

TFS PREMIUM SANDALWOOD PROJECT 2004

ANNUAL FINANCIAL REPORT
FOR THE YEAR TO 30 JUNE 2005

RESPONSIBLE ENTITY'S REPORT

The Directors of TFS Properties Ltd (ACN 093 330 977), Responsible Entity for TFS Premium Sandalwood Project 2004 ("the Project"), present their report together with the financial statements of the Project for the period ended 30 June 2005.

Directors

The names of the Directors of TFS Properties Ltd during the period and at the date of this report are:

Frank Cullity WILSON
Graeme Eric SCOTT
Stephen Lee ATKINSON
Ronald Lionel EACOTT
Blaine David KIDD
Julius Luke MATTHYS
Thomas Nash CULLITY

Principal Activities

During the period the principal activity of the Project was the establishment and management of a Sandalwood plantation.

Change of State of Affairs

There was no significant change in the state of affairs of the Project.

Results of Operations and Likely Developments

The Project made a profit for the financial year ended 30 June 2005 of \$3,925,305 (2004: \$2,108,082).

This is due to the receipt of fees for the establishment of 621 lots (2004: 450 lots) and the increment in the valuation of the sandalwood trees.

A plantation in respect of some of the sales in the 30 June 2004 year (100 lots) was planted in July 2004 on Block 6 of King Location 385 and Block 2 of King Location 386 at Packsaddle Plain. Some of this plantation also underwent an infill program in May / June 2005 to replace some of the losses that occurred after planting.

350 lots relating to the remaining sales made in the 30 June 2004 year were planted in May / June 2005 on Block 2 of King Location 386 and Block 10 of King Location 384 at Packsaddle Plain. Of the lots sold during the 30 June 2005 year, 10 lots were planted in June 2005 while the remaining 611 lots were planted in July 2005 on Blocks 10 and 11 of Packsaddle Plain.

The price of Sandalwood continues to rise at the Indian auctions in Tamil Nadu and at the latest auction in July 2005, the price had risen to \$US68,000 per tonne on average.

This compares with an average price per tonne of \$US60,000 at the same auctions in January 2005.

An extract from a report on the Plantation by our independent expert forester, Mr Peter Kimber follows:

Present State of the Plantation

The host species and the originally planted sandalwood seedlings are looking healthy and vigorous. The newly planted sandalwood infills have survived well so far, and will need frequent watering (every 7 to 10 days) until they become established later in the 2005 dry season. The plantation is well supplied with short-term hosts (*Sesbania Formosa* and *Acacia trachycarpa*) and with a good diversity of long-term hosts consisting of *Cathormium umbellatum*, *Cassia siamea* and Indian sandalwood (*Dalbergia latifolia*).

RESPONSIBLE ENTITY'S REPORT (CONTINUED)

Review of Plantation Management Activities

Shortly after planting in June 2004, cut-worms ring-barked and killed several hundred sandalwood seedlings, and these were replaced with new seedlings before the end of August. The cut-worm attack which had not been experienced before, was brought under control by aerially spraying with a suitable insecticide.

The exceptionally hot period in December 2004 also took its toll of seedlings. These were replaced with 20,000 new seedlings in May/June 2005, after competition within the rows to be replanted had been reduced by heavily slashing the *Sesbania* hosts.

Following the initial planting of the tree seedlings, weeds were controlled on a regular basis in order to eliminate competition to the tree seedlings and this continued for the duration of the dry season. Control of weeds between the rows of trees was done mechanically using a custom-built set of harrows, and weeds within the tree rows were manually removed by hoeing.

Tractor access rows in the plantation were maintained in a relatively weed free condition by mechanical slashing followed by the application of a contact herbicide to control regrowth of the weeds. A trial of sowing agricultural Lucerne (alfalfa) on the tractor access rows was established with a view to controlling weeds with this crop, which will also add substantial quantities of nitrogen to the soil for the benefit of the trees.

Water supply channels, drains and access tracks into the plantation were maintained in a weed free condition using both mechanical and chemical means of weed control.

Firebreaks of between 25 and 35 metres wide were established between the plantation and the adjacent native bush by regular ploughing.

The newly planted plantation was irrigated every 7 to 10 days for the first few weeks after planting. This was extended to every two to two and a half weeks later in the dry season when the trees had become established.

Regular inspections of the trees were carried out every 7 to 10 days to check for signs of insect damage and to monitor any build-up in the numbers of injurious insects. Only minor damage was found caused by caterpillars browsing the *Cassia siamea* hosts.

Conclusion

The initial plantation has been extensively rehabilitated after its poor establishment phase last year. Every effort is being made to ensure that all aspects of the management of the plantation including the new plantings will build on the foundation that has now been laid.

Balance of Interests

As at 30 June 2005, the balance of lease interests held by Growers is 1,071 (30 June 2004: 450).

Interests Held by Responsible Entity and Related Parties

At 30 June 2005, no lease interests are held by the Responsible Entity and 170 lease interests are held by Related Parties.

Environmental Regulations

The Project is not subject to any significant environmental regulations under any State, Commonwealth or Territory Law.

Fees Paid to Responsible Entity and Associates

No fees were paid to TFS Properties Ltd, Responsible Entity of TFS Premium Sandalwood Project 2004, for provision of its services during the period ended 30 June 2005 (period ended 30 June 2004: nil).

Insurance of Officers of the Company or Auditors

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the Responsible Entity or the Project, other than the following.

The company that is related to the Responsible Entity has paid premiums to insure each of the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the Responsible entity. The cover included professional indemnity as well as directors and officers insurance. The total amount of the premium paid was \$66,550.

RESPONSIBLE ENTITY'S REPORT (CONTINUED)

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2005 has been received and can be found on page 16 of the financial report.

For and on behalf of the Directors of TFS Properties Ltd:



Graeme Eric Scott

Perth, 30th September 2005



Independent Auditor's Report

To the Members of TFS Premium Sandalwood Project 2004

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for TFS Premium Sandalwood Project 2004 (the Project), for the year ended 30 June 2005.

The directors of the responsible entity are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the Project. Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal controls, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Project's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

We are independent of the Project, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001

In accordance with ASIC Class Order 05/83, we declare to the best of our knowledge and belief that the auditor's declaration set out on page 16 of the financial report has not changed as at the date of providing our audit opinion.

Independent Auditor's Report

To the Members of TFS Premium Sandalwood Project 2004 (*CONTINUED*)

Audit Opinion

In our opinion, the financial report of TFS Premium Sandalwood Project 2004 is in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Project's financial position as at 30 June 2005 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.



RIX LEVY FOWLER
Chartered Accountants



PHILLIP RIX FCA, A.S.I.A.
Partner

DATED at PERTH this 30th day of September 2005

TFS PREMIUM SANDALWOOD PROJECT 2004
 STATEMENT OF FINANCIAL PERFORMANCE
 FOR THE YEAR TO 30 JUNE 2005

	NOTE	2005 \$	2004 \$
REVENUE FROM ORDINARY ACTIVITIES			
Establishment fees		2,578,126	2,108,082
Interest received		-	-
Net increment in net value of sandalwood trees		1,347,179	-
		<u>3,925,305</u>	<u>2,108,082</u>
EXPENSES FROM ORDINARY ACTIVITIES			
Accounting fees		1,500	-
Audit fees		2,000	-
Doubtful debts		207,910	-
Bank charges		148	-
Compliance committee remuneration		4,485	-
Filing fees		650	2,010
Reimbursement of expenses by the responsible entity		(216,693)	(2,010)
		<u>-</u>	<u>-</u>
NET OPERATING INCOME FROM ORDINARY ACTIVITIES		<u>3,925,305</u>	<u>2,108,082</u>

The Statement of Financial Performance should be read in conjunction with the accompanying notes.

TFS PREMIUM SANDALWOOD PROJECT 2004
STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2005

	NOTE	2005 \$	2004 \$
CURRENT ASSETS			
Cash	2	44,901	-
Receivables	3	2,162,850	1,241,718
Other	4	-	-
TOTAL CURRENT ASSETS		2,207,751	1,241,718
NON CURRENT ASSETS			
Sandalwood Trees	5	6,033,387	2,108,082
Other	4	-	-
TOTAL NON-CURRENT ASSETS		6,033,387	2,108,082
TOTAL ASSETS		8,241,138	3,349,800
CURRENT LIABILITIES			
Payables	6	2,207,751	1,241,718
Unearned Income	7	-	-
TOTAL CURRENT LIABILITIES		2,207,751	1,241,718
NON CURRENT LIABILITIES			
Unearned Income	7	-	-
TOTAL NON-CURRENT LIABILITIES		-	-
TOTAL LIABILITIES		2,207,751	1,241,718
NET ASSETS		6,033,387	2,108,082
GROWERS' FUNDS			
Undistributed income reserve	8	6,033,387	2,108,082
EQUITY		6,033,387	2,108,082

The Statement of Financial Position should be read in conjunction with the accompanying notes.

TFS PREMIUM SANDALWOOD PROJECT 2004
 STATEMENT OF CASH FLOWS
 FOR THE YEAR TO 30 JUNE 2005

	NOTE	2005 \$	2004 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
<u>Inflows</u>			
Receipts from growers		1,914,807	1,077,172
Interest received		-	-
<u>(Outflows)</u>			
Payments to suppliers		(257,813)	-
	10(b)	1,656,994	1,077,172
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES			
Payment for establishment of plantations		(1,612,093)	(1,077,172)
		(1,612,093)	(1,077,172)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES			
Other		-	-
Net increase / (decrease) in cash held		44,901	-
Cash at beginning of financial year		-	-
Cash at end of financial year	10(a)	44,901	-

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR 30 JUNE 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The financial report is a general purpose financial report which has been prepared in accordance with the Project's constitution and the requirements of the Corporations Act 2001, which includes applicable accounting standards. Other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) have also been complied with.

The financial report has been prepared in accordance with the historical cost convention, except for Sandalwood trees (which are self-generating assets), which are recorded at net market value.

(b) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Project and the revenue can be reliably measured. Specific revenues are recognised as follows.

Operations revenue:

- Sandalwood Lot sales (Establishment Fees) are recognised as revenue on acceptance of the application by the Responsible Entity.
- Lease and Management Fees are recognised as revenue in the period to which they relate.

(c) Sandalwood Trees

Sandalwood trees are measured at their market value at each reporting date. The net market value is determined as being the net present value of expected future cash flows (discounted at a risk adjusted rate).

Net increments or decrements in the market value of the Sandalwood trees are recognised as revenues or expenses in the Statement of Financial Performance, determined as:

- (i) the difference between the total net market values of the trees recognised as at the beginning of the period and the total net market values of the trees recognised as at the reporting date; less
- (ii) costs incurred during the reporting period to acquire and plant Sandalwood trees.

Costs incurred in maintaining or enhancing trees are recognised as expenses when incurred. Therefore, those costs are not included in the determination of the net increment in net market values.

(d) Income Tax

Under current legislation, the scheme is not subject to income tax provided the Growers are presently entitled to the income of the Project.

Unrealised gains and losses on investments which are regarded as income, are transferred to Growers' funds and are not distributable and assessable until realised. When income is realised, tax will be paid by the growers at the marginal rates of tax that exist under the relevant tax legislation at the date of realisation.

(e) Cash and Equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash on hand and in banks, and short-term deposits at call.

(f) Receivables

Receivables are recognised and carried at original invoice amount, or the amount due less a provision for any uncollectible debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable.

(g) Payables

Liabilities for creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received. Payables to related parties are carried at the principal amount.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR 30 JUNE 2005 (CONTINUED)**

(h) Unearned Income

Prepaid Lease and Management Fees are recognised on a straight line basis over the term of the project as this is considered to closely approximate the value of the service provided. The unearned portion is deferred and recorded as unearned income.

(i) Goods and Services Tax

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 Statement of Financial Position are shown inclusive of GST.

(j) Adoption of Australian Equivalents to International Financial Reporting Standards

The responsible entity is preparing and managing the transition to Australian Equivalents to International Financial Reporting Standards (AIFRS) effective for the financial years commencing from 1 January 2005. The adoption of AIFRS will be reflected in the scheme's financial statements for the year ending 30 June 2006. On first time adoption of AIFRS, comparatives for the financial year ended 30 June 2005 are required to be restated. The majority of the AIFRS transitional adjustments will be made retrospectively against retained earnings at 1 July 2004.

The responsible entity's management are assessing the significance of these changes and preparing for their implementation. The impact of the alternative treatments and elections under AASB 1: First Time Adoption of Australian Equivalents to International Financial Reporting Standards has been considered where applicable.

The directors of the responsible entity are of the opinion that there are no material differences in the accounting policies on conversion to AIFRS. Users of the financial statements should note, however, that the amounts disclosed could change if there are any amendments by standard setters to the current AIFRS or interpretation of the AIFRS requirements changes from the continuing work being performed by the responsible entity.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR TO 30 JUNE 2005 (CONTINUED)

	NOTE	2005 \$	2004 \$
2. CASH			
Cash at bank		44,901	-
3. RECEIVABLES			
Outstanding fees (i)		2,370,760	1,241,718
Less: Doubtful debts		(207,910)	-
		<u>2,162,850</u>	<u>1,241,718</u>
(i) Outstanding fees represent moneys receivable from growers for the cost of establishment of the plantation. No interest has been charged on amounts due.			
4. OTHER ASSETS			
Current			
Prepayments (i)		-	-
Non Current			
Prepayments (i)		-	-
(i) prepayments represent lease and management fees paid to the manager in advance of the period in which the lease and management services are to be provided.			
5. SANDALWOOD TREES			
at cost of establishment (still to be planted at balance date)		2,578,126	2,108,082
at net market value (planted at balance date)		3,455,261	-
		<u>6,033,387</u>	<u>2,108,082</u>
(a) Physical quantity of sandalwood trees planted and owned			
Number of sandalwood trees		21,298	0
Area under lease (planted)		46.0	0.0
Area under lease (to be planted)		61.1	45.0
Growers in project (units)		1071	450
(b) Nature of Asset			

Investors in the TFS Premium Sandalwood Project 2004 who are referred to as "Growers" subscribed for Sandalwood Lots of size one-tenth of a hectare each upon which Sandalwood trees have been established.

The Sandalwood plantation is situated at King Location 384, 385 and 386, approximately 8 kilometres from the Western Australian township of Kununurra.

The land upon which the Sandalwood plantation is located is either owned or leased by the Responsible Entity. Growers lease the land from the Responsible Entity for the duration of the Project. The Project will continue in operation until the date on which the last of the Growers has been advised that the produce of the Sandalwood crop from each leased area which is leased by the Grower has been harvested and that the relevant Lease and Management Agreement has been terminated but in any event, not later than 30 June 2021.

The net market value of the Sandalwood trees has been determined in accordance with a Directors' valuation in accordance with the AASB's to reflect the market value of plantation.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR TO 30 JUNE 2005 (CONTINUED)

	NOTE	2005 \$	2004 \$
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(c) Significant Assumptions

Significant assumptions made in determining the net market value of the trees are:

- 15% of the trees will be harvested and sold 13 years after planting;
- 30% of the trees will be harvested and sold 14 years after planting;
- 55% of the trees will be harvested and sold 15 years after planting;
- the price of Sandalwood is constant in real terms;
- the costs expected to arise on harvest are constant in relative terms; and
- the pre-tax average real rate at which the net cash flows have been discounted is at 17% per annum

Cash flows exclude income taxes and are expressed in real terms.

6. PAYABLES

Trust funds payable to responsible entity (i)	2,207,751	1,030,910
GST payable	-	210,808
Other	-	-
	2,207,751	1,241,718

(i) Trust funds payable to responsible entity represents the sum of monies payable by growers to the responsible entity under the lease and management agreement yet to be paid across. No interest in payable on outstanding amounts.

7. UNEARNED INCOME

Current

Prepaid lease & management fees	-	-
	-	-

Non Current

Prepaid lease & management fees	-	-
	-	-

8. GROWERS FUNDS

Undistributed Income

The undistributed income reserve contains realised and unrealised income and expenses that are not yet assessable/deductible.

Opening balance	2,108,082	-
Net operating income	3,925,305	2,108,082
Closing balance	6,033,387	2,108,082

9. DISTRIBUTION PAID

No distributions were payable or paid during the period.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR TO 30 JUNE 2005 (CONTINUED)

	NOTE	2005 \$	2004 \$
10. STATEMENT OF CASHFLOWS			
(a) Reconciliation of cash			
Cash balance comprises:			
Cash at bank		44,901	-
(b) Reconciliation of net operating income to net cash flows from operating activities			
Net operating income		3,925,305	2,108,082
Adjustments:			
(Increase) / decrease in net receivables		(921,132)	(1,241,718)
(Increase) / decrease in prepayments		-	-
(Increase) / decrease in market value of sandalwood trees		(1,347,179)	-
Increase / (decrease) in payables		-	210,808
Increase / (decrease) in unearned income		-	-
Net cash inflow / (outflow) from operating activities.		1,656,994	1,077,172

11. RELATED PARTY DISCLOSURE

(a) Responsible Entity

The Responsible Entity of the TFS Premium Sandalwood Project 2004 is TFS Properties Ltd, whose immediate and ultimate holding company is TFS Corporation Limited.

(b) Directors of the Responsible Entity

The Directors of the Responsible Entity during the period were:

Frank Cullity WILSON
Graeme Eric SCOTT
Stephen Lee ATKINSON
Ronald Lionel EACOTT
Blaine David KIDD
Julius Luke MATTHYS
Thomas Nash CULLITY

(c) Fees paid or payable to the Responsible Entity

The Responsible Entity receives all Establishment, Lease and Management Fees which have been paid by the Project during the period.

The Responsible Entity provides Sandalwood plantation establishment and management services for TFS Premium Sandalwood Project 2004 and carries out the custodial and administrative functions.

Transactions between TFS Premium Sandalwood Project 2004 and TFS Properties Ltd result from normal dealings with that company as the Project's Responsible Entity and holder of a dealer's license.

(d) Holdings of Directors and Director Related Entities

A total of 170 lease interests are held by Directors or parties related to Directors on the same terms and conditions as other Growers. An amount of \$184,800 is outstanding at year end.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR TO 30 JUNE 2005 (CONTINUED)

12. COMPLIANCE MATTERS

(a) Compliance Committee

The Compliance Committee during the period consisted of:

Graeme Scott (Chairman) – Director of TFS Properties Ltd
Robert Marusco – Nissen Kestel & Harford
John O'Brien – Hayes Knight GTO

The Compliance Officer during the period was Roger Pratt of Hayes Knight GTO.

(b) Remuneration of Compliance Committee

\$4,485 (GST exclusive) was paid to the external members of the Compliance Committee by the Responsible Entity for provision of their services during the period ended 30 June 2005.

13. AUDIT

Rix Levy Fowler are the auditors of the Project and the Project's Compliance Plan.

14. SEGMENT INFORMATION

The Project operates in one industry segment, being investment activities and in one geographical segment, being Australia.

15. SUBSEQUENT EVENTS

Since 30 June 2005, there has not been any matter or circumstance not otherwise dealt with in the financial report that has significantly affected or may significantly affect the Project.

16. FINANCIAL INSTRUMENTS

(a) Interest Rate Risk

Interest rate risk is the risk that a financial investment's value will fluctuate as a result of changes in market interest rates. The Project's exposure to interest rate risk is as follows:

<u>Financial Assets</u>	
Cash	\$44,901
Weighted average debit interest rate (p.a.)	0%
Weighted average credit interest rate (p.a.)	3.00%
Interest rate type	Variable

The Project had no other financial assets or financial liabilities with exposure to interest rate risk as at balance date.

(b) Credit Risk

Credit risk represents the risk that a counterparty will fail to perform contractual obligations under a contract. The Project's only credit risk exposure relates to debtors who comprise the receivable balance at 30 June 2005. A provision for doubtful accounts is recognised when collection of the full nominal amount is uncertain.

(c) Net Fair Value

The Project's financial assets and liabilities included in the Statement of Financial Position are carried at their net fair value. Refer to Note 1 for the methods and assumptions adopted in determining net fair values for Sandalwood trees.

**DIRECTORS' DECLARATION
FOR THE YEAR TO 30 JUNE 2005**

In accordance with a resolution of the Directors of TFS Properties Ltd, I state that:

In the opinion of the Directors:

- (a) the financial statements and notes of the registered Project are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the registered scheme's financial position as at 30 June 2005 and its performance, as represented by the results of its operations and its cash flows for the period ended on that date; and
 - (ii) complying the Accounting Standards and the Corporations Regulations; and
- (b) there are reasonable grounds to believe that the registered scheme will be able to pay its debts as and when they become due and payable.

On behalf of the Board
TFS Properties Ltd



GRAEME ERIC SCOTT
DIRECTOR

Dated: this 30th day of September 2005



To the Board of Directors of the Responsible Entity of TFS Premium Sandalwood Project 2004

Auditor's Independence Declaration

This declaration is made in connection with our audit of the financial report of TFS Premium Sandalwood Project 2004 for the year ended 30 June 2005 and in accordance with the provisions of the Corporations Act 2001.

We declare that, to the best of our knowledge and belief, there have been:

- No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to this audit;
- No contraventions of the Code of Professional Conduct of the Institute of Chartered Accountants in Australia in relation to this audit.

Yours faithfully

RIX LEVY FOWLER
Chartered Accountants

PHILLIP RIX FCA, A.S.I.A.
Partner

DATED at PERTH this 30th day of September 2005