

WINPAR HOLDINGS LIMITED

ANNUAL REPORT 2010

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DIRECTORS REPORT

The Directors present their report together with the accounts of Winpar Holdings Limited for the financial year ended 30 June 2010.

DIRECTORS

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

John Weston Seaforth Mackenzie
Gordon Bradley Elkington
John David Honan
Steven Shane Pritchard
Alfred Edward Fulton Rofo

SECRETARY

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

INFORMATION ABOUT DIRECTORS AND SECRETARY

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

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

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

Dr. Elkington is a Barrister of the Supreme Court of New South Wales. He is a director of Stokes (Australasia) Limited, Pritchard Equity Limited and Hamilton Securities Limited. He has been a director of the Company since 1994. He is the principal executive officer and the principal financial officer.

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

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

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

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

Alfred Edward Fulton Rofe, A.M., B.A., LL.M., Grad. Dip. Corp. Sec. Law (Sydney), B. Com. (U.N.S.W.), F.C.P.A., F. Fin., A.C.I.S.

Mr. Rofe practised as a Solicitor of the Supreme Court of New South Wales from 1964 to 1997, and lectured in Financial Accounting at The University of New South Wales from 1974 to 1998. He has served on a number of government committees, and is presently a member of the Financial Reporting Panel. He was Chairman of the Australian Shareholders Association for many years, and in 2002 was appointed as a Member of the Order of Australia for services to the finance industry and the protection of the rights and interests of investors. He was appointed as a director of the Company on 19 September 2007. He is a member of the Audit Committee.

DIRECTORS INTERESTS IN THE COMPANY

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

	Shares held directly	Shares held indirectly
Mr. John Mackenzie	0	12,778
Dr. Gordon Elkington	466,535	0
Mr. John Honan	0	13,821
Mr. Steven Pritchard	0	244,207
Mr. Alfred Rofe	9,488	0

Mrs. Milly Elkington, the wife of Dr. Gordon Elkington, holds 126,096 shares in the Company.

DIRECTORS MEETINGS ATTENDED

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

Mr. John Mackenzie	2
Dr. Gordon Elkington	2
Mr. John Honan	2
Mr. Steven Pritchard	2
Mr. Alfred Rofe	2

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

Mr. John Mackenzie	2
Mr. John Honan	2
Mr. Alfred Rofe	2

PRINCIPAL ACTIVITIES

The principal activities in which the Company was engaged during the financial year were share trading and investment. There was no change in the nature of these activities during the year.

The trading portfolio as at 30 June 2010 is set out on pages 27-30.

The investment portfolio as at 30 June 2010 is set out on pages 31-33. The investments making up this portfolio are considered to be long term investments, and are not intended to be traded.

REVIEW OF OPERATIONS

The net profit for the year after provision for income tax was \$379,383 (2009: loss of \$573,854). The profit was largely attributable to a recovery in the value of the Company's share trading portfolio, which was consistent with a general improvement in the market.

There remains a general uncertainty in the world markets, and the Directors are adopting a cautious approach to share trading, and taking profits where appropriate. The Company has reduced the outstanding balance on its margin account to a nominal amount, and is now largely debt free.

The Board is also pleased to note that Winpar's net assets of \$1.09 per share at balance date continue to exceed the par value of \$1.00, and the Company still has a high level of accumulated franking credits.

DIVIDENDS

On 30 October 2009 the Company paid a fully franked dividend of 2 cents per share to members registered as at 16 October 2009. The total amount of the dividend was \$68,210.

On 30 April 2010 the Company paid a fully franked dividend of 2 cents per share to members registered as at 2 April 2010. The total amount of the dividend was \$68,210.

The Company intends to pay a fully franked dividend of 2 cents per share on 30 October 2010 to members registered as at 16 October 2010. The total amount of the dividend will be \$69,312.

EVENTS SUBSEQUENT TO BALANCE DATE

Other than the matters referred to in the Review of Operations, no matters of significance have arisen since balance date.

REMUNERATION REPORT

At the annual general meeting for 2007 held on 29 November 2007, shareholders approved an annual payment of non-executive directors fees to a limit of \$25,000. During the financial year non-executive directors fees were accrued as follows.

Director	Fee	Superannuation	Total
John Mackenzie	\$ 4,749	—	\$ 4,749
Steven Pritchard	—	\$ 4,749	\$ 4,749
Alfred Rofe	—	\$ 4,749	\$ 4,749
Gordon Elkington	—	\$ 4,749	\$ 4,749
John Honan	—	\$ 4,749	\$ 4,749
Total	\$ 4,749	\$18,996	\$23,745

No other fees were paid to directors.

INDEMNITIES

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

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of the Court to bring proceedings on behalf of the Company or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

CORPORATE GOVERNANCE

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

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

AUDITORS INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2010 is set out on page 7.

Details of the auditor's remuneration for auditing the Company's accounts are set out in note 5 to the accounts. No amounts have been paid or are payable to the auditor for non-audit services.

ENVIRONMENTAL REGULATION

The Company's operations are not subject to any particular significant environmental regulation under any law of the Commonwealth or a State or Territory.

Signed on 30 September 2010 in accordance with a resolution of the Board of Directors.

Steven Shane Pritchard
Director

Gordon Bradley Elkington
Director

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

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2010 there have been:

- (a) no contraventions of the auditor independence requirements set out in the *Corporations Act* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

Signed on 30 September 2010.

Graham Baker
Graham Baker and Associates
2 Kennedy Place
St. Ives
New South Wales 2075

WINPAR HOLDINGS LIMITED
ABN 81 003 035 523

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 \$	2009 \$
Sale of financial assets	2	1,357,722	249,561
Cost of sales	3	<u>(1,219,303)</u>	<u>(196,380)</u>
		138,419	53,181
Financial assets - movements in fair value	2	<u>312,212</u>	<u>(941,660)</u>
Gross profit / (loss)		450,631	(888,479)
Other revenue from ordinary activities	2	161,985	167,029
Finance costs	3	(11,776)	(19,351)
Other expenses from ordinary activities	3	<u>(109,159)</u>	<u>(109,526)</u>
Profit / (loss) before income tax		491,681	(850,327)
Tax income / (expense)	4	<u>(112,298)</u>	<u>276,473</u>
Profit / (loss) for the year		<u>379,383</u>	<u>(573,854)</u>
Other comprehensive income			
Net loss on revaluation of financial assets		(28,671)	(231,337)
Gains/(losses) on investments realised after 31 December 2009		(27,236)	170,367
Income tax relating to components of other comprehensive income		16,771	18,291
Other comprehensive income for the period, net of tax		<u>(39,136)</u>	<u>(42,679)</u>
Total comprehensive income/(loss) for the period		<u>340,247</u>	<u>(616,533)</u>
Basic earnings per share	7	<u>\$ 0.111</u>	<u>\$ (0.169)</u>

WINPAR HOLDINGS LIMITED
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STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010

	Note	2010 \$	2009 \$
CURRENT ASSETS			
Cash and cash equivalents	8	39,075	39,953
Trade and other receivables	9	11,348	14,833
Trading portfolio	10	2,420,755	2,187,221
TOTAL CURRENT ASSETS		<u>2,471,178</u>	<u>2,242,007</u>
NON-CURRENT ASSETS			
Financial Assets	11	1,306,014	1,448,439
Deferred tax assets	14	76,018	179,690
TOTAL NON-CURRENT ASSETS		<u>1,382,032</u>	<u>1,628,129</u>
TOTAL ASSETS		<u>3,853,210</u>	<u>3,870,136</u>
CURRENT LIABILITIES			
Trade and other payables	12	80,321	122,785
Short term borrowings	13	14,475	231,748
Current tax liabilities	14	(25,666)	(17,729)
TOTAL CURRENT LIABILITIES		<u>69,131</u>	<u>336,804</u>
TOTAL LIABILITIES		<u>69,131</u>	<u>336,804</u>
NET ASSETS		<u>\$ 3,784,079</u>	<u>\$ 3,533,332</u>
EQUITY			
Issued capital	15	3,465,589	3,410,496
Revaluation reserve	16	(332,111)	(312,041)
Retained earnings		650,601	434,877
TOTAL EQUITY		<u>\$ 3,784,079</u>	<u>\$ 3,533,332</u>

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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010

	Note	Share Capital Ordinary	Financial Asset Revaluation Reserve	Retained Earnings	Total
		\$	\$	\$	\$
Balance at 1 July 2008		3,354,854	(150,105)	956,571	4,161,320
Shares issued during the year	15	55,642	-	-	55,642
Dividends paid and dividend reinvestment plan	6	-	-	(67,097)	(67,097)
Total transactions with shareholders		55,642	-	(67,097)	(11,455)
Profit/(loss) for the year				(573,854)	(573,854)
<i>Other comprehensive income for the year (net of tax)</i>					
Net capital gains/(losses) for the year		-	-	(42,679)	(42,679)
Revaluation of investment portfolio (net of tax)		-	(161,936)	161,936	-
Other comprehensive income for the year		-	(161,936)	119,257	(42,679)
Total comprehensive income		-	(161,936)	(521,694)	(627,988)
Balance at 30 June 2009		3,410,496	(312,041)	434,877	3,533,332
Balance at 1 July 2009 as reported		3,410,496	(138,841)	261,677	3,533,332
Adoption of AASB 9			(173,200)	173,200	-
Restated balance as at the beginning of the year		3,410,496	(312,041)	434,877	3,533,332
Shares issued during the year	15	55,093	-	-	55,093
Dividends paid and dividend reinvestment plan	6	-	-	(136,419)	(136,419)
Total transactions with shareholders		55,093	-	(136,419)	(81,326)
Profit/(loss) for the year				379,383	379,383
<i>Other comprehensive income for the year (net of tax)</i>					
Net capital gains/(losses) for the year		-	-	(47,310)	(47,310)
Revaluation of investment portfolio (net of tax)		-	(20,070)	20,070	-
Other comprehensive income for the year		-	(20,070)	(27,240)	(47,310)
Total comprehensive income		-	(20,070)	352,143	332,073
Balance at 30 June 2010		3,465,589	(332,111)	650,601	3,784,079

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 \$	2009 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of held for trading investments		1,357,722	854,428
Other investment income		150,209	147,587
Payments for investments held for trading and to suppliers		(1,288,761)	(1,146,368)
Income tax paid		(7,965)	(48,305)
Net cash provided by (used in) operating activities	19(b)	<u>211,205</u>	<u>(192,658)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of available for sale investments		87,699	259,807
Payments for purchase of available for sale investments		(1,179)	(86,879)
Net cash provided by (used in) investing activities		<u>86,520</u>	<u>192,928</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(81,330)	(11,455)
Repayment of borrowing		(217,273)	-
Proceeds from borrowing		-	35,376
Net cash provided by (used in) financing activities		<u>(298,603)</u>	<u>23,921</u>
NET INCREASE/(DECREASE) IN CASH HELD		(878)	24,191
CASH AT BEGINNING OF FINANCIAL YEAR		<u>39,953</u>	<u>15,762</u>
CASH AT END OF FINANCIAL YEAR	19(a)	<u>\$ 39,075</u>	<u>\$ 39,953</u>

WINPAR HOLDINGS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

Accounting standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with A-IFRS ensures that the financial statements and notes of the Company comply with International Financial Reporting Standards ('IFRS').

Winpar Holdings Ltd has not applied any Australian Accounting Standards or AASB interpretations that have been issued at balance date but are not yet operative for the year ended 30 June 2010 ('the inoperative standards') with the exception of AASB 9, as noted below. The impact of the inoperative standards has been assessed and the impact has been identified as not being material. The company only intends to adopt the Inoperative standards (with the exception of AASB 9) at the date at which their adoption becomes mandatory.

Basis of preparation

The financial report has been prepared on an accruals basis and is based on historical costs, modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied. All amounts are presented in Australian dollars, unless otherwise noted.

Changes in Accounting Standards

AASB 101 (revised): Presentation of Financial Statements

With effect from 1 July 2009, the Company has adopted the revised AASB 101 - Presentation of Financial Statements. This standard requires the presentation of a new Statement of Comprehensive Income separate from changes in equity arising from transactions with shareholders.

The adoption of this new standards has no impact on the Company's net assets, net profit or total recognised gains and losses, but changes the statement where certain gains and losses are presented. Previously, unrealised gains/ (losses) on the investment portfolio and the associated deferred tax (charge) / credit were recorded in reserves in the Statement of Changes in Equity. These items are now presented as components of 'Other Comprehensive Income' in the new Statement of Comprehensive Income.

AASB 9: Financial Instruments

The Company has early adopted AASB 9 - Financial Instruments, with effect from 31 December 2009. The Company has voluntarily adopted this standard, as this is considered to result in a presentation that better reflects the performance and operations of the Company.

This standard changes the way in which the company's investments and their performance, are presented. Adoption of this standard has no impact on the way in which the Company's investments are measured and hence no impact on net assets or total comprehensive income.

(i) Old accounting treatment

Previously, the Company's investments were accounted for under AASB 139 - Financial Instruments: Recognition and Measurement. All investments were carried at fair value and classified as set out below:-

Portfolio	AASB 139 Classification
Investment Portfolio	'Available for sale'
Trading Portfolio	'Held for sale'

Unrealised gains and losses on investments held in the investment portfolio were taken to the investment revaluation reserve, through the statement of changes in equity and under revised AASB 101 would have been reported as 'Other Comprehensive Income' (OCI) in the new Statement of Comprehensive Income.

On sale of investments in the investment portfolio, the cumulative gain or loss from purchase to sale of the investment was transferred from the investment revaluation reserve to the income statement, and reported as part of profit.

All gains and losses on the trading portfolio were recognised in the Company's profit through the income statement.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

(ii) New accounting treatment

AASB 9 introduces new categories of classification for financial instruments. All the Company's investments continue to be carried at fair value and are now classified as follows:

Portfolio	AASB 139 Classification
Investment Portfolio	'Designated at fair value through other comprehensive income'
Trading Portfolio	'Held for sale'

Equity Instruments in the Investment Portfolio

All gains and losses (realised and unrealised) on equity instruments held in the investment portfolio are reported as 'Other Comprehensive Income' in the new Statement of Comprehensive Income and are accumulated in the investment revaluation reserve. Realised gains and losses, are no longer reclassified from other comprehensive income to the income statement and do not form part of the Company's profits.

Cumulative gains and losses are transferred from the investment revaluation reserve to retained profits when the investments are sold.

There are no impairment provisions in AASB 9 for investments designated at fair value through other comprehensive income.

The adoption of AASB 9 has no impact on the trading portfolio.

(iii) Transitional provisions

Comparatives have been restated, but AASB 9 can only be applied retrospectively to investments held at the date of adoption, being 31 December 2009.

Equity Instruments in the Investment Portfolio

Investments sold prior to adoption date are accounted for under AASB 139 as described above. Therefore in the current and prior periods, the cumulative gains and losses on investments sold prior to 31 December 2009 are transferred out of the investment revaluation reserve to the income statement and continue to form part of profit.

Investments sold after this date are accounted for under AASB 9 and the cumulative gains and losses remain in other comprehensive income.

Impairment charges recognised in previous periods in profit or loss are reversed in the restatement of comparatives, except where the charge is in respect of investments sold prior to 31 December 2009.

Further details of the impact of restating comparatives have been set out in note 22.

AASB 8: Operating Segments

The Company has adopted AASB 8 Operating Segments from 1 July 2009. AASB 8 replaces AASB 114 Segment Reporting. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The segment information is therefore reported in a manner that is more consistent with the internal reporting provided to the Board. The adoption of the new standard has not affected the measurement of the Company's assets and liabilities or the way the assets, liabilities, income and expense items are presented in the financial statements.

Accounting Policies

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

(a) Investment and Trading Portfolios

(i) Statement of Financial Position classification

The company has two portfolios of securities: the investment portfolio and the trading portfolio. The investment portfolio relates to holdings of securities which the directors intend to retain on a long-term basis.

The trading portfolio comprises securities held for short term trading purposes.

The investment portfolio is classified as 'a non-current asset' whereas the trading portfolio is classified as 'a current asset'.

WINPAR HOLDINGS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

Ordinary securities within the investment portfolio are classified as 'financial assets measured at fair value through 'other comprehensive income', whilst securities within the trading portfolio are classified as 'assets measured at fair value through the Income Statement' in accordance with AASB 9.

(ii) Valuation of investment portfolio

Securities, including listed and unlisted shares and notes and options, are initially brought to account at cost, which is the cost of acquisition including transaction costs and are revalued to market values continuously. Increments and decrements on Ordinary Securities are recognised as Comprehensive Income and taken to the Investment Revaluation Reserve.

Where disposal of an investment occurs, any revaluation increment or decrement relating to it is transferred from the Investment Revaluation Reserve to retained earnings.

(iii) Valuation of trading portfolio

Securities, including listed and unlisted shares are initially brought to account at cost which is the cost of acquisition including transaction costs and are revalued to market values continuously, in the case of listed securities at market and in the case of unlisted securities using appropriate valuation techniques as determined by the directors.

Increments and decrements on the value of securities in the trading portfolio are taken directly through the Income Statement.

(iv) Determination of market value

Market value for the purposes of valuing holdings of the securities is determined by reference to market prices prevailing a balance date, predominately the last sale price, where the securities are traded on an organised market. In the case of unlisted securities fair value is determined using appropriate valuation techniques as determined by the directors.

(v) Income from holding of securities

Distributions relating to listed securities are recognized as income when those securities are quoted on an ex-distribution basis, and distributions relating to unlisted securities are recognised as income when received. If a distribution is a capital return on ordinary securities, the amount of the distribution is treated as an adjustment to the carrying value of the securities.

(b) Fair Value of Financial Assets and Liabilities

The fair value of cash and cash equivalents, and non-interest bearing monetary financial assets and liabilities of the Company approximates their carrying value.

(c) Income tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(d) Transactions and Balances

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

Foreign Currency Transactions and Balances

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

(e) Provisions

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

(f) Cash and Cash Equivalents

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

(g) Revenue and Other Income

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

(h) Borrowing Costs

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

(i) Goods and Services Tax (GST)

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

(j) Comparative Figures

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

(k) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The Board has been identified as the chief operating decision-maker, as it is responsible for allocating resources and assessing performance of the operating segments.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

(i) Critical Accounting Estimates and Judgements

The preparation of financial reports in conformity with AIFRFS requires the uses of certain critical accounting estimates. This requires the Board and management to exercise their judgement in the process of applying the Company's accounting policies.

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. In accordance with AASB 112 Income Taxes, deferred tax liabilities have been recognised for Capital Gains Tax (CGT) on the unrealised gain in the Investment Portfolio at current tax rates.

As the directors do not do not intend to dispose of the portfolio, this tax liability may not be crystallised at the amount disclosed at Note 14. In addition, the tax liability that arises on disposal of these securities may be impacted by changes in tax legislation relating to treatment of capital gains and the rate of taxation applicable to such gains at the time of disposal.

WINPAR HOLDINGS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 \$	2009 \$
2 REVENUE			
Sale of financial assets		<u>1,357,722</u>	<u>249,561</u>
Other Revenue :			
Financial assets - movements in fair value		<u>312,212</u>	<u>(941,660)</u>
Dividends received		116,556	73,944
Interest received		291	17,085
Trust income		22,813	25,327
Foreign source income		22,125	50,673
Other income		<u>200</u>	<u>-</u>
		<u>161,985</u>	<u>167,029</u>
Total Revenue		<u>\$ 1,831,919</u>	<u>\$ (525,070)</u>
3 PROFIT FOR THE YEAR			
Cost of sales		<u>1,219,303</u>	<u>196,380</u>
Finance costs:			
- external		<u>11,776</u>	<u>19,351</u>
Expenses			
Depreciation		-	170
Auditor's remuneration	5	9,740	15,945
Other expenses		<u>99,418</u>	<u>93,411</u>
		<u>109,158</u>	<u>109,526</u>
Total expenses:		<u>\$ 1,340,237</u>	<u>\$ 325,257</u>
4 INCOME TAX EXPENSE			
The components of tax (benefit)/expense comprise:			
Current tax		-	-
Deferred tax		112,442	(277,111)
Under/(over) provision in respect of prior years		<u>(144)</u>	<u>638</u>
		<u>\$ 112,298</u>	<u>\$ (276,473)</u>
The prima facie tax on profit/(loss) from ordinary activities before income tax is reconciled to the income tax as follows:			
Prima facie tax payable on profit/(loss) from ordinary activities before income tax at 30%		147,504	(255,098)
Add tax effect of:			
-assessable gains included in OCI as a result of adoption of AASB 9			-
Less tax effect of:			
-rebateable fully franked dividends		(30,803)	(17,940)
-tax effective trust distributions received		(4,259)	(4,883)
-non deductible expense		-	810
-under/(over) provision for income tax prior years		<u>(144)</u>	<u>638</u>
		<u>\$ 112,298</u>	<u>\$ (276,473)</u>

WINPAR HOLDINGS LIMITED
ABN 81 003 035 523

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

	2010 \$	2009 \$
5 AUDITOR'S REMUNERATION		
Remuneration of the auditor of the Company for: Auditing or reviewing the financial report	<u>\$ 9,740</u>	<u>\$ 15,945</u>
6 DIVIDENDS		
Distributions paid:		
2010: 30/04/2010	68,210	-
Fully franked ordinary dividend of 2 cents per share		
2010: 30/10/09 (2009: 30/10/08)	68,209	67,097
Fully franked ordinary dividend of 2 cents per share		
	<u>\$ 136,419</u>	<u>\$ 67,097</u>
Balance of franking account at year end adjusted for franking credits which will arise from payment of income tax provided for in the financial statements and on dividends recognised as receivable and after deducting franking credits to be used in payment of dividends and franking credits that may be prevented from distribution in subsequent financial years. Franking credits accumulated at beginning of year	334,570	287,457
Imputation credits from franked dividends	43,761	25,629
Tax paid / (refunded)	(20,339)	(128,223)
PAYG instalment	28,211	176,106
TFN WHT	169	2,357
Dividends paid	<u>(58,466)</u>	<u>(28,756)</u>
	<u>\$ 327,906</u>	<u>\$ 334,570</u>
7 EARNINGS PER SHARE	Cents	Cents
(a) Basic earnings per share		
Profit from continuing operations attributable to the ordinary equity holders of the company	<u>11.1</u>	<u>(16.9)</u>
(b) Reconciliation of earnings used in calculating earnings per share		
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share	<u>\$ 379,383</u>	<u>\$ (573,854)</u>
(c) Weighted average number of shares used as the denominator	2010 Number	2009 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	<u>3,428,860</u>	<u>3,391,949</u>

Dilution: As there are no options, convertible notes or other dilutive instruments on issue, diluted earnings per share is the same as basic earnings per share. This similarly applies to diluted net operating profit per share.

WINPAR HOLDINGS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

	2010 \$	2009 \$
8 CASH AND CASH EQUIVALENTS		
Cash at financial institutions	<u>\$ 39,075</u>	<u>\$ 39,953</u>
9 TRADE AND OTHER RECEIVABLES		
Other receivables	<u>\$ 11,348</u>	<u>\$ 14,833</u>
10 TRADING PORTFOLIO		
Listed equities portfolio held for resale		
Financial assets held for trading - fair value	<u>\$ 2,420,755</u>	<u>\$ 2,187,221</u>
11 FINANCIAL ASSETS		
Equities portfolio held as investments		
Designated at fair value through other comprehensive income	<u>\$ 1,306,014</u>	<u>\$ 1,448,439</u>
Designated at fair value through other comprehensive income comprise		
Listed investments, at fair value		
- shares in listed corporations	790,350	1,053,383
Unlisted investments, at fair value		
Shares in other corporations at fair value	515,664	395,056
Total designated at fair value through other comprehensive income	<u>\$ 1,306,014</u>	<u>\$ 1,448,439</u>
*The method of determining fair value is detailed in Note 1.		
12 TRADE AND OTHER PAYABLES		
Sundry payables and accrued expenses	<u>\$ 80,321</u>	<u>\$ 122,785</u>
13 SHORT TERM BORROWINGS		
Secured liabilities		
BT Margin Lending	<u>\$ 14,475</u>	<u>\$ 231,748</u>

WINPAR HOLDINGS LIMITED
ABN 81 003 035 523

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

	2010 \$	2009 \$
14 TAX		
CURRENT		
Income tax	\$ (25,665)	\$ (17,729)
Deferred Tax Assets/Liabilities		
	Financial Assets Held for Trading Accounting Tax	Accruals Tax Losses Revaluation Reserve Total
Balance at 1 July 2008	(684,753) 488,175	16,535 - 64,331 (115,712)
Charged to Income	28,586 67,280	(10,661) 215,024 - 300,229
Charged Directly to Equity	- -	- - (4,827) (4,827)
Balance at 30 June 2009	<u>(656,167) 555,455</u>	<u>5,874 215,024 59,504 179,690</u>
Balance at 1 July 2009	(656,167) 555,455	5,874 215,024 59,504 179,690
Charged to Income	(70,060) 62,745	(924) (104,034) 8,601 (103,672)
Tax effect of impairment provision	- -	- (74,228) 74,228 -
Charged Directly to Equity	- -	- - - -
Balance at 30 June 2010	<u>(726,227) 618,200</u>	<u>4,950 36,762 142,333 76,018</u>

	2010	2009
15 ISSUED CAPITAL		
Ordinary shares		
At the beginning of the reporting period	3,410,496	3,354,854
Shares issued during the year		
55,093 at \$1.00 on 30 April 2010 (DRP)	55,093	55,642
	<u>3,465,589</u>	<u>3,410,496</u>

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

16 CONTINGENT LIABILITIES

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

The company has given a guarantee in relation to the sale of its holding of shares in Rutherland Pty Ltd. The guarantee relates to any future claims against Rutherland in respect of unpaid tax and is capped at \$52,073.

17 SEGMENT REPORTING

The company operates in Australia as an investment company.

18 REVALUATION RESERVE

The revaluation reserve records unrealised revaluations of financial assets available for sale to fair value after allowing for income tax.

WINPAR HOLDINGS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

	2010 \$	2009 \$
19 CASH FLOW INFORMATION		
(a) Reconciliation of cash		
Cash at the end of the financial year as shown in the cash flow statement is reconciled to the related item in the Statement of Financial Position as follows:		
Cash at financial institutions	\$ 39,075	\$ 39,953
(b) Reconciliation of Cash Flow from Operations with Profit after Income Tax		
Profit/(loss) from ordinary activities after Income tax	379,383	(573,854)
Non-cash flows in profit from ordinary activities		
Dividends reinvested	(4)	(92)
Depreciation	-	170
Loss on scrapping plant and equipment	-	282
Net loss/(gain) on disposal of trading stock	(138,419)	(53,181)
Changes in assets and liabilities		
(Increase)/decrease in deferred tax assets/liabilities	112,270	(295,401)
(Increase)/decrease in trade & other debtors	3,483	621,626
(Increase)/decrease in prepayments	2	(720)
(Increase)/decrease in shares held for resale	(95,111)	148,470
Increase/(decrease) in trade & other creditors	(42,463)	(10,583)
Increase/(decrease) in income taxes payable	(7,936)	(29,375)
	<u>\$ 211,205</u>	<u>\$ (192,658)</u>

20 DIRECTORS' COMPENSATION

(a) Directors

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

John Weston Seaforth Mackenzie (Chairman)
Gordon Bradley Elkington
John David Honan
Steven Shane Pritchard
Alfred Edward Fulton Rofe

(b) Share transactions of directors

Directors and director related entities held in aggregate directly, indirectly or beneficially, 746,829 shares in the company. Details of specific holdings set out detailed in the Directors Report.

(c) Directors remuneration

Directors' remuneration has been included in the Remuneration Report section of the Directors Report.

(d) Transactions with directors

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

Commissions were paid on ordinary commercial terms to Cameron Stockbrokers Limited, a company in which Mr Steven Pritchard has a substantial financial interest, for buying and selling shares for the company. Commissions of \$21,851 (2009:\$107,976) in total were paid.

Fees were paid to Newcastle Capital Markets Registries Pty Ltd, a company in which Mr Steven Pritchard has an indirect interest, for providing share registry services to the company. The total amount paid was \$14,659 (2009: \$11,030) (inclusive of GST).

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

WINPAR HOLDINGS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

21 FINANCIAL RISK MANAGEMENT

(a) Interest rate risk

The Company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates, and the effective weighted average interest rate for classes of financial assets and financial liabilities are set out below.

	Weighted average Interest rate	Floating Interest rate \$	Non-Interest bearing \$	Total \$
2010				
Financial assets				
Cash and cash equivalents	4.0%	39,075		39,075
Receivables			11,348	11,348
Financial assets at fair value through profit or loss - held for trading			2,420,755	2,420,755
Designated at fair value through other comprehensive income			1,306,014	1,306,014
		<u>39,075</u>	<u>3,738,117</u>	<u>3,777,192</u>
Financial liabilities				
Payables		-	80,321	80,321
Borrowings	10.0%	<u>14,475</u>	<u>80,321</u>	<u>14,475</u>
		<u>14,475</u>	<u>80,321</u>	<u>94,796</u>
2009				
Financial assets				
Cash and cash equivalents	4.0%	39,953	-	39,953
Receivables		-	14,833	14,833
Financial assets at fair value through profit or loss - held for trading			2,187,221	2,187,221
Designated at fair value through other comprehensive income			1,448,439	1,448,439
		<u>39,953</u>	<u>3,650,493</u>	<u>3,690,446</u>
Financial liabilities				
Payables		-	122,785	122,785
Borrowings	10.0%	<u>231,748</u>	<u>-</u>	<u>231,748</u>
		<u>231,748</u>	<u>122,785</u>	<u>354,533</u>

(b) Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The credit risk on financial assets, excluding investments, of the Company which have been recognised on the Balance Sheet, is the carrying amount. The Company is not materially exposed to any individual credit risk.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company monitors its cash flow requirements and ensures that it has either cash or access to short term borrowing facilities to meet any payments. The assets of the Company are largely in the form of readily tradable securities which can be sold on the market if necessary.

(d) Market risk

Market risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market conditions. Because the Company invests a substantial part of its assets in tradable securities which are not risk free, it is always subject to market risk. The investments are however widely spread so that the risk is minimised.

(e) Net fair values

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

WINPAR HOLDINGS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

21 FINANCIAL RISK MANAGEMENT continued

(f) Capital Management

It is the Board's policy to maintain a strong capital base so as to maintain investors and market confidence. To achieve this the Board monitors the company's net tangible assets, its levels of borrowings and its investment performance.

The company may raise additional capital by way of a dividend reinvestment plan.

The company is not subject to any externally imposed capital requirements.

22 EFFECT OF CHANGES IN ACCOUNTING STANDARDS

The impact on comparative profit, other comprehensive income, the allocation of the Company's reserves and the classification of the Company's investments resulting from the adoption of AASB 9 is summarised below:-

(I) Loss	2009
	\$
Net loss for the year (as reported last year)	(627,797)
Add: impairment charge*	247,428
Net capital gains/(losses) for the year	(170,367)
Less: tax credit on the above	(23,118)
Restated net loss	(573,854)
Earnings per share (as reported last year)	\$ (0.185)
Restated earnings per share	\$ (0.169)

*Relates to the unsold securities (at the date of early adopting AASB 9) that were previously reported in the Income Statement as impaired under AASB 139.

(II) Other comprehensive Income	
Net unrealised gains on investment portfolio (as reported last year)	11,264
Net capital gains/(losses) for the year	170,367
Less: impairment charge	(247,428)
Add: Tax credit on above	23,118
Restated other comprehensive income (expense)	(42,679)

(iii) Shareholders' equity

During the year ended 30 June 2009, the company was required under the old AASB 139 to book an impairment charge. There are however no provisions for impairment in the new standard AASB 9. The new standard was adopted on 1 January 2010, and has been retrospectively applied to investments held at that date. Since that date the company has sold some of the investments against which an impairment charge was booked at 30 June 2009, and therefore retrospectively applying AASB 9 at 30 June 2009 results in the reversal of the balance of this impairment charge, which is taken as an unrealized loss through Other Comprehensive Income instead of an impairment loss through Profit. This new accounting treatment does not apply to securities sold before 1 January 2010, which are accounted for under AASB 139.

This results in the following restatement of reserves in the Statement of Financial Position as at 30 June 2009.

	Previously reported	Reversal of impairment	Restatement
	\$	\$	\$
Share capital	3,410,496	-	3,410,496
Revaluation reserve	(138,841)	(173,200)	(312,041)
Retained profits	2761,677	173,200	434,877
Total equity	3,533,332		3,533,332

WINPAR HOLDINGS LIMITED

DIRECTORS DECLARATION

The directors of the company declare:

- (a) that in the directors opinion the financial statements and notes as set out on pages 8-23 are in accordance with the *Corporations Act* and
 - (aa) comply with accounting standards and the *Corporations Regulations* and
 - (ab) give a true and fair view of the companys financial position as at 30 June 2010 and of the company's financial performance for the year ended 30 June 2010; and
- (b) that the chief executive officer and chief financial officer has declared:
 - (ba) that the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act*; and
 - (bb) that the financial statements and notes for the financial year comply with accounting standards; and
 - (bc) that the financial statements and notes for the financial year give a true and fair view; and
- (c) that in the directors opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- (d) that as stated in Note 1 to the financial statements the financial statements comply with International Financial Reporting Standards.

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

Steven Shane Pritchard
Director

Gordon Bradley Elkington
Director

30 September 2010

WINPAR HOLDINGS LIMITED
ABN 81 003 035 523

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF WINPAR HOLDINGS LIMITED

Report on the Financial Report

I have audited the accompanying financial report of Winpar Holdings Limited (the company), which comprises the balance sheet as at 30 June 2010, and the comprehensive income statement, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the director's declaration.

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 Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control 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 1 the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

Auditors Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control 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 control. 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting my audit, I have complied with the independence requirements of the Corporations Act 2001.

Auditor's Opinion:

- (a) the financial report of Winpar Holdings Limited is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporation Regulations 2001;
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

I have audited the Remuneration report included on page 5 of the report of the directors for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with s 300A of the Corporations Act 2001. My responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion:

In my opinion the Remuneration Report of Winpar Holdings Limited for the year ended 30 June 2010, complies with s 300A of the Corporations Act 2001.

Graham Baker
 Graham Baker & Associates
 Dated 30 September 2010

2 Kennedy Place
 St Ives NSW

**TRADING PORTFOLIO
AS AT 30 JUNE 2010**

Company	Number	Market \$
Agricultural Land Trust	20,000	2,600
Alexium International Group Limited	33,889	3,728
Asset Realisation Company p.l.c.	20,000	3,000
Atlantic and Pacific Packaging Company Limited	1,000	442
Atlantic Gold No Liability [contributing]	275,000	3,300
Australian Education Trust	18,000	2,600
Australian Vintage Limited	5,000	1,050
Balmain / Rozelle Financial Services Limited	11,000	7,150
B. C. D. Resources Limited	110,227	13,227
B. C. D. Resources Operations No Liability	202,246	25,281
B. C. D. Resources Operations No Liability [contributing]	35,747	465
B. G. P. Holdings Limited	150,750	2,579
Bendigo and Adelaide Bank Limited	2,000	16,360
Berklee Limited	10,675	4,483
Berowra and Districts Financial Services Limited	11,500	8,050
Bougainville Copper Limited	1,052	721
Bounty Oil and Gas No Liability	1,008,334	83,692
B. P. H. Corporate Limited	85,034	5,782
Brisbane Markets Limited	11,850	35,550
Canada Land Limited	91,000	7,735
Canterbury Surrey Hills Community Financial Services Limited	4,000	1,800
Capilano Honey Limited	87,803	87,803
Capral Aluminium Limited	128,724	20,596
Centro Properties Group	54,000	7,290
Centro Retail Group	50,000	48,000
Charter Hall Office R.E.I.T.	174,000	43,500
City West Community Financial Services Limited	5,000	5,000
Clifroy Limited	9,000	5,850
C. M. I. Limited [preference]	40,000	15,160
Communications Fiji Limited	5,000	8,800
Commonwealth Property Office Fund	10,000	9,300
Commstrat Limited	1,012,083	4,083
Compass Resources Limited	20,000	3,000
Coolalinga and Districts Community Financial Services Limited	6,000	4,800
Coonawarra Australia Property Trust	10,000	790
Cockatoo Ridge Wines Limited	3,750,807	11,252
Costaexchange Limited	100,000	55,000
Crane Group Limited [5 percent preference]	180,000	160,182

Dexion Limited	20,000	15,200
Dromana Estate Limited	42,839	900
East Gosford and Districts Financial Services Limited	7,750	3,875
Elders Limited	15,334	5,980
Elders Limited [convertible note]	973	39,844
Embelton Limited	8,000	36,800
Emeco Holdings Limited	15,000	8,700
Ettalong Beach Financial Services Limited	1,000	750
Eumundi Group Limited	51,300	2,565
Fe Limited	50,000	4,250
Fermiscan Holdings Limited	7,000	210
Fleet Professional Investors Fund	50,000	50,000
Fleurieu Community Enterprises Limited	19,500	12,728
Florin Mining Investment Company Limited	500,000	85,000
Frigrite Limited	272,000	31,280
Fuller Smith and Turner [A ordinary]	521	5,236
Geopacific Resources No Liability	41,665	24,999
G. P. T. Group	18,900	53,109
Graincorp Limited	3,800	20,254
Hamilton James and Bruce Group Limited	180,000	7,020
Hamilton Securities Limited [A ordinary]	2,000	1,000
Hamilton Securities Limited [B ordinary]	8,000	8,000
Hampton Hill Mining No Liability	500,000	24,999
Harbord Financial Services Limited	6,000	4,800
Heathcote and District Financial Services Limited	5,000	4,500
Hervey Bay and District Financial Services Limited	19,500	11,700
Hire Intelligence Limited	37,621	3,762
Hornby p.l.c.	5,000	11,720
Hydes Anvil Brewery Limited [B ordinary]	100	6,935
I. M. B. Limited	5,010	15,030
Incitec Pivot Limited	8,000	21,840
Indago Resources Limited	9	3
India Equities Fund Limited	16,000	10,000
Inverloch and District Financial Services Limited	1,000	700
Kemp and Denning Limited	3,415	45,078
King Solomon Mines Limited	200,000	8,000
Kontiki Growth Fund Limited	11,547	5,658
Korvest Limited	3	14
Lazco Limited	25,000	1,250
Lend Lease Corporation Limited	1,200	8,796
Logan Community Financial Services Limited	9,000	4,500
Ludowici Limited	1,808	4,484
Magellan Flagship Fund	10,000	6,300
Magellan Petroleum Corporation	854	1,793

Malachite Resources Limited	150,000	7,500
Mandurah Community Financial Services Limited	500	500
Manningham Community Enterprises Limited	2,300	1,955
Marmota Energy Limited	170,000	10,030
Max Trust	200,000	7,000
McKay Securities p.l.c.	10,000	23,984
McMullen and Sons Limited [non-voting]	3,000	23,550
Meander Valley Financial Services Limited	10,000	8,000
Merchant House International Limited	260,000	42,900
Miclyn Express Offshore Limited	4,210	6,104
Minotaur Exploration Limited	40,000	7,400
Mirvac Group	6,000	7,890
Mobileactive Limited	405,000	7,290
Mooroolbark and District Financial Services Limited	11,000	9,900
Multiplex Acumen Property Fund	40,246	1,972
National Leisure and Gaming Limited	1,040,000	7,280
New Bounty Limited	1,825,916	54,777
North Ryde Community Finance Limited	5,000	4,750
Oldfields Holdings Limited	35,629	3,031
O. R. H. Limited	1,375	21
Pacific Mining Limited	147,500	38,350
Paynesville and District Financial Services Limited	7,000	4,200
Penrice Soda Holdings Limited	262,735	86,703
Perpetual Limited	400	11,304
Platinum Asset Management Limited	4,500	21,060
Prince Hill Wines Limited	1,050,000	7,350
Pritchard Equity Limited [A ordinary]	5,000	5,625
Pritchard Equity Limited [B ordinary]	5,000	5,500
Pyne Gould Corporation Limited	50,000	19,442
Public Holdings Limited	5,900	295
Quoin International Limited	10,000	1,000
Real Estate Capital Partners U. S. A. Property Trust	100,000	11,500
Redcape Property Group	15,000	2,625
Redcliffe Peninsular Financial Services Limited	9,000	4,500
Resource Star Limited	2,035	124
Rey Resources Limited	50,000	5,750
Rosewood and District Financial Services Limited	6,000	4,800
Ruralaus Investments Limited	195,000	23,400
Rye and District Community Financial Services Limited	7,000	8,400
San Remo and District Financial Services Limited	7,300	5,840
S. D. I. Limited	48,025	8,644
Sietel Limited	6,000	25,500
Sigma Pharmaceuticals Limited	4,391	1,844
Souls Private Equity Limited	100,100	9,109

Souls Private Equity Limited [option: 02.02.15]	12,513	175
S. P. Ausnet	6,500	4,972
Stokes Australasia Limited	144,552	14,455
Sunshine Coast Community Financial Services Limited	6,000	5,400
Tasmania Mines Limited	108,766	103,337
Telstra Corporation Limited	20,384	66,248
Thakral Holdings Group	10,000	3,650
The Investment Company p.l.c.	2,000	8,120
The Investment Company p.l.c. [preference]	4,500	13,500
The Rock Building Society Limited	2,000	5,040
T. N. G. Limited	200,000	8,800
Tooth and Company Limited	585,101	9,362
T. P. G. Telecom Limited	5,000	9,600
Trafford Resources Limited	50,000	25,750
Transfield Services Infrastructure Fund	30,000	18,750
Triton Gold Limited	50,000	5,250
Upper Yarra Community Enterprises Limited	2,500	3,425
Vaaldiam Resources Limited	16,473	5,011
View Resources Limited	25,000	3,250
Vortex Pipes Limited	110,000	4,620
Wantirna Community Financial Services Limited	7,000	5,250
Waterco Limited	7,000	7,140
Webster Limited [preference]	18,122	23,377
Western Plains Resources Limited	12,500	7,625
Westfield Group	700	8,526
Westpac Office Trust	61,958	17,658
White Energy Company Limited	3,449	5,967
		<u>\$2,420,755</u>

**INVESTMENT PORTFOLIO
AS AT 30 JUNE 2010**

Company	Number	Market \$
A. and J. Mucklow p.l.c.	5,000	22,400
Aga Foodservice Group p.l.c.	1,244	2,513
Albany W.A. Community Financial Services Limited	2,500	2,000
Allied Irish Banks p.l.c.	550	632
Angostura Holdings p.l.c.	10,000	11,700
A. P. I. Group p.l.c.	3,000	480
Augusta and Districts Community Financial Services Limited	7,000	6,440
Balmain / Rozelle Financial Services Limited	21,000	13,650
Bayswater Community Financial Services Limited	5,022	5,022
B. C. D. Resources Limited	100,000	12,000
Beate Uhse A.G.	3,000	2,910
Bendigo Community Telco Limited	11,400	15,960
Berkshire Hathaway Limited	50	4,575
Berowra and District Financial Services Limited	1,000	700
Blue Planet Financials Growth and Income Investment Trusts p.l.c.	40,000	36,800
Broadstoner Holdings p.l.c. [preference]	5,000	7,900
Broadwater Financial Services Limited	11,667	11,667
Byford and District Community Development Services Limited	5,000	5,000
Caffyns p.l.c. [preference]	5,852	22,647
Capilano Honey Limited	12,197	12,197
Carlton Investments Limited [preference]	5,746	12,182
Clifroy Limited	5,000	3,250
Community Financial Services Victoria Limited	4,000	5,600
Conygar Investment Company p.l.c.	10,000	18,200
Daniel Thwaites and Co. p.l.c.	3,000	13,830
Dee Valley Group p.l.c.	500	8,645
Delta p.l.c.	5,000	12,950
Driver Group p.l.c.	5,000	2,350
Dr. Pepper Snapple Group Inc.	120	5,159
East Gosford and Districts Community Financial Services Limited	13,250	6,625
Ettalong Beach Financial Services Limited	6,500	4,875
Fenwick p.l.c. [preference]	3,000	11,070
Fiji Industries Limited	4,555	25,865
Fiji Television Limited	5,404	17,509
Fosters Group Pacific Limited	950	11,400
Fremantle Community Financial Services Limited	16,000	9,600
Fuller Smith and Turner p.l.c. [A ordinary]	300	3,015

Goodwin p.l.c.	1,000	19,560
Goodwood / Highgate Community Financial Services Limited	15,000	12,000
Gympie and District Financial Services Limited	18,300	14,640
Heyfield and District Community Financial Services Limited	9,500	9,785
Hobsons Bay Community Financial Services Limited	5,000	5,750
Hydro Hotel Eastbourne p.l.c.	100	3,024
Isle of Wight Private Hospital p.l.c.	25,000	500
James Latham p.l.c. [preference]	2,000	5,820
John Lewis Partnership p.l.c. [preference]	5,000	11,850
Johnston Press p.l.c. [preference]	4,000	18,600
Kemp and Denning Limited	5,065	66,858
Laxey Investment Trusts p.l.c.	10,000	500
Linden and Conway Limited [5 percent preference]	200	900
Logan Community Financial Services Limited	45,900	22,950
London Stock Exchange p.l.c.	1,400	13,132
Ludowici Limited [first preference]	2,825	2,542
Ludowici Limited [second preference]	3,207	2,950
Mallett p.l.c.	2,000	2,280
Mandurah Community Financial Services Limited	14,400	14,400
Manningham Community Enterprises Limited	5,000	4,250
Mariana Resources Limited	30,000	14,667
Marwyn Value Investors Limited	9,785	12,329
McMullen and Sons Limited [non-voting]	5,000	39,250
Meander Valley Financial Services Limited	6,000	4,800
Molonglo Financial Services Limited	2,000	2,280
Mooroolbark and District Finance Services Limited	14,100	12,690
North Ryde Community Financial Services Limited	2,000	1,900
N. Y. S. E. Group Incorporated	100	10,510
Pauls Victoria Limited	325	650
Paynesville and District Financial Services Limited	7,500	4,500
Penrose Club Holdings Limited	1,600	99,931
Pine Rivers Community Finance Limited	6,000	5,040
P. Z. Cussons p.l.c. [A ordinary]	500	2,925
Public Holdings Australia Limited	299,576	14,979
Queensland Professional Credit Union Limited	1	10
Redcliffe Peninsular Financial Services Limited	6,500	3,250
Redlands Community Financial Services Limited	3,000	2,700
Rights and Issues Investment Trust p.l.c.	5,000	11,100
Rockingham Community Financial Services Limited	15,000	12,000
Rye and District Community Financial Services Limited	2,000	2,400
Sandringham Community Financial Services Limited	26,000	27,560
San Remo District Financial Services Limited	7,700	6,160
Sarina and District Financial Services Limited	8,500	5,100
Sealink Travel Group Limited	20,000	12,800

Shepherd Neame Limited	2,212	33,180
Sietel Limited [preference]	26,800	28,140
Soda Brands Limited	66,000	1,320
South Burdekin Community Financial Services Limited	8,900	7,743
Sovereign Reversions p.l.c.	2,000	6,580
Sunshine Coast Community Financial Services Limited	27,725	24,952
Tate and Lyle p.l.c. [preference]	3,000	4,560
Teriga Limited	10,000	1,200
Textron Incorporated	30	585
The Investment Company p.l.c.	7,600	30,856
The Investment Company p.l.c. [preference]	10,000	30,000
The Peninsular and Oriental Steam Navigation Company [preference]	3,500	8,246
The Romney Hythe and Dymchurch Railway p.l.c.	200	1,536
The Van Diemens Land Company	30	40
Tongala and District Financial Services Limited	6,500	5,200
Upper Yarra Community Enterprises Limited	3,000	4,110
Vealls Limited [preference]	2,150	6,450
Verizon Communications Limited	where	
Wadworth and Company Limited [A ordinary]	3,400	105,468
Webster Limited [preference]	34,270	44,208
Wesco Financial Corporation	5	1,850
Whitefield Limited [preference]	6,248	8,404
Witan Investment Trust p.l.c. [preference]	20,000	24,600
Young and Company's Brewery p.l.c.	500	4,565
Yule Catto and Company p.l.c.	321	969
		<u>\$1,306,014</u>

**SHAREHOLDER INFORMATION
AS AT 30 JUNE 2010**

As at 30 June 2010 the Company had 251 shareholders. The 20 largest shareholders and their shareholdings were as follows:

Shareholder	Holding	Percentage
National Exchange Pty. Limited	1,136,465	32
Gordon Bradley Elkington	466,535	13
Cameron Investments Holdings Limited	244,207	7
Darin Investments Pty. Limited	169,840	4
Milly Elkington	126,096	3
Equity Trustees Limited	105,694	3
Peters Trading Company Australia Pty. Limited	103,771	3
Peter Windeyer Donovan	45,881	1
Peter Andrew Martin	32,584	—
Wilcorp No. 41 Pty. Limited	31,463	—
M. H. C. L. Nominees Pty. Limited	31,317	—
Lynette Gay McLennan	30,716	—
Kyleast Pty. Limited	28,113	—
Boulevard Nominees Pty. Limited	28,000	—
Corey Hendrick Vincent	26,984	—
Mulla Nominees Pty. Limited	25,000	—
Alistair Hazard	24,200	—
Peter Anthony Cameron	23,071	—
Eily Dawn Campbell	22,968	—
Biviano Holdings Australia Pty. Limited	22,807	—
	2,662,102	78

The distribution of shareholdings was as follows:

Range	Number of holders	Percentage of holders	Number of shares	Percentage of shares
1-1,000	114	45	43,668	1
1,001-5,000	70	27	185,736	4
5,001-10,000	26	11	201,171	5
10,001-50,000	34	13	682,306	19
50,001-100,000	0	0	0	0
100,001-500,000	6	2	1,216,143	35
500,001-1,000,000	0	0	0	0
1,000,001-2,000,000	1	0	1,136,465	32
	251	100	3,465,589	100

The number of shareholders holding less than a marketable parcel was 69.

The substantial shareholders and their shareholdings were as follows:

Shareholder	Holding
National Exchange Pty. Limited	1,136,465
Gordon Bradley Elkington	466,435
Cameron Investment Holdings Limited	244,207

FIVE YEAR SUMMARY

	2006	2007	2008	2009	2010
	\$	\$	\$	\$	\$
Earnings before tax	563,904	1,395,582	73,505	(927,388)	464,445
Tax	158,318	392,031	264	(299,591)	104,128
Earnings after tax	405,586	1,003,551	73,241	(627,797)	360,317
Dividends paid	169,048	236,167	316,342	67,097	136,420
Current assets	2,253,745	2,832,114	2,934,012	2,242,007	2,471,178
Current liabilities	377,690	348,776	359,677	336,804	69,131
Non-current assets	1,744,702	2,249,371	1,702,696	1,628,129	1,382,032
Non-current liabilities	169,933	311,748	115,711	0	0
Shareholders equity	3,450,824	4,420,991	4,161,320	3,533,332	3,784,079
Subscribed capital	2,909,345	3,096,732	3,354,854	3,410,496	3,465,589

CORPORATE DIRECTORY

Directors	John Weston Seaforth Mackenzie Gordon Bradley Elkington John David Honan Steven Pritchard Alfred Edward Fulton Rofe
Secretary	Gordon Bradley Elkington
Registered office	Level 5 10 Spring Street Sydney New South Wales 2000
Auditor	Graham Baker Chartered Accountant 2 Kennedy Place St. Ives New South Wales 2075
Accountant	Storey Blackwood Services Pty. Limited 222 Clarence Street Sydney New South Wales 2000
Solicitor	Stephen Blanks and Associates 119 Evans Street Rozelle New South Wales 2039
Share Registrar	Newcastle Capital Markets Registries Pty. Limited 10 Murray Street Hamilton New South Wales 2303
Bankers	Macquarie Bank Limited 1 Shelley Street Sydney New South Wales 2000

Bendigo Bank Limited
Fountain Court
Bendigo
Victoria 3552

Manchester Building Society
125 Portland Street
Manchester M1 4QD
United Kingdom