DV01 MECHELLE PTY LTD

ABN 95 061 343 959

FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2006

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DIRECTORS REPORT

The directors present their report together with the financial report of DV01 Mechelle Pty Ltd for the year ended 30 June 2006, and the auditors report thereon.

Directors

The directors at any time during or since the end of the financial year are:

Mr. Gregory Robert Madden	Appointed – 17 September 1993
Mrs Sonja Mechelle Madden	Appointed – 17 September 1993
Mr Frederick Madden	Appointed – 9 March 1998

Secretary

Mr Gregory Robert Madden was appointed to the position of company secretary on 17 September 1993. Mr Madden has been involved in the securities industry for a number of years. On 26 May 2003 Frederick Madden was appointed company secretary.

Company particulars

DV01 Mechelle Pty Ltd is incorporated in Australia.

The principal place of business of the Company is:

Ground Floor
89 St Georges Terrace
Perth, Western Australia

Principal activities

The principal activity of the company during the course of the financial year was as an investment company. There was no significant change in the nature of this activity during the year.

Review of operations

The operating profit before income tax is $242,924. The company was formed on 17 September 1993, and was essentially dormant until the year ended 30 June 2006. Accordingly, the company has not prepared comparative balances for inclusion within this financial report.

State of affairs

There was no significant change in the state of affairs of the company during the financial year under review.

Dividends

No dividends were paid during the year.

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DIRECTORS REPORT (cont)

Environmental regulation

The company is not subject to significant environmental regulation.

Likely developments

The company will continue to pursue its current activities during the next financial year. Further information about likely developments in the operations of the company and the expected results of those operations in future financial years has not been included in this report because of this information would be likely to result in unreasonable prejudice to the company.

Indemnification and insurance of officers and auditors

Indemnification

Since the end of the previous financial year, the company has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an officer or auditor of the company.

Director's benefits

Since the end of the financial year, no Director of the company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the accounts) by reason of a contract made by the company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Dated at Perth this 12th day of December, 2007

Signed in accordance with a resolution of directors.

Gregory Robert Madden

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DIRECTORS DECLARATION

In the opinion of the directors

a) the company is a small proprietary company and is not a reporting entity;

b) the financial statements and notes thereto set out on pages 7 to 15 are drawn up in accordance with the basis of accounting described in the Note 1 (a) so as to present fairly the financial position of the company as at 30 June 2006 and its performance, as represented by the results of its operations for the financial year ended on that date;

c) at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due and payable.

Dated at Perth this 12th day of December, 2007

Signed in accordance with a resolution of directors.

Gregory Robert Madden

KPMG

Independent audit report to the members of DV01 Mechelle Pty Ltd

Scope

We have audited the financial report of DV01 Mechelle Pty Ltd ("the Company") for the financial year ended 30 June 2006 being a special purpose financial report consisting of the income statement, statement of changes in equity, balance sheet, statement of cash flows and accompanying notes. The Company's directors are responsible for the financial report. The directors have determined that the accounting policies used and described in Notes 1(a) to 1(1) to the financial statements are appropriate to meet the needs of the members. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the Company. No opinion is expressed as to whether the accounting policies used, and described in Note 1(a) to 1(l), are appropriate to the needs of the members.

The financial report has been prepared for distribution to members. We disclaim any assumption of responsibility for any reliance on this report, or on the financial report to which it relates, to any person other than the members, or for any purpose other than that for which it was prepared.

Our audit has been conducted in accordance with Australian Auditing Standards. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the basis of accounting described in Note 1(a) to the financial statements, so as to present a view which is consistent with our understanding of the Entity's financial position and performance, as represented by the results of its operations and its cash flows. These policies do not require the application of all Australian Accounting Standards nor other mandatory professional reporting requirements in Australia.

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

Audit opinion

In our opinion, the financial report of DV01 Mechelle Pty Ltd is properly drawn up so as to present fairly the Company's financial position as at 30 June 2006 and its performance for the year ended on that date, in accordance with the basis of accounting described in Note 1(a) to the financial statements.

KPMG
KPMG

JG Robinson
J.G. Robinson
Partner

Perth 12/12/07

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INCOME STATEMENT
AS AT 30 JUNE 2006

	Note	2006
		$
Finance income	2	441,310
Other income		2,553
Total revenue		443,863
Other expenses:		
Administration expenses		(51,224)
Depreciation expense		(860)
Finance expenses		(68,867)
Employee benefits		(79,988)
Profit before related income tax expense		**242,924**
Income tax expense	4(a)	(59,246)
Net Profit	13	**183,678**

The income statement is to be read in conjunction with the notes to the financial statements set out in pages 7 to 15.

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BALANCE SHEET
AS AT 30 JUNE 2006

	Note	2006 $
CURRENT ASSETS		
Cash and cash equivalents	5	14,390
Trade and other receivables	6	41,644
TOTAL CURRENT ASSETS		**56,034**
NON-CURRENT ASSETS		
Available-for-sale financial assets	7	3,415,195
Other financial assets	8	129,085
Property, plant and equipment	9	1,290
TOTAL NON-CURRENT ASSETS		**3,545,570**
TOTAL ASSETS		**3,601,604**
CURRENT LIABILITIES		
Trade and other payables		33,114
TOTAL CURRENT LIABILITIES		**33,114**
NON-CURRENT LIABILITIES		
Loans and borrowings	10	2,142,001
Deferred tax liabilities	4(c)	350,794
TOTAL NON-CURRENT LIABILITIES		**2,492,795**
TOTAL LIABILITIES		**2,525,909**
NET ASSETS		**1,075,695**
EQUITY		
Contributed equity	11	4
Reserves	12	789,307
Retained profits	13	286,384
TOTAL EQUITY		**1,075,695**

The balance sheet is to be read in conjunction with the notes to the financial statements set out in pages 7 to 15.

Note 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

DV01 Mechelle Pty Ltd (the 'Company') is a company domiciled in Australia. The financial report was authorized for issue in accordance with a resolution of the directors on 14^{th} December 2007. The significant accounting policies used in the preparation of these financial statements are as follows:

a) **Basis of Preparation**

The financial report is a special purpose financial report, which has been prepared in accordance with the recognition and measurement requirements of Australian Accounting Standards ('AASBs') adopted by the Australian Accounting Standards Board and the Corporations Act 2001. International Financial Reporting Standards form the ('AASB') basis of Australian Accounting Standards ('AASBs') adopted by the AASB, and for the purpose of this report are called Australian equivalents to International Financial Reporting Standards (AIFRS). The presentation and disclosure requirements of the following standards have not been complied with:

AASB 101	Presentation of Financial Statements
AAAB 107	Cash Flow Statements
AASB 110	Events After The Reporting Date
AASB 114	Segment Reporting
AASB 124	Related Parties
AASB 132	Financial Instruments: Disclosure and Presentation

The directors have determined the Company is not a reporting entity and therefore no comparatives have been included in this financial report. The financial statements have been prepared on the historical cost basis except for the following:

- Derivative financial instruments are measured at fair value;
- Financial instruments at fair value through profit and loss are measured at fair value;
- Available for sale financial assets are measured at fair value.

The methods used to measure the fair values are discussed further in note 1(d).

b) **Cash and cash equivalents**

Cash and cash equivalents comprise cash balances, short term bills and call deposits. Cash and cash equivalents are carried at face value of the amounts deposited or drawn.

c) **Financial Instruments**

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Note 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets include shares and units in listed entities, and any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value, where revaluation is possible. Unrealised gains and losses arising from changes in fair value are taken directly to equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

Derivative financial instruments

The Company holds derivative financial instruments to hedge its investment exposures. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

d) **Impairment of Assets**

(i) Financial assets

At each reporting date, the Company assess whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the income statement.

Note 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont)

Any cumulative loss in respect of an available-for-sale financial asset recognized previously in equity is transferred to profit or loss. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

(ii) Non-financial assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

e) **Foreign Currency Transactions and Balances**

Functional and presentation currency

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

Transaction 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. Non-monetary items measured at historical costs continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement.

f) **Property, plant and equipment**

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Property, plant and equipment are measured on the cost basis less depreciation and impairment losses.

Note 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont)

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation
The depreciable amount of all Property, Plant and Equipment (other than Leasehold Improvements which are based on the prime cost method) is based on the diminishing value method over their useful lives to the Company commencing from the time the assets are held ready for use. The depreciation rates used for plant and equipment vary between 20% and 50%.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying value is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

g) **Payables**

Trade and other payables are stated at their amortised cost.

h) **Revenue recognition**

Interest
Interest revenue is recognized as it accrues, taking into account the effective yield on the financial asset.

Dividends
Revenue from dividends from associates and other investments is recognised when dividends are received.

i) **Goods and services tax**

Revenue, expenses and assets are recognized net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognized as part of the cost of acquisition of the asset or as part of an item of the expense.
Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Note 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont)

j) **Income tax**

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

k) **Employee Benefits**

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

l) **Share capital**

Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any related income tax benefit.

Dividends

Dividends are recognised as a liability in the period in which they are declared.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 $
Note 2. FINANCE INCOME	
Gain/(loss) realized on investments	281,958
Gain/(loss) realized on futures	62,979
Dividends and trust distributions	96,034
Interest	339
TOTAL FINANCE INCOME	**441,310**
Note 3. PROFIT BEFORE RELATED INCOME TAX EXPENSE	
Profit before income tax has been arrived at after charging/ (crediting) the following items:	
Finance expense	68,867
Contributions to defined contribution plan	79,988

Note 4. INCOME TAX

a) **Income tax expense**
   Recognised in the income statement

	2006 $
Current tax expense	
Current year	42,819
Under/(over) provision in prior year	3,897
	46,716
Deferred tax expense	
Origination and reversal of temporary differences	12,530
Total income tax expense in income statement	59,246

	2006 $

Note 4. INCOME TAX (cont)

a) Income tax expense (cont)
Numerical reconciliation between tax expense and pre-tax net profit

Profit before tax	242,924
Income tax using the Company's domestic tax rate of 30%	72,878
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income	
Trust distributions	(9,656)
Imputation gross-up of dividends received	7,101
Franking credits on dividends received	(23,669)
Other	252
	46,906
Prior year tax losses recognised	(4,087)
Current income tax expense	42,819
Under/(over) provision of prior year	3,897
	46,716

b) Dividend franking account

30% franking credits available to shareholders of the company for subsequent financial years	-

c) Deferred tax assets and liabilities

Deferred tax assets:	
Accrued expenses	9
	9
Deferred tax liabilities:	
Available-for-sale financial assets	338,273
Tax deferred trust distributions	12,530
Set-off of deferred tax asset	(9)
Net deferred tax liability	350,794

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

	2006 $
Note 5. CASH AND CASH EQUIVALENTS	
Cash comprises cash on hand and at bank on call	14,390
	14,390
Note 6. TRADE AND OTHER RECEIVABLES	
Trust distributions receivable	23,980
GST refund receivable	2,890
Income tax refund receivable	14,774
	41,644
Note 7. AVAILABLE-FOR-SALE FINANCIAL ASSETS	
Shares in listed entities	3,415,195
Note 8. OTHER FINANCIAL ASSETS	
Derivatives	129,085
Note 9. PROPERTY, PLANT AND EQUIPMENT	
Office equipment, at cost	2,150
Less: accumulated depreciation	(860)
Total property, plant and equipment	1,290
Note 10. LOANS AND BORROWINGS	
Westpac Banking Corporation	760,000
BT	728,063
SM & GR Madden	653,928
	2,142,001

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

Note 11. CONTRIBUTED EQUITY

	2006 $
Balance at the beginning of the financial year	4
Issued during the year	-
Balance at the end of the financial year	4

Ordinary shares – terms and conditions

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders meetings.

In the event of winding up of the company, ordinary shareholders rank after all shareholders and creditors and are fully entitled to any proceeds of liquidation.

Note 12. RESERVES

Fair value reserve	2006 $
Balance at the beginning of the financial year	-
Revaluation of available-for-sale financial assets	1,127,580
Deferred tax liability on revaluation	(338,273)
Balance at the end of the financial year	789,307

Fair value reserve

The fair value reserve comprises the cumulative net change in fair value of available-for-sale financial assets until the investment is derecognized.

Note 13. RETAINED PROFITS

Retained profits at the beginning of the financial year	102,706
Net profit after tax	183,678
Less: Dividend paid	
Retained profits at the end of the financial year	286,384