SOUTHERN EQUITY HOLDINGS LIMITED

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VIA: WWW.ASX.ONLINE.COM

The Manager
Company Announcements
Australian Stock Exchange Limited
Level 10, 20 Bond Street
SYDNEY NSW 2000

12 August 2004

RESULTS FOR ANNOUNCEMENT TO THE MARKET AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

	$'000	**% Change From Prior Year**
Revenue from Ordinary Activities	11.6	330
(Loss) from Ordinary Activities after Tax Attributable to Members	(245.8)	(3.5)
Net (Loss) for Attributable to Members	(245.8)	(3.5)

Comments

Southern Equity Holdings Limited (SEQ) has been inactive for the period, other than seeking new investments.

During the year SEQ invested in Hong Kong registered Asia Iron Holdings Limited. Asia Iron Holdings is working with iron ore miner Mount Gibson Iron Limited (MGX) to develop magnetite deposits in Western Australia, to supply magnetite concentrate to pellet plants it intends to build with joint venture partners, in China.

SEQ also loaned funds to Dominicana Gold Pty Ltd for pre-development work on the Las Lagunas Gold Tailings project. Subsequent to year end this loan has been converted to equity in Dominicana Gold Pty Ltd.

Southern Equity Holdings Limited leased offices during the period and sub-leases part of the office, this has given rise to the increase in revenue.

For further details please refer the attached Annual Report and to the Notice of Meeting lodged with the ASX today.

Yours sincerely,
SOUTHERN EQUITY HOLDINGS LIMITED

Angela Dent
Director

SOUTHERN EQUITY HOLDINGS LIMITED

ABN 48 008 031 034

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED

30 JUNE 2004

Annual Financial Report

For The Year Ended 30 June 2004

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DIRECTORS' REPORT

Your Directors submit their report for the year ended 30 June 2004

DIRECTORS

The names and details of the Company's Directors in office during the financial period and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

NAMES, QUALIFICATIONS AND EXPERIENCE

COLIN BARBOUTIS (CHAIRMAN)

Mr Barboutis was appointed as a Director on 11 December 2001. He has been involved in the finance and stockbroking industries for over 10 years, providing corporate advisory and private client services. Mr Barboutis is a Commissioner for Declarations and is a Director of Greater Pacific Gold Limited.

GARY CASTLEDINE (NON-EXECUTIVE DIRECTOR)

Mr Casteldine was appointed as a Director on 11 December 2001. Mr Castledine is a private client adviser with a national stockbroking firm and has many years experience in providing advice on corporate transactions to both investors and corporate clients.

ANGELA DENT (EXECUTIVE DIRECTOR AND COMPANY SECRETARY)

Ms Dent was appointed as a Director on 12 March 2004. Ms Dent is a Chartered Accountant with experience in mining and other industries. Ms Dent provides management, accounting and company secretarial services to various businesses in Australia and South-East Asia. Ms Dent is a Director of DSG Australia Limited.

JAMES HAYWARD (LL.B, MBA (CORNELL), FAICD

Mr Hayward was appointed Director on 2 December 1998. Mr Hayward is a merchant banker with many years experience in corporate mergers, acquisitions, divestitures, reconstructions and proxy contests both in Australia and in the United States. Mr Hayward resigned as Director on 12th March 2004.

INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY

As at the date of this report, the interests of the Directors in the Shares of Southern Equity Holdings Limited were:

	Ordinary Shares
C Barboutis	628,283
G Castledine	647,741
A Dent	1,666,667

CORPORATE INFORMATION

CORPORATE STRUCTURE

Southern Equity Holdings Limited is a company limited by shares that is incorporated and domiciled in Australia.

Southern Equity Holdings Limited has prepared a consolidated financial report incorporating the entities that it controlled during the financial year, which are:

- Southern Equity Finance Pty Limited;
- Southern Equity Management Services Pty Limited;
- Armourtech Pacific Pty Limited; and
- SEQ Queensland Pty Limited.

The above entities were inactive for all or part of the period and had no assets or liabilities as at 30 June 2004. These entities, other than Southern Equity Management Services Pty Ltd, were sold as at 30 June 2004, refer Note 9.

Nature of Operations and Principal Activities

The principal activity of the Consolidated Entity during the year was the investigation and pursuit of investment opportunities.

Employees

The Consolidated Entity employed nil employees as at 30 June 2004 (2003: nil employees).

REVIEW AND RESULTS OF OPERATIONS

Corporate Review

During the year a number of potential projects and investment prospects were considered with varying levels of due diligence conducted. With the exception of the investments detailed below, projects reviewed during the year were either not considered appropriate for the Company or had not satisfied the acceptance criteria following due diligence.

In March 2004 the Company raised $1,152,000 and invested $868,151 (HK$5,000,000) in Asia Iron Holdings Limited ("AIHL") a Hong Kong registered company. AIHL has formed an alliance with Western Australian iron ore miner, Mount Gibson Iron Limited ("MGI"), whereby MGI has committed to supply up to 10 Mtpa of magnetite concentrate as feed to four pellet plants AIHL proposes to build in China over the next five years. MGI and AIHL collectively control a number of substantial magnetite deposits in the Mid West region of Western Australia.

As at balance date the Company had received loan funds from potential investors and had lent those funds to Dominicana Gold Pty Ltd ("DGPL") for investment in the Las Lagunas Project. DGPL has a 50% shareholding in Vanuatu registered company, Las Lagunas Limited ("LLL"). LLL is entitled to process 6.8Mt of sulphide tailings in the Las Lagunas Dam adjacent to the Pueblo Viejo gold mine, with contained gold and silver valued by the Dominican Republic Department of Mines at over $500 million.

At the Company's request its Shares were suspended from ASX trading in January 2001 as, at that date, the Company proposed changing its activities. The proposed change of activities did not occur. However, the Company's Shares have remained suspended from trading. Regardless of the suspension, the Company's stated objectives have remained consistent with its original mandate to seek an appropriate investment or investments.

Shareholders approved the issue of 40 million shares at 5 cents each on 8 June 2004, to fund the investment in DGPL and working capital. As at balance date $1.1 million had been loaned to the Company for investment in the Las Lagunas Project. Subject to the investment in DGPL being made, these loan funds will be converted to equity at 5 cents per share, as approved.

On 30 June 2004 the $200,000 Convertible Note held by Greater Pacific Gold Limited was converted to equity at 10 cents per share. Capitalised interest of $60,000 was also converted, at 5 cents per share.

Operating Results for the Period

The operating loss of the Company and Consolidated Entity, after providing for income tax of $nil (2003: $nil), was $259,387 (2003: ($524,919)) and $245,840 (2003: ($245,818)) respectively.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the consolidated entity during the financial year were as detailed in the above Corporate Review.

In the opinion of the Directors, there were no other significant changes in the state of affairs of the Consolidated Entity that occurred during the financial year under review not otherwise disclosed in this report or in the consolidated accounts.

EVENTS SUBSEQUENT TO REPORTING DATE

On 2 August 2004 the Company resolved to invest $1.5 million in Dominicana Gold Pty Ltd ("DGPL") for a 33.5% shareholding, subject to documentation. The Company intends to increase its shareholding in DGPL to 51% by undertaking a feasibility study for the Project at an estimated cost of $1.6 million. DGPL will issue a further 4,541,242 shares to SEG on completion of the study by 30 September 2005. Under its agreement with DGPL the Company will hold options to purchase the balance of the issued capital of DGPL from the existing shareholders for $3.4 million by 30 September 2005.

EVENTS SUBSEQUENT TO REPORTING DATE (CONTINUED)

The investment of $1.5 million includes the conversion to equity of the $1.1 million loan to DGPL as at balance date, refer Note 11. The investment in DGPL is the only pre-condition for the conversion of the $1.1 million loan to SEQ to be converted to SEQ Shares at 5 cents each.

As at the date of this report, the Company intends to mail within 2 days a Notice of Meeting for an Annual General Meeting of the Shareholders to be held on 13 September 2004. As well as the business of an Annual General meeting the Directors are seeking Shareholder approval for a 1 for 2 consolidation of Shares and the issuing of a Prospectus to raise $2 million at 20 cents per share with 1 for 2 free attaching options exercisable at 30 cents on or before 30 June 2009. The capital raised pursuant to the Prospectus will be used to fund the feasibility study on the Las Lagunas Project.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Other than as referred to in this report, further information as to the likely developments in the operations of the entity and likely results of those operations would, in the opinion of the Directors, be speculation and not in the best interest of the Company.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Company is not currently subject to any specific environmental regulation. There have not been any known significant breaches of any environmental regulations during the year under review and up until the date of this report.

SHARE OPTIONS

At the date of this report there were no unissued ordinary shares for which options were outstanding.

INDEMNIFICATION AND INSURANCE OF DIRECTORS

The Company has not, during or since the financial year, in respect of any person who is or has been an officer or auditor of the Company or a related body corporate:

(a) indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses of successfully defending legal proceedings; or

(b) paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings.

DIRECTORS' EMOLUMENTS

REMUNERATION POLICY

The Board of Directors is responsible for determining and reviewing compensation arrangements for the Directors. The maximum total compensation payable to Non-executive Directors is $150,000 and was approved by Shareholders on 7 April 1999. The Board assesses the appropriateness of the nature and amount of emoluments of all officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board.

Details of the nature and amount of each element of the emolument of each Director of the Company for the financial year are as follows:

	ANNUAL EMOLUMENTS			TERMINATION & SIMILAR PAYMENTS	SUPER-ANNUATION
DIRECTORS	BASE FEE	BONUS	OTHER		
	$	$	$	$	$
C Barboutis	58,750	-	-	-	-
G Castledine	58,750	-	-	-	-
A Dent	6,075	-	-	-	-
J Hayward	45,455	-	-	-	-

DIRECTORS' MEETINGS

The numbers of meetings of Directors were eligible to attend during the year and the number of meetings attended by each Director were as follows:

	Eligible Directors' Meetings	Directors' Meetings Attended
C Barboutis	3	3
G Castledine	3	3
A Dent	1	1
J Hayward	2	0

DIVIDENDS

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

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Southern Equity Holdings Limited support and have adhered to the principles of corporate governance. The Parent Company's Corporate Governance Statement is contained in the additional ASX Information Section of this annual report.

Signed in accordance with a resolution of the Directors.

ANGELA DENT

DIRECTOR

Perth, 10th August 2004

Statement of Financial Performance

For The Year Ended 30 June 2004

	Notes	Consolidated 2004 $	Consolidated 2003 $	Southern Equity Holdings Limited 2004 $	Southern Equity Holdings Limited 2003 $
Revenues from ordinary activities	2	11,643	2,698	10,909	2,698
Administrative & operating expenses	3	(183,598)	(219,449)	(192,494)	(13,690)
Occupancy costs		(17,511)	(10,830)	(17,511)	-
Legal and professional costs		(34,436)	-	(38,966)	-
Borrowing costs		(21,938)	(27,237)	(21,325)	(27,237)
Doubtful debts expenses		-	-	-	(486,690)
Total expenses		(257,483)	(257,516)	(270,296)	(527,617)
Loss from ordinary activities before income tax expense		(245,840)	(254,818)	(259,387)	(524,919)
Income tax expense relating to ordinary activities	4	-	-	-	-
Loss from Ordinary Activities after Income Tax Expense		(245,840)	(254,818)	(259,387)	(524,919)
Total changes in equity other than those resulting from transactions with owners as owners	14	(245,840)	(254,818)	(259,387)	(524,919)
Basic earnings per share (cents per share)	18	(1.02)	(2.2)		
Diluted earnings per share (cents per share)	18	(1.02)	(2.2)		

The accompanying notes of from part of these financial statements

Statement of Financial Position

At 30 June 2004

		Consolidated		Southern Equity Holdings Limited	
		2004	2003	2004	2003
	Notes	$	$	$	$
Current assets					
Cash assets	5	33,562	30,622	33,562	29,988
Receivables	6	1,140,338	110,992	1,140,338	296
Total current assets		1,173,900	141,614	1,173,900	30,284
Non-current assets					
Other	7	11,200	-	11,200	-
Other financial assets	8	868,151	-	868,151	16
Property, plant and equipment	10	40,309	2,296	40,309	-
Total non-current assets		919,660	2,296	919,660	16
Total assets		2,093,560	143,910	2,093,560	30,300
Current Liabilities					
Borrowings	11	1,100,000	200,000	1,100,000	200,000
Payables	12	52,544	169,054	52,544	41,897
Total current liabilities		1,152,544	369,054	1,152,544	241,897
Total liabilities		1,152,544	369,054	1,152,544	241,897
Net assets		941,016	(225,144)	941,016	(211,597)
Equity					
Contributed equity	13	9,783,755	8,371,755	9,783,755	8,371,755
Reserves	14	180,257	180,257	180,257	180,257
Accumulated losses	14	(9,022,996)	(8,777,156)	(9,022,996)	(8,763,609)
Total equity		941,016	(225,144)	941,016	(211,597)

The accompanying notes of from part of these financial statements

Statement of Cash Flows

Year Ended 30 June 2004

	Notes	Consolidated 2004 $	Consolidated 2003 $	Southern Equity Holdings Limited 2004 $	Southern Equity Holdings Limited 2003 $
Cash flows from operating activities					
Reimbursement of expenditures		100,000	-	-	-
Payments to suppliers and employees		(346,084)	(518,266)	(244,716)	(31,576)
Interest received		4,666	2,698	4,666	2,698
Other income		1,531	-	1,531	-
Net cash provided by/(used in) operating activities	15(b)	(239,887)	(515,568)	(238,519)	(28,878)
Cash flows from investing activites					
Purchase of property, plant and equipment		(40,474)	-	(40,474)	-
Proceeds from sale of property, plant and equipment		734	-	-	-
Loans advanced to controlled entities		-	-	-	(486,690)
Loans advanced to other entities		(1,100,000)	-	(1,100,000)	-
Purchase of investments		(868,151)	-	(868,151)	-
Advances repaid by other entities		-	120,000	-	120,000
Net cash used in investing activites		(2,007,891)	120,000	(2,008,625)	(366,690)
Cash flows from financing activities					
Proceeds from issue of shares		1,152,000	335,000	1,152,000	335,000
Payment of share issue costs		-	(4,250)	-	(4,250)
Loan from potential investors		1,100,000	-	1,100,000	-
Interest on convertible note		(1,282)	-	(1,282)	-
Net cash provided by financing activities		2,250,718	330,750	2,250,718	330,750
Net increase/(decrease) in cash held		2,940	(64,818)	3,574	(64,818)
Cash at the beginning of the financial year		30,622	95,440	29,988	94,806
Cash at the end of the financial year	15(a)	33,562	30,622	33,562	29,988

The accompanying notes of from part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2004

1. STATEMENT OF ACCOUNTING POLICIES

(a) BASIS OF PREPARATION

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 including applicable Accounting Standards. Other mandatory professional reporting requirements (Urgent Issues Group Consensus Views and other authoritative preannouncements of the Australian Accounting Standards Board) have also been complied with.

The financial report has been prepared in accordance with the historical cost convention, and except where stated does not take into account changing money values or fair values of assets.

These accounting policies have been consistently applied by each entity in the consolidated entity and are consistent with those of the previous year.

(b) CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies during the year.

(c) PRINCIPLES OF CONSOLIDATION

The Consolidated Statements are those of the Consolidated Entity, comprising Southern Equity Holdings Limited (the parent company) and all entities which Southern Equity Holdings Limited controlled from time to time during the year. Information from the financial statements of subsidiaries is included from the date the parent company obtains control until such time as control ceases. Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which the parent company has control.

Subsidiary acquisitions are accounted for using the purchase method of accounting.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

(d) FOREIGN CURRENCY

Translation of foreign currency transactions

Foreign currency transactions are translated to Australian currency at the rate of exchange ruling at the date of the transaction. Amounts receivable and payable in foreign currencies at reporting date are translated at the rates of exchange ruling on that date.

(e) USE AND REVISION OF ACCOUNTING ESTIMATES

The preparation of the financial report requires the making of estimations and assumptions that affect the recognised amounts of assets, liabilities, revenues and expenses and the disclosure of contingent liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which from the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period, or in the period of the revision and future periods if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(f) CASH AND CASH EQUIVALENTS – NOTE 5

Cash on hand and in banks and short-term deposits are stated at nominal value.

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks, and money market investments readily convertible to cash within 2 working days, net of outstanding bank overdrafts.

(g) RECEIVABLES – NOTE 6

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectible debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

Receivables from related parties are recognised and carried at the nominal amount due.

(h) INVESTMENTS – NOTE 8

Investments in are carried in the Company's financial statements at the lower of cost and recoverable amount.

(i) RECOVERABLE AMOUNT – NOTES 8 AND 10

The carrying amounts of non-current assets valued on the costs basis, are reviewed to determine whether they are in excess of their recoverable amount at reporting date. If the carrying amount of a non-current asset exceeds its recoverable amount, the asset is written down to the lower amount. The write-down is expensed in the reporting period in which it occurs.

Where a group of assets working together supports the generation of cash inflows, recoverable amount is assessed in relation to that group of assets.

In assessing recoverable amounts of non-current assets, the relevant cash flows have been discounted to their present value.

(j) PROPERTY, PLANT AND EQUIPMENT – NOTE 10

Cost and valuation

All classes of property, plant and equipment are measured at cost.

Where assets have been revalued, the potential effect of the capital gains tax on disposal has not been taken into account in the determination of the revalued carrying amount. Where it is expected that a liability for capital gains tax will arise, this expected amount is disclosed by way of note.

Depreciation

Depreciation is provided on all property, plant and equipment, other than freehold land.

Major depreciation periods are:	2004	2003
Plant and equipment;		
• plant and equipment	2 -5 years	2 - 5 years

(k) LEASES

Leases under which the consolidated entity substantially all the risks and benefits of ownership are classified as finance leases. Other leases are classified as operating leases.

Finance leases

A lease asset and a lease liability equal to the present value of the minimum lease payments are recorded at the inception of the lease. Lease liabilities are reduced by the repayments of the principal. The interest components of the lease payment are expensed. Contingent rentals are expensed as incurred.

Leases are capitalised at the present value of the minimum lease payments and disclosed as property, plant and equipment under lease, a lease liability of equal value is also recognised.

Capitalised lease assets are depreciated over the shorter of the estimated useful life of the assets and the lease term. Minimum lease payments are allocated between interest expense and reduction of the lease liability with the interest expense calculated using the interest rate implicit in the lease and charged directly to the Statement of Financial Performance.

Operating leases

Payments made under operating leases are expensed on a straight line basis of the term of the lease, except when an alternative basis is more representative of the pattern of benefit to be derived from the leased property.

Lease incentives are recognised as liabilities. Lease rental payments are allocated between rental expenses and reduction of the liability, on a straight line basis over the period of the incentive.

(l) PAYABLES – NOTE 12

Liabilities are recognised for amounts to be paid in the future for goods and services received. Trade accounts payable are normally settled within 60 days.

(m) INTEREST-BEARING LIABILITIES

Bank loans are measured at the principal amount, subject to set-off arrangements. Interest is charged as an expense as it accrues.

Finance lease liability is determined in accordance with the requirements of AASB 1008 "Leases".

(n) PROVISIONS

A provision is recognised when there is a legal, equitable or constructive obligation as a result of past transactions or other past events and it is probable that a future sacrifice of economic benefits will be required to settle the obligation, the timing or amount of which is uncertain.

If the effect is material, a provision is determined by discounting the expected future cash flows (adjusted for expected future risks) required to settle the obligation at a pre-tax rate that reflects current market assessments of the time value of money and the risks are specific to the liability most closely matching the expected future payments, except where noted below. The unwinding of the discount is treated as part of the expense related to the particular provision.

A provision for dividends payable is recognised in the reporting period in which the dividends are declared, for the entire undistributed amount, regardless of the extent to which they will be paid in cash.

(o) CONTRIBUTED EQUITY – NOTE 13

Issued and paid up capital is recognised at the fair value of the consideration received by the Company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(p) REVENUE RECOGNITION – NOTE 2

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST) payable to the taxation authority, and to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenues. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue is recognised when control of the goods has passed to the buyer.

Interest revenue

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset, and when there is control of the right to receive the interest payment.

Dividends

Dividend revenue is recognised net of any franking credits.

Revenue from distributions from controlled entities is recognised by the parent entity when they are declared by the controlled entities.

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

Dividends received out of pre-acquisition reserves are eliminated against the carrying amount of the investment and not recognised as revenue.

(q) TAXATION – NOTE 4

Income taxes

The consolidated entity adopts the income statement liability method of tax effect accounting.

Income tax expense is calculated on operating profit adjusted for permanent differences between taxable and accounting income. The tax effect timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is carried forward in the Statement of Financial Position as a future income tax benefit or a provision for deferred income tax.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt, or if realisation of relating to tax losses is virtually certain.

Capital gains tax, if applicable, is provided for in establishing period income tax expense when an asset is sold.

Goods and Service Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where:

- the amount of GST incurred on a purchase of goods and services is not recoverable from the taxation authority. In these circumstances, GST is recognised as part of the cost of acquisition of the asset or as part of the expense; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included a current asset or liability in the Statement of Financial Position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

(r) EMPLOYEE BENEFITS

Wages, salaries, annual leave, sick leave and non-monetary benefits

Liabilities for employee benefits for wages, salaries, annual leave and sick leave represent present obligations resulting from employees' services provided to reporting date, calculated at undiscounted amounts based on remuneration wage and salary rates that the consolidated entity expects to pay as at reporting date including related on-costs, such as, workers compensation insurance and payroll tax.

Non-accumulating non-monetary benefits, such as interest free loans, are expensed based on the net marginal cost to the consolidated entity as the benefits are taken by the employees.

(s) EARNINGS PER SHARE – NOTE 18

Basic earnings per share ("EPS") is calculated by dividing the net profit (loss) attributable to members of the parent entity for the reporting period, after excluding any costs of servicing equity (other than ordinary shares and converting preference shares classified as ordinary shares fro EPS calculation purposes), by the weighted average number of ordinary shares of the Company, adjusted for any bonus issue.

Diluted EPS is calculated by dividing the basic EPS earnings, adjusted by the after tax effect of financing costs associated with dilutive potential ordinary shares and the effect on revenues and expenses of conversion to ordinary shares associated with dilutive potential ordinary shares, by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus issue.

(t) COMPARATIVES

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

(u) 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 shareholders 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 IRFS are:

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 asset's use and subsequent disposal. In terms of *AASB 136: Impairment of Assets*, the recoverable amount of an asset will be determined as the higher of fair value less cost 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 *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.

NOTES CONTINUED

30 JUNE 2004

	Notes	Consolidated 2004 $	Consolidated 2003 $	Southern Equity Holdings Limited 2004 $	Southern Equity Holdings Limited 2003 $
2. REVENUES FROM ORDINDARY ACTIVITIES					
REVENUES FROM NON-OPERATING ACTIVITIES					
Interest received – other corporations		4,666	2,698	4,666	2,698
Proceeds on Sale of Assets		734	-	-	-
Other income		6,243	-	6,243	-
TOTAL REVENUES FROM ORDINARY ACTIVITIES		11,643	2,698	10,909	2,698
3. EXPENSES AND LOSSES					
(a) LOSS FORM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE HAS BEEN ARRIVED AT AFTER CHARGING/ (CREDITING) THE FOLLOWING ITEMS:					
Depreciation of non-current assets					
Plant and equipment		165	2,730	165	-
Loss on sale/disposal of assets					
Plant and equipment		2,131	-	-	-
Investments		-	-	12	-
Borrowing costs expensed					
Interest expense		21,938	27,237	21,325	27,237
(b) INDIVIDUALLY SIGNIFICANT EXPENSES/(REVENUES) INCLUDED IN LOSS FORM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE					
Reimbursement of expenses		-	(100,000)	-	-
Provision for non-recoverability of loan		-	-	12,943	486,960
4. INCOME TAX					
The prima facie tax on profit differs from the income tax provided in the financial statements as follows:					
Prima facie tax on loss from ordinary activities at 30% (2003: 30%)		(73,752)	(76,445)	(77,816)	(157,476)
Tax effect of permanent differences					
Entertainment		-	14	-	-
Non-deductible legal expenses		178	-	487	-
Future income tax benefit not brought to account		73,574	76,431	77,329	157,476
Income tax expense attributable to ordinary activities		-	-	-	-
INCOME TAX LOSSES					
Estimated future income tax benefit arising from income tax losses not brought to account at reporting date as realisation of the benefit is not regarded as virtually certain		1,000,000	908,000	95,000	17,000

4. INCOME TAX (CONTINUED)

In addition to the above, the Consolidated Entity has an estimated carry forward future income tax benefit in relation to capital losses of $1.2 million.

The future income tax benefit will only be obtained if:
(a) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
(b) the conditions for deductibility imposed by tax legislation continue to be applied with; and
(c) no changes in tax legislation adversely affect the Consolidated Entity in realising the benefit.

		CONSOLIDATED		SOUTHERN EQUITY HOLDINGS LIMITED	
		2004	2003	2004	2003
	NOTES	$	$	$	$
5. CASH ASSETS					
Cash at bank and on hand		33,562	30,622	33,562	29,988
6. RECEIVABLES					
CURRENT					
Amounts receivable					
- Controlled entities	(a)	-	-	-	5,756,954
- Provision for non-recovery		-	-	-	(5,756,954)
		-	-	-	-
Unsecured loans receivable	(b)(i)	1,100,000	-	1,100,000	-
Other receivables	(ii)	40,338	110,992	40,338	296
		1,140,338	110,992	1,140,338	296

(a) Loans to controlled entities were forgiven as at 30 June 2004 (fully provided for as at 30 June 2003) as the subsidiaries had no ability, or expectation of ability, to repay the debts. Subsequent to the forgiveness of the loans by Southern Equity Holdings Limited the subsidiaries had no assets and no liabilities. Refer Note 9.

(b) Loans receivable are funds loaned to Dominicana Gold Pty Ltd ("DGPL") for investment in the Las Lagunas Project, refer Directors Report. As at balance date there was an equal liability to an unrelated party. A right of off-set exists between the 2 loans until Southern Equity Holdings Limited invests an additional $400,000 in DGPL, to be issued 33.5% of DGPL (4,285,714 shares).

TERMS AND CONDITIONS

Terms and conditions relating to the above financial instruments:
(i) Loans receivable are non-interest bearing and will be repaid by the issue of shares in DGPL
(ii) Other receivables are non-interest bearing and generally repayable within 30, in the prior year they were mainly repayable in terms of settlement arrangements.

		CONSOLIDATED		SOUTHERN EQUITY HOLDINGS LIMITED	
		2004	2003	2004	2003
	NOTES	$	$	$	$
7. OTHER ASSETS					
CURRENT					
Security Deposit – Office		11,200	-	11,200	-
		11,200	-	11,200	-

		CONSOLIDATED		SOUTHERN EQUITY HOLDINGS LIMITED	
		2004	2003	2004	2003
	NOTES	$	$	$	$
8. OTHER FINANCIAL ASSETS					
NON-CURRENT					
Investment	(a)	868,151	-	868,151	-
Shares in controlled entities – at cost	9	-	-	-	16
		868,151	-	868,151	16

(a) In March 2004 the Company invested $868,151 (HK$5,000,000) in Asia Iron Holdings Limited ("AIHL") a Hong Kong registered company. AIHL has formed an alliance with Western Australia iron ore miner, Mount Gibson Iron Limited ("MGI"), whereby MGI has committed to supply up to 10 Mtpa of magnetite concentrate as feed to four pellet plants AIHL proposes to build in China over the next five years. MGI and AIHL collectively control a number of substantial magnetite deposits in the Mid West region of Western Australia.

9. CONTROLLED ENTITIES NAME	COUNTRY OF INCORPORATION	PERCENTAGE OF EQUITY INTEREST HELD BY THE CONSOLIDATED ENTITY		INVESTMENT	
		2004	2003	2004	2003
		%	%	$	$
Southern Equity Finance Pty Ltd	Australia	-	100	-	2
Southern Equity Management Services Pty Ltd ("SEMS")	Australia	100	100	-	2
Armourtech Pacific Pty Ltd	Australia	-	100	-	2
SEQ Queensland Pty Ltd	Australia	-	100	-	10
				-	16

All the above entities except SEMS have been inactive for more than 12 months, SEMS has been inactive since 1 January 2004. As at 30 June 2004 there were no assets in any of the subsidiaries and the only liabilities of the subsidiaries were to Southern Equity Holdings Limited ("SEQ"). SEQ resolved to forgive the loans to the subsidiaries, and make applications to deregister them other than SEMS.

Investment is SEMS has been written-down to $nil.

As the Directors wished to simplify the corporate structure prior to investment in Dominicana Gold Pty Ltd, and have the simplified structure reflected in the pro-forma balance in the proposed Prospectus, all shares in the subsidiaries (other than SEMS) were sold to Director-related entity Western Ventures Pty Ltd. By agreement with SEQ, Western Ventures Pty Ltd will complete the requirements for de-registration of the Companies. There are no potential financial benefits to the Director or the Director-related entity.

As there will be no material expense or revenue from the disposal of these entities, no Discontinuing Entities note has been prepared.

		CONSOLIDATED		SOUTHERN EQUITY HOLDINGS LIMITED	
		2004	2003	2004	2003
	NOTES	$	$	$	$
10. PROPERTY, PLANT AND EQUIPMENT					
Plant and equipment – at cost		40,474	59,842	40,474	47,325
Accumulated depreciation		(165)	(57,546)	(165)	(47,325)
Total written down amount		40,309	2,296	40,309	-

NOTES CONTINUED

30 JUNE 2004

	Notes	Consolidated 2004 $	Consolidated 2003 $	Southern Equity Holdings Limited 2004 $	Southern Equity Holdings Limited 2003 $
10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)					
RECONCILIATION					
Carrying amount at beginning of year		2,296	5,026	-	-
Additions		40,474	-	40,4 74	-
Disposals		(2,296)	-	-	-
Depreciation expense		(165)	(2,730)	(165)	-
Carrying amount at end of year		40,309	2,296	40,309	-

11. BORROWINGS

	Notes	Consolidated 2004 $	Consolidated 2003 $	Southern Equity Holdings Limited 2004 $	Southern Equity Holdings Limited 2003 $
CURRENT					
Unsecured loans – interest free		1,100,000	-	1,100,000	-
Secure convertible notes		-	200,000	-	200,000
		1,100,000	200,000	1,100,000	200,000

As at balance date $1.1 million had been loaned to the Company by an unrelated entity for investment in Dominicana Gold Pty Ltd for the Las Lagunas Project. Subject to the investment in Dominicana Gold Pty Ltd being made, these loan funds will be converted to equity at 5 cents per share. Refer Note 6

12. PAYABLES

	Notes	Consolidated 2004 $	Consolidated 2003 $	Southern Equity Holdings Limited 2004 $	Southern Equity Holdings Limited 2003 $
CURRENT					
Trade creditors	(i)				
Other corporations		31,264	68,940	31,264	1,000
Director related entities	(ii)	14,823	59,217	14,823	-
Accruals		6,457	-	6,457	-
Interest payable on convertible note		-	40,897	-	40,897
		52,544	169,054	52,544	41,897

TERMS AND CONDITIONS

Terms and conditions relating to the above financial instruments:

(i) Trade creditors are non-interest bearing and are normally settled on 30 day terms.

(ii) Director-related entity Western Ventures Pty Ltd provides accounting, administration and company secretarial service to the Company on an arms length basis.

(iii) As at 30 June 2003 interest had been accrued on a Convertible Note, the Note and accrued interest were converted to equity on 30 June 2004 refer Directors Report.

	Notes	Consolidated 2004 $	Consolidated 2003 $	Southern Equity Holdings Limited 2004 $	Southern Equity Holdings Limited 2003 $
13. CONTRIBUTED EQUITY					
(a) Issued and paid up capital					
Ordinary shares fully paid		9,783,750	8,371,750	9,783,750	8,371,750
Preference shares fully paid		5	5	5	5
		9,783,755	8,371,755	9,783,755	8,371,755

	2004 Number of Shares	2004 $	2003 Number of Shares	2003 $
(b) Movements in ordinary shares on issue				
Beginning of the financial year	12,951,000	8,371,750	7,951,000	7,951,000
Issued at 3 cents	38,400,000	1,152,000	-	-
Issued at 5 cents	1,200,000	60,000	-	-
Issued at 6 cents	-	-	1,500,000	90,000
Issued at 8.5 cents	-	-	1,000,000	85,000
Issued at 10 cents	2,000,000	200,000	2,500,000	250,000
Expenses of issue	-	-	-	(4,250)
Balance at end of year	54,551,000	9,783,750	12,951,000	8,371,750

(c) Terms and conditions of contributed equity

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote either in person or by proxy, at a meeting of the company.

The five non-redeemable preference shares were issued to Balmoral Corporation Limited following approval by the members of an ultimately failed merger proposal. The dividend on these shares is 5% per annum and is cumulative.

	Notes	Consolidated 2004 $	Consolidated 2003 $	Southern Equity Holdings Limited 2004 $	Southern Equity Holdings Limited 2003 $
14. RESERVES AND RETAINED LOSSES					
Capital reconstruction reserve		180,257	180,257	180,257	180,257
Accumulated losses	(a)	(9,022,996)	(8,777,156)	(9,022,996)	(8,763,609)
(a) Accumulated losses					
Balance at the beginning of the year		(8,777,156)	(8,522,338)	(8,763,609)	(8,238,690)
Net loss from operating activities		(245,840)	(254,818)	(259,387)	(524,919)
Balance at end of year		(9,022,996)	(8,777,156)	(9,022,996)	(8,763,609)

15. NOTES TO STATEMENT OF CASH FLOWS

(a) RECONCILIATION OF CASH

For the purposes of the statement of cash flows, cash includes cash on hand and at bank and short term deposits at call, net of outstanding overdrafts. Cash at the end of the financial year as shown on the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

		CONSOLIDATED		SOUTHERN EQUITY HOLDINGS LIMITED	
		2004	2003	2004	2003
	NOTES	$	$	$	$
Cash at bank and on hand		33,562	30,622	33,562	29,888

(b) RECONCILIATION OF THE NET LOSS FROM ORDINARY ACTIVITIES AFTER INCOME TAX TO NET CASH PROVIDED BY OPERATING ACTIVITIES

	2004	2003	2004	2003
Loss from ordinary activities after income tax	(245,840)	(254,818)	(259,387)	(524,919)
ADD/(LESS) NON-CASH ITEMS				
Interest on convertible note capitalised	20,385	27,237	20,385	27,237
Depreciation	165	2,730	165	-
Provision for doubtful debts	-	-	-	486,690
Cost of investments sold	-	-	16	-
Write-off of assets	2,296	-	-	-
Profit on sale of assets	(734)	-	-	-
Net losses from operating activities before changes in asset and liabilities	(223,728)	(224,851)	(238,821)	(10,992)
CHANGES IN ASSETS AND LIABILITIES				
(Increase)/ decrease in receivables	68,346	(103,085)	(40,831)	18
(Increase)/ decrease in other assets	(9,681)	-	(11,200)	-
(Decrease)/ increase in payables	(74,824)	(108,194)	52,333	(17,904)
(Decrease)/ increase in provisions	-	(79,438)	-	-
Net cash flows (used in) operating activities	(239,887)	(515,568)	(238,519)	(28,878)

16. EXPENDITURE COMMITMENTS

RENT EXPENDITURE COMMITMENTS

	2004	2003	2004	2003
Office rent expenditure commitments are payable:				
Within one year	31,050	-	31,050	-
Within one year and no later than two years	31,050	-	31,050	-
Later than two years	20,700	-	20,700	-
Total rent liability	82,800	-	82,800	-

17. EVENTS SUBSEQUENT TO REPORTING DATE

On 2 August 2004 the Company resolved to invest $1.5 million in Dominicana Gold Pty Ltd ("DGPL") for a 33.5% shareholding, subject to documentation. The Company intends to increase its shareholding in DGPL to 51% by undertaking a feasibility study for the Project at an estimated cost of $1.6 million. DGPL will issue a further 4,541,242 shares to SEQ on completion of the study by 30 September 2005. Under its agreement with DGPL the Company will hold options to purchase the balance of the issued capital of DGPL from the existing shareholders for $3.4 million by 30 September 2005.

The investment of $1.5 million includes the conversion to equity of the $1.1 million loan to DGPL as at balance date, refer Note 11. The investment in DGPL is the only pre-condition for the conversion of the $1.1 million loan to SEQ to be converted to SEQ Shares at 5 cents each.

As at the date of this report, the Company intends to mail within 2 days a Notice of Meeting for an Annual General Meeting of the Shareholders to be held on 13 September 2004. As well as the business of an Annual General meeting the Directors are seeking Shareholder approval for a 1 for 2 consolidation of Shares and the issuing of a Prospectus to raise $2 million at 20 cents per share with 1 for 2 free attaching options exercisable at 30 cents on or before 30 June 2009. The capital raised pursuant to the Prospectus will be used to fund the feasibility study on the Las Lagunas Project.

	CONSOLIDATED	
	2004	2003
18. EARNINGS PER SHARE (EPS)	$	$
Numerator use for basic and diluted EPS:		
Loss for year	(245,839)	(254,818)
Adjust for interest expensed on dilutive shares	20,385	27,237
Adjusted earnings	(225,454)	(227,581)
	NUMBER OF SHARES	NUMBER OF SHARES
Weighted average number of ordinary shares outstanding during the years used in calculating the basic EPS	24,072,311	11,572,918
Weighted average number of ordinary shares outstanding during the years used in calculating the diluted EPS	26,075,590	13,572,918

Potential ordinary shares are not considered dilutive if conversion to ordinary shares would decrease the loss per share. Calculation of diluted EPS results in a decreased loss per share, therefore the Convertible Note is not dilutive and the diluted EPS is equal to the basic EPS.

	SOUTHERN EQUITY HOLDINGS LIMITED	
	2004	2003
	$	$
19. REMUNERATION OF DIRECTORS		
Income paid or payable, or otherwise made available, in respect of the financial year, to all the Directors of Southern Equity Holdings Limited, directly or indirectly, from the entity or any related party:	169,029	138,000

19. REMUNERATION OF DIRECTORS (CONTINUED)

REMUNERATION AND CONTRACT DETAILS

Mr Colin Barboutis (Non-executive Chairman) and Mr Gary Castledine (Non-executive Director) were each paid $50,000 for accrued directors fees to 31st March 2004. From 1 April 2004, the Company signed contracts with Director-related entities Golden Wire Investments Pty Ltd and Redclaw Enterprises Pty Ltd, respectively. Under the contracts, Directors fees of $35,000 pa are payable to 31st March 2005 and $50,000 pa thereafter. The contracts are for an initial period of 3 years ending 31st March 2007 with renewal for a further 3 years at the Company's option.

Ms Angela Dent (Executive Director) (appointed 12 March 2004) is paid Directors fees of $20,000pa through her Director-related entity Western Ventures Pty Ltd. Western Ventures Pty Ltd also provides management, accounting and company secretarial services on an arms length basis to the Company. No formal agreement has been signed between Western Ventures Pty Ltd and the Company.

James Hayward was paid $50,000 in lieu of accrued Directors fees of $ 80,515.71 to the date of his resignation, 12 March 2004.

Total remuneration for all non-executive Directors, last voted on by Shareholders at the 1999 AGM, is not to exceed $150,000 per annum. Director's fees cover all Board activities. No Specified Executives were employed in this period and no Director was paid any benefits other than fees disclosed here.

Total fees paid or payable for the period:

Mr Colin Barboutis $58,750 (2003:$38,500)

Mr Gary Castledine $58,750 (2003: $38,500)

Ms Angela Dent $6,075 (2003:$nil)

Mr James Hayward $45,454 (2003: $61,000)

DIRECTORS' SHAREHOLDINGS (ORDINARY SHARES)

	Held at 30 June 2003	Purchased	Held at 30 June 2004
C Barboutis	628,283	-	628,283
G Castledine	647,741	-	647,741
A Dent	-	1,666,667	1,666,667

		Consolidated		Southern Equity Holdings Limited	
		2004	2003	2004	2003
	Notes	$	$	$	$
20. AUDITORS REMUNERATION					
Amounts received or due and receivable by Hall Chadwick for:					
An audit or review of the financial report of the entity and any other entity in the Consolidated Entity		8,500	11,000	8,500	2,500

21. RELATED PARTY DISCLOSURES

DIRECTORS

(a) The Directors of Southern Equity Holdings Limited during the financial year were:

Colin Barboutis	Angela Dent(Commenced 12 March 2004)
Gary Castledine	James RW Hayward (Resigned 12 March 2004)

(b) In addition to directors' remuneration disclosed in Note 19, the following related party transactions occurred during the financial period. These transactions were on normal commercial terms and conditions unless otherwise stated.

	NOTES	CONSOLIDATED		SOUTHERN EQUITY HOLDINGS LIMITED	
		2004	2003	2004	2003
		$	$	$	$
Consulting and other services provided by firms associated with directors or former directors in addition to amounts included in directors' remuneration:					
Angela Dent		10,620	-	10,620	-

22. CONTINGENT LIABILITY

There are no contingent liabilities as at the reporting date.

23. SEGMENT REPORTING

SEGMENT PRODUCTS AND LOCATIONS

In previous years all activities of the Consolidated Entity took place within the cash and equities segment within Australia.

During the current year the Consolidated Entity made an investment in the mining/ manufacturing sector in Hong Kong based Asia Iron Holdings Limited, and loans (to be converted to investment) in the mining sector in the Dominican Republic.

24. FINANCIAL INSTRUMENTS

(a) INTEREST RATE RISK

The Consolidated Entity's exposure to interest rate risk and the effective weighted average interest rates for classes of financial assets and financial liabilities is set out below:

2004

	Floating interest rate	Fixed interest rate maturing in: 1 year or less	Over 1 to 5 years	More than 5 years	Non-interest bearing	Total carrying amount statement of financial position	Weighted average effective interest rate
Financial assets							
Cash	33,460	-	-	-	102	33,562	1.37%
Receivables	-	-	-	-	1,140,338	1,140,338	N/A
	33,460	-	-	-	1,140,440	1,173,900	
Financial liabilities							
Trade and other creditors	-	-	-	-	52,544	52,544	N/A
Loans Payable					1,100,000	1,100,000	
Total financial liabilities	-	-	-	-	1,152,544	1,152,544	

2003

	Floating interest rate	Fixed interest rate maturing in: 1 year or less	Over 1 to 5 years	More than 5 years	Non-interest bearing	Total carrying amount statement of financial position	Weighted average effective interest rate
Financial assets							
Cash	29,988	-	-	-	634	30,622	3.02%
Receivables	-	-	-	-	110,992	110,992	N/A
	29,988	-	-	-	111,626	141,614	
Financial liabilities							
Trade and other creditors	-	-	-	-	128,157	128,157	N/A
Interest in Notes	40,897	-	-	-	-	40,897	12.00%
Total financial liabilities	40,897	-	-	-	128,157	169,054	

N/A: Not applicable for non-interest bearing instruments.

The $200,000 Secured Convertible Note carried an interest rate of 12% per annum. The interest was capitalised until converted to Ordinary Shares on 30 June 2004 at 5 cents per Share.

(b) NET FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

Net fair values of financial assets and liabilities are determined by the consolidated entity on the following bases:

Recognised financial instruments

Cash and cash equivalents: The carrying amount approximates fair value because of their short-term to maturity.

Trade and other receivables and payables: The carrying amount approximates fair value.

Net fair values

The carrying amount and net fair values of financial assets and liabilities as at the reporting date are as follows:

24. FINANCIAL INSTRUMENTS (CONTINUED)

	CONSOLIDATED			
	2004		2003	
	CARRYING AMOUNT	NET FAIR VALUE	CARRYING AMOUNT	NET FAIR VALUE
	$	$	$	$
FINANCIAL ASSET				
Cash	33,562	33,562	30,622	30,622
Receivables – other	1,140,338	1,140,338	110,992	110,992
	1,173,900	1,173,900	141,614	141,614
FINANCIAL LIABILITIES				
Trade and other creditors	46,087	46,087	128,157	128,157
Accruals	6,457	6,457	-	-
Interest on Note	-	-	40,897	40,897
Total financial liabilities	52,544	52,544	169,054	169,054

(c) CREDIT RISK EXPOSURE

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The credit risk on financial assets, excluding investments, of the consolidated entity, which have been recognised on the statement of financial position, is the carrying amount, net of any provision for doubtful debts.

As at balance date the Consolidated Entity has only one investment, Asia Iron Holdings Limited, and is therefore materially exposed to movements in the value of that investment.

25. FINANCIAL POSITION AND PROSPECTS

During the year the Company has raised $1.152 million through the issue of Shares. Theses funds were used to invest in Asia Iron Holdings Limited and for working capital.

The balance date liability of $1.1million will be converted to equity in August and further placements completed to raise a total of $2 million. Of these funds $1.5 million will be invested in Dominicana Gold Pty Ltd (33.5% shareholding), the balance will be used for working capital and to begin the feasibility study on the Las Lagunas Project.

As at the date of this report the Directors will, within a few days, distribute a Notice of Meeting to Shareholders for the 2004 AGM to be held on about 13 September 2004. As well as the business of the AGM Shareholders will be asked to approve a 1 for 2 Share consolidation, and the issue of 10 million Shares at 20 cents with 1 for 2 free attaching options exercisable at 30 cents on or before 30 June 2009, pursuant to a Prospectus. The offer of Shares under the Prospectus will include a Priority Offer for Southern Equity Holdings Limited Shareholders and for the Shareholders of Greater Pacific Gold Limited in recognition of the support provided by that company.

After the completion of the $2 million capital raising under the Prospectus the Company will apply for re-listing on the ASX.

The Directors intend to offer Loyalty Options to all Shareholders on the register 3 months after re-listing. The Options will cost $0.005 and will be exercisable at 20 cents by 30 June 2005 or at 30 cents by 30 June 2009. For each Option exercised prior to 30 June 2005 the Shareholder will receive another Option exercisable at 30 cents on or before 30 June 2009.

Up to $1.6 million will be spent before 30 September 2005 on the feasibility study for the Las Lagunas Project. Following the successful completion of the feasibility study, Southern Equity Holdings will be issued additional Shares in Dominicana Gold Pty Ltd, taking its Shareholding to 51%.

The Company will also have options to purchase the remaining 49% of Dominicana Gold Pty Ltd prior to 30 September 2005. It is expected that the exercise of the first tranche of Loyalty Options will provide the funds for this acquisition.

25. FINANCIAL POSITION AND PROSPECTS (CONTINUED)

Southern Equity Holdings Limited has no other income, so the continuing viability of the Company and the Consolidated Entity is dependent on successful capital raising. As a result, there exists an uncertainty as to the ability of the Consolidated Entity to continue as a going concern and whether the Consolidated Entity will realise assets and settle its liabilities and commitments in the normal course of business and at the amounts stated in the financial report. Should that situation eventuate some further adjustments would be required to provide for costs of the appropriate form of administration. At this time, the Directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial report at 30 June 2004. Accordingly no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts and classification of liabilities that might be necessary should the Consolidated Entity not continue as a going concern.

The Directors believe Asia Iron Holdings Limited which is a passive investment, and Dominicana Gold Pty Ltd which will be responsible for the management of the Las Lagunas project, provide a suitable combination of investments to build and maintain value in the Company for its' Shareholders.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Southern Equity Holdings Limited, I state that:

In the opinion of the Directors:

(a) the financial statements and notes of the Company and of the Consolidated Entity are in accordance with the Corporations Act 2001, including:

 (i) giving a true and fair view of the Company's and Consolidated Entity's financial position as at 30 June 2004 and of their performance of the year ended on that date; and

 (ii) complying with Accounting Standards and Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

ANGELA DENT
DIRECTOR

Perth,10th August 2004

Hall Chadwick
Chartered Accountants & Business Advisers

SOUTHERN EQUITY HOLDINGS LIMITED
ABN 48 008 031 034
AND CONTROLLED ENTITIES

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF SOUTHERN EQUITY HOLDINGS LIMITED AND CONTROLLED ENTITIES

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 Southern Equity Holdings Limited (the company) and the consolidated entity, for the year ended 30 June 2004. The consolidated entity comprises both the company and the entities it controlled during that year.

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 and the consolidated entity's financial position, and of their performance as represented by the results of their 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

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

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Suite 2, Geographe Business Centre,
58 Bussell Highway
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Telephone: (08) 9751 3895

Kalgoorlie
Suite 1, Kalgoorlie Business Centre
47 Brookman Street
KALGOORLIE WA 6430

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hcperinfo@hcperth.com.au

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AUDIT OPINION

In our opinion, the financial report of Southern Equity Holdings Limited is in accordance with:

a. the Corporations Act 2001, including:

   i. giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2004 and of their 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.

INHERENT UNCERTAINTY REGARDING CONTINUATION AS A GOING CONCERN

Without qualification to the statement above, attention is drawn to note 25 of the financial report.

Southern Equity Holdings Limited has no other income, so the continuing viability of the company and the consolidated entity is dependent on successful capital raising. As a result, there exits an uncertainty as to the ability of the company and the consolidated entity to continue as a going concern and whether the company and the consolidated entity will realise assets and settle its liabilities and commitments in the normal course of business and at the amounts stated in the financial report. Should that situation eventuate some further adjustments would be required to provide for costs of the appropriate form of administration. At this time, the Directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial report at 30 June 2004. Accordingly no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts and classification of liabilities that might be necessary should the company and the consolidated entity not continue as a going concern.

HALL CHADWICK **CHARTERED ACCOUNTANTS**	**MICHAEL J HILLGROVE** **PARTNER**

Dated at Perth this 10th day of August 2004.

ASX Additional Information

Additional information required by the Australian Stock Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 28 July 2004.

(a) Distribution of equity securities

The number of Shareholders, by size of holding, in each class of Share are:

	Ordinary Shares		Non-redeemable Preference Shares	
	Number of Holders	Number of Shares	Number of Holders	Number of Shares
1 - 1,000	87	52,080	1	5
1,001 - 5,000	113	301,377	-	-
5,001 - 10,000	59	504,990	-	-
10,001 - 100,000	100	3,857,146	-	-
100,001 and over	33	49,835,407	-	-
Total	392	54,551,000	1	5
The number of Shareholders holding less than a marketable parcel of Shares are:	160	588,447	1	5

(b) Twenty largest Shareholders

The names of the twenty largest holders of quoted Shares are:

	Listed Ordinary Shares	
	Number of Shares	Percentage of Ordinary Shares
Moonstar Investments Pty Ltd <The Pemberley A/C>	6,666,667	12.22%
Xiang Rong Chen	5,000,000	9.17%
Xiao Hong Ji	5,000,000	9.17%
LMP Limited	5,000,000	9.17%
Seka Limited	3,300,000	6.05%
Mr Peter Howells	3,211,616	5.89%
Greater Pacific Gold Limited	3,200,000	5.87%
Sengate Pty Ltd	3,145,850	5.77%
Preferential Capital Pty Ltd	2,500,000	4.58%
Perpetual Poverty Pty Ltd	1,666,667	3.06%
Ms Angela Dent	1,666,666	3.06%
Nicholls Nominees Pty Ltd	1,500,000	2.75%
First Distribution Services Limited	1,300,000	2.38%
Kalgoorlie Mine Management Pty Ltd	700,000	1.28%
Redclaw Enterprises Pty Ltd	647,741	1.19%
Shan Nominees Pty Ltd <David Sharbanee Family A/C>	500,000	0.92%
Summerset Investments Pty Ltd	500,000	0.92%
Ms Tracey Barboutis	416,667	0.76%
Mr Richard Simpson <Simpson Family A/C>	400,000	0.73%
Societe Cultive Marseilles SARL Limited	400,000	0.73%
Total for top 20:	46,721,874	85.65%

ASX Additional Information (Continued)

The five issued non-redeemable preference shares are not quoted and are held by Balmoral Corporation Limited.

(c) Substantial Shareholders

The names of Substantial Shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

	Number of Shares	Percentage of Ordinary Shares
Moonstar Investments Pty Ltd <The Pemberley A/C>	6,666,667	12.22%
Xiang Rong Chen	5,000,000	9.17%
Xiao Hong Ji	5,000,000	9.17%
LMP Limited	5,000,000	9.17%
Seka Limited	3,300,000	6.05%
Greater Pacific Gold Limited	3,200,000	5.87%
Sengate Pty Ltd	3,145 850	5.77%
Mr Peter Howells	3,211,616	5.89%

(d) Voting rights

Ordinary shares

On a show of hands, every ordinary shareholder present in person, or by proxy, attorney or representative has one vote.
On a poll, every shareholder present in person, or by proxy, attorney or representative has one vote for any share held by the shareholder.

Non-redeemable preference shares

One vote for each share, but limited to matters affecting the rights of such shares.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Southern Equity Holdings Limited is responsible for the corporate governance of the Consolidated Entity. The Board guides and monitors the business and affairs of Southern Equity Holdings Limited on behalf of the Shareholders by whom they are elected and to whom they are accountable.

COMPOSITION OF THE BOARD

The composition of the Board is determined in accordance with the following principles and guidelines:

- the Board shall comprise at least three Directors;
- the Board should comprise Directors with an appropriate range of qualifications and expertise; and

The Directors in office at the date of this statement are

NAME	POSITION	NAME	POSITION
Colin Barboutis	Chairman	Gary Castledine	Non-Executive Director
Angela Dent	Executive Director and Company Secretary		

AUDIT COMMITTEE

Due to the small number of Directors and the limited number of transactions being entered into, an Audit Committee has not been established at this stage. It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes. This includes the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations.

BOARD RESPONSIBILITIES

As the Board acts on behalf of and is accountable to the Shareholders, the Board seeks to identify the expectations of the Shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks. The Board seeks to discharge these responsibilities in a number of ways.

MONITORING OF THE BOARD'S PERFORMANCE AND COMMUNICATION TO SHAREHOLDERS

In order to ensure that the Board continues to discharge its responsibilities in an appropriate manner, the performance of all Directors is reviewed annually by the chairperson.

The Board of Directors aims to ensure that the Shareholders, on behalf of whom they act, are informed of all information necessary to assess the performance of the Directors. Information is communicated to the Shareholders through:

- the annual report which is distributed to all Shareholders; and
- the annual general meeting and other meetings so called to obtain approval for Board action as appropriate.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

ASX CORPORATE GOVERNANCE PRINCIPLES

The Directors of Southern Equity Holdings Limited support the principles of the ASX Corporate Governance Guidelines. To date, as the Company has been inactive, the Board has not formally adopted policies or guidelines required for compliance with the ASX's guidelines. The Board will, during the next year, adopt policies as appropriate and as outlined below.

PRINCIPLE 1 - LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

The Company has not adopted a Board Charter, this will be done during the year. Once the Board Charter is established it will be included on the Company's web-site which will be developed in the near future.

PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE

The majority of the Board including the Chairman, are independent Directors. Information on the experience and competencies are included in the Annual Report. The Directors do not believe that the other guidelines under this principle are applicable to a company the size of Southern Equity Holdings Limited.

PRINCIPLE 3 - PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

Ethical guidelines will be established and notified to Shareholders during the year.

PRINCIPLE 4 - SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

An audit committee has not been established for the reasons stated above. An audit committee will be established when there are sufficient Directors and management to enable it to be effective as a separate entity to the Board.

PRINCIPLE 5 - MAKE TIMELY AND BALANCED DISCLOSURE

The Directors adhere to the principles of continuous disclosure and will adopt a formal policy during the year.

PRINCIPLE 6 - RESPECT THE RIGHTS OF SHAREHOLDERS

Communications processes and policies will be developed during the year as the Company becomes more active and therefore has information to communicate.

PRINCIPLE 7 - RECOGNISE AND MANAGE RISK

The Directors are aware of the need to identify and manage risk, no formal policies or procedures have been established to date.

PRINCIPLE 8 - ENCOURAGE ENHANCED PERFORMANCE

Performance evaluation criteria and processes will be established when the Company is active and therefore there is performance, other than capital raising, to be measured.

PRINCIPLE 9 - REMUNERATE FAIRLY AND RESPONSIBLY

Remuneration of the Company's Directors has been disclosed in the Annual Report. No formal structure for the remuneration of Directors or executives has been established and it is not considered necessary at this point in the Company's development.

PRINCIPLE 10 - RECOGNISE THE LEGITIMATE INTERESTS OF STAKEHOLDERS

The Directors recognise the importance of compliance with legal and other obligations, and rely on their experience to ensure that this occurs. A formal policy and procedures regarding compliance will be established during the year.