i>Balance at beginning of period 01-Jul-05</i>	<i>Granted as Remune- ration</i>	<i>Options Exercised</i>	<i>Balance at end of period 30-Jun-06</i>	<i>Total</i>	<i>Exercisable</i>	<i>Not Exercisable</i>
Directors							
H. Giles	375,000	-	125,000	250,000	250,000	-	250,000
P. Reilly	-	-	-	-	-	-	-
C. Rowe (resigned 16 Aug 2006)	-	-	-	-	-	-	-
Executives							
R. Baker	-	-	-	-	-	-	-
	375,000	-	125,000	250,000	250,000	-	250,000

There are no options granted as part of remuneration during the year.

(c) Other transactions and balances with directors and executives

Purchases

During the year, accounting services totalling \$25,400 (2006: \$23,500) at normal market prices have been made to Group companies from Salmon Giles Pty Limited, of which H. Giles is a director and controlling shareholder.

Shareholdings

Salmon Giles Pty Ltd of which H. Giles is a director and controlling Shareholder owns 110,000 shares in Concentrated Capital Limited. Stardoor Pty Limited of which H. Giles is a director and controlling Shareholder owns 264,667 as trustee for the Giles Family Trust.

Directors' Declaration

In accordance with a resolution of the directors of Concentrated Capital Limited, I state that:

1. In the opinion of the directors:

(a) the financial statements and notes and additional disclosures indicated in the directors' report designated as audited, of the company and of the consolidated entity are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2007 and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards and Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2007.

On behalf of the Board

Mr Hamish Giles
Director

Melbourne, 20 September 2007

Directors' Declaration

In accordance with a resolution of the directors of Concentrated Capital Limited I state that:

1. In the interests of the directors:

(a) the financial statements and notes and additional disclosures included in the directors' report designated as 'account of the company' and of the consolidated entity are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2007 and of their performance for the year ended on that date; and

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(ii) complying with Accounting Standards and Corporations Regulations 2001; and

(iii) there are no material omissions to include that the company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 282A of the Corporations Act 2001 for the financial year ended 30 June 2007.



Independent auditor's report to the members of Concentrated Capital Limited

We have audited the accompanying financial report of Concentrated Capital Limited ("CCT" or "the Company"), which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

The company has disclosed information as required by paragraphs Aus 25.4 to Aus 25.7.2 of Accounting Standard 124 *Related Party Disclosures* ("remuneration disclosures"), under the heading "Remuneration Report" on pages 16 to 18 of the directors' report, as permitted by Corporations Regulation 2M.6.04.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the 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. In Note 2(b), the directors also state that the financial report, complies with International Financial Reporting Standards. The directors are also responsible for the remuneration disclosures contained in the directors' report.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement and that the remuneration disclosures comply with Accounting Standard AASB 124 *Related Party Disclosures*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report. In addition to our audit of the financial report and the remuneration disclosures, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Auditor's Opinion

In our opinion:

1. the financial report of Concentrated Capital Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of Concentrated Capital Limited and the consolidated entity at 30 June 2007 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
2. the consolidated financial report also complies with International Financial Reporting Standards as disclosed in Note 2(b).
3. the remuneration disclosures that are contained on pages 16 to 18 of the directors' report comply with Accounting Standard AASB 124 *Related Party Disclosures*.


Ernst & Young

A. J. Pititto

Partner

Melbourne

20 September 2007

NSX Additional Information

Additional information required by the National Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below.

Shareholdings (as at 30 June 2007)

Substantial Shareholders

The number of shares held by substantial shareholders and their associates are set out below:

Shareholder	Number
Parmelia Pty Ltd	3,391,284
Elmside Pty Ltd	880,000

Voting Rights

Ordinary Shares

The voting rights set out in clause 7.8 of The Company's Constitution are:

"Subject to any rights or restrictions for the time being attached to any class or classes of shares -

(a) at meeting of members or classes of members each member entitled to vote may vote in person or by proxy or attorney; and

(b) on a show of hands every person who is a member has one vote and on a poll every person present in person or by proxy or attorney has one vote for each ordinary share held."

Options

There are no voting rights attached to options.

Stock Exchange

The Company is listed on the National Stock Exchange (NSX). The Home exchange is National.

Other information

Concentrated Capital Limited, incorporated and domiciled in Australia, is a publicly listed company limited by shares.

NSX Additional Information continued

Twenty Largest Shareholders

Name	Number of ordinary shares held	Percentage of capital held
Parmelia Pty Ltd	3,391,284	23.71
Elmside Pty Ltd	880,000	6.15
Svinsky Nominees Pty Ltd	750,000	5.24
Rathaney Pty Ltd	528,181	3.69
Estelville Nominees Pty Ltd	412,000	2.88
Grayne Nominees Pty Ltd <Menzie's Super Fund A/C>	350,000	2.45
Mr Jonathan Edward Moore	350,000	2.45
Framelb Pty Ltd	345,000	2.41
Graeme Menzie's	300,000	2.10
Tulip Tower Pty Ltd	300,000	2.10
Hamish Giles	275,000	1.92
Stardoor Pty Ltd <Giles Family A/c>	264,667	1.85
Mr Bruce Andrew Mackintosh <Super Fund A/C>	250,000	1.75
Gibbs International Pty Ltd	210,000	1.47
Mr Christopher H Aeschliman	200,000	1.40
Mrs Angela Johnson	200,000	1.40
TC Capital Ltd	200,000	1.40
Upmarket Investments Pty Ltd	200,000	1.40
Robert John Aird	150,000	1.05
Gibbs International Pty Ltd	150,000	1.05