

DIRECTORS' REPORT

The Directors present their report together with the accounts of Winpar Holdings Limited for the half year ended 31 December 2004.

DIRECTORS

The following persons have held office as directors during the half financial year:

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


REVIEW AND RESULTS OF OPERATIONS

The net profit of the Company for the half year after provision for income tax was \$178,696 (2003: \$360,328).

The Company has continued with its principal activities of share trading, investment and underwriting. There has been no significant change in the nature of these activities during the half year.

Signed at 10 Spring Street, Sydney on 28 February 2005 in accordance with a resolution of the Board of Directors.


Robert Franklin Cameron
Director


Gordon Bradley Elkington
Director

WINPAR HOLDINGS LIMITED

DIRECTORS' DECLARATION

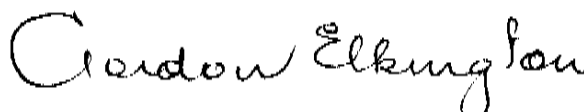
In the opinion of the directors:

- (a) the financial statements and notes set out above are in accordance with the *Corporations Act 2001* including:
- (aa) giving a true and fair view of the Company's financial position as at 31 December 2004, its financial performance as represented by the results of its operations, and its cash flows for the half year ended 31 December 2004; and
- (ab) complying with Accounting Standards and the *Corporations Regulations*; 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.

Signed at Sydney on 28 February 2005 in accordance with a resolution of the Board of Directors.



Robert Franklin Cameron
Director



Gordon Bradley Elkington
Director

WINPAR HOLDINGS LIMITED**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE 6 MONTHS ENDED 31 DECEMBER 2004**

	Note	2004 \$	2003 \$
Sales of shares (trading)		780,820	432,635
Cost of sales		<u>(587,607)</u>	<u>(319,553)</u>
		213,213	113,082
Re-valuation of trading stock to market values		<u>21,008</u>	<u>489,703</u>
Gross profit		234,221	582,785
Re-valuation of investment stock	1	17,509	(62,316)
Other revenue from ordinary activities	4	91,952	104,060
Other expenses from ordinary activities	5	<u>(88,318)</u>	<u>(109,774)</u>
Profit/(loss) from ordinary activities before related income tax expense		245,364	514,755
Income tax expense relating to ordinary activities	2	<u>(66,668)</u>	<u>(154,427)</u>
Profit/(loss) from ordinary activities after related income tax expense		<u>178,696</u>	<u>360,328</u>
Total changes in equity other than those resulting from transactions with owners as owners		<u>\$ 178,696</u>	<u>\$ 360,328</u>
Basic earnings per share		<u>\$ 0.065</u>	<u>\$ 0.140</u>

WINPAR HOLDINGS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2004

	Note	2004 \$	2003 \$
CURRENT ASSETS			
Cash assets	7	75,644	216,201
Receivables	8	83,394	206,310
Inventories	9	<u>1,944,316</u>	<u>1,669,252</u>
TOTAL CURRENT ASSETS		<u>2,103,354</u>	<u>2,091,763</u>
NON-CURRENT ASSETS			
Property plant & equipment	10	2,400	3,575
Investments	11	1,221,244	1,078,454
Tax assets	12	-	44,931
TOTAL NON-CURRENT ASSETS		<u>1,223,644</u>	<u>1,126,960</u>
TOTAL ASSETS		<u>3,326,998</u>	<u>3,218,723</u>
CURRENT LIABILITIES			
Payables	13	12,401	71,810
Borrowings	14	102,990	45,210
Current tax liabilities	15	326	-
Provisions	16	<u>92,000</u>	<u>-</u>
TOTAL CURRENT LIABILITIES		<u>207,717</u>	<u>117,020</u>
NON-CURRENT LIABILITIES			
Deferred tax liabilities	16	<u>64,698</u>	<u>142,390</u>
TOTAL LIABILITIES		<u>272,415</u>	<u>259,410</u>
NET ASSETS		<u>3,054,583</u>	<u>\$ 2,959,313</u>
EQUITY			
Contributed equity	17	2,738,487	2,581,287
Reserves	18	-	-
Retained earnings	19	<u>316,096</u>	<u>378,026</u>
		<u>3,054,583</u>	<u>\$ 2,959,313</u>

WINPAR HOLDINGS LIMITED
STATEMENT OF CASH FLOWS
FOR THE 6 MONTHS ENDED 31 DECEMBER 2004

	Note	2004 \$	2003 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of trading securities		764,492	432,755
Dividends received		25,298	19,838
Interest income		3,413	2,995
Other investment income		63,241	11,038
Payments for trading securities & and to suppliers		(1,023,367)	(297,015)
Borrowing costs		(3,998)	(847)
Income tax paid		54,329	(48,619)
Net cash used in operating activities	21(b)	<u>(116,592)</u>	<u>120,145</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of investments		166,888	170,695
Payments for purchase of investments		(112,707)	(57,499)
Purchases of plant & equipment		-	(79)
Net cash used in operating activities		<u>74,181</u>	<u>113,117</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(23,863)	-
Proceeds from borrowings		13,143	-
Repayment of borrowings		-	(179,938)
Net cash used in financing activities		<u>(10,720)</u>	<u>(179,938)</u>
NET INCREASE/(DECREASE) IN CASH HELD		(53,131)	53,326
CASH HELD AT THE BEGINNING OF THE PERIOD		<u>128,775</u>	<u>162,875</u>
CASH HELD AT THE END OF THE PERIOD	21(a)	<u>\$ 75,644</u>	<u>\$ 216,201</u>

WINPAR HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS ENDED 31 DECEMBER 2004****1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES****(a) Basis of preparation**

The general purpose financial statements have been prepared in accordance with applicable Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the *Corporations Act 2001*.

The financial statements have been prepared on the basis of historical costs except where otherwise and do not take into account changing money values. The accounting standards have been consistently applied.

(b) Investments

Listed investments have been stated at market value. Unlisted investments whose value has been determined by a court have been stated at that value. Other unlisted investments have been stated at cost or directors' valuation.

(c) Inventories

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

(d) Dividends and interest

Dividends and interest have been brought into account in the statement of financial performance when received or receivable.

(e) Income tax

The company has adopted the liability method of tax effect accounting.

Income tax has been calculated on operating profit adjusted for permanent differences between taxable and accounting income. The tax effect of timing differences which arise from items being brought into account at different periods for income tax and accounting purposes has been carried forward to the statement of financial position as a deferred tax asset or provision for deferred tax liability.

Future income tax benefits have not been brought into account unless realisation of the benefits is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses have not been brought into account unless there is virtual certainty of realisation of the benefits.

The benefits which have been brought into account or which may be realised in the future have been determined on the assumption that no adverse change will occur in income tax legislation, and in the anticipation that the Company will derive sufficient future assessable income to enable it to realize the benefits and to comply with the conditions of deductibility imposed by law.

WINPAR HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS ENDED 31 DECEMBER 2004**

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**(f) Cash**

For the purposes of the statement of cash flows, cash includes cash on hand and in deposits at call with financial institutions which are readily convertible into cash on hand.

	2004	2003
	\$	\$
2 TAXATION		
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%	73,609	154,427
Adjustment to tax effect accounting of temporary differences	-	-
Adjustment to tax effect accounting of permanent differences		
- tax effect of franked dividends	(6,662)	-
Overprovision prior years	(259)	-
	<u>\$ 66,688</u>	<u>\$ 154,427</u>
3 DIVIDENDS		
Proposed final fully franked ordinary dividend cents per share	<u>\$ -</u>	<u>\$ -</u>
Balance of franking account at 31 December 2004 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.	<u>\$ 219,769</u>	<u>\$ 129,778</u>

WINPAR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS ENDED 31 DECEMBER 2004

	2004	2003
	\$	\$
4 OTHER REVENUE FROM ORDINARY ACTIVITIES		
Dividends received	25,298	19,837
Interest received	3,413	2,995
Trust income	4,305	-
Foreign source income	15,845	11,038
Sundry income	4,000	-
Foreign Currency Exchanges	(1,521)	-
Profit/(loss) on sale of investment stock	40,612	70,190
	<u>\$ 91,952</u>	<u>\$ 104,060</u>
5 OPERATING PROFIT		
The operating profit is arrived at after charging		
Interest paid or payable - other corporations	3,998	847
Legal expenses	58,167	40,549
Auditor's remuneration	3,000	-
Other expenses	33,153	68,378
	<u>\$ 98,318</u>	<u>\$ 109,774</u>
6 AUDITOR'S REMUNERATION		
Remuneration of the auditor of the Company for: Auditing of the financial report	<u>\$ 3,000</u>	<u>\$ 3,000</u>
7 CASH ASSETS		
Cash at financial institutions	<u>\$ 75,644</u>	<u>\$ 216,201</u>
8 RECEIVABLES		
Other debtors including estimated legal costs recoverable	<u>\$ 83,394</u>	<u>\$ 208,310</u>
9 INVENTORIES		
Listed equities portfolio held for resale		
Market value	<u>\$ 1,944,316</u>	<u>\$ 1,669,252</u>
Cost	<u>\$ 2,375,302</u>	<u>\$ 2,116,475</u>

WINPAR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS ENDED 31 DECEMBER 2004

	2004	2003
	\$	\$
10 PROPERTY PLANT & EQUIPMENT		
Office furniture & equipment - at cost	5,376	5,376
Accumulated depreciation	<u>(2,976)</u>	<u>(1,801)</u>
	<u>\$ 2,400</u>	<u>\$ 3,575</u>
Movements in carrying amount		
Balance at the beginning of the period	3,575	5,297
Additions	-	79
Depreciation expense	<u>(1,175)</u>	<u>(1,801)</u>
	<u>\$ 2,400</u>	<u>\$ 3,575</u>
11 INVESTMENTS		
Equities portfolio held as investments		
Market value	<u>\$ 1,221,244</u>	<u>\$ 1,078,454</u>
Cost	<u>\$ 1,228,153</u>	<u>\$ 1,096,790</u>
12 TAX ASSETS		
Income tax	<u>\$ -</u>	<u>\$ 44,831</u>
13 PAYABLES		
Creditors including amounts payable for legal costs	<u>\$ 12,401</u>	<u>\$ 71,810</u>
14 BORROWINGS		
Secured		
BT Margin Lending	100,927	10,552
Loans	-	-
Unsecured		
Loans	<u>2,063</u>	<u>34,658</u>
	<u>\$ 102,990</u>	<u>\$ 45,210</u>
15 TAX LIABILITIES		
Current		
Income tax	<u>\$ 326</u>	<u>\$ -</u>
Non-current		
Income tax	18,823	29,579
Provision for deferred income tax	<u>45,875</u>	<u>112,811</u>
	<u>\$ 64,698</u>	<u>\$ 142,390</u>

WINPAR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS ENDED 31 DECEMBER 2004

	2004 \$	2003 \$
16 PROVISIONS		
Dividend	-	-
Other	92,000	-
	<u>\$ 92,000</u>	<u>\$ -</u>
17 CONTRIBUTED EQUITY		
Issued paid-up capital		
2,738,487 ordinary shares fully paid	<u>\$ 2,738,487</u>	<u>\$ 2,581,287</u>
18 RESERVES		
Unrealised profits	<u>\$ -</u>	<u>\$ -</u>
Movements during the period		
Opening balance	-	119,628
Unrealised profits on investment stock transferred from retained earnings	-	(119,628)
Closing balance	<u>\$ -</u>	<u>\$ -</u>
19 RETAINED PROFITS		
Retained profits at the beginning of the period	217,162	(101,930)
Profit/(loss) after income tax	178,698	360,328
Transfer from unrealised profits reserve	-	119,628
Dividends paid or proposed	(79,782)	-
	<u>\$ 316,098</u>	<u>\$ 378,026</u>

WINPAR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS ENDED 31 DECEMBER 2004

	2004	2003
	\$	\$
20 CASH FLOW INFORMATION		
(a) Reconciliation of cash		
Cash at the end of the financial period as shown in the Statement of Cash Flows is reconciled to the related item in the Statement of Financial Position as follows:		
Cash at financial institutions	<u>\$ 75,644</u>	<u>\$ 216,201</u>
(b) Reconciliation of operating profit after tax to cash flow from operating activities		
Profit/(loss) from ordinary activities after income tax	178,696	360,328
Non-cash flows in profit from ordinary activities		
Dividends reinvested	(34)	(192)
Depreciation	580	819
Net loss/(gain) on disposal of investments	(40,812)	(70,190)
Unrealised gains on trading stock	(21,008)	(469,703)
Unrealised gains on investments	(17,247)	62,316
Changes in assets and liabilities		
Increase/decrease in deferred tax assets/liabilities	65,953	154,427
Increase/decrease in trade & other debtors	89,525	152,574
Increase/decrease in shares held for resale	(417,043)	111,684
Increase/decrease in trade & other creditors	(10,426)	(133,299)
Increase/decrease in income taxes payable	55,044	(48,819)
	<u>(\$116,592)</u>	<u>\$ 120,145</u>

21 FINANCIAL INSTRUMENTS DISCLOSURE**(a) Interest rate risk**

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

	Weighted average interest rate	Floating interest rate \$	Non-Interest bearing \$	Total \$
Financial assets				
Cash assets	3.0%	75,644	-	75,644
Receivables		-	83,394	83,394
Investments		-	3,165,580	3,165,580
		<u>75,644</u>	<u>3,248,954</u>	<u>3,324,598</u>
Financial liabilities				
Payables		-	12,401	12,401
Borrowings	8.5%	102,990	-	102,990
		<u>102,990</u>	<u>12,401</u>	<u>115,391</u>

WINPAR HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS ENDED 31 DECEMBER 2004****21 FINANCIAL INSTRUMENTS DISCLOSURE (Continued)****(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 Statement of Financial Position, is the carrying amount. The Company is not materially exposed to any individual credit risk.

(c) Net fair values

The carrying amounts of financial instruments on the Statement of Financial Position approximate their net fair values.

22 SEGMENT REPORTING

The Company is engaged in investment activities conducted in Australia and the United Kingdom and derives revenue and investment income from listed and unlisted securities and fixed interest.

23 DIRECTORS

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

John Weston Seaforth Mackenzie

Robert Franklin Cameron

Gordon Bradley Elkington

John David Honan

Steven Pritchard

24 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.

WINPAR HOLDINGS LIMITED
INDEPENDENT REVIEW REPORT

SCOPE

I have reviewed the financial statements of Winpar Holdings Limited for the half year ended 31 December 2004 set out above. The Company's directors are responsible for the preparation and presentation of the financial report. I have conducted an independent review of the financial report in order to express an opinion on it to the members of the Company.

My audit has been conducted in accordance with Australian Accounting standards applicable to review engagements. A review is limited primarily to enquiries of the entity's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. I have not performed an audit and, accordingly, I do not express an audit opinion.

STATEMENT

Based on my review, which is not an audit, I have not become aware of any matter which makes me believe that the half yearly financial report of Winpar Holdings Limited is not in accordance with:

- (a) the *Corporations Act 2001* including:
 - (ab) giving a true and fair view of the Company, its financial position as at 31 December 2004 and of its financial performance for the half year ended 31 December 2004; and
 - (ab) complying with Accounting Standards and the *Corporations Regulations*; and
- (b) other mandatory professional reporting requirements.

Signed at 10 George Street, Leichhardt on

15th September 2005



Geoffrey Allan White
Chartered Accountant