

Ettalong Beach War Memorial Club Limited
ABN 99 001 011 392

Concise Financial Report

**For The Financial Year Ended
30 June 2011**

Ettalong Beach War Memorial Club Limited
ABN 99 001 011 392
(A Company Limited By Guarantee)

Concise Financial Report
For The Year Ended 30 June 2011

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Ettalong Beach War Memorial Club Limited
ABN 99 001 011 392

Directors' Report

Your Directors submit the financial accounts of the Company for the year ended 30 June 2011.

Names And Details Of Directors

The names and details of directors in office at the date of this report and their details are:

YOUNG, Donald (Chairman): Engineer by profession with a Diploma of Business Management. Served in National Service in the Army then joined the RAAF serving in Korea and Malaysia 1952 to 1956. Moved to the Central Coast in 1988 and retired in 1994 and joined the Volunteers in Policing working on the Coast and Sydney CBD. Is currently the welfare Officer for the EDA Association and also the National Association of Extremely Disabled War Veterans. A member of the Ettalong Beach War Memorial Club and the Woy Woy, Ettalong, Hardy's Bay RSL since 1988 and recently joined the EBWMC Fishing Club. Has been a director of Ettalong Beach War Memorial Club for 4 years

BELL, John (Deputy Chairman): Served 21 years in the RAAF - in Korea as an Aircraft Engineer and also in Vietnam as a flight engineer on C-130s. Was a Qantas flight engineer officer for 20 years. Was a Finance Director for four years and eight years as a club director. Completed 12 years on the Club NSW Central Coast Region Committee. Has been a director of Ettalong Beach War Memorial Club for 6 years.

ROUTER, Bevin – Served in Royal Australian Navy. Is a foundation member of Gosford City Sub Branch of the Vietnam Veterans Association, serving in the posts of Treasurer and President over a period of four years. Is currently the President and RSL Representative Director appointed by the Woy Woy, Ettalong-Hardy's Bay RSL Sub Branch in February 2005. Has been a director of Ettalong Beach War Memorial Club for 6 years.

HEATH, Mervyn Bruce - Served two tours of duty in Korea with the Royal Australian Navy. Has been a member of the RSL for 46 years and has served 20 years on the committee of the local sub branch. Vice President local Naval Association. Is the NSW State Delegate of the Korean Vets Association of Aust Inc. Has been a director of Ettalong Beach War Memorial Club for 6 years.

WOOD, John – Worked for 26 years as a Development Supervisor for Gosford City Council, during this time served on the Board of Directors of Gosford City Credit Union (13 years). Has been a member of Ettalong Beach War Memorial Club for 45 years and is also a member of Woy Woy Ettalong and Hardy's Bay RSL. Has been a director of Ettalong Beach War Memorial Club since 6 June 2011.

Directors have been in office since the start of the financial year unless otherwise stated.

The following director ceased to be a director during the year

KEARNS, Wayne - A retired airline pilot having worked the last 16 years of working life in airline management. Managed flight operations on most of the aircraft fleets for Qantas during this time and stood down as Deputy Chief Pilot for Qantas before the wind down to retirement. Prior to going into management was employee elected representative on the Qantas Staff Superannuation Board for 3 years. Resigned from Board April 2011

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Directors' Report

Company Secretary

The following persons held the position of company secretary at the end of the financial year:

Melissa Hamilton Appointed company secretary on 22 February 2010.

**ATTENDANCE CHART OF
BOARD OF DIRECTORS MEETINGS 2011**

Name of Director	Monthly Board Meetings Attended/Monthly Meeting Held	Special Meetings Attended/Special Meetings Held
D Young	12/12	1/1
J Bell	12/12	1/1
B Router	12/12	1/1
M Heath	11/12	1/1
W Kearns	8/9	1/1
J Woods	1/1	1/1

Principal Activities

The company's principal activities in the course of the financial year were, that of a Licensed Club. No significant change in the nature of these activities occurred during the year.

The company's Short term goals:

- Maintain and grow profitability
- Provision of amenities for members, the Returned Services League, sporting clubs and community groups

The company's Long term goals:

- Maintain and grow profitability
- Provision of amenities for members, the Returned Services League, sporting clubs and community groups

To achieve these through diversification the company has adopted the following strategies:

- Increase membership and grow the company's profitability
- Provide high standard facilities to members and guests

Measures used by the company for its performance:

- Standard Club industry Key Performance Indicators including Gross Profit percentages, Wages percentages, EBIT and EBITDA etc.

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Directors' Report

Operating Results

The profit for the company for the financial year after income tax amounted to \$295,652 (2010: (\$366,954)).

Going Concern

Notwithstanding the deficiency of net assets, the financial statements have been prepared on a going concern basis as the company has received financial support by way of a restructure of the company's loan and other facilities. The bank has indicated that the financial support will only continue whilst the company complies with certain conditions imposed by the bank after the restructure of the various bank facilities. The directors believe that such financial support will continue to be made available. (Refer Note 1).

Dividends

Under the Company's Constitution no dividend can be paid.

Review Of Operations

During the financial year the company continued its activities. The results of those operations were similar to results for previous years subject to normal market fluctuations except for the significant impact of the no-smoking regulations.

Details of those activities are as follows:

Bar Trading:

Bar sales for the year totalled \$2,222,679. This is a decrease from 2010 of \$96,578 (4.1%). The trading gross profit of \$1,389,311 showed a decrease of \$54,650. The Bar Net Profit decreased by \$55,402 (6.1%).

Poker Machine Trading:

Net takings for the year totalled \$8,714,665. This is a decrease from 2010 of \$966,750 (9.9%). The trading profit of \$4,605,842 showed a decrease of \$582,394 which was due mainly to the decrease in net takings (\$966,750), Duty Tax (\$282,579) and Poker Machine Rentals (\$89,423).

Catering Trading

The Club did not conduct any Catering Trading activities in the year ended 30 June 2011.

Significant Changes In State Of Affairs

No significant changes in the Company's state of affairs, occurred during the year, other than that referred to in the accounts or notes thereto.

Ettalong Beach War Memorial Club Limited
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Directors' Report

After Balance Date Events

No other matters or circumstances, not otherwise dealt with in this report or the accounts that has 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 subsequent financial years.

Future Developments

The entity expects to maintain the present status and level of operations.

The company's bankers have provided financial support by way of a restructure of the term loan into various facilities based upon certain conditions being met by the company. The directors are of the opinion that the conditions of the term loan will be met by the company.

Environmental Issues

The Company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a State or Territory.

Auditors Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2011 has been received and can be found on page 6 of the Directors Report.

Membership

As at the end of the financial year the club had 15,423 members (2010: 17,215).

The company is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$5.00 each towards meeting any outstanding obligations of the company. As at 30 June 2011 the total amount that members of the company are liable to contribute if the company is wound up is \$77,115 (2010: \$86,075).

Signed in accordance with a resolution of the Board of Directors.

On behalf of the Directors

D Young

Chairman/Director

Dated at Ettalong on 14 September 2011

Ettalong Beach War Memorial Club Limited
ABN 99 001 011 392

Auditors Independence Declaration
under Section 307C of the Corporations Act 2001
to the Directors of Ettalong Beach War Memorial Club Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2011 there have been:

- (i) no contraventions of the auditor independence as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

BRACEY & ASSOCIATES
(Central Coast)
Chartered Accountants

D C Bracey

1/255 The Entrance Road
ERINA NSW 2250

14 September 2011

Ettalong Beach War Memorial Club Limited
ABN 99 001 011 392

Directors' Declaration

The Directors of Ettalong Beach War Memorial Club Limited declare that the concise financial report of Ettalong Beach War Club Limited for the financial year ended 30 June 2011 as set out on pages 8 to 16.

- a complies with accounting standard AASB1039: Concise Financial Reports, and
- b is an extract of the full financial report for the year ended 30 June 2011 and has been derived from and is consistent with the full financial report of Ettalong Beach War Memorial Club Limited.

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

On behalf of the Directors

D Young
Chairman/Director

Dated at Ettalong on 14 September 2011

Membership

As at 30 June 2011, there were 15,423 members of the company

Ettalong Beach War Memorial Club Limited
ABN 99 001 011 392

DISCUSSION & ANALYSIS OF THE FINANCIAL STATEMENTS

Concise Financial Report

The financial statements and disclosures in the concise financial report have been derived from the 2011 Financial Report of Ettalong Beach War Memorial Club Limited.

A copy of the full financial report and auditors report will be sent to any member, free of charge, upon request.

The discussions and analysis is provided to assist members in understanding the concise financial report. The discussions and analysis is based on the Ettalong Beach War Memorial Club Limited financial statements and the information contained in the concise financial report has been derived from the full 2011 Financial Report of Ettalong Beach War Memorial Club Limited.

STATEMENT OF COMPREHENSIVE INCOME

The Club achieved a gross revenue of \$13,042,419 which was a decrease of \$819,497 or 5.9% over the previous year. The club had an operating profit after allowing for income tax of \$295,652 compared to a profit of \$366,954 for the 2010 year.

STATEMENT OF FINANCIAL POSITION

Total assets decreased by \$148,723. The decrease was mainly due to depreciation of Buildings and Plant & Equipment (\$1,025,768) and an increase in Cash and Cash Equivalents of (\$351,595) and after asset purchases of \$541,307.

Total liabilities decreased by \$444,375 mainly due to the decrease in Payables of \$297,403 and there was a decrease in Interest Bearing Liabilities of \$202,234 net.

STATEMENT OF CASH FLOWS

The Statement of Cash Flows shows that the Club generated \$1,095,886 from its operating activities, paid \$750 in investments, paid \$541,307 for Property Plant and Equipment and repaid an amount of \$202,234 in Borrowings, which resulted in a net increase in cash held at the end of the financial year of \$351,595.

Ettalong Beach War Memorial Club Limited
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Statement of Comprehensive Income
For The Year Ended 30 June 2011

	2011	2010
	\$	\$
Classification of Expenses by Nature		
Revenues	12,505,901	13,396,885
Other Revenues	536,518	465,031
Costs of Goods Sold	(833,368)	(875,296)
Employee wages and benefits expense	(2,514,846)	(2,490,090)
Depreciation and amortisation expense	(1,025,768)	(904,932)
Financial Costs	(1,244,931)	(1,244,249)
Power & Gas	(341,478)	(350,337)
Repairs & Maintenance	(816,774)	(838,661)
Audit, Legal & Other	(122,245)	(93,979)
Other expenses	(5,857,212)	(6,707,304)
Profit/(Loss) before income tax	285,797	357,068
Income Tax (Expense) / Benefit	9,855	9,866
Profit/(Loss) for the year	295,652	366,954
Other comprehensive income:		
Net gain on revaluation of non-current assets	-	-
Net (loss)/gain on revaluation of financial assets	-	-
Other comprehensive income for the year	-	-
Total comprehensive income for the year	295,652	366,954
Profit attributable to members of the company	295,652	366,954
Total comprehensive income attributable to the members of the company	295,652	366,954

The accompanying notes form part of these financial statements.

Ettalong Beach War Memorial Club Limited
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Statement of Financial Position
As At 30 June 2011

Assets	2011	2010
	\$	\$
<i>Current Assets</i>		
Cash and Cash Equivalents	1,411,000	1,059,405
Trade & Other Receivables	64,428	82,859
Inventories	57,544	57,124
Other current assets	66,176	53,828
<i>Total Current Assets</i>	<u>1,599,148</u>	<u>1,253,216</u>
<i>Non-Current Assets</i>		
Property, Plant & Equipment	20,378,171	20,873,576
Investments	789	39
<i>Total Non-Current Assets</i>	<u>20,378,960</u>	<u>20,873,615</u>
<i>Total Assets</i>	<u>21,978,108</u>	<u>22,126,831</u>
Liabilities		
<i>Current Liabilities</i>		
Trade & Other Payables	1,492,276	1,789,679
Borrowings	10,442	20,885
Short Term Provisions	488,504	430,809
<i>Total Current Liabilities</i>	<u>1,991,222</u>	<u>2,241,373</u>
<i>Non-Current Liabilities</i>		
Borrowings	34,283,415	34,475,206
Long Term Provisions	543,438	545,871
<i>Total Non - Current Liabilities</i>	<u>34,826,853</u>	<u>35,021,077</u>
<i>Total Liabilities</i>	<u>36,818,075</u>	<u>37,262,450</u>
<i>Net Assets/(Liabilities)</i>	<u>(14,839,967)</u>	<u>(15,135,619)</u>
<i>Members Funds</i>		
Retained Earnings	(14,839,967)	(15,135,619)
Reserves	-	-
<i>Total Members Funds/(Deficiency in Funds)</i>	<u>(14,839,967)</u>	<u>(15,135,619)</u>

The accompanying notes form part of these financial statements.

Ettalong Beach War Memorial Club Limited
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Statement of Changes in Equity
For the Year Ended 30 June 2011

	Retained Earnings	Asset Revaluation Reserve	Total
	\$	\$	\$
Balance at 30 June 2009	(15,502,573)	-	(15,502,573)
Profit for the year	366,954	-	366,954
	<hr/>	<hr/>	<hr/>
Balance at 30 June 2010	(15,135,619)	-	(15,135,619)
Profit for the year	295,652	-	295,652
	<hr/>	<hr/>	<hr/>
Balance at 30 June 2011	(14,839,967)	-	(14,839,967)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes form part of these financial statements.

Ettalong Beach War Memorial Club Limited
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Statement of Cash Flows
For The Year Ended 30 June 2011

	2011	2010
	\$	\$
<i>Cash flows from Operating Activities</i>		
Receipts from patrons & visitors & others	13,002,872	13,848,414
Payments to suppliers, employees and payouts	(10,701,602)	(11,663,201)
Finance Costs and Interest Paid	(1,244,931)	(1,244,249)
Interest Received	39,547	13,502
	<hr/>	<hr/>
Net cash generated from operating activities (refer note 23)	1,095,886	954,466
	<hr/>	<hr/>
<i>Cash Flow from Investing Activities</i>		
Proceeds from the sale of property, plant & equipment	-	16,363
Investments	(750)	-
Payment for property, plant & equipment	(541,307)	(297,585)
	<hr/>	<hr/>
Net cash used in investing activities	(542,057)	(281,222)
	<hr/>	<hr/>
<i>Cash Flow from Financing Activities</i>		
Repayments of borrowings	(202,234)	(182,904)
Increase in borrowings	-	-
	<hr/>	<hr/>
Net cash used in financing activities	(202,234)	(182,904)
	<hr/>	<hr/>
<i>Net increase/(decrease) in cash held</i>	351,595	490,340
Cash and cash equivalents as at the beginning of the financial year	1,059,405	569,065
	<hr/>	<hr/>
<i>Cash and cash equivalents as at the end of the financial year</i>	1,411,000	1,059,405
	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes form part of these financial statements.

Ettalong Beach War Memorial Club Limited
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Notes to the Concise Financial Statements
For The Year Ended 30 June 2011

1. Basis of Preparation of the Concise Financial Report

The concise financial report is an extract of the full financial report for the year ended 30 June 2011. The concise financial report has been prepared in accordance with Accounting Standard AASB1039: Concise Financial Reports and the Corporations Act 2001.

The financial statements, specific disclosures and other information included in the concise financial report are derived from, and is consistent with, the full financial report of Ettalong Beach War Memorial Club Ltd and Controlled Entities. The concise financial report cannot be expected to provide as detailed an understanding of the financial performance, financial position and financing and investing activities of Ettalong Beach War Memorial Club Ltd and Controlled Entities as the full financial report. A copy of the full financial report and auditor's report will be sent to any member, free of charge, on request.

The financial report of Ettalong Beach War Memorial Club Limited complies with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety. The presentation currently used in this concise financial report is Australian dollars.

The accounting policies have been consistently applied by the Entities in the economic entity and are consistent with those of the previous financial year.

Material Uncertainty Regarding Continuation as a Going Concern

The company incurred a profit (before tax) of \$295,652 during the year ended 30 June 2011, and as of that date, the company's total liabilities exceeded its total assets by \$14,839,967 and whilst the company's bankers have provided financial support to date, they have indicated that the financial support will only continue whilst the company complies with certain conditions imposed by the bank after the restructure of the various bank facilities.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern, and, therefore, whether the company will realise its assets and extinguish its liabilities in the normal course of business and the amounts stated in the financial statements.

The financial statements do not make any allowance for any adjustments relating to the recoverability and classification of recorded assets amounts or to the amounts and classification of liabilities that might be necessary if the company does not continue as a going concern.

The financing facilities provided by the Bank are further disclosed in Note 23(c) to the financial report.

Ettalong Beach War Memorial Club Limited
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Notes to the Concise Financial Statements
For The Year Ended 30 June 2011

	2011 \$	2010 \$
2. Revenue and Other Income		
Sales Revenue:		
Net Clearances - Poker Machines	8,714,665	9,681,415
Sale of Goods - Catering Sales	-	-
Sale of Goods - Bar Sales	2,222,679	2,319,257
Sale of Goods – Function Sales	1,568,557	1,396,213
	12,505,901	13,396,885
Other Revenue:		
Interest Received	39,547	13,502
Members & Subscriptions	63,981	63,865
Other income	227,552	181,976
Commission Received - Keno	96,873	104,897
- Other	49,817	53,828
Promotions Income	58,748	46,963
Total Revenue:	536,518	465,031
Other Income:		
Gain on sale of Property, Plant & Equipment, non-current assets	-	-
Total Other Income	-	-
Total Revenue and Other Income	13,042,419	13,861,916
3. Profit for the Year		
(a) Expenses		
Depreciation and amortisation of non-current assets		
- building and leasehold improvements	413,829	412,500
- plant, furniture & fittings, poker machines	611,939	492,432
Depreciation and Amortisation	1,025,768	904,932
Total Employee Benefits Expense	2,514,846	2,490,090

Ettalong Beach War Memorial Club Limited
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Notes to the Concise Financial Statements
For The Year Ended 30 June 2011

	2011 \$	2010 \$
3. Profit for the Year (Cont'd)		
(b) Significant Revenues and Expenses		
Net gain (loss) on disposal of non-current assets:		
Property, plant and equipment		
Proceeds on disposal	10,000	16,363
Disposals at carrying value	(20,943)	(116,390)
Net gain/(loss) on disposals	(10,943)	(100,027)
4. Property, Plant And Equipment		
As per Section S41 j(3) of the Registered Clubs Act the Board of Directors of Ettalong Beach War Memorial Club Limited declare that as of 30 June 2011 the Club owned the following property assets classified as below.		
Current use	Classification	
Land and Buildings	Core	
Car Park	Core	
5. Retained Profits		
Retained Profits at the beginning of the financial year	(15,135,619)	(15,502,573)
Net profit/(loss) for the year	295,652	366,954
Retained Profits/(Accumulated Losses) at the end of the financial year	(14,839,967)	(15,135,619)
6. Reserves		
Asset Revaluation Reserve		
Balance at the beginning of the year	-	-
Movement for the year	-	-
Balance at the end of the year	-	-

The asset revaluation records the revaluation increments and decrements (that do not represent impairment write-downs) that relate to financial assets such as property, plant and equipment (non-current assets).

Ettalong Beach War Memorial Club Limited
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Notes to the Concise Financial Statements
For The Year Ended 30 June 2011

	2011 \$	2010 \$
7. Remuneration & Benefits of Directors & Executive Officers		
(a) Remuneration of Directors		
The Directors of Ettalong Beach War Memorial Club Ltd in office during the financial year were as follows:		
D Young J R Bell B Router		
M B Heath J Wood W Kearns		
Aggregate income received, or due and receivable, by the directors of the company in connection with:		
- honorariums	-	-
	-	-
	-	-
8. Contingent Liabilities		
The Club and Gosford City Council are parties to a Deed. Council claims that the Club is liable to pay Council \$300,000 under the terms of the Deed. The Club denies such a liability and is strenuously defending its position in conjunction with its legal advisers.		
The Club has provided a guarantee for the purchase by Tonmarp Pty Ltd of a unit in the new Club Resort at Ettalong Beach.		
9. Capital Commitments		
Building additions -		
Outdoor gaming area	211,185	-
Gaming System	424,604	-
Less: Paid to date	(140,000)	-
Capital Commitment	495,789	-
	495,789	-

There were no other capital commitments entered into by the company at 30 June 2011 and up to date of this report.

Ettalong Beach War Memorial Club Limited
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**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF
ETTALONG BEACH WAR MEMORIAL CLUB LIMITED**

Report on the concise financial report

We have audited the accompanying concise financial report of Ettalong Beach War Memorial Club Limited which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and related notes, derived from the audited financial report of Ettalong Beach War Memorial Club Limited for the year ended 30 June 2011, as well as the discussion and analysis. The concise report does not contain all the disclosures required by the Australian Accounting Standards and accordingly, reading the concise financial report is not a substitute for reading the audited financial report.

Directors' Responsibility for the concise financial report

The directors of the company are responsible for the preparation of the concise financial report in accordance with Accounting Standards AASB 1039: Concise Financial Reports, and the Corporations Act 2001, for such internal control as the directors determine is necessary to enable the preparation of the concise financial report.

Auditor's Responsibility

Our responsibility is to express an opinion on the concise financial report based on our audit procedures which were conducted in accordance with Auditing Standard ASA 810: Engagements to Report on Summary Financial Statements. We have conducted an independent audit, in accordance with Australian Auditing Standards, of the Ettalong Beach War Memorial Club Limited for the year ending 30 June 2011. We expressed an unmodified audit opinion on that financial report in our report dated 14 September 2011. The Australian Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report for the year is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the concise financial report. The procedures selected depend on the audit's judgment, including the assessment of the risks of material misstatement of the concise financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the concise financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our procedures included testing that the information in the concise financial report is derived from, and is consistent with, the financial report for the year, and examination on a test basis, of audit evidence supporting the amounts, discussion and analysis, and other disclosures which were not directly derived from the financial report for the year. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report complies with AASB 1039: Concise Financial Reports and whether the discussion and analysis complies with the requirements laid down in AASB 1039: Concise Financial Reports.

Ettalong Beach War Memorial Club Limited
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**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF
ETTALONG BEACH WAR MEMORIAL CLUB LIMITED**

Report on the concise financial report (Cont'd)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Ettalong Beach War Memorial Club Limited on 14 September 2011 would be in the same terms if provided to the directors as at the date of this auditor's report.

Opinion

In our opinion, the concise financial report including the discussion and analysis of Ettalong Beach War Memorial Club Limited for the year ending 30 June 2011 complies with Accounting Standard AASB 1039: Concise Financial Reports.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our opinion, we draw attention to Note 1 in the financial report which indicates that the company made a profit after income tax of \$295,652 during the year ended 30 June 2011, and as of that date, the company's total liabilities exceeded its total assets by \$14,839,967 and whilst the company's bankers have provided financial support to date, they have indicated that the financial support will only continue whilst the company complies with certain conditions imposed by the bank after the restructure of the various bank facilities. These conditions, along with the matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern, and, therefore, whether the company will realise its assets and extinguish its liabilities in the normal course of business and the amounts stated in the financial report.

No adjustments have been made in the financial report relating to the recoverability and classification of recorded assets amounts and description of liabilities that might be necessary if the company does not continue as a going concern.

Bracey & Associates
(Central Coast)
Chartered Accountants

D C Bracey

1/255 The Entrance Road
ERINA NSW 2250

Dated this 14th day of September 2011