

WINPAR HOLDINGS LIMITED

ANNUAL REPORT 2003

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CHAIRMAN'S REPORT

Winpar sustained an after tax loss of \$136,967 for the year ended 30 June 2003. The company's ordinary trading activities were profitable during the year, and the loss was principally attributable to legal expenses incurred in proceedings to which the company has been a party.

It is now a matter of history that Winpar's investment strategy has included the purchase of non-redeemable preference shares. These shares have earned a reasonable income, and have often yielded significant capital gains in the course of mergers and reconstructions.

In 2000 amendments were made to the *Corporations Act* which were intended, among other things, to facilitate the compulsory acquisition of small classes of shares, and early in 2001 court proceedings were commenced against Winpar and other holders of preference shareholders in a number of companies for the purpose of compulsorily acquiring these shares. These proceedings have all been defended by Winpar.

Up to now Winpar has not been successful in any of the proceedings, which has been very disappointing for the Board as well as for shareholders. The courts have for the most part taken the view that, for the purposes of the legislation, the value of preference shares is determined only by their yield. Nevertheless some of the judges have recognized that the market value of these shares may be significantly more, and most recently The Hon. Mr. Justice Jerrard in the Queensland Court of Appeal has expressed the view that minority shareholders are entitled to market based compensation on the compulsory acquisition of their shares.

The court proceedings have been somewhat of a distraction, but the Company has now come so far in working to establish the value of its shareholdings that it believes that the proceedings should be followed through to their conclusion. Some further costs will be incurred in following this course, but they are likely to be significantly less than what has already been expended.

Earlier this year the Board appointed a new Director, Mr. Steven Pritchard. Mr. Pritchard is a Certified Practising Accountant, a director of Pritchard and Partners Pty. Limited and a former director of The Stock Exchange of Newcastle Limited. He brings to the Board many years' experience in providing financial, accounting and investment advice.

Earlier this year Winpar also appointed a General Manager, Dr. Vincent Chin, to develop the company's accounting systems and to advise the Board on investment strategies and coordinate its investment activities. Dr. Chin is employed on a part-time basis. He was formerly an industrial physicist, and more recently an investment analyst with Ausbil Dexia.

With the general improvement in the securities market, the company is presently trading well. It has improved its gearing significantly since 30 June 2003 and is in a very good position to take advantage of any opportunities which present themselves. There are at present a number of high yielding securities available which are underpinned by strong assets, and the company is continuing to develop a small portfolio of these

securities and to support them by margin loans. In a low interest environment these investments can be self-supporting. Nevertheless there are considerable uncertainties ahead for the general market, particularly at the international level, and the Board remains cautious as to the future.

As shareholders are aware, the Company has recently been advised of a proposed takeover for the Company's shares by Trent Capital Limited. The Board is formulating a response to the offer, but its present view is that the offer is inadequate.

In responding to the Trent offer, the Company is also reviewing its overall strategy and the options available to it in going forward. Attention is also being given to improving transparency and the timeliness of reporting. Some shareholders already have views on these matters, and I look forward to a wider presentation of views at the annual general meeting.

John Mackenzie
Chairman

DIRECTORS' REPORT

The Directors present their report together with the accounts of Winpar Holdings Limited for the financial year ended 30 June 2003.

DIRECTORS

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

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

Mr. Vincent resigned as a director on 13 December 2002. Mr. Pritchard was appointed as a director on 4 July 2003.

INFORMATION ABOUT DIRECTORS

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

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 since 1996 and is the Company's Chairman.

Robert Franklin Cameron

Mr. Cameron is an affiliate member of both the Australian Stock Exchange Limited and the Stock Exchange of Newcastle Limited. He has worked in the securities industry since 1979. He has been a director since 1985 and is the Company's Managing Director.

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 and a director of Stokes (Australasia) Limited. He has been a director since 1994 and is the Company Secretary.

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

Mr. Honan is an associate director and the Chief Economist of Ausbil Dexia Limited, a wholesale funds manager associated with Bank Internationale a Luxembourg. He is also a Lecturer and Examiner at the Securities Institute of Australia. He has been a director since 2001.

Steven Pritchard, B.Com., C.P.A., A.S.I.A.

Mr. Pritchard is a Certified Practising Accountant, an affiliate member and past director and chairman of The Stock Exchange of Newcastle Limited. He is the principal of the Newcastle based accounting firm Rees Pritchard Pty. Limited. He was appointed as a director on 4 July 2003.

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	44,200	100,000
Mr. Robert Cameron	43,822	111,045
Dr. Gordon Elkington	194,614	88,293
Mr. John Honan	0	9,900
Mr. Steven Pritchard	0	8,700

DIRECTORS' MEETINGS ATTENDED

There were five meetings held during the financial year. Attendance at these meetings were as follows:

Mr. John Mackenzie	5
Mr. Robert Cameron	4
Dr. Gordon Elkington	5
Mr. Corey Vincent	1
Mr. John Honan	5
Mr. Steven Pritchard	0

Mr. Vincent resigned as a director on 13 December 2002. Mr. Pritchard was appointed as a director on 4 July 2003.

PRINCIPAL ACTIVITIES

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

The investment portfolio as at 30 June 2003 is set out on pages 25-26. The investments making up this portfolio are considered to be long term investments, and are not intended to be traded.

RESULT OF OPERATIONS

The net loss for the year after provision for income tax was \$136,967 (2002: profit of \$83,268).

REVIEW OF OPERATIONS

During the year the Company reduced the number of stocks which had been carried in its trading portfolio, and continued to explore opportunities for supporting a small portfolio of income bearing securities by means of a margin loan.

Some time was taken up in opposing proceedings brought against the Company and other persons by parties seeking to compulsorily acquire strategic holdings of traditional preference shares. These shares form a significant part of the Company's investment portfolio, and the Company has consistently maintained the position that they may in certain circumstances have a value significantly in excess of their value as income streams. The Courts have taken different views in relation to this, and up till now the Company has not been successful in establishing that the market value of preference shares is relevant to their fair value for the purposes of compulsory acquisition. An application has recently been made to the High Court for special leave to appeal against a decision of the Queensland Court of Appeal in relation to the value of the Company's holdings of 76,199 preference shares in Allgas Energy Limited, and this application is likely to be heard in the first half of 2004.

Apart from costs associated with court proceedings, no significant abnormal items have affected the Company's financial performance during the year.

DIVIDEND PAID

On 15 January 2003 the Company paid a fully franked dividend of 2 cents per share to members registered as at 30 November 2002. The total amount of the dividend paid was \$51,626.

The Directors do not recommend payment of a dividend for the year ended 30 June 2003.

LIKELY DEVELOPMENTS

The company intends to continue with its activities of share trading, investment and underwriting.

EVENTS SUBSEQUENT TO BALANCE DATE

On 3 October 2003 the Queensland Court of Appeal dismissed an appeal brought by the Company against an order of the Supreme Court of Queensland approving the compulsory acquisition by Energex Limited of outstanding preference shares in Allgas Energy Limited at \$2.05 per share. The Company held 76,199 preference shares in Allgas Energy Limited.

An application has been made to the High Court for special leave to appeal against the decision of the Court of Appeal.

On 17 November 2003 the Company recovered costs of \$141,519 in relation to proceedings in connection with the compulsory acquisition of its holding of preference shares in Goodyear Australia Limited. This amount marginally exceeded the estimated recoverable amount included in the accounts as a receivable.

DIRECTORS' BENEFITS

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.

Interest was paid at ordinary commercial rates to Henley Underwriting and Investment Company Pty. Limited, a company in which each of Mr. John Mackenzie and Mr. Robert Cameron has a substantial financial interest, for funds lent to the Company. As at 30 June 2003 the amount outstanding was \$18,571. The total interest paid was \$855.

Commissions were paid on ordinary commercial terms to Cameron Stockbrokers Limited, a company in which each of Mr. Robert Cameron and Mr. Steven Pritchard has a substantial financial interest, for buying and selling shares for the Company. Commissions of \$3,844 in total were paid.

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.

Mr. Pritchard is a director of and holds an indirect beneficial interest in Newcastle Capital Markets Registries Pty. Limited, which has provided share registry services to the Company on ordinary commercial terms. The total amount paid in respect of these services was \$6,000.

Funds were lent to the Company by Dr. Gordon Elkington. As at 30 June 2003 the amount outstanding was \$177,215. No interest was paid or payable in relation to the funds lent.

No options have been granted to directors and no shares have been issued to directors as a result of the exercise of options or otherwise during or after the end of the financial year.

EXECUTIVE OFFICER'S BENEFITS

On 5 May 2003 the Company appointed Dr. Vincent Chin as its General Manager. During the financial year Dr. Chin was paid a salary of \$4,625 and superannuation payments of \$416 were made on his behalf.

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 conscious of general community concern about standards of corporate governance, and is developing a corporate governance statement which sets out the Board's obligations and responsibilities and the principles which govern the Company's activities generally.

PRELIMINARY FINAL STATEMENT

The final report differs from the preliminary final report lodged with the The Stock Exchange of Newcastle Limited in one material respect. The Directors have decided, from an abundance of caution, to revalue the Company's holding of 76,729 preference shares in Ransomes p.l.c. at 78 pence sterling on the basis solely of their yield, without regard to any strategic value they may have. This has resulted in a reduction of the revaluation of investment stock from \$170,897 to \$43,980.

Signed at 10 Spring Street, Sydney on 19 December 2003 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 YEAR ENDED 30 JUNE 2003

	Note	2003 \$	2002 \$
Sales of shares (trading)		426,499	1,036,536
Cost of sales		(517,561)	(1,031,831)
		<u>(91,062)</u>	<u>4,705</u>
Revaluation of trading stock to market values		141,646	205,823
Gross profit		<u>50,584</u>	<u>210,528</u>
Revaluation of investment stock	1	43,980	-
Other revenue from ordinary activities	4	100,470	114,653
Other expenses from ordinary activities	5	<u>(391,627)</u>	<u>(206,227)</u>
Profit/(loss) from ordinary activities before related income tax expense		(196,593)	118,954
Income tax expense relating to ordinary activities	2	<u>59,626</u>	<u>(35,686)</u>
Profit/(loss) from ordinary activities after related income tax expense		<u>(136,967)</u>	<u>83,268</u>
Total changes in equity other than those resulting from transactions with owners as owners		<u>\$ (136,967)</u>	<u>\$ 83,268</u>
Basic earnings per share		<u>\$ (0.053)</u>	<u>\$ 0.032</u>

WINPAR HOLDINGS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2003

	Note	2003 \$	2002 \$
CURRENT ASSETS			
Cash assets	7	162,875	70,265
Receivables	8	360,585	429,415
Inventories	9	1,311,231	1,524,836
TOTAL CURRENT ASSETS		<u>1,834,691</u>	<u>2,024,516</u>
NON-CURRENT ASSETS			
Property plant & equipment	10	4,315	-
Investments	11	1,183,584	1,084,691
Tax assets	12	41,616	35,696
TOTAL NON-CURRENT ASSETS		<u>1,229,515</u>	<u>1,120,387</u>
TOTAL ASSETS		<u>3,064,206</u>	<u>3,144,903</u>
CURRENT LIABILITIES			
Payables	13	205,109	50,944
Borrowings	14	225,144	208,089
Provisions	16	-	51,626
TOTAL CURRENT LIABILITIES		<u>430,253</u>	<u>310,659</u>
NON-CURRENT LIABILITIES			
Deferred tax liabilities	15	34,968	98,292
TOTAL LIABILITIES		<u>465,221</u>	<u>408,951</u>
NET ASSETS		<u>\$ 2,598,985</u>	<u>\$ 2,735,952</u>
EQUITY			
Contributed equity	17	2,581,287	2,581,287
Reserves	18	119,628	-
Retained earnings	19	(101,930)	154,665
		<u>\$ 2,598,985</u>	<u>\$ 2,735,952</u>

WINPAR HOLDINGS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2003

	Note	2003 \$	2002 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of trading securities		429,401	2,054,937
Other investment income		102,602	72,822
Payments for trading securities & and to suppliers		(335,712)	(1,915,333)
Income tax paid		(11,319)	(106,044)
Net cash used in operating activities		<u>184,972</u>	<u>106,382</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of investments		10,498	129,682
Payments for purchase of investments		(62,992)	(76,299)
Purchases of plant & equipment		(5,297)	-
Net cash used in operating activities		<u>(57,791)</u>	<u>53,383</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(51,626)	(51,626)
Proceeds from borrowing		17,055	(71,845)
Net cash used in financing activities		<u>(34,571)</u>	<u>(123,471)</u>
NET INCREASE/(DECREASE) IN CASH HELD		92,610	36,294
CASH HELD AT THE BEGINNING OF THE FINANCIAL YEAR		<u>70,265</u>	<u>33,971</u>
CASH HELD AT THE END OF THE FINANCIAL YEAR		<u>\$ 162,875</u>	<u>\$ 70,265</u>

WINPAR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

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 YEAR ENDED 30 JUNE 2003**

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.

(g) Change in accounting policy

During the year the Company changed its accounting policy in relation to the recognition of changes in the value of its investment portfolio. The financial effect of the change has been to recognise an amount of \$170,897 as revenue. A corresponding amount of \$119,628, net of tax, has been transferred to unrealised profits reserve.

	2003	2002
	\$	\$
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%	(58,978)	35,686
Adjustment to tax effect accounting of temporary differences	490	-
Overprovision prior years	(1,138)	-
	\$ (59,626)	\$ 35,686
3 DIVIDENDS		
Proposed final fully franked ordinary dividend of 2 cents per share	\$ -	\$ 51,626
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.	\$ 114,435	\$ 108,933

WINPAR HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003**

	2003 \$	2002 \$
4 OTHER REVENUE FROM ORDINARY ACTIVITIES		
Dividends received	68,040	49,942
Interest received	16,113	2,287
Trust income	872	1,308
Foreign source income	14,228	18,006
Sundry income	3,349	1,278
Profit/(loss) on sale of investment stock	(2,132)	41,832
	<u>\$ 100,470</u>	<u>\$ 114,653</u>
5 OPERATING PROFIT		
The operating profit is arrived at after charging		
Interest paid or payable - other corporations	4,714	3,203
Legal expenses	328,557	172,341
Auditor's remuneration	7,820	7,000
Other expenses	50,536	23,683
	<u>\$ 391,627</u>	<u>\$ 206,227</u>
6 AUDITOR'S REMUNERATION		
Remuneration of the auditor of the Company for:		
Auditing of the financial report	7,000	7,000
Other services	820	-
	<u>\$ 7,820</u>	<u>\$ 7,000</u>
7 CASH ASSETS		
Cash at financial institutions	<u>\$ 162,875</u>	<u>\$ 70,265</u>
8 RECEIVABLES		
Trade debtors	312	8,098
Other debtors including estimated legal costs recoverable	360,273	421,317
	<u>\$ 360,585</u>	<u>\$ 429,415</u>
9 INVENTORIES		
Listed equities portfolio held for resale		
Market value	<u>\$ 1,311,231</u>	<u>\$ 1,524,836</u>

WINPAR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

	2003 \$	2002 \$
10 PROPERTY PLANT & EQUIPMENT		
Office furniture & equipment - at cost	5,297	-
Accumulated depreciation	(982)	-
	<u>\$ 4,315</u>	<u>\$ -</u>
Movements in carrying amount		
Office furniture & equipment		
Balance at the beginning of the year	-	
Additions	5,297	
Depreciation expense	(982)	
	<u>\$ 4,315</u>	
11 INVESTMENTS		
Equities portfolio held as investments		
Market value	<u>\$ 1,183,584</u>	<u>\$ 1,084,691</u>
Cost	<u>\$ 1,139,604</u>	<u>\$ 1,084,691</u>
12 TAX ASSETS		
Future income tax benefit	<u>\$ 41,616</u>	<u>\$ 35,696</u>
13 PAYABLES		
Creditors including amounts payable for legal costs	<u>\$ 205,109</u>	<u>\$ 50,944</u>
14 BORROWINGS		
Secured		
BT Margin Lending	29,357	30,050
Unsecured		
Loans	195,787	178,039
	<u>\$ 225,144</u>	<u>\$ 208,089</u>
15 TAX LIABILITIES		
Non-current		
Income tax	34,968	45,724
Provision for deferred income tax	-	52,568
	<u>\$ 34,968</u>	<u>\$ 98,292</u>

WINPAR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

	2003 \$	2002 \$
16 PROVISIONS		
Dividend	<u>\$ -</u>	<u>\$ 51,626</u>
17 CONTRIBUTED EQUITY		
Issued & paid-up capital		
2,581,287 ordinary shares fully paid	<u>\$ 2,581,287</u>	<u>\$ 2,581,287</u>
<p>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 or by proxy 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.</p>		
18 RESERVES		
Unrealised profits	<u>\$ 119,628</u>	<u>\$ -</u>
Movements during the year		
Opening balance	-	-
Unrealised profits on investment stock transferred from retained earnings	119,628	-
Closing balance	<u>\$ 119,628</u>	<u>\$ -</u>
19 RETAINED PROFITS		
Retained profits at the beginning of the year	154,665	123,023
Profit/(loss) after income tax	(136,967)	83,268
Transfer to unrealised profits reserve	(119,628)	-
Dividends paid or proposed	-	(51,626)
	<u>\$ (101,930)</u>	<u>\$ 154,665</u>

WINPAR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

	2003 \$	2002 \$
20 CASH FLOW INFORMATION		
(a) Reconciliation of cash		
Cash at the end of the financial year 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>\$ 162,875</u>	<u>\$ 70,265</u>
(b) Reconciliation of operating profit after tax to cash flow from operating activities		
Profit/(loss) from ordinary activities after income tax	(136,967)	83,267
Non-cash flows in profit from ordinary activities		
Dividends reinvested	(4,551)	-
Depreciation	982	-
Net loss/(gain) on disposal of investments	2,132	(41,832)
Unrealised gains on trading stock	(141,646)	(205,824)
Unrealised gains on investments	(43,980)	-
Changes in assets and liabilities		
Increase/decrease in deferred tax assets/liabilities	(58,488)	35,686
Increase/decrease in trade & other debtors	70,531	(225,428)
Increase/decrease in shares held for resale	355,251	467,377
Increase/decrease in trade & other creditors	154,165	3,892
Increase/decrease in income taxes payable	(12,457)	(10,756)
	<u>\$ 184,972</u>	<u>\$ 106,382</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	1.5%	162,875	-	162,875
Receivables		-	360,585	360,585
Investments		-	2,494,815	2,494,815
		<u>162,875</u>	<u>2,855,400</u>	<u>3,018,275</u>
Financial liabilities				
Payables		-	205,109	205,109
Borrowings	0.5%	225,144	-	225,144
		<u>225,144</u>	<u>205,109</u>	<u>430,253</u>

WINPAR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

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 RELATED PARTY DISCLOSURE

(a) Directors

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

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

(b) Share transactions of directors

Directors and director related entities held in aggregate directly, indirectly or beneficially shares in the company totaling 600,574 shares. Details of specific holdings are detailed in the Directors Report.

(c) Directors remuneration

No director received remuneration from the company in respect of their services as directors.

(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.

Interest was paid at ordinary commercial rates to Henley Underwriting and Investment Company Pty Limited, a company in which each of Mr John Mackenzie and Mr Robert Cameron has a substantial financial interest, for funds lent to the Company. The total interest paid was \$855.

WINPAR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

23 RELATED PARTY DISCLOSURE (Continued)

Commissions were paid on ordinary commercial terms to Cameron Stockbrokers Limited, a company in which each of Mr Robert Cameron and Mr Steven Pritchard has a substantial financial interest, for buying and selling shares for the Company. Commissions of \$3,291 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 \$6000

Funds were lent to the Company from time to time by Dr Gordon Elkington. No interest was paid or is payable in relation to the funds lent

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

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.

25 EVENTS SUBSEQUENT TO BALANCE DATE

On 3 October 2003 the Queensland Court of Appeal dismissed an appeal brought by the Company against a decision of the Supreme Court of Queensland approving the compulsory acquisition by Energex Limited of the Company's holding of 76,199 preference shares in Allgas Energy Limited. The Company has lodged an application in the High Court for special leave to appeal against the decision of the Court of Appeal.

WINPAR HOLDINGS LIMITED

DIRECTORS' DECLARATION

In the opinion of the directors:

- (a) the financial statements and notes set out on pages 9-19 are in accordance with the *Corporations Act 2001* including:
 - (aa) giving a true and fair view of the Company's financial position as at 30 June 2003, its financial performance as represented by the results of its operations, and its cash flows for the year ended 30 June 2003; and
 - (ab) complying with Accounting Standards and the *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.

Signed at Sydney on 19 December 2003 in accordance with a resolution of the Board of Directors.

Roberty Franklin Cameron
Director

Gordon Bradley Elkington
Director

WINPAR HOLDINGS LIMITED
INDEPENDENT AUDIT REPORT

SCOPE

I have audited the financial statements of Winpar Holdings Limited for the financial year ended 30 June 2003 as set out on pages 9-19 of this report. The Company's directors are responsible for the preparation and presentation of the financial report. I have conducted an independent audit 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 to provide a reasonable assurance to whether the financial statements are free of material misstatements. My procedures have included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial report is represented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements and statutory requirements, so as to present a view which is consistent with my understanding of the Company's financial position and its performance as represented by the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

AUDIT OPINION

In my opinion, the financial report of Winpar Holdings Limited is in accordance with:

- (a) the *Corporations Act* 2001 including:
 - (aa) giving a true and fair view of the Company, its financial position as at 30 June 2003 and of its performance for the year ended 30 June 2003; and
 - (ab) complying with Accounting Standards and *Corporations Regulations* 2001; and
- (b) other mandatory professional reporting requirements.

Signed at 10 George Street, Leichhardt on 19 December 2003.

Geoffrey Allan White
Chartered Accountant

TRADING PORTFOLIO
AS AT 30 JUNE 2003

Company	Number	Cost \$	Market \$
Allstate Explorations No Liability	202246	152,846	0
Allstate Explorations No Liability [contributing]	35747	15,104	0
Amadeus Petroleum No Liability	115000	14,278	10,350
A. M. P. Limited	3500	19,585	17,395
Ansell Limited	5800	37,204	33,930
Astron limited	100	21	65
Australian Magnesium Corporation Limited	21000	9,872	1,512
Australian Resources Limited	67500	21,720	0
Australian Wheat Board Limited	438	1,117	1,699
Austrim National Radiators [note]	1000	24,542	32,000
Auto Enterprises Limited	105845	17,161	16,935
Beaconsfield Gold No Liability	175227	161,723	0
Bendigo Bank Limited	9	53	74
Blue Ribbon Holdings Limited	20000	3,645	0
Bougainville Copper Limited	93628	14,786	11,235
Brandrill Limited [option: 30.09.05]	200000	0	200
Brandrill Limited [convertible note: 30.09.05]	260000	13,640	8,580
Canada Land Limited	91000	8,634	2,275
Carrington Cotton Corporation Limited	100	426	426
Chongherr Investment Limited	102000	6,168	2,040
Coates Hire Limited	20000	22,965	45,200
Collins and Leahy Holdings Limited	11460	19,639	17,190
Computershare Limited	9000	24,709	16,830
Country Road Limited	1000	2,033	1,100
Cullen Resources No Liability	400000	24,527	12,400
Cumnock Coal Limited	33500	7,214	6,700
Diamond Ventures No Liability	80000	6,236	3,200
Diatreme Resources Limited	7291	0	0
Dream Haven Bedding and Furniture Limited	97500	16,420	0
Equatorial Mining Limited	2000	2,430	2,240
Farnell and Thomas Limited	8250	11,341	0
Gallery Global Limited	300000	100,000	19,500
General Publishers Limited	264500	6,018	26,450
Gloucester Coal Limited	5427	4,514	2,225
Golden Cross Resources No Liability	38000	6,945	2,166

Golden Cross Resources No Liability	87719	5,000	5,000
Goldfields Kalgoorlie Limited	12373	7,264	7,300
Gowings Retail Limited	10469	10,469	3,821
Gowit Limited	100	26	24
Grand Hotel Group Unit	43000	26,301	20,210
Gregory Industries Limited	20000	6,517	3,300
Hampton Hill Mining No Liability	548666	48,200	82,300
Hawker Richardson Limited	10500	19,861	19,845
Heat Exchangers International Limited	94000	30,254	0
Henry Walker Eltin Limited	15000	10,889	9,600
Henry Walker Gourp Limited	20000	14,356	12,800
H. I. H. Insurance Limited	37500	13,804	0
H. I. H. Insurance Limited [convertible note]	5000	9,605	250
I. B. A. Technologies Limited	50000	38,937	7,000
Illawarra Mutual Building Society Limited	12329	30,017	35,138
Internova M. C. I. Limited	2500	1,517	0
Investment Austasia Limited	23325	6,088	0
Kaefer Technologies Limited	71615	7,164	4,512
Kimberley Oil No Liability	180000	19,059	2,700
Korvest Limited	7500	11,897	17,250
Lend Lease Limited	913	13,469	7,624
Lend Lease Limited	287	2,500	2,396
Linden and Conway Limited	600	11,582	15,600
Lion Selection Group Limited	100	83	164
Local Telecom and Internet Limited [option]	713	0	0
Macquarie Airports Trust	10000	9,605	14,200
Magellan Petroleum Australian Limited	4250	4,726	4,675
Media Corporation Australia Limited	75400	19,741	15,080
Media World Communications Limited	20000	4,193	4,192
Mermaid Marine Limited	70000	20,935	10,850
Morning Star Holdings Australia Limited	24000	7,100	1,920
Mount Gibson Iron Limited	10290	6,703	1,235
National Can Industries Limited	17825	24,331	23,886
National Textiles Limited	139193	44,938	0
New Cap Reinsurance Corporation Holdings	8400	3,767	0
Nonferral Recyclers Limited	63750	20,096	0
O. F. T. Limited	5500	1,952	0
Oldfields Holdings Limited	50268	53,849	43,230
P. Cleland Enterprises Limited	7100	14,729	1,988
P. M. P. Limited	10000	8,121	7,100
Pasminco Limited	247000	60,641	0
Penfold Buscombe Limited	34123	26,081	8,531

Penfold Buscombe Limited [option: 26.03.05]	1978	0	10
Perilya Limited	10500	0	4,620
Power Pacific Limited	14542	957	0
Prudential Investment Company of Australia	40000	5,898	16,000
Quoin International Limited	100000	18,719	0
Quoin International Limited [option: 10.07.03]	185689	12,438	0
R. C. R. Tomlinson Limited	600000	139,658	144,000
Reinsurance Australia Corporation Limited	100000	13,155	18,500
Reliance Mining Limited	73928	34,403	19,591
Residual Assco Limited	20000	253	0
Resolute Limited	20000	24,477	13,800
Sigma Company Limited	10990	23,209	64,401
Simon Gilbert Wines Limited [option: 31.12.04]	11981	0	0
Skynet Global Limited	369434	8,796	12,191
Smorgon Steel Group Limited	14000	15,008	16,240
Spectrum Resources Limited	25	8	0
Steamships Trading Company Limited	76674	156,012	153,348
Stokes Australasia Limited	93270	35,538	25,183
Tasmania Mines Limited	286919	37,810	40,169
Tasmanian Perpetual Trustee Limited	940	7,942	9,494
The Maryborough Sugar Factory Limited	2876	17,547	20,132
Tooth and Company Limited	79558	17,368	9,945
Total Sport and Entertainment Gourp Limited	5000	1,709	0
Transmetro Corporation Limited	26950	6,421	14,823
Trust Company of Australia Limited	2940	8,053	16,376
U. D. U Resources Limited	1548	0	0
Virtual Control Systems Limited	28750	155	155
W. C. Penfold Limited	14291	13,611	5,716
Water Wheel Holdings Limited	34735	27,313	0
Western Metals Limited	500000	18,325	10,500
Western Metals Limited	400000	17,447	8,400
Woolstock Australia Limited [stapled security]	2000	0	0
		<u>2,116,475</u>	<u>1,311,231</u>

INVESTMENT PORTFOLIO
AS AT 30 JUNE 2003

Company	Number	Cost \$	Book \$
A. Cohen p.l.c	1,183	2,903	142
A. Cohen p.l.c [voting]	6,100	6,278	732
Allgas Energy Limited [preference]	76,199	156,208	156,208
Allied Irish Banks p.l.c.	500	10,944	11,823
Alvis p.l.c.	1,200	3,743	5,628
Anne Street Brewery p.l.c.	100	955	955
Arnotts p.l.c.	504	7,029	12,136
Blue Planet Investment Management Limited	200	5,167	3,300
Boosey and Hawkes p.l.c.	500	4,923	1,985
Carlton Investments Limited [preference]	5,466	10,458	11,643
Coal and Allied Industries Limited [preference]	31,800	32,519	37,128
D.J.L. Limited [1st preference]	652	54	0
D.J.L. Limited [2nd preference]	639	36	0
Earth Sanctuaries Limited [options: 31.03.05]	500	0	0
Email Limited [preference]	100	860	860
Fiji Industries Limited	4,555	25,865	25,865
Glenmorangie p.l.c. [A ordinary]	300	5,728	6,288
Glenmorangie p.l.c. [B ordinary]	650	9,074	15,724
Harris and Company Limited [preference]	600	1,402	1,402
Investment Company p.l.c.	100	742	742
Keith Harris and Company Limited [preference]	3,475	7,042	7,993
Linden and Conway Limited [preference]	200	910	204
London Stock Exchange p.l.c.	1,000	13,447	14,280
Ludowici Limited [1st preference]	1,400	1,455	1,386
Ludowici Limited [2nd preference]	2,857	2,953	2,571
Mackay Building Society Limited	7,000	14,503	25,200
Melcann Limited	60,025	88,776	137,457
Murray Financial Corporation p.l.c.	1,000	2,209	7,140
National Consolidated Limited [preference]	9,926	38,765	19,852
Orica Limited [preference]	65,667	65,226	66,990
P. Z. Cussons p.l.c. [A ordinary]	500	4,090	10,420
Pauls Victoria Limited [preference]	900	2,562	2,313
Phosphate Resources Limited	8,300	37,157	37,157
Pioneer Permanent Building Society Limited	42,780	89,840	129,590
Public Holdings Australia Limited	72,591	69,814	117,495

Ransomes p.l.c. [preference]	76,729	275,063	148,087
Rutherland Pty. Limited	75,538	76,198	76,198
Sietel Limited [preference]	16,300	20,082	22,657
Southern Mining Corporation limited	100	0	0
Starlight Holdings Limited	500	100	100
Textron Incorporated	26	3,069	1,528
The Peninsular and Oriental Steam Navigation Co.	3,500	8,246	8,246
The Romney Hythe and Dymchurch Railway p.l.c.	200	1,537	1,537
The Van Diemens Land Company	30	40	40
Vealls Limited [preference]	2,150	3,261	4,107
Webster Limited [preference]	20,756	27,928	29,474
Weetabix Limited	100	7,048	5,954
W.G. Goetz and Sons Limited [preference]	2,000	0	0
Whitefield Limited [preference]	6,248	8,922	8,435
Wintrust p.l.c.	1,000	3,988	3,988
Yule Catto and Co. p.l.c	228	2,021	2,199
		<u>1,139,604</u>	<u>1,183,584</u>

SHAREHOLDER INFORMATION
AS AT 30 NOVEMBER 2003

As at 30 November 2003 the Company had 337 shareholders. The 20 largest shareholders and their shareholdings were as follows:

Darin Investments Pty. Limited	221,000
Monal Pty. Limited	200,000
Gordon Bradley Elkington	194,614
Abelia Grove Pty. Limited	100,000
Peters Trading Company Australia Pty. Limited	81,000
Rogmor Engineering Services Pty. Limited	62,920
Milly Elkington	60,161
Nifuno Pty. Limited	59,400
A. K. W. Investments Pty. Limited	57,550
Baron Nominees Pty. Limited	52,325
Rex Helfen Limited	48,400
John Weston Seaforth Mackenzie	44,200
Peter Hay Sloane and Jocelyn Frances Sloane	44,200
Angus Alexander Sloane	42,000
John Fielding Limited	38,780
Cameron Investments Pty. Limited	38,720
Granic Pty. Limited	35,600
Wilcorp No. 41 Pty. Limited	31,463
Robert Franklin Cameron	30,916
Boulevard Nominees Pty. Limited	28,000
Peter Windeyer Donovan	28,000

The distribution of shareholdings was as follows:

Range of holdings	Number of shareholders	Percentage of holders	Number of shares	Percentage of shares
1-1,000	130	38.6	48,826	1.9
1,001-10,000	154	45.7	517,633	20.1
10,001-100,000	50	14.8	1,431,214	55.4
100,001 - over	3	0.8	583,614	22.6
	337	100.0	2,581,287	100.0

There were 128 shareholders holding less than a marketable parcel of shares.

The substantial shareholders were as follows:

Gordon Bradley Elkington	282,907
Darin Investments Pty. Limited	221,000
Monal Pty. Limited	200,000
Robert Franklin Cameron	154,867
John Weston Seaforth Mackenzie	144,200

FIVE YEAR SUMMARY

	1999	2000	2001	2002	2003
	\$	\$	\$	\$	\$
Profit and loss					
Earnings before tax	562,319	310,569	(167,431)	118,953	(196,593)
Tax	113,939	91,207	(54,564)	35,686	59,626
Earnings after tax	448,380	219,363	(112,867)	83,267	(136,967)
Dividend provided	179,753	210,916	51,626	51,626	0
Financial position					
Current assets	1,851,915	2,211,920	1,847,921	1,971,515	1,834,691
Current liabilities	613,981	706,224	378,613	310,659	430,253
Non-current assets	862,934	927,545	1,291,482	1,173,388	1,229,515
Non-current liabilities	24,268	36,562	56,480	98,292	34,968
Shareholders' equity	2,076,601	2,396,679	2,704,310	2,735,952	2,598,985

CORPORATE DIRECTORY

Directors	John Weston Seaforth Mackenzie Robert Franklin Cameron Gordon Bradley Elkington John David Honan Steven Pritchard
Company Secretary	Gordon Bradley Elkington
General Manager	Vincent Chin
Registered office	Level 5 10 Spring Street Sydney New South Wales 2000
Auditor	Geoffrey Allan White Chartered Accountant 10 George Street Leichhardt New South Wales 2040
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 Cash Management Trust 20 Bond Street Sydney New South Wales 2000 The Rock Building Society Limited Cnr. Archer and Bolsover Streets Rockhampton Queensland 4500

Wide Bay Capricorn Building Society Limited
16-20 Barolin Street
Bundaberg
Queensland 4670

Manchester Building Society
Queen Street
Manchester
United Kingdom