

Section 8 - Econ - FY04 Review

Econ Profit and Loss Statement - year ended 30 June 2004

- Review procedures carried out over the Profit and Loss account for the 12 months ended 30 June 2004 included the following:
 - High level analytics based on the nature of the business, existing contractual arrangements, due diligence findings, and known events (eg legal actions);
 - Develop an expectation of revenue from review of contracts by crane and customer, review of long term sales contracts, and from the results of other procedures;
 - Tracing selected sales to receipt at bank statement;
 - Review of sales and credit note cut-off;
 - Review of employee costs in comparison to group certificates and employee numbers; and
 - Tracing selected expenses to payment at bank statement.

FY04 Profit and Loss Account

(\$ in '000)	Actual FY04	PwC Adj	Adj FY04
Total revenue	5,540	(60)	5,480
Total direct costs	2,458	40	2,498
Gross Profit	3,082	(100)	2,982
Wages and on-costs	705	93	798
Accounting and legal fees	342	(77)	265
Other expenses	172	-	172
Total overheads	1,219	16	1,235
EBITDA	1,863	(116)	1,747
Gross Margin %	55.6%	N/A	54.4%
Overhead %	22.0%	N/A	22.5%
EBITDA %	33.6%	N/A	31.9%

Econ FY04 historical review scope

Introduction

- The Econ Group ("Econ") is an amalgamation of Econ Construction Equipment (Australia) Pty Ltd, Econ D&G WA Pty Ltd and Tedcon Machinery Pty Ltd.
- We carried out procedures over key areas of Econ to provide a review opinion on the Profit and Loss Statement to EBITDA level for the 12 months ended 30 June 2004 and Balance Sheet as at 30 June 2004.
- Key contacts used during our review included Peter Stagno Nevarra of Econ, and Anne-Maree Sanderson and James Babo of Babo Morganti and Partners Pty Ltd.

Limitation of scope

- As the BSA is for the acquisition of specific assets and the underlying business of Econ, we have limited our testing on items not coming across on sale to reasonability and analytical procedures. The following balances have been specifically excluded from our review, and the acquirer may wish to seek representations from the vendor if a greater level of assurance is required over these balances:
 - taxation balances;
 - intercompany, vendor, and director loans; and
 - investments.

- For the purposes of our review, a materiality limit of \$100,000 was established. Any adjustments noted from our review in excess of \$20,000 have been highlighted in this report.
- No assessment was made of the adequacy of accounting records and internal controls in place over Econ. However, we have provided limited observations in "Other Matters".

Overall conclusion

- In accordance with our due diligence engagement letter, we have completed a review in accordance with Australian Auditing Standards.
- Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial information of Econ does not give a true and fair view of the EBITDA result for the 12 months to 30 June 2004 and of its financial position at 30 June 2004, other than the balances specifically excluded above.

Babo Morganti & Partners Pty Ltd
Certified Practising Accountants
A.B.N 37 610 710 685

COMPILATION REPORT

to

Econ Construction Equipment (Australia) Pty Ltd

On the basis of information provided by the directors of Econ Construction Equipment (Australia) Pty Ltd we have compiled in accordance with APS 9 "Statement On Compilation of Financial Reports" the special purpose financial report of Econ Construction Equipment (Australia) Pty Ltd as set out in the attached pages.

The specific purpose for which the special purpose financial report has been prepared is set out in Note 1. The extent to which Accounting Standards and other mandatory professional reporting requirements have or have not been adopted in the preparation of the special purpose financial report is set out in Note 1.

The directors are solely responsible for the information contained in the special purpose financial report and have determined that the accounting policies used are consistent with the financial reporting requirements of Econ Construction Equipment (Australia) Pty Ltd's constitution and are appropriate to meet the needs of the directors and members of the company.

Our procedures use accounting expertise to collect, classify and summarise the financial information, which the directors provided, into a financial report. Our procedures do not include verification or validation procedures. No audit or review has been performed and accordingly no assurance is expressed.

To the extent permitted by law, we do not accept any liability for any loss or damage which any person may suffer arising from any negligence on our part. No person should rely on the special purpose financial report without having an audit or review conducted.

The special purpose financial report was prepared exclusively for the benefit of the directors and members of Econ Construction Equipment (Australia) Pty Ltd and the purpose identified above. We do not accept responsibility to any other person for the contents of the special purpose financial report.

BABO MORGANTI & PARTNERS PTY. LTD.
Certified Practising Accountants
1st Floor, 12 Cramer Street
Preston 3072

James Babo
24th September 2004

Econ Construction Equipment (Australia) Pty Ltd

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared for the directors and members of the company. The directors have determined that the company is not a reporting entity and hence the requirements of Australian Accounting Standards and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) do not have mandatory applicability to Econ Construction Equipment (Australia) Pty Ltd.

No Accounting Standards or mandatory professional reporting requirements (Urgent Issues Group Consensus Views) have therefore been applied in the preparation of these financial statements.

Econ Construction Equipment (Australia) Pty Ltd, Econ D G WA Pty Ltd and Tedcon Machinery Pty Ltd
Consolidated
TRADING ACCOUNT FOR THE YEAR ENDED 30th June 2004

	\$
TRADING ACCOUNT	
Sales / Hire Fees	5,539,887.52
LESS COST OF SALES	
Opening Stock	250,000.00
Purchases / Parts / Spares	2,483,323.95
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Closing Stock	2,733,323.95
	275,000.00
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	2,458,323.95
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TOTAL TRADING PROFIT	3,081,563.57
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This schedule must be read in conjunction with the
Compilation Report of Kabe Morganti and Partners Pty. Ltd.

**Econ Construction Equipment (Australia) Pty Ltd, Econ D G WA Pty Ltd and Tedcon Machinery Pty Ltd
Consolidated
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30th June 2004**

	\$
INCOME	
Gross Profit Trading	3,081,563.57
Interest Received	2,317.65
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TOTAL INCOME	3,083,881.22
EXPENSES	
Accountancy Fees/Legal/Consultants	342,403.05
Advertising & Promotion	8,753.65
Bank Charges & Interest	59,886.99
Office/Staff/Print, etc	17,038.23
Depreciation	675,835.00
Electricity & Gas	5,941.26
Fines	2,686.00
Hire Purchase Charges & Leasing Charges	6,933.33
Motor Vehicle Expenses	36,507.59
Petty Cash	1,363.64
Cleaning & Laundry	2,062.68
Rent & Outgoings	27,924.13
Superannuation/Redundancy Fund	116,332.42
Telephone	40,160.72
Travelling Expenses	21,489.99
Wages	588,526.31
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TOTAL EXPENSES	1,953,846.99
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OPERATING PROFIT	1,130,034.23
NON-OPERATING INCOME AND	
EXPENSES	
Non Operating Income	
Profit/(Loss) on Sale of Fixed Assets	(1,221.27)
OPERATING PROFIT BEFORE	
INCOME TAX	1,128,812.96
Income Tax Expense	284,046.90
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OPERATING PROFIT FOR THE YEAR	844,766.06
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OPERATING PROFIT AND	
EXTRAORDINARY ITEMS	844,766.06
Retained Profits/(Loss) at July 1	(116,792.00)
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PROFIT AVAILABLE FOR	
APPROPRIATION	727,974.06
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RETAINED PROFITS	727,974.06
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**This schedule must be read in conjunction with the
Compilation Report of Baha Morganti and Partners Pty. Ltd.**

**Econ Construction Equipment (Australia) Pty Ltd, Econ D G WA Pty Ltd and Tedcon Machinery Pty Ltd
Consolidated
BALANCE SHEET AS AT 30th June 2004**

	\$
AUTHORISED CAPITAL	
Authorised Capital	
1010000 Ordinary Shares @ \$1.00	1,010,000.00
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SHARE CAPITAL AND RESERVES	
Issued Capital	
Issued and Paid Up Capital	1,002.00
Reserves	
Accumulated Profit	727,974.06
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TOTAL CAPITAL & RESERVES	728,976.06
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REPRESENTED BY	
CURRENT ASSETS	
Cash in Hand	2.00
Cash at Bank	225,966.03
Petty Cash	1,760.00
Trade Debtors	1,403,035.73
Loans at Call - Unsecured	37,500.00
Stock on Hand - at Cost	275,000.00
GST on acquisitions	41,960.31
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	1,985,224.07
CURRENT LIABILITIES	
Trade Creditors	319,098.51
Other Creditors	372,453.66
PAYG Withholding Payable	235,543.00
GST on supplies	253,895.21
Provision for Income Tax	286,717.93
Vendor Loan	440,724.69
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	1,908,433.00
WORKING CAPITAL	76,791.07
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**This schedule must be read in conjunction with the
Compilation Report of Babs Morganti and Partners Pty. Ltd.**

**Econ Construction Equipment (Australia) Pty Ltd, Econ D G WA Pty Ltd and Tedcon Machinery Pty Ltd
Consolidated
BALANCE SHEET AS AT 30th June 2004**

PROPERTY PLANT AND EQUIPMENT

Plant & Equipment - at Cost	6,324,448.90
Less Prov'n for Depreciation	2,685,445.92
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	3,639,002.98
Motor Vehicles - at Cost	117,866.79
Less Prov'n for Depreciation	31,654.00
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	86,212.79
Office Equipment - at Cost	35,424.95
Less Prov'n for Depreciation	24,142.35
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	11,282.60
Furniture & Fittings - at Cost	15,280.41
Less Prov'n for Depreciation	991.00
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	14,289.41
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	3,750,787.78

INVESTMENTS

Shares in Private Companies	24,906.22
Investment Econ Industries P/L	97,630.61
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	122,536.83

INTANGIBLE ASSETS

Formation Expenses	1,015.00
Less Written Off	(406.00)
Borrowing Costs	8,720.00
Less Written Off	(5,357.54)
Goodwill on Consolidation	35,000.00
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	38,971.46
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	3,989,087.14

NON-CURRENT LIABILITIES

Term Loan Account	266,784.00
Directors Loans	
Unsecured	2,817,012.97
Loans - Unsecured	114,500.00
Hire Purchase Creditors	70,534.86

This schedule must be read in conjunction with the
Compilation Report of Babs Morganti and Partners Pty. Ltd.

Babo Morganti & Partners Pty Ltd
Certified Practising Accountants
A.B.N 37 610 710 685

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COMPILATION REPORT

to

Econ Construction Equipment (Australia) Pty Ltd

On the basis of information provided by the directors of Econ Construction Equipment (Australia) Pty Ltd we have compiled in accordance with APS 9 "Statement On Compilation of Financial Reports" the special purpose financial report of Econ Construction Equipment (Australia) Pty Ltd as set out in the attached pages.

The specific purpose for which the special purpose financial report has been prepared is set out in Note 1. The extent to which Accounting Standards and other mandatory professional reporting requirements have or have not been adopted in the preparation of the special purpose financial report is set out in Note 1.

The directors are solely responsible for the information contained in the special purpose financial report and have determined that the accounting policies used are consistent with the financial reporting requirements of Econ Construction Equipment (Australia) Pty Ltd's constitution and are appropriate to meet the needs of the directors and members of the company.

Our procedures use accounting expertise to collect, classify and summarise the financial information, which the directors provided, into a financial report. Our procedures do not include verification or validation procedures. No audit or review has been performed and accordingly no assurance is expressed.

To the extent permitted by law, we do not accept any liability for any loss or damage which any person may suffer arising from any negligence on our part. No person should rely on the special purpose financial report without having an audit or review conducted.

The special purpose financial report was prepared exclusively for the benefit of the directors and members of Econ Construction Equipment (Australia) Pty Ltd and the purpose identified above. We do not accept responsibility to any other person for the contents of the special purpose financial report.

BABO MORGANTI & PARTNERS PTY. LTD.
Certified Practising Accountants
1st Floor, 12 Cramer Street
Preston 3072


James Babo
16th September 2004

Econ Construction Equipment (Australia) Pty Ltd

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared for the directors and members of the company. The directors have determined that the company is not a reporting entity and hence the requirements of Australian Accounting Standards and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) do not have mandatory applicability to Econ Construction Equipment (Australia) Pty Ltd.

No Accounting Standards or mandatory professional reporting requirements (Urgent Issues Group Consensus Views) have therefore been applied in the preparation of these financial statements.

Econ Construction Equipment (Australia) Pty Ltd**TRADING ACCOUNT FOR THE YEAR ENDED 30th June 2004**

	\$
<u>TRADING ACCOUNT</u>	
Sales / Hire Fees	3777140.39
<u>LESS COST OF SALES</u>	
Opening Stock	250000.00
Purchases / Parts / Spares	286133.61
Freight & Cartage	100688.82
	<u>636822.43</u>
Closing Stock	275000.00
	<u>361822.43</u>
TOTAL TRADING PROFIT	<u>3415317.96</u>

**This schedule must be read in conjunction with the
Compilation Report of Babo Morganti & Partners Pty. Ltd.**

Econ Construction Equipment (Australia) Pty Ltd**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30th June 2004**

\$

INCOME

Gross Profit Trading	3415317.96
Interest Received	1674.81
TOTAL INCOME	3416992.77

EXPENSES

Accountancy Fees	18414.22
Advertising & Promotion	5054.92
Bank Charges	6262.66
Borrowing Expenses	1544.00
Consultants Fees	87932.43
Computer Equipment/Supplies	1884.54
Co-Invest Long Service Leave	7103.33
Depreciation	484483.00
Drawings & Plans	2530.00
Electricity & Gas	5941.26
Engineering Fees	2100.00
Fines	2686.00
Hire of Plant	433495.69
Hire Purchase Charges	4763.53
Insurance	98849.71
Internet	63.53
Interest	6957.04
Interest - Bank	40801.35
Leasing Charges	1188.98
Legal Costs	188854.30
Licences, Registrations, Permits	2306.60
Medical Supplies	936.67
Fuel, Oil & Maintenance	42160.85
Registration & Insurance	2155.19
Office Expenses	5114.53
Payroll Tax	14715.59
Petty Cash	1363.64
Postage	45.45
Printing & Stationery	2610.10
Protective Clothing	2062.68
Redundancy Fund	31925.85
Repairs & Maintenance	
Plant & Equipment	29561.59
Rubbish Removal	20.00
Staff Amenities	2197.27
Staff Training	1081.28
Storage	909.09
Superannuation	76233.31
Telephone	34110.78
Tests/Reports	33003.22
Tools	521.54
Travelling Expenses - Local	27.55

**This schedule must be read in conjunction with the
Compilation Report of Babo Morganti & Partners Pty. Ltd.**

Econ Construction Equipment (Australia) Pty Ltd**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30th June 2004**

	\$
Travelling Expenses -	
Interstate	4784.01
Travelling Expenses - Overseas	15154.33
Traffic Management	4678.90
Uniforms	793.00
Workcare Levy	31553.20
Wages	754064.00
TOTAL EXPENSES	2495000.71
OPERATING PROFIT	921992.06
<u>NON-OPERATING INCOME AND EXPENSES</u>	
<u>Non Operating Income</u>	
Profit on Sale of Fixed Assets	353.73
OPERATING PROFIT BEFORE INCOME TAX	922345.79
Income Tax Expense	271056.90
OPERATING PROFIT FOR THE YEAR	651288.89
OPERATING PROFIT AND EXTRAORDINARY ITEMS	651288.89
Retained Profits at July 1	27384.05
PROFIT AVAILABLE FOR APPROPRIATION	678672.94
RETAINED PROFITS	678672.94

**This schedule must be read in conjunction with the
Compilation Report of Babo Morqanti & Partners Pty. Ltd.**

Econ Construction Equipment (Australia) Pty Ltd**BALANCE SHEET AS AT 30th June 2004**

	\$	\$
<u>AUTHORISED CAPITAL</u>		
Authorised Capital		
10000 Ordinary Shares @ \$1.00		<u>10000.00</u>
<u>SHARE CAPITAL AND RESERVES</u>		
<u>Issued Capital</u>		
Issued and Paid Up Capital		1000.00
<u>Reserves</u>		
Accumulated Profit		<u>678672.94</u>
TOTAL CAPITAL & RESERVES		<u>679672.94</u>
REPRESENTED BY		
<u>CURRENT ASSETS</u>		
Cash at Bank - NAB	55006.41	
Cash at Bank - NAB No 2 A/C	1061.50	
Trade Debtors	969378.66	
Loans at Call - Unsecured	17500.00	
Stock on Hand - at Cost	275000.00	
GST on acquisitions	7038.70	
		<u>1324985.27</u>
<u>CURRENT LIABILITIES</u>		
Trade Creditors	254766.84	
Other Creditors	282689.04	
PAYG Withholding Payable	43269.00	
GST on supplies	163104.55	
Provision for Income Tax	273727.93	
		<u>1017557.36</u>
WORKING CAPITAL		307427.91

**This schedule must be read in conjunction with the
Compilation Report of Babo Morganti & Partners Pty. Ltd.**

Econ Construction Equipment (Australia) Pty Ltd**BALANCE SHEET AS AT 30th June 2004**

	\$	\$
<u>PROPERTY PLANT AND EQUIPMENT</u>		
Plant & Equipment - at Cost	4478921.38	
Less Prov'n for Depreciation	2354155.92	
		2124765.46
Motor Vehicles - at Cost	67866.79	
Less Prov'n for Depreciation	26762.00	
		41104.79
Office Equipment - at Cost	35424.95	
Less Prov'n for Depreciation	24142.35	
		11282.60
Furniture & Fittings - at Cost	11007.68	
Less Prov'n for Depreciation	744.00	
		10263.68
		<u>2187416.53</u>
<u>INVESTMENTS</u>		
Shares in Private Companies	24906.22	
Investment Econ Industries P/L	97630.61	
Econ D & G WA	789321.26	
		911858.09
<u>INTANGIBLE ASSETS</u>		
Borrowing Costs	7720.00	
Less Written Off	(4518.64)	
		3201.36
		<u>3409903.89</u>
<u>NON-CURRENT LIABILITIES</u>		
Term Loan Account	266784.00	
Directors Loans		
Unsecured	2309586.81	
Loans - Unsecured	116290.45	
Hire Purchase Creditors	41850.78	
Less Charges Not Yet Due	(4281.09)	
		2730230.95
NET ASSETS		<u>679672.94</u>

**This schedule must be read in conjunction with the
Compilation Report of Babo Morganti & Partners Pty. Ltd.**

Econ D & G WA Pty LtdTRADING ACCOUNT FOR THE YEAR ENDED 30 June 2004

	\$	\$
<u>TRADING ACCOUNT</u>		
Sales & Hire		910965.17
<u>LESS COST OF SALES</u>		
Freight	12837.73	
Subcontractors	36910.19	
		<u>49747.92</u>
TOTAL TRADING PROFIT		<u>861217.25</u>

This schedule must be read in conjunction with the
Compilation Report of Babo Morganti & Partners Pty. Ltd.

Econ D & G WA Pty LtdPROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 June 2004

	\$	\$
<u>INCOME</u>		
Gross Profit Trading	861217.25	
Interest Received	642.84	
TOTAL INCOME	861860.09	
<u>EXPENSES</u>		
Accountancy Fees	5990.00	
Bank Charges	139.40	
Borrowing Expenses	203.00	
Consultants Fees	28181.81	
Depreciation	134901.00	
Formation Costs	200.00	
Hire of Plant	10783.11	
Hire Purchase Charges	980.82	
Licences, Registrations, Permits	195.00	
Fuel, Oil & Maintenance	1272.73	
Registration & Insurance	1577.68	
Redundancy Fund	20900.82	
Repairs & Maintenance	391.64	
Staff Amenities	92.55	
Superannuation	54527.09	
Telephone	3446.73	
Tests / Reports	16341.50	
Travelling Expenses - Local	60.00	
Travelling Expenses - Interstate	1310.33	
Wages	465638.00	
TOTAL EXPENSES	747133.21	
OPERATING PROFIT AND EXTRAORDINARY ITEMS	114726.88	
Accumulated Losses at July 1	160480.99	
	45754.11	
ACCUMULATED LOSSES	45754.11	

This schedule must be read in conjunction with the
Compilation Report of Babo Morganti & Partners Pty. Ltd.

Econ D & G WA Pty LtdBALANCE SHEET AS AT 30 June 2004

	\$	\$
<u>SHARE CAPITAL AND RESERVES</u>		
<u>Issued Capital</u>		
Issued and Paid Up Capital		4.00
<u>Reserves</u>		
Accumulated Losses	45754.11	
DEFICIENCY IN SHARE CAPITAL AND RESERVES		<u>45750.11</u>
REPRESENTED BY		
<u>CURRENT ASSETS</u>		
Cash in Hand		4.00
Cash at Bank		99098.09
Trade Debtors	257325.57	
GST on acquisitions	29617.52	
		<u>386045.18</u>
<u>CURRENT LIABILITIES</u>		
Trade Creditors	29372.98	
PAYG Withholding Payable	160685.00	
GST on supplies	53469.74	
		<u>243527.72</u>
WORKING CAPITAL		142517.46
<u>PROPERTY PLANT AND EQUIPMENT</u>		
Plant & Equipment - at Cost	1356349.44	
Less Prov'n for Depreciation	273529.00	
		<u>1082820.44</u>
Motor Vehicles - at Cost	50000.00	
Less Prov'n for Depreciation	4892.00	
		<u>45108.00</u>
Fixtures & Fittings - at Cost	4272.73	
Less Prov'n for Depreciation	247.00	
		<u>4025.73</u>
		<u>1131954.17</u>

**This report must be read in conjunction with the
Compilation Report of Babo Morganti & Partners Pty. Ltd.**

Econ D & G WA Pty Ltd**BALANCE SHEET AS AT 30 June 2004**

	\$	\$
<u>INTANGIBLE ASSETS</u>		
Formation Expenses		1015.00
Less Written Off		(408.00)
Borrowing Costs		1000.00
Less Written Off		(838.90)
		<u>770.10</u>
	1275241.73	
<u>NON-CURRENT LIABILITIES</u>		
Directors/Shareholder Loans	1296747.42	
Hire Purchase Creditors	28684.08	
Less Charges Not Yet Due		(4439.66)
	<u>1320991.84</u>	
NET DEFICIT		<u>45750.11</u>

**This report must be read in conjunction with the
Compilation Report of Babo Morganti & Partners Pty. Ltd.**

Tedcon Machinery Pty. Ltd.**TRADING ACCOUNT FOR THE YEAR ENDED 30 June 2004**

	\$	\$
<u>TRADING ACCOUNT</u>		
Contract Revenue		933646.58
<u>LESS COST OF SALES</u>		
Materials/Parts & Maintenance	76416.31	
Subcontractors	107322.50	
		<u>183738.81</u>
TOTAL TRADING PROFIT		<u>749907.77</u>

**This schedule must be read in conjunction with the
Compilation Report of Babo Morganti & Partners Pty. Ltd.**

Tedcon Machinery Pty. Ltd.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 June 2004

	\$	\$
<u>INCOME</u>		
Gross Profit Trading		749907.77
<u>EXPENSES</u>		
Accountancy Fees	7483.68	
Advertising & Promotion	3698.73	
Bank Charges	37.20	
Depreciation	56451.00	
Freight & Cartage	2488.17	
Hire of Plant	99966.25	
Insurance	22300.00	
Interest - ATO GIC	3742.34	
Legal Costs	5546.61	
Long Service Leave	3511.59	-
Fuel, Oil & Maintenance	34341.14	
Office Expenses	1248.00	
Redundancy Payments	12993.73	
Staff Amenities	105.75	
Superannuation	32635.62	
Telephone	2539.68	
Travelling Expenses - Local	153.77	
Workcover Levy	4730.91	-
Wages	362618.31	
TOTAL EXPENSES		<u>656592.48</u>
OPERATING PROFIT		93315.29
<u>NON-OPERATING INCOME AND EXPENSES</u>		
<u>Non Operating Expenses</u>		
Loss on Sale of Fixed Assets		<u>1575.00</u>
OPERATING PROFIT AND EXTRAORDINARY ITEMS		91740.29
Retained Profits at July 1		<u>16304.94</u>
PROFIT AVAILABLE FOR APPROPRIATION		<u>108045.23</u>
RETAINED PROFITS		<u>108045.23</u>

**This schedule must be read in conjunction with the
 Compilation Report of Babo Morganti & Partners Pty. Ltd.**

Tedcon Machinery Pty. Ltd.**BALANCE SHEET AS AT 30 June 2004**

	\$	\$
<u>AUTHORISED CAPITAL</u>		
Authorised Capital		<u>1000000.00</u>
<u>SHARE CAPITAL AND RESERVES</u>		
<u>Issued Capital</u>		
Issued and Paid Up Capital		10.00
<u>Reserves</u>		
Accumulated Profit		<u>108045.23</u>
TOTAL CAPITAL & RESERVES		<u>108055.23</u>
REPRESENTED BY		
<u>CURRENT ASSETS</u>		
Cash in Hand	10.00	
Cash at Bank	70800.03	
Petty Cash	1760.00	
Trade Debtors	180723.19	
Loans at Call - Unsecured	21790.45	
GST on acquisitions	<u>13415.98</u>	
		288499.65
<u>CURRENT LIABILITIES</u>		
Trade Creditors	39350.38	
Other Creditors	1690.28	
PAYG Tax Payable	31589.00	
ATO Integrated Client Account	88074.34	
GST on supplies	45432.81	
Vendor Loan	<u>440724.69</u>	
		<u>646861.50</u>
DEFICIENCY IN WORKING CAPITAL		358361.85

**This report must be read in conjunction with the
Compilation Report of Babo Morganti & Partners Pty. Ltd.**

Tedcon Machinery Pty. Ltd.**BALANCE SHEET AS AT 30 June 2004**

	\$	\$
<u>PROPERTY PLANT AND EQUIPMENT</u>		
Plant & Equipment - at Cost	489178.08	
Less Prov'n for Depreciation	<u>57761.00</u>	
		431417.08
<u>INTANGIBLE ASSETS</u>		
Goodwill on Consolidation		<u>35000.00</u>
NET ASSETS		<u>108055.23</u>

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