

Financial statements and auditors' report

**Australian Investors Association Ltd**

30 June 2004

Grant Thornton 



**AUSTRALIAN INVESTORS' ASSOCIATION LTD**  
**ABN 75 052 411 999**

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**AUSTRALIAN INVESTORS' ASSOCIATION LTD**  
**ABN 75 052 411 999**

**DIRECTORS' REPORT**

Your directors present their report on the company for the financial year ended 30 June 2004.

**Directors**

The names of the directors in the office at anytime during or since the end of the year are:

Mr R Andrew		Mr B McBryde
Mr G Gray	Resigned 15-03-04	Mr S McKenzie
Mr D Child		Mr J Venn
Ms J Eason	Resigned 03-07-03	Mr W Shirley
Mr D Combe	Appointed 07-03-03	Mr A Vorbach    Appointed 07-03-03

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

**Principal Activities**

The principal activities of the company during the financial year were to further the interests of investors. No significant change in the nature of these activities occurred during the financial year.

**Operating Results**

The operating deficit of the company for the financial year after providing for income tax amounted to \$1,841.

**Dividends paid or Recommended**

No dividends were paid during the year and no recommendation is made as to the payment of dividends.

**Review of Operations**

A review of the operations of the company during the financial year and the results of those operations are as follows:

No significant changes in the company's state of affairs occurred during the financial year.

**After Balance Date Events**

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

**DIRECTORS' REPORT (cont.)**

**Future Developments**

The directors have no plans to deviate or add to the existing operations of the company.

**Environmental Issues**

The company's operations are not regulated by a significant environmental regulation under a law of the Commonwealth or of the State.

**Information on Directors**

<i>Name</i>	<i>No. of Meetings Attended</i>	<i>No of meetings held during Directorship</i>	<i>Occupation</i>
Bruce McBryde	3	4	Retired
Robert Andrew	4	4	Retired
Scott McKenzie	4	4	Financial Planner
Jennifer Eason (a)	0	0	Accountant
David Child	4	4	Company Director
Gordon Gray	3	3	Financial Educator
John Venn (a)	3	4	Retired
David Combe (a)	2	4	Company Director & Consultant
William Shirley (a)	3	4	Retired
Adrian Vorbach (a)	3	4	Retired

During the financial year, 4 meetings of directors were held. The number of meetings attended and the number of meetings held during the directorships are stated above.

(a) These directors have leave of absence not to attend some or all directors' meetings.

**Options**

No options over issued shares or interests in the company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

**Indemnifying Officers or Auditor**

During or since the year ended 30 June 2004, the company has given an indemnity or entered an agreement to indemnify, or paid or agreed to pay, insurance premiums as follows:

The company has paid premiums to insure all of its 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 company, other than conduct involving a wilful breach of duty in relation to the company. The amount of the premium was \$8,211.

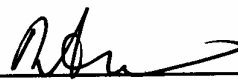
**DIRECTORS' REPORT (cont.)**

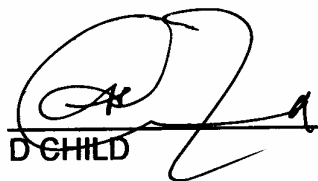
**Proceedings on Behalf of Company**

No person has applied for leave of court to bring proceedings on behalf of the company or 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 part of these proceedings.

The company was not a party to any such proceedings during the year.

Signed in accordance with a resolution of the board of directors.

Director   
R ANDREW

Director   
D CHILD

Dated this 15th day of September 2004

**AUSTRALIAN INVESTORS' ASSOCIATION LTD**  
**ABN 75 052 411 999**

**STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE YEAR ENDED 30 JUNE 2004**

	<b>Note</b>	<b>2004</b> <b>\$</b>	<b>2003</b> <b>\$</b>
Revenue from ordinary activities	2	421,603	407,844
Marketing expenses		(21,285)	(22,917)
Administrative expenses		(120,781)	(94,056)
Other expenses from ordinary activities		(279,031)	(261,746)
		<hr/>	<hr/>
Profit from ordinary activities before income tax expense	3	506	29,125
Income tax expense relating to ordinary activities	4	(2,347)	(1,623)
		<hr/>	<hr/>
Net (loss)/profit from ordinary activities after income tax expense attributable to members		\$ (1,841)	\$ 27,502
		<hr/>	<hr/>
Total change in equity other than those resulting from transactions with owners as owners		<u>\$ (1,841)</u>	<u>\$ 27,502</u>

The accompanying notes form part of these financial statements.

**AUSTRALIAN INVESTORS' ASSOCIATION LTD**  
**ABN 75 052 411 999**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2004**

	Note	2004 \$	2003 \$
<b>CURRENT ASSETS</b>			
Cash assets	5	167,304	198,676
Receivables	6	17,526	4,946
Other	7	8,419	8,642
		<hr/>	<hr/>
<b>TOTAL CURRENT ASSETS</b>		<b>\$ 193,249</b>	<b>\$ 212,264</b>
		<hr/>	<hr/>
<b>NON CURRENT ASSETS</b>			
Property, plant & equipment	9	4,003	4,520
Other	10	17,017	-
		<hr/>	<hr/>
<b>TOTAL NON CURRENT ASSETS</b>		<b>\$ 21,020</b>	<b>\$ 4,520</b>
		<hr/>	<hr/>
<b>TOTAL ASSETS</b>		<b>\$ 214,269</b>	<b>\$ 216,784</b>
		<hr/> <hr/>	<hr/> <hr/>
<b>CURRENT LIABILITIES</b>			
Payables	10	104,362	104,814
Tax liabilities	11	1,059	1,281
		<hr/>	<hr/>
<b>TOTAL CURRENT LIABILITIES</b>		<b>\$ 105,421</b>	<b>\$ 106,095</b>
		<hr/>	<hr/>
<b>TOTAL LIABILITIES</b>		<b>\$ 105,421</b>	<b>\$ 106,095</b>
		<hr/>	<hr/>
<b>NET ASSETS</b>		<b>\$ 108,848</b>	<b>\$ 110,689</b>
		<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY</b>			
Retained profits	12	108,848	110,689
		<hr/>	<hr/>
<b>TOTAL EQUITY</b>		<b>\$ 108,848</b>	<b>\$ 110,689</b>
		<hr/> <hr/>	<hr/> <hr/>

The accompanying notes form part of these financial statements.

**AUSTRALIAN INVESTORS' ASSOCIATION LTD**  
**ABN 75 052 411 999**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2004**

	<b>Note</b>	<b>2004</b>	<b>2003</b>
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from members		448,991	400,776
Payments to suppliers and employees		(466,153)	(371,445)
Interest received		6,797	3,815
Income tax paid		(2,570)	(1,283)
		<hr/>	<hr/>
NET CASH PROVIDED BY /(USED IN) OPERATING ACTIVITIES	17 (b)	(12,935)	31,863
		<hr/>	<hr/>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for property plant & equipment		(1,420)	(5,412)
Payment for website development costs		(17,017)	-
		<hr/>	<hr/>
NET CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES		(18,437)	(5,412)
		<hr/>	<hr/>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
NET CASH PROVIDED BY / (USED IN) FINANCING ACTIVITIES		-	-
		<hr/>	<hr/>
<b>NET INCREASE / (DECREASE) IN CASH HELD</b>		(31,372)	26,451
		<hr/>	<hr/>
Cash at the beginning of the financial year		198,676	172,225
		<hr/>	<hr/>
<b>CASH AT THE END OF THE FINANCIAL YEAR</b>	5 & 17(a)	\$ 167,304	\$ 198,676
		<hr/> <hr/>	<hr/> <hr/>

The accompanying notes form part of these financial statements.



**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2004**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting -**

This financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board and Corporations Act 2001.

Australian Investors Association Ltd is an unlisted public company, incorporated and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report.

**(a) Property, Plant & Equipment -**

**Plant and equipment**

Plant and equipment is measured on the cost basis. Amounts under \$300 are not capitalised

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

**Depreciation**

The depreciable amount of all fixed assets is depreciated on a straight line basis over their estimated useful lives to the entity commencing from the time the asset is held ready for use.

Depreciation rate used for plant and equipment is 36%.

**(b) Revenue**

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

**(c) Deferred Development Costs**

Costs associated with the development of the website have been capitalised and will be amortised over a period of three years commencing 1 July 2004.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2004**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

**(d) Income Tax**

The company adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of accounting profit and taxable income are brought to account as either a provision for deferred income tax or as a future

income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond any reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

All members income is exempted from company tax.

**(e) Revenue**

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

**(f) Goods and Services Tax (GST)**

Revenue, 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. Receivable and payable in the statement of financial position are shown inclusive of GST.

**(g) Cash**

For the purpose of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions, investments in money market instruments maturing within less than two months and net of bank overdrafts.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2004**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

**(h) Donations received**

Donations received was brought to account in the year of receipts.

**(i) Adoption of Australian Equivalents to International Financial Reporting Standards**

Australia is currently preparing for the introduction of International Financial Reporting Standards (IFRS) effective for financial years commencing 1 January 2005. This requires the production of accounting data for future comparative purposes at the beginning of the next financial year.

The economic entity's management, along with its auditors, are assessing the significance of these changes and preparing for their implementation. We will seek to keep stakeholders informed as to the impact of these new standards as they are finalised.

The directors are of the opinion that the key differences in the economic entity's accounting policies which will arise from the adoption of IFRS are:

*Research and Development Expenditure*

Pending standard AASB 138: Intangible Assets further requires that costs associated with research be expensed in the period in which they are incurred. In terms of current policy, research costs are capitalised to the statement of financial position where it is expected beyond any reasonable doubt that sufficient future benefits will be derived so as to recover these deferred costs.

*Impairment of Assets*

The economic entity currently determines the recoverable amount of an asset on the basis of undiscounted net cash flows that will be received from the assets use and subsequent disposal. In terms of pending AASB 136: Impairment of Assets, the recoverable amount of an asset will be determined as the higher of fair value less costs to sell and value in use. It is likely that this change in accounting policy will lead to impairments being recognised more often than under the existing policy.

*Non-current Investments*

Under the pending AASB 139: Financial instruments: Recognition and measurement, financial instruments that are classified as available for sale instruments must be carried at fair value. Unrealised gains or losses may be recognised either in income or directly to equity. Current accounting policy is to measure non-current investments at cost, with an annual review by directors to ensure that the carrying amounts are not in excess of the recoverable value of the instrument.

*Income Tax*

Currently, the economic entity adopts the liability method of tax-effect accounting whereby the income tax expense is based on the accounting profit adjusted for any permanent differences. Timing differences are currently brought to account as either a provision for deferred income tax or future income tax benefit. Under the Australian equivalent to IAS 12, the economic entity will be required to adopt a balance sheet approach under which temporary differences are identified for each asset and liability rather than the effects of the timing and permanent differences between taxable income and accounting profit.

**AUSTRALIAN INVESTORS' ASSOCIATION LTD**  
**ABN 75 052 411 999**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2004**

	<b>2004</b>	<b>2003</b>
	<b>\$</b>	<b>\$</b>
<b>2. REVENUE</b>		
Operating Activities		
- National conference registration	128,080	97,805
- Subscriptions income	117,990	108,762
- Conference registration	25,854	24,554
- Information meeting income	76,026	63,181
- National conference sponsorship fees	43,000	37,000
- Expo / Conference book sales	8,165	7,145
- Donations received	40,000	-
- Subscription prepaid 2003	(28,355)	28,355
- Sponsorship	2,000	9,750
- Interest received	7,825	5,411
- Council reimbursement	1,018	1,018
- Survey lunches / Report	-	24,863
	\$ 421,603	\$ 407,844
	\$ 421,603	\$ 407,844

**3. PROFIT FROM ORDINARY ACTIVITIES**

Operating profit before abnormal items and income tax has been determined after:

**(a) Expenses:**

Remuneration of auditor		
- Audit or review	3,000	2,200
- other services	2,485	2,408
	1,937	892
Depreciation of non-current assets		
- plant and equipment	1,937	892
	1,937	892

**AUSTRALIAN INVESTORS' ASSOCIATION LTD**  
**ABN 75 052 411 999**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2004**

	<b>2004</b>	<b>2003</b>
	<b>\$</b>	<b>\$</b>
<b>4. INCOME TAX EXPENSE</b>		
The prima facie tax payable on profits from ordinary activities before income tax is reconciled to the income tax expenses as follows:		
Prima facies tax payable on operating profit before income tax at 30% (2003: 30%)	152	8,737
Add		
Tax effect of		
- non-allowable item		-
	152	8,737
Less		
Tax effect of		
- Exempt income	2,499	7,114
- Recoupment of prior year tax losses not previously brought to account		-
Over provision for tax - prior year		-
	\$ 2,347	\$ 1,623
Income tax expense attributable to profit from ordinary activities	\$ 2,347	\$ 1,623
<b>5. CASH ASSETS</b>		
Cash at bank	167,304	28,676
Deposit at call		170,000
	\$ 167,304	\$ 198,676
	\$ 167,304	\$ 198,676

**AUSTRALIAN INVESTORS' ASSOCIATION LTD**  
**ABN 75 052 411 999**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2004**

	<b>2004</b>	<b>2003</b>
	\$	\$
<b>6. RECEIVABLES</b>		
<b>Current</b>		
Sundry debtors	17,526	1,596
GST receivable		3,350
	17,526	4,946
	\$ 17,526	\$ 4,946
<b>7. OTHER</b>		
<b>Current</b>		
Prepayments	\$ 8,419	\$ 8,642
	8,419	8,642
<b>8. PROPERTY, PLANT &amp; EQUIPMENT</b>		
Property, plant & equipment at cost	6,832	5,412
Less: Accumulated Depreciation	(2,829)	(892)
	4,003	4,520
	\$ 4,003	\$ 4,520
<b>(a) Movement in Carrying Amounts</b>		
Movement in the carrying amounts for plant and equipment between the beginning and the end of the current financial year.		
	Plant and Equipment	Total
	\$	\$
Balance at the beginning of the year	4,520	4,520
Additions	1,420	1,420
Depreciation expense	(1,937)	(1,937)
	4,003	4,003
Carrying amount at the end of the year	\$ 4,003	\$ 4,003

**AUSTRALIAN INVESTORS' ASSOCIATION LTD**  
**ABN 75 052 411 999**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2004**

	<b>2004</b>	<b>2003</b>
	<b>\$</b>	<b>\$</b>
<b>9. PAYABLES</b>		
<b>Current</b>		
Trade creditors	11,485	47,948
Income received in advance	-	20,000
Subscriptions in advance	86,765	33,280
Other creditors	4,500	3,586
GST payable	1,612	-
	\$ 104,362	\$ 104,814
	\$ 104,362	\$ 104,814
<b>10. OTHER</b>		
Web site development costs	\$ 17,017	\$ -
	\$ 17,017	\$ -
<b>11. TAX LIABILITIES</b>		
<b>Current</b>		
Income tax	1,059	1,281
	\$ 1,059	\$ 1,281
	\$ 1,059	\$ 1,281
<b>12. RETAINED PROFITS</b>		
Retained profits at the beginning of the financial year	110,689	83,187
Net (loss)/profit attributable to the members of the entity	(1,841)	27,502
	\$ 108,848	\$ 110,689
	\$ 108,848	\$ 110,689

**13. SEGMENT REPORTING**

The Australian Investors Association Ltd provides education service to members throughout Australia through newsletter, website, information meetings and conferences. Revenue is derived by the company through members' subscriptions, entry fees and the sale of investment publications to members.

**AUSTRALIAN INVESTORS' ASSOCIATION LTD**  
**ABN 75 052 411 999**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2004**

	<b>2004</b>	<b>2003</b>
	\$	\$
<b>14. REMUNERATION AND RETIREMENT BENEFITS</b>		
<b>(a) Directors' Remuneration</b>		
Income received and due and receivable by all directors of the company	\$ Nil	\$ Nil

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

Bruce McBryde	
Robert Andrew	
Scott McKenzie	
Jennifer Eason	Resigned 03-07-03
Gordon Gray	Resigned 15-03-04
David Child	
John Venn	
David Combe	Appointed 07-03-03
William Shirley	
Adrian Vorbach	Appointed 07-03-03

**(b) Retirement Benefits**

Amounts of a prescribed benefit given during the year by the company or a related party to a director, or a prescribed superannuation fund, in connection with the retirement from a prescribed office	\$ Nil	\$ Nil
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**15. MEMBERS GUARANTEE**

The company is limited by guarantee. If the Company is wound up, the Articles of Association state that each member is required to contribute a maximum of \$2 towards meeting any outstanding obligations of the company. At 30 June 2004, the number of members was 1744.



**AUSTRALIAN INVESTORS' ASSOCIATION LTD**  
**ABN 75 052 411 999**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2004**

**2004**                      **2003**  
**\$**                                      **\$**

**16. FINANCIAL INSTRUMENTS**

(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 rates on those financial assets and financial liabilities is as follows:

	Weighted Average effective interest rate %		Floating interest rate \$		Fixed interest rate maturing			
					Within 1 year		1 to 5 years	
	30/06/04	30/06/03	30/06/04	30/06/03	30/06/04	30/06/03	30/06/04	30/06/03
<b>Financial Assets</b>								
Cash at Bank	4.68	0.00	167,304	28,676		-		-
Deposit at call	-	4.00	-	170,000		-		-
Total Financial Assets			167,304	198,676		-		-

(a) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provision for doubtful debts, as disclosed in the Statement of Financial Position and notes to the financial statements.

The company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the company.

**AUSTRALIAN INVESTORS' ASSOCIATION LTD**  
**ABN 75 052 411 999**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2004**

**2004**                      **2003**  
**\$**                              **\$**

**16. FINANCIAL INSTRUMENTS (cont.)**

(c) Net Fair Values

The net fair values of listed investments have been valued at the quoted market bid price at balance date, adjusted for transaction costs expected to be incurred. For other assets and other liabilities, the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments. Financial assets, where the carrying amount exceeds net fair values, have not been written down as the economic entity intends to hold these assets to maturity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the Statement of Financial Position and in the Notes to the financial statements.

**17. CASH FLOW INFORMATION**

(a) Reconciliation of cash

Cash at the end of the financial year as shown in the statements of cash flows is reconciled to the related items in the statement of financial position as follows:

Cash at bank	167,304	28,676
Deposit at call with financial institution	-	170,000
	<hr/>	<hr/>
	<u>\$ 167,304</u>	<u>\$ 198,976</u>

**AUSTRALIAN INVESTORS' ASSOCIATION LTD**  
**ABN 75 052 411 999**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2004**

	<b>2004</b>	<b>2003</b>
	<b>\$</b>	<b>\$</b>
<b>17. CASH FLOW INFORMATION (cont.)</b>		
(b) Reconciliation of Cash Flow from operations with Profit from Ordinary activities after income tax		
(Loss)/profit from ordinary activities after income tax	(1,841)	27,502
Non-cash flows in profit from ordinary activities		
Depreciation	1,937	892
Changes in assets and liabilities:		
(Increase)/decrease in prepayments	223	2,976
(Increase)/decrease in receivables	(12,580)	(2,911)
(Increase)/decrease in deferred asset	-	849
Increase/(decrease) in accounts payable	(53,937)	36,506
Increase/(decrease) in subscriptions in advance	53,485	(33,100)
Decrease in income tax payable	(222)	(851)
	_____	_____
CASH FLOWS IN/(OUT) FROM OPERATIONS	\$ (12,935)	\$ 31,863

**18. COMPANY INFORMATION**

The registered office of the company is:


7 De Havilland Avenue  
 BENOVA QLD 4217


**DIRECTORS' DECLARATION**

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 3 to 19 are in accordance with the *Corporations Act 2001*:
  - (a) Comply with Accounting Standards and the Corporations Regulations 2001; and
  - (b) give a true and view of the financial position as at 30 June 2004 and of the performance for the year ended on that date of the company;
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director   
R ANDREW

Director   
D CHILD

Dated this 15th day of September 2004

**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF  
AUSTRALIAN INVESTORS ASSOCIATION LTD  
ABN 75 052 411 999**

**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 Australian Investors Association Ltd for the year ended 30 June 2004.

The directors of the company 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 conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal control, 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 company'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

**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF  
AUSTRALIAN INVESTORS ASSOCIATION LTD (CONT)  
ABN 75 052 411 999**

**Independence**

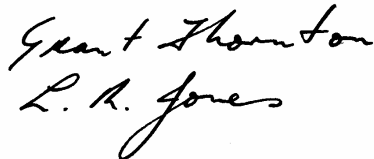
In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

**Audit Opinion**

In our opinion, the financial report of Australian Investors Association Ltd is in accordance with:

- (a) the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the company's financial position as at 30 June 2004 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 professional reporting requirements in Australia.

GRANT THORNTON  
Chartered Accountants



L R JONES  
Partner

BRISBANE  
Date: 24<sup>th</sup> September 2004