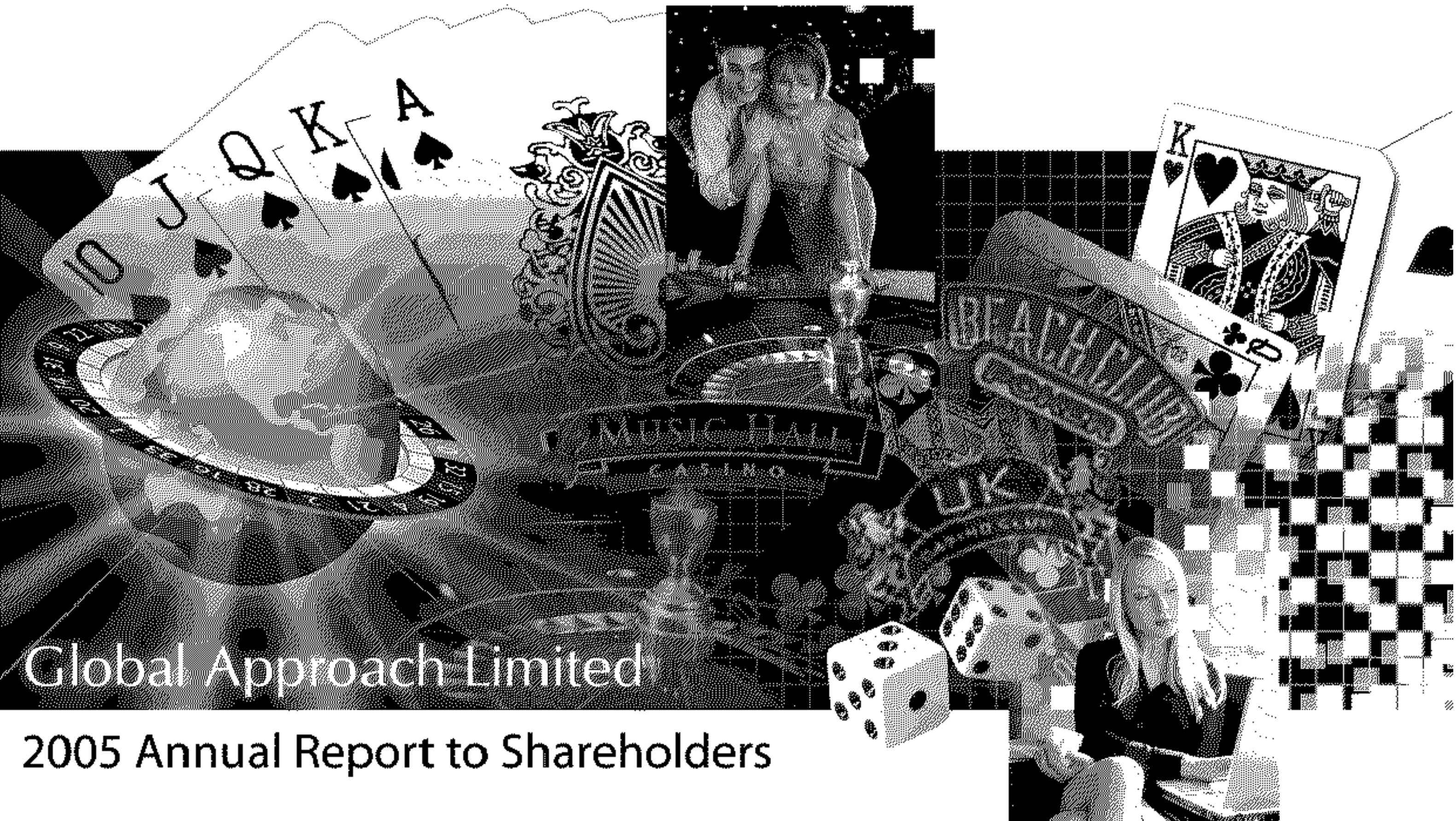



# Global Approach Limited

## 2005 Annual Report to Shareholders

Global Approach Limited
ACN 009 118 861

# GLOBAL APPROACH LIMITED
# ACN 009 118 861

## EXECUTIVE CHAIRMAN'S REVIEW

**The last 12 months**

The 2004/2005 year was the first full year of operations for the company since becoming involved in the online gaming industry. As with all new ventures and especially as this is still a relatively new industry, we did experience some development problems which did force us to down grade last year's profit forecast. Nevertheless, the final result was much better than we had anticipated and based on our projections for the 2005/2006 year we expect to return to profitability in this current year.

We have indicated that the key to online gaming is to develop to a size that reduces exposure to any one player or group of players. This was our focus in the year under review and resulted in a larger than expected spend on marketing from which we are now seeing the benefits.

The 2004/2005 year can be summarised as follows:

The Company

1. Increased its registered player base from 28,600 in November 2004 to 43,000 in August 2005.
2. Acquired the remaining 77% of UK Club Holdings Pty Ltd giving it a second online casino operation.
3. Established an online poker room in January 2005.
4. Arranged to have the last 6 million options which expire on the 31st January 2006 fully underwritten. This will eliminate $600,000 of the debt shown in the Balance Sheet as at 30th June 2005.
5. Strengthened the Shareholder base with the top 50 shareholders now holding 82.36% of the ordinary shares.

**Positioned for Growth**

The goal of these 5 achievements is to place the company in the best possible position for growth in the year ahead. The 2 online casinos are now well established and approaching maturity. The online poker room has commenced operations and is of a world class standard that is competitive with many of the major online poker rooms in the world today.

**Growth in the Online Gaming Industry**

The online gaming industry as a whole has shown significant signs of growth and maturity in the past 12 months. The leading indicator of this growth is the public success of many online gaming companies in the UK equity markets, particularly the London AIM (Alternate Investment Market). The success of PartyGaming (PRTY.L) and SportingBet (SBT.L) in achieving valuations in excess of £1.0 billion is testament to the growth and maturity of the online gaming industry.

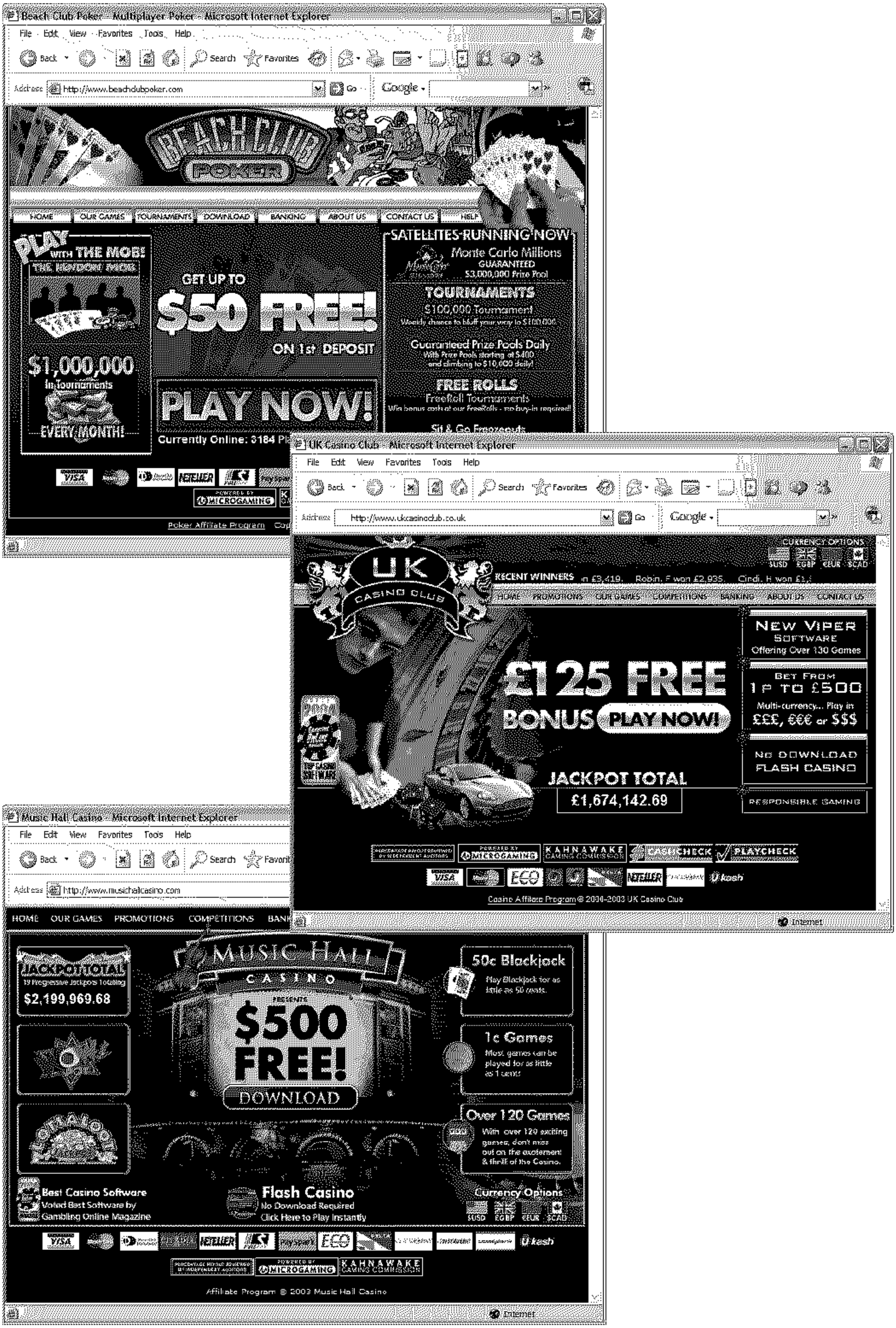
While Global Approach is not in the same league of these industry leaders, it does show the potential for success for competitive companies such as Global Approach.

**Conclusion**

We are very pleased with our achievements in the past twelve months and are proud of the quality of our gaming sites. If you wish to review these operations feel free to visit the sites on www.musichallcasino.com or www.ukcasinoclub.co.uk for our two casinos or www.beachclubpoker.com for our poker room. These sites are available to players world wide in allowed jurisdictions. While Australians may visit the sites, online gaming is not permitted to Australian residents.

We encourage you to join us at our November Annual General Meeting where it is expected an update on the financial performance of the Group will be announced.

**David K Barwick**
**Executive Chairman**


Beach Club Poker - Multiplayer Poker - Microsoft Internet Explorer
File Edit View Favorites Tools Help
Back Search Favorites
Address http://www.beachclubpoker.com Go Google
BEACH CLUB POKER
HOME OUR GAMES TOURNAMENTS DOWNLOAD BANKING ABOUT US CONTACT US HELP
PLAY WITH THE MOB!
$1,000,000 in Tournaments EVERY MONTH!
GET UP TO $50 FREE! ON 1st DEPOSIT
PLAY NOW!
Currently Online: 3184 Pl
SATELLITES RUNNING NOW
Monte Carlo Millions GUARANTEED $3,000,000 Prize Pool
TOURNAMENTS
$100,000 Tournament
Guaranteed Prize Pools Daily
FREE ROLLS
FreeRoll Tournaments
Sit & Go Freezeouts
POWERED BY MICROGAMING
Poker Affiliate Program
UK Casino Club - Microsoft Internet Explorer
File Edit View Favorites Tools Help
Back Search Favorites
Address http://www.ukcasinoclub.co.uk Go Google
CURRENCY OPTIONS
$USD £GBP €EUR $CAD
UK CASINO CLUB
RECENT WINNERS n £3,419. Robin. F won £2,935. Cindi. H won £1,
HOME PROMOTIONS OUR GAMES COMPETITIONS BANKING ABOUT US CONTACT US
£125 FREE BONUS PLAY NOW!
JACKPOT TOTAL
£1,674,142.69
NEW VIPER SOFTWARE Offering Over 130 Games
BET FROM 1P TO £500 Multi-currency... Play in £££, €€€ or $$$
NO DOWNLOAD FLASH CASINO
RESPONSIBLE GAMING
POWERED BY MICROGAMING
KAHNAWAKE GAMING COMMISSION
CASHCHECK PLAYCHECK
VISA ECO NETELLER Ukash
Casino Affiliate Program © 2000-2003 UK Casino Club
Internet
Music Hall Casino - Microsoft Internet Explorer
File Edit View Favorites Tools Help
Back Search
Address http://www.musichallcasino.com
HOME OUR GAMES PROMOTIONS COMPETITIONS BANK
JACKPOT TOTAL
$2,199,969.68
MUSIC HALL CASINO
PRESENTS
$500 FREE!
DOWNLOAD
50c Blackjack
Play Blackjack for as little as 50 cents.
1c Games
Most games can be played for as little as 1 cent!
Over 120 Games
With over 120 exciting games, don't miss out on the excitement & thrill of the Casino.
Best Casino Software
Voted Best Software by Gambling Online Magazine
Flash Casino
No Download Required
Click Here to Play Instantly
Currency Options
$USD £GBP €EUR $CAD
VISA NETELLER ECO Ukash
POWERED BY MICROGAMING
KAHNAWAKE GAMING COMMISSION
Affiliate Program © 2003 Music Hall Casino
Internet

# GLOBAL APPROACH LIMITED
**ACN 009 118 861**

# ANNUAL REPORT

# FOR THE YEAR ENDED 30 JUNE 2005

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# GLOBAL APPROACH LIMITED
## ACN 009 118 861

## COMPANY PARTICULARS

**Board of Directors**

| | |
|---|---|
| Mr David K. Barwick | - Executive Chairman |
| Mr Mike Veverka | - Non executive Director |
| Mr Ian Mackay | - Non executive Director |
| Mr Bill Lyne | - Non executive Director |

**Company Secretary**

Mr Bill Lyne

**Bankers**

National Australia Bank Limited

**Auditors**

PKF Chartered Accountants
Level 10, 1 Margaret Street
Sydney NSW 2000

**Registered Office**

Level 12, 240 Queen Street
Brisbane Qld 4000

**Share Registry**

Computershare Investor Services Pty Ltd
Central Plaza 1, Level 27
345 Queen Street
Brisbane Qld 4000

**Principal office**

Level 12, 240 Queen Street
Brisbane Qld 4000

GPO Box 996 Brisbane Qld 4001

Ph: (07) 32219850
Fax: (07) 32219838

**GLOBAL APPROACH LIMITED**
**ACN 009 118 861**

**DIRECTORS' REPORT**

Your directors present the following report for the financial year ended 30 June 2005.

**Directors**

The Directors of the Company in office at any time during or since the financial year are:

***Mr David K Barwick (Age 61)***

Mr Barwick is Executive Chairman having been appointed to the board as Chairman on 29th November 1996 and as Executive Chairman on 22nd January 2004. He is also Chairman of the Special Purpose Committee.

Mr Barwick is an accountant by profession with over 32 years experience in the management and administration of publicly listed companies both in Australia and North America. During this period he has held the position of Chairman, Managing Director or President of over 25 public companies covering a broad range of activities.

Other listed company directorships in the past three years:
Chairman-Metallica Minerals Limited-Appointed 11/03/2004 Continuing
Director-Crescent Gold Limited-Appointed 21/11/2002 Ceased 01/04/2003
Chairman-LV Living Limited-Appointed 10/12/1998 Ceased 23/4/2003
Chairman-Eastern Corporation Limited-Appointed 04/09/2002 Ceased 02/12/2003

***Mr Mike Veverka (Age 40)***

Mr Veverka was appointed as a Director of Global on 5th January 2004. He is also Chairman of the Finance Committee.

Mr Veverka graduated with an honours degree in Engineering from the Queensland University of Technology in 1987. Mr Veverka is the Managing Director of Jumbo Corporation Limited "Jumbo" having being appointed to this position on 15th September 1999 and was instrumental in the development of the e-commerce software that is the foundation of the Jumbo business that he commenced in 1995. In addition to e-commerce, Mr Veverka also established a leading Internet Service Provider in Queensland which operated successfully for three years prior to being sold.

***Mr Ian Mackay (Age 57)***

Mr Mackay was appointed a Director of Global on 15th January 2004.

Mr Mackay is an accountant and has broad experience within the computer software industry.

Mr Mackay has held semi-Government Board and advisory positions in the past as well as having held directorships in the private sector. He is Managing Director and major shareholder of Manaccom Pty Ltd which has been publishing and distributing computer software since 1986. He is also Chairman of the Audit Committee having been appointed to that position on joining the board.

**GLOBAL APPROACH LIMITED**
**ACN 009 118 861**

**DIRECTORS' REPORT**

**Directors (Continued)**

***Mr Bill Lyne (Age 59)***

Mr Lyne was appointed a Director of Global on 5th January 2004 and is also Company Secretary.

Mr Lyne holds a Bachelor of Commerce (Economics) degree, is a Chartered Accountant, a Fellow of Chartered Secretaries Australia, a Queensland State Councillor of CSA and a presenter at Institute courses in company secretarial practice.

Mr Lyne is the principal of Australian Company Secretary Service, providing company secretarial, compliance and governance services to public companies. He is also Secretary to a number of other listed companies and brings a wealth of experience in corporate governance principles and practices.

**Principal Activities**

The principal activity of the consolidated entity during the financial year was online gaming with MusicHall Casino (www.musichallcasino.com) and UK Casino Club (www.ukcasino.com) now held as operating entities. The company also has an operating on-line poker room Beach Club Poker (www.beachclubpoker.com). The company trades only in the markets where it is legally permitted to do so. Under current Australian regulations, online gaming activities with Australians are specifically prohibited.

**Remuneration Report**

The board of the Company was restructured in 2004 with the main focus being the development of its on-line gaming activities. The board have recognised the early stage of development of these activities and therefore the remuneration of its directors, including its part time Executive Chairman, have been kept below market. It is anticipated that as the activities mature and profitability is increased that the director's remuneration will be reviewed.

The directors may obtain independent advice on the appropriateness of remuneration packages, given trends in comparative companies both locally and internationally.

The remuneration structures explained below are designed to attract suitably qualified candidates, and to affect the broader outcome of increasing the consolidated entity's net profit attributable to members of the parent entity.

The following table provides the details of all directors of the Company ("specified directors") and the nature and amount of the elements of their remuneration for the year ended 30 June 2005. The chairman was the only executive employee during the year ended 30 June 2005.

**GLOBAL APPROACH LIMITED**
**ACN 009 118 861**

**DIRECTORS' REPORT**

**Remuneration Report (Continued)**

There are no specified executives of the consolidated entity who are not directors.

| | | Primary | Post-employment | |
|---|---|---|---|---|
| **Specified directors** | | **Salary & fees $** | **Super benefits $** | **Total $** |
| ***Executive director*** | | | | |
| Mr D Barwick | 2005 | 67,992 | 3,600 | 71,592 |
| | *2004* | *67,992* | *3,249* | *71,241* |
| ***Non executive directors*** | | | | |
| Mr M Veverka | 2005 | 25,260 | 900 | 26,160 |
| *(appointed 5/01/04)* | *2004* | *12,525* | *555* | *13,080* |
| Mr I Mackay | 2005 | 24,000 | 2,160 | 26,160 |
| *(appointed 15/01/04)* | *2004* | *12,000* | *1,080* | *13,080* |
| Mr B Lyne * | 2005 | 34,400 | 1,800 | 36,200 |
| *(appointed 5/01/04)* | *2004* | *26,000* | *1,080* | *27,080* |
| Miss D Taylor | 2005 | - | - | - |
| *(resigned 9/12/03)* | *2004* | *3,000* | *270* | *3,270* |
| Mr T Gardiner | 2005 | - | - | - |
| *(resigned 6/01/04)* | *2004* | *21,465* | *1,932* | *23,397* |
| Mr C Hayward | 2005 | - | - | - |
| *(resigned 15/01/04)* | *2004* | *21,465* | *1,932* | *23,397* |
| Total specified directors | 2005 | 151,652 | 8,460 | 160,112 |
| | 2004 | 132,559 | 10,098 | 142,657 |

* Inclusive of Company Secretary Fees Totalling $14,400 2005 (2004; $14,000)

**Executive officers (excluding directors)**
There are no executives of the company or consolidated entity who are not directors.

**Options granted to directors' and senior executives**

During or since the end of the financial year, the company did not grant any options over unissued ordinary shares in Global to directors in their capacity as directors.

**Non-monetary benefits**

There were no non-monetary benefits received by the directors during the financial year.

**GLOBAL APPROACH LIMITED**
**ACN 009 118 861**

**DIRECTORS' REPORT**

**Directors' interests**

The relevant interest of each director in the share capital of the company as notified by the directors to the Australian Stock Exchange in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

**Ordinary Shares**

| | |
|---|---|
| David Barwick | 3,009,632 |
| Mike Veverka | 8,906,705 |
| Ian Mackay | 450,000 |
| Bill Lyne | - |

**Listed options over ordinary shares**

| | Quantity | Exercise price | Expiry date |
|---|---|---|---|
| David Barwick | 540,088 | 10 cents | 31 January 2006 |
| Mike Veverka | 2,580,000 | 10 cents | 31 January 2006 |
| Ian Mackay | 350,000 | 10 cents | 31 January 2006 |

None of these options have been exercised.

**Directors meetings**

The number of Directors' and committee meetings and the number of meetings attended by each of the Directors of the Company during the financial year are:

| | Directors Meetings | | Audit Committee Meetings | | Finance Committee Meetings | | Special Purpose Committee Meetings | |
|---|---|---|---|---|---|---|---|---|
| | A | B | A | B | A | B | A | B |
| Mr D Barwick | 14 | 14 | 5 | 5 | 2 | 2 | 2 | 2 |
| Mr M Veverka | 14 | 14 | 4 | 5 | 2 | 2 | 2 | 2 |
| Mr I Mackay | 14 | 14 | 5 | 5 | 2 | 2 | 2 | 2 |
| Mr B Lyne | 14 | 14 | 5 | 5 | 2 | 2 | 2 | 2 |

A = Number of meetings attended.
B = Number of meetings held during the time the Director held office during the year.

**GLOBAL APPROACH LIMITED**
**ACN 009 118 861**

**DIRECTORS' REPORT**

**Unissued shares under option**

At the date of this report unissued ordinary shares of the company under option are:

| Expiry date | Exercise price | Number of shares |
|---|---|---|
| 31 January 2006 | 10 cents | 10,094,968 |

These options do not entitle the holder to participate in any share issue of the company or any other body corporate. On the 24th February 2005 the company entered into an agreement with Firebrand Interactive Limited whereby that entity underwrote the last 6 million of the 31st January 2006 options for a fee of 5% and with the gross proceeds of $600,000 being immediately paid to the company. This underwriting was assigned to Firebrand Licensing Limited on the 18th August 2005.

**Shares issued on exercise of options**

During or since the end of the financial year, the company issued ordinary shares as a result of the exercise of options as follows (there were no amounts unpaid on the shares issued):

| Number of shares | Amount paid on each share |
|---|---|
| 6,154,394 | 10 cents |

**Proceedings on behalf of the Company**

No proceedings have been entered into on behalf of the company.

**Environmental issues**

There are no environmental issues that effect the company.

**Dividends paid or recommended**

There were no dividends paid or declared by the Company during the financial year.

**GLOBAL APPROACH LIMITED**
**ACN 009 118 861**

**DIRECTORS' REPORT**

**Review and results of operations**

***Company overview***

The consolidated loss after income tax and amortisation for the year attributable to the members of Global was $94,086 (2004: loss $601,469).

*Significant changes in state of affairs*

During the year the following occurred:

- **Acquired remainder second casino** -During the year the company acquired the remaining 77% of UK Club Holdings Pty Ltd making it a wholly owned subsidiary effective 31 December 2004. The cost of this acquisition was $924,000 which was satisfied with an immediate cash payment of $500,000 and the remaining amount of $424,000 was a loan from Firebrand Interactive Limited. This amount was repaid in full on the 24th February 2005.

- **Establishing of Poker Room-** In January 2005 the company also announced it had established its own Poker Room to take advantage of the world wide phenomenon that is occurring with Internet Poker. The company gains its income from the Poker Room by taking a percentage of (rake) every hand that is played. No capital cost was incurred by Global in the establishment of the Poker Room.

- **$600,000 Underwriting Agreement-** On the 24th February 2005 the company entered into an agreement with Firebrand Interactive Limited ("Firebrand") whereby that entity underwrote the last 6 million of the 31st January 2006 options for a fee of 5% and with the gross proceeds of $600,000 being immediately paid to the company. Should all or part of these options be exercised by the holder an equivalent amount of funds will be returned to Firebrand. On the 31st January 2006 any of the remaining shares will be issued to Firebrand and or its nominees. On the 18th August 2005 this agreement was assigned to Firebrand Licensing Limited.

***Financial Position***

During the year the consolidated entity increased its asset base through the acquisition of the remaining 77% of UK Club Holdings Pty Ltd to increase its online casino business. With the expansion and continued improvement of the online casino businesses and the underwriting agreement discussed above, the consolidated entity has significantly improved its liquidity position which is reflected in the statement of financial position through the increase in current assets by $384,496 and a corresponding improvement with current assets exceeding current liabilities by $413,576 (This excludes the underwriting advance that will be settled by the future exercise of options and issue of share capital and have a cash neutral impact on the enitity).

This improved financial position of the consolidated entity has allowed for future funding towards growing the online casinos client base.

**GLOBAL APPROACH LIMITED**
**ACN 009 118 861**

**DIRECTORS' REPORT**

**Future developments, prospects and business developments**

The consolidated entity will continue to pursue its policy of increasing the profitability and market share of its on-line casino and poker room interests during the next financial year. Other business and investment opportunities which may become available to the Company will be investigated.

Further information about likely developments in the operations of the consolidated entity and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the consolidated entity.

**Events subsequent to balance date**

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material nature likely, in the opinion of the directors, to affect significantly the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in future financial years.

**Non-audit services**

There were no amounts paid or are payable for non-audit services provided by PKF Sydney for the financial year. Subsequent to 30 June 2005 the company has employed PKF Brisbane, an associated firm with PKF Sydney, to provide taxation services.

**Auditor's independence declaration**

The Auditors Independence Declaration for the year ended 30 June 2005 has been received and can be found on page 9 of the financial report.

**Indemnification and insurance of officers and auditors**

The Company has not, during or since the end of the previous financial year, in respect of any person who is or has been an officer of the Company, or related body corporate, indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings.

Since the end of the previous financial year, the Company has not paid premiums in respect of directors' and officers' liability and legal expenses insurance contracts, for current and former directors and officers, including executive officers of the Company and directors, executive officers and secretaries of its controlled entities.

Signed in accordance with a resolution of Directors:

David K. Barwick
Executive Chairman

Ian I. Mackay
Director

Brisbane

27th September 2005

**GLOBAL APPROACH LIMITED**
**ACN 009 118 861**

## Lead auditor's independence declaration
## Under section 307C of the Corporations Act 2001

**A Member Firm of PKF International**

PKF

Chartered Accountants
& Business Advisers

**NSW Partnership**
ABN 83 236 985 726

Level 10, 1 Margaret Street
Sydney NSW 2000

DX 10173 Sydney Stock Exchange NSW

Tel: 61 2 9251 4100
Fax: 61 2 9240 9821

www.pkf.com.au



The Directors
Global Approach Limited
Level 12, 240 Queen Street
**Brisbane QLD 4000**

**Auditor's Independence Declaration under Section 307C of the Corporations Act 2001**

As lead engagement auditor for the audit of Global Approach Limited for the year ended 30 June 2005, I declare that, to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the Corporations Act in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

**PKF**

**Grant F. Saxon**
**Partner**

27 September 2005

**GLOBAL APPROACH LIMITED**
**ACN 009 118 861**

**STATEMENTS OF FINANCIAL PERFORMANCE**

**FOR THE YEAR ENDED 30 JUNE 2005**

| | Note | Consolidated | | Parent Entity | |
|---|---|---|---|---|---|
| | | 2005 | 2004 | 2005 | 2004 |
| | | $ | $ | $ | $ |
| Revenues from ordinary activities | 5 | 3,425,995 | 746,457 | 100,906 | 97,526 |
| **Total revenue** | 5 | 3,425,995 | 746,457 | 100,906 | 97,526 |
| Professional and directors fees | | 285,639 | 273,275 | 285,639 | 273,275 |
| Borrowing costs | 6 | 1,378 | 1,526 | 1,288 | 1,329 |
| Occupancy costs | | 1,500 | 18,131 | 1,500 | 18,131 |
| Carrying amount of investments sold | 6 | - | 6,545 | - | - |
| Insurance costs | | - | 17,596 | - | 17,596 |
| Shareholder and share registry costs | | 42,469 | 61,141 | 42,469 | 61,141 |
| Consultant fees | | 15,248 | 25,092 | 15,248 | 25,092 |
| Other expenses from ordinary activities | | 32,260 | 20,604 | 58,381 | 33,793 |
| Correction of fundamental error | 2 | (32,818) | - | - | - |
| Casino Operating Expenses | | 3,099,822 | 949,363 | - | - |
| Amortisation of intangible assets | 6 | 74,583 | 43,529 | - | - |
| Share of net (profit)/losses of associates and joint ventures accounted for using the equity method | 25 | - | (68,876) | - | - |
| **Profit/(loss) from ordinary activities before related income tax expense** | | (94,086) | (601,469) | (303,619) | (332,831) |
| Income tax (expense)/benefit relating to ordinary activities | 7(a) | - | - | - | - |
| **Net profit/(loss) after related income tax expense** | 18 | **(94,086)** | **(601,469)** | **(303,619)** | **(332,831)** |
| **Non-owner transaction changes in equity** | | | | | |
| **Total changes in equity from non-owner related transactions attributable to the members of the parent entity** | | **(94,086)** | **(601,469)** | **(303,619)** | **(332,831)** |
| Basic earnings/(loss) per share | 9 | (0.2) cents | (1.9) cents | | |
| Diluted earnings/(loss) per share | 9 | (0.2) cents | (1.9) cents | | |

*The Statements of Financial Performance are to be read in conjunction with the attached notes.*

**GLOBAL APPROACH LIMITED**
**ACN 009 118 861**

## STATEMENTS OF FINANCIAL POSITION

## AS AT 30 JUNE 2005

| | Note | Consolidated | | Parent Entity | |
|---|---|---|---|---|---|
| | | 2005 | 2004 | 2005 | 2004 |
| | | $ | $ | $ | $ |
| **Current assets** | | | | | |
| Cash assets | | 186,908 | 262,836 | 182,974 | 284,258 |
| Receivables | 10 | 630,396 | 59,248 | 31,132 | - |
| Other financial assets | 11 | - | 110,724 | - | - |
| **Total current assets** | | 817,304 | 432,808 | 214,106 | 284,258 |
| **Non-current assets** | | | | | |
| Receivables | 10 | 65,464 | - | 238,133 | 163,043 |
| Other financial assets | 11 | - | 337,418 | 2,414,472 | 1,495,662 |
| Intangible assets | 12 | 2,372,463 | 1,044,688 | - | - |
| **Total non-current assets** | | 2,437,927 | 1,382,106 | 2,652,605 | 1,658,705 |
| **Total Assets** | | 3,255,231 | 1,814,914 | 2,866,711 | 1,942,963 |
| **Current liabilities** | | | | | |
| Payables | 13 | 396,258 | 317,292 | 89,222 | 317,292 |
| Provisions | 14 | 7,470 | 7,470 | 7,470 | 7,470 |
| Other | 15 | 600,000 | - | 600,000 | - |
| **Total current liabilities** | | 1,003,728 | 324,762 | 696,692 | 324,762 |
| **Total Liabilities** | | 1,003,728 | 324,762 | 696,692 | 324,762 |
| **Net Assets** | | 2,251,503 | 1,490,152 | 2,170,019 | 1,618,201 |
| **Equity** | | | | | |
| Contributed equity | 16 | 10,829,936 | 9,881,602 | 10,829,936 | 9,881,602 |
| Reserves | 17 | 100,950 | 205,169 | 100,950 | 193,847 |
| Accumulated losses | 18 | (8,679,383) | (8,596,619) | (8,760,867) | (8,457,248) |
| **Total Equity** | | 2,251,503 | 1,490,152 | 2,170,019 | 1,618,201 |

*The Statements of Financial Position are to be read in conjunction with the attached notes.*

**GLOBAL APPROACH LIMITED**
**ACN 009 118 861**

**STATEMENTS OF CASH FLOWS**

**FOR THE YEAR ENDED 30 JUNE 2005**

| | Note | Consolidated | | Parent Entity | |
|---|---|---|---|---|---|
| | | 2005 | 2004 | 2005 | 2004 |
| | | $ | $ | $ | $ |
| **Cash flows from operating activities** | | | | | |
| Receipts from customers & players | | 2,987,874 | 733,695 | - | 93,600 |
| Payments to suppliers, employees & players | | (3,371,535) | (1,367,197) | (349,252) | (415,501) |
| Borrowing costs paid including interest and other costs of finance paid | | (1,378) | (1,526) | (1,288) | (1,329) |
| Interest received | | 21,248 | 27,705 | 7,174 | 3,926 |
| **Net cash used in operating activities** | 19(b) | (363,691) | (607,323) | (343,366) | (319,304) |
| **Cash flow from investing activities** | | | | | |
| Payments for investments | | - | (6,056) | - | (6,056) |
| Proceeds from redemption of equity investments/repayment of debt | | 64,180 | 85,362 | - | - |
| Payment for controlled entities (net of cash acquired) | | (924,854) | 67,423 | (924,865) | (12,001) |
| Proceeds of loan from/(to) associated entities | | - | (139) | - | (139) |
| Proceeds of loan from/(to) controlled entities | | - | - | 18,510 | (101,328) |
| **Net cash provided by/(used in) investing activities** | | (860,674) | 146,590 | (906,355) | (119,524) |
| **Cash flow from financing activities** | | | | | |
| Proceeds from issue of shares, options and convertible notes | | 615,439 | 659,880 | 615,439 | 659,880 |
| Transaction costs from issue of shares | | (67,002) | (30,219) | (67,002) | (30,219) |
| Option underwriting proceeds received in advance | | 600,000 | - | 600,000 | |
| **Net cash provided by/(used in) financing activities** | | 1,148,437 | 629,661 | 1,148,437 | 629,661 |
| Net increase/(decrease) in cash held | | (75,928) | 168,928 | (101,284) | 190,833 |
| **Cash at the beginning of the financial year** | | 262,836 | 93,908 | 284,258 | 93,425 |
| **Cash at the end of the financial year** | 19(a) | 186,908 | 262,836 | 182,974 | 284,258 |

*The Statements of Cash Flows are to be read in conjunction with the attached notes.*

**GLOBAL APPROACH LIMITED**
**ACN 009 118 861**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2005**

## 1. SUMMARY OF ACCOUNTING POLICIES

The financial report is a general purpose financial report which has been drawn up in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and Corporations Law.

### *a) Basis of preparation*

The financial report has been prepared on the basis of historical costs and except where stated, does not take into account changing money values or fair values of non-current assets.

These accounting policies have been consistently applied by each entity in the consolidated entity and, except where there is a change in accounting policy, are consistent with those of the previous year.

An operating cycle of 12 months has been used as the basis for identifying current assets and current liabilities in the Statement of Financial Position.

### *b)* Going concern

The financial statements have been prepared on a going concern basis that contemplates the continuity of normal operating activities and the realisation of assets and settlement of liabilities in the normal course of business.

At 30 June 2005, the consolidated entity has net tangible liabilities of $120,960 (2004 net tangible assets of $445,464), incurred an operating loss of $94,086 for the year ended 30 June 2005 (2004 a loss of $601,469) and cash outflow from operations for the year ended 30 June 2005 amounted to $363,691 (2004 $607,323).

The directors have prepared cash flow projections that indicate that provided the casino operations meet their expectations, the consolidated entity will be able to meet all obligations as and when they become due and payable for a period of at least 12 months from the date of the directors' declaration. Accordingly, the directors are of the opinion that the going concern basis is appropriate for the preparation of these financial statements. On the 24th February 2005 the company entered into an agreement with Firebrand Interactive Limited whereby that entity underwrote the last 6 million of the 31st January 2006 options with the gross proceeds of $600,000 being immediately paid to the company. This amount has been treated as a liability as of 30 June 2005 and will be replaced with an equivalent amount of equity when the options expire on 31 January 2006. This leaves approximately four million options still to be converted by the expiry date which would add an additional $400,000 to the company's working capital. This amount has not been relied upon in cash flow projections.

If the company is unable to continue as a going concern, it may not realise its assets and settle its liabilities in the normal course of business, and at the amounts stated in the financial report.

**GLOBAL APPROACH LIMITED**
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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2005**

## 1. SUMMARY OF ACCOUNTING POLICIES (cont)

### *c) Principles of Consolidation*

The consolidated financial report combine the financial report of Global Approach Limited (the Parent Entity domiciled and incorporated in Australia) and all its controlled entities (refer Note 24).

The effects of all transactions between entities in the consolidated entity have been eliminated.

*Controlled entities*
The financial statements of controlled entities are included from the date control commences until the date control ceases.

*Associates*
Associates are those entities, other than partnerships, over which the consolidated entity exercises significant influence and which are not intended for sale in the near future.

In the consolidated financial statements investments in associates are accounted for using equity accounting principles. Investments in associates are carried at the lower of the equity accounted amount and recoverable amount. The consolidated entity's equity accounted share of the associates' net profit or loss is recognised in the consolidated statement of financial performance from the date the significant influence commences until the date significant influence ceases. Other movements in reserves are recognised directly in consolidated reserves.

*Joint Ventures*
A joint venture is either an entity or operation that is jointly controlled by the consolidated entity.

In the consolidated financial statements investments in joint venture entities, including partnerships, are accounted for using equity accounting principles. Investments in joint venture entities are carried at the lower of the equity accounted amount and recoverable amount.

The consolidated entity's share of the joint venture entity's net profit or loss is recognised in the consolidated statement of financial performance from the date joint control commences until the date joint control ceases. Other movements in reserves are recognised directly in consolidated reserves.

Unrealised gains and losses resulting from transactions with associates and joint ventures are eliminated to the extent of the consolidated entity's interest. Unrealised gains relating to associates and joint venture entities are eliminated against the carrying amount of the investment. Unrealised losses are eliminated in the same way as unrealised gains, unless they evidence recoverable amount impairment.

**GLOBAL APPROACH LIMITED**
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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2005**

## 1. SUMMARY OF ACCOUNTING POLICIES (cont)

### *d) Revenue recognition*

*Gaming revenue*
Revenue from gaming within the casino operations is recognised when the results of a game have been determined and when the amount of revenue can be reliably determined. However, revenue from the poker room is a percentage of every hand played.

*Interest revenue*
Interest income is recognised as it accrues.

*Sale of non-current assets*
The gross proceeds of asset sales are included as revenue of the consolidated entity at the date control of the asset passes to the buyer, usually when an unconditional contract is signed. The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

### *e) Taxation*

Income tax has been brought to account using a method of tax effect accounting whereby income tax expense for the period is calculated on the accounting profit after adjusting for items which, as a result of their treatment under income tax legislation, create permanent differences between that profit and the taxable income. The tax effect of timing differences which arises from the recognition in the accounts of items of revenue and expenses in periods different from those in which they are assessable or allowable for income tax purposes, are represented in the balance sheet as "future income tax benefits" or "provision for deferred income tax", as the case may be at current tax rates. A future income tax benefit is only carried forward as an asset where realisation of the benefit can be regarded as being assured beyond reasonable doubt.

Global Approach Limited and its wholly owned subsidiaries are a tax consolidated group. The tax consolidated legislation has been applied to allow groups, comprising a parent entity and its wholly owned Australian resident entities, to consolidate and be treated as a single entity for Australian income tax purposes was substantially enacted on 21 October 2002. The legislation includes both mandatory requirements, which are applicable to all entities, and the tax consolidation systems provisions, which entities can elect to adopt. Global Approach Limited and its wholly owned Australian resident subsidiaries have formed a tax consolidated group. The head entity is Global Approach Limited.

### *f) Acquisition of assets*

All assets acquired including property, plant and equipment and intangibles other than goodwill are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition. When equity instruments are issued as consideration, their market price at the date of acquisition is used as fair value except where the notional price at which they could be placed in the market is a better indicator of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity up to the extent of proceeds received, otherwise expensed.

**GLOBAL APPROACH LIMITED**
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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2005**

## 1. SUMMARY OF ACCOUNTING POLICIES (cont)

### *f) Acquisition of assets (Cont'd)*

Expenditure is only recognised as an asset when the entity controls future economic benefits as a result of the costs incurred, it is probable that those future economic benefits will eventuate, and the costs can be measured reliably. Costs attributable to feasibility and alternative approach assessments are expensed as incurred.

### *g) Recoverable Amounts*

The carrying amounts of non-current assets are reviewed annually to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of a non-current asset exceeds the recoverable amount, the asset is written down to the lower amount. The write-down is recognised as an expense in the net profit or loss in the reporting period in which it occurs.

In assessing recoverable amounts of non-current assets, the relevant cash flows have not been discounted to their present value, except where specifically stated.

### *h) Receivables*

*Trade and other debtors*
Trade and other debtors are on "at call" terms and are carried at amounts due. The collection of debts is assessed at balance date and specific provision is made for any doubtful debts.

### *i) Investments*

*Controlled entities*
Investments in controlled entities are carried in the Company's financial statements at the lower of cost and recoverable amount. Dividends and distribution are brought to account in the statement of financial performance when they are declared by the controlled entities.

*Other entities*
Shares in listed companies held for resale within 12 months are classified as current assets and are valued by the directors at the market value of those shares as stated on the relevant stock exchange at balance date. The gains or losses, whether realised or unrealised, are included in the operating profit before tax.

Investments in other listed and unlisted companies held as long-term investments and classified as non-current assets are carried at the lower of cost and recoverable amount

Dividends are brought to account when the Company's entitlement to the dividend is determined.

**GLOBAL APPROACH LIMITED**
**ACN 009 118 861**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2005**

## 1. SUMMARY OF ACCOUNTING POLICIES (cont)

### *j) Accounts payable*

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Company or consolidated entity. Trade accounts payable are normally settled within 30 days.

### *k) Unearned income*

Income received or receivable at balance date that relates to goods and/or services to be provided after balance date, is recognised as unearned income in the statement of financial position.

### *l) Employee benefits*

*Wages, salaries and annual leave*
Liabilities for employee benefits for wages, salaries and annual 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. There are no known present obligations to employees.

*Long service leave*
The provision for employee benefits to long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided up to balance date.

The provision is calculated using estimated future increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history and is discounted using the rates attaching to national government securities at balance date which most closely match the terms of maturity of the related liabilities. The unwinding of the discount is treated as long service leave expense.

*Superannuation plan*
The Company and controlled entities contribute to a defined contribution superannuation plan. Contributions are charged against income as they are made.

During the year there was 1 employee other than directors (2004: nil)

**GLOBAL APPROACH LIMITED**
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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2005**

## 1. SUMMARY OF ACCOUNTING POLICIES (cont)

### *m) Financial instruments issued*

Where financial instruments, such as convertible notes, issued by the Company, give rise to a contractual obligation to deliver cash to the holder they are classified as liabilities to the extent of the obligation.

Where the financial instruments are redeemable at the option of the holder, redeemable at a fixed date or perpetual instruments with cumulative interest obligations, the proceeds received are classified as a liability and related distributions as interest expense.

Where the financial instruments are redeemable but either the holder or the Company has an option to convert them into ordinary shares of the Company, they are classified as compound instruments. The liability component is measured as the present value of the principal and interest obligations, discounted at the prevailing market rate for a similar liability that does not have an equity component. The residual of the net proceeds received on issuing the instrument is classified as equity.

Interest expense on compound instruments is determined based on the liability component and includes the actual interest paid to holders. The liability accretes over the life of the instruments to the original face value if they are not previously converted. There are no dividends associated with the equity component.

### *n) Foreign currency*

*Transactions*
Foreign currency transactions are translated to Australian currency at the rates of exchange ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are translated at the rates of exchange ruling on that date.

Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account as exchange gains or losses in the statement of financial performance in the financial year in which the exchange rates change.

*Translation of controlled foreign entities and integrated foreign operations*
The assets and liabilities of overseas controlled entities, including associates and joint ventures, that are self-sustaining are translated at the rates of exchange ruling at balance date. Equity items are translated at historical rates. The statements of financial performance are translated at a weighted average rate for the year. Exchange differences arising on translation are taken directly to the foreign currency translation reserve.

Assets and liabilities of integrated foreign operations are translated using the temporal method, where all foreign exchange gains and losses are taken to the profit and loss account. Global Approach Operations Pty Ltd (MusicHall Casino) and UK Club Holdings Pty Ltd (UK Club Casino) are both foreign integrated operations.

The balance of the foreign currency translation reserve relating to a controlled entity that is disposed of is transferred to retained earnings in the year of disposal.

**GLOBAL APPROACH LIMITED**
**ACN 009 118 861**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2005**

**1. SUMMARY OF ACCOUNTING POLICIES (cont)**

***o) Intangibles***

The gaming sub-licence has been brought to account at cost and is amortised over the expected licence period of 25 years. The directors review the carrying value for possible impairment on a regular basis. Refer to Note 2 for further details.

***p) Adoption of Australian Equivalents to International Financial Reporting Standards***

Australian equivalents to International Financial Reporting Standards (AIFRS) will be adopted in the financial report for the year ending 30 June 2006 and the comparative information presented in that report for the year ending 30 June 2005. The majority of the AIFRS adjustments will be made retrospectively against retained earnings at 1 July 2004.

The economic entity's management has assessed the significance of the expected changes and is preparing for their implementation. The impact of alternative treatments and elections under AASB 1 "First Time Adoption of Australian International Financial Reporting Standards" has been considered where applicable.

The directors are of the opinion that the key material differences in the economic entity's accounting policies on conversion to AIFRS and the financial effect of these differences where known are as follows. Users of the financial statements should note, however, that the amounts disclosed could change if there are any amendments by the standard-setters to the current AIFRS or interpretation of the AIFRS requirements changes from the continuing work of the economic entity's AIFRS committee.

Major changes identified to date that will be required to the Company's existing accounting policies include the following:

***(i) Income tax***

Under AASB112 Income Taxes, deferred tax balances are determined using the balance sheet method which calculates temporary differences based on the carrying amounts of an entity's assets and liabilities in the statement of financial position and their associated tax bases. In addition, current and deferred taxes attributable to amounts recognised directly in equity are also recognised directly in equity.

This will result in a change to the current accounting policy, under which deferred tax balances are determined using the income statement method, items are only tax-effected if they are included in the determination of pre-tax accounting profit or loss and/or taxable income or loss and current and deferred taxes cannot be recognised directly in equity.

On transition, the financial effect of this impact is assessed as nil.

**GLOBAL APPROACH LIMITED**
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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2005**

## 1. SUMMARY OF ACCOUNTING POLICIES (cont)

### *p) Adoption of Australian Equivalents to International Financial Reporting Standards (Cont'd)*

### *(ii) Intangible assets - Gaming sub-licenses*

AASB 138 "Intangible Assets" requires Intangible assets acquired separately to be capitalized at cost and from a business combination to be capitalized at fair value as at date of acquisition. The entity's intangibles comprises of Gaming sub-licenses valued at the lower of cost or fair value.

In accordance with the AASB 138, all licences will be assessed as having either a finite or indefinite useful life.

All items that have been classified as being indefinite lived assets will be impairment tested annually in accordance with the standards. All items classified as finite lived assets will be amortised over the useful life of the asset.

Regardless of the useful life classification the directors must assess at the end of each reporting period the classification, subsequent method employed and rates used to ensure appropriateness.

Impairment testing as at 30 June 2005 confirmed no impairment of the $2,472,102 capitalised sub-licences less amortisation of $99,639 as disclosed in the economic entity's financial statements as at 30 June 2005.

The consolidated entity has assessed the finite lives of the sub-licences to be 25 years and will continue to amortise these assets on a straight-line basis over 25 years.

On transition, the financial effect of this impact is assessed as nil.

### *(iii) Financial instruments*

Under AASB132 Financial Instruments: Disclosure and Presentation the current classification of financial instruments issued by entities in the Company will not change.

Under AASB139 Financial Instruments: Recognition and Measurement there may be impacts as a result of financial assets held by the Company being subject to classification as either held for trading, held-to-maturity, available for sale or loans and receivables and, depending upon classification, measured at fair value or amortised cost. The most likely accounting change is that investments in equity securities will be classified as available for sale and measured at fair value, with changes in fair value recognised directly in equity until the underlying asset is derecognised.

In addition, liabilities subject to an in-substance defeasance will not qualify for derecognition. Under the transitional provisions of AASB 1, liabilities derecognised under previous Australian generally accepted accounting principles are not allowed to be recognised unless recognition is required as a result of a transaction or event occurring after transition.

On transition, the financial effect of this impact is assessed as nil.

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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2005**

## 1. SUMMARY OF ACCOUNTING POLICIES (cont)

### *p) Adoption of Australian Equivalents to International Financial Reporting Standards (Cont'd)*

### *(iv) Foreign Currency Transactions*

AASB 121 "The Effect of Changes in Foreign Exchange Rates" removes the distinction between self-sustaining and integrated foreign operations and will require all entities to account for foreign operations as per a prescribed method. Where the presentation currency of the foreign entity is not in Australian dollars, this will result in a Foreign Currency Translation Reserve being created in equity and represents the cumulative differences of translating the financial statements of all foreign operations into the presentation currency of the entity. On disposal of foreign operations the amount in the reserve in relation to the disposed of operation is transferred to the profit and loss account and recognised as income in the period of disposal.

The Company's foreign operations comprises of Global Approach Operations Pty Ltd (MusicHall) and UK Club Holdings Pty Ltd (UK Casino). AASB 121 requires that any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation shall be treated as assets and liabilities of the foreign operation. Thus they shall be expressed in the functional currency of the foreign operation and shall be subject to translation.

AASB 1 provides an exemption, whereby the requirement of AASB 121 need not be retrospectively applied to fair value adjustments and goodwill arising in business combinations that occurred before the date of transition to AIFRS. If the entity does not retrospectively apply AASB 121 to those fair value adjustments and goodwill, it shall treat them as assets and liabilities of the entity rather than as assets and liabilities of the foreign operations.

The company will avail of this exemption in regard to the fair value adjustments to the carrying value of its Gaming Sub-licenses $ 2,372,463 at 30 June 2005 and therefore there will be no impact on the value of these assets upon transition to AIFRS.

### *(iv) Equity-based compensation benefits*

Under the Australian equivalent to IFRS 2 Share-based Payment, equity-based compensation to employees will be recognised as an expense in respect of the services received. This will result in a change to the current accounting policy, under which no expense is recognised for equity-based compensation.

On transition, the financial effect of this impact is assessed as nil.

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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2005**

## 2. RESTATEMENT OF PRIOR YEAR

Due to the initial availability of access to the accounting records of MusicHall Casino in the previous financial year, the initial acquisition accounting entries of Global Approach Operations Pty Ltd/ MusicHall Casino were based upon draft management accounts.

In the current period, management have undertaken a detailed review of all records and prepared a trial balance supported by detailed financial records to support the financial position of the entity at the date of acquisition, and to support the financial results of the entity since acquisition and also the state of financial performance as at 30 June 2004.

Based on this analysis, the initial acquisition accounting entries excluded $165,041 of net liabilities in the preacquisition balance sheet of Global Approach Operations. Corresponding to this was a $165,041 understatement in the acquired value of the casino license initially recorded at acquisition.

In addition, as a result of initial reliance on management accounts the consolidated statement of financial performance for the period ending 30 June 2004 overstated the loss for the period by $32,818.

This adjustment has been processed in the current period Statement of Financial Performance as a credit to the current period expenditure. The 30 June 2004 financial statements and notes to the accounts have not been adjusted to reflect this change.

The effect on the 2004 Statement of Financial Performance and Statement of Financial Position is disclosed below.

| *(i) Proforma Statement of Financial Performance* | **30 June 2004**<br>**$** | **30 June 2004**<br>**$**<br>**ProForma Restated** |
|---|---|---|
| Revenues from ordinary activities | 746,457 | 758,917 |
| **Total revenue** | | |
| Professional and directors fees | 273,275 | 256,274 |
| Borrowing costs | 1,526 | - |
| Occupancy costs | 18,131 | 18,131 |
| Carrying amount of investments sold | 6,545 | 6,545 |
| Insurance costs | 17,596 | 17,596 |
| Shareholder and share registry costs | 61,141 | 56,426 |
| Consultant fees | 25,092 | 25,092 |
| Other expenses from ordinary activities | 20,604 | 53,448 |
| Casino operating expenses | 949,363 | 937,877 |
| Amortisation of intangible assets | 43,529 | 25,056 |
| Share of net (profit)/losses of associates and joint ventures accounted for using the equity method | (68,876) | (68,876) |
| **Loss from ordinary activities before related income tax expense** | (601,469) | (568,651) |
| Income tax (expense)/benefit relating to ordinary activities | - | - |
| **Net loss after related income tax expense** | **(601,469)** | **(568,651)** |

**GLOBAL APPROACH LIMITED**
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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2005**

**2. RESTATEMENT OF PRIOR YEAR (cont)**

| ***(ii) Proforma Statement of Financial Position*** | **30 June 2004 $** | **30 June 2004 $ ProForma Restated** |
|---|---|---|
| **Current assets** | | |
| Cash assets | 262,836 | 262836 |
| Receivables | 59,248 | 66,699 |
| Other financial assets | 110,724 | 110,724 |
| **Total current assets** | 432,808 | 440,259 |
| **Non-current assets** | | |
| Other financial assets | 337,418 | 335,179 |
| Intangible assets | 1,044,688 | 1,227,716 |
| **Total non-current assets** | 1,382,106 | 1,562,895 |
| **Total Assets** | 1,814,914 | 2,003,154 |
| **Current liabilities** | | |
| Payables | 317,292 | 472,714 |
| Provisions | 7,470 | 7,470 |
| **Total current liabilities** | 324,762 | 480,184 |
| **Total Liabilities** | 324,762 | 480,184 |
| **Net Assets** | 1,490,152 | 1,522,970 |
| **Equity** | | |
| Contributed equity | 9,881,602 | 9,881,602 |
| Reserves | 205,169 | 205,169 |
| Accumulated losses | (8,596,619) | (8,563,801) |
| **Total Equity** | 1,490,152 | 1,522,970 |

| ***(iii) Proforma Statement of Shareholders Equity*** | **30 June 2004 $** | **30 June 2004 $ ProForma Restated** |
|---|---|---|
| **Opening Balance 1 July 2003** | (7,261,446) | (7,261,446) |
| Demerger | (733,704) | (733,704) |
| Net loss | (601,469) | (568,651) |
| **30 June 2004** | (8,596,619) | (8,563,801) |

**GLOBAL APPROACH LIMITED**
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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2005**

## 3. ON LINE GAMING INTERESTS

### 3(a) Assets relating to on line gaming

As at 30th June 2005 the company owned two operating online casinos. Details of the two casinos are:

- A 100% interest in the MusicHall on-line casino was purchased on 5 January 2004 through the acquisition of a 100% controlled entity, Global Approach Operations Pty Ltd. This acquisition was settled by the issue of 20,000,000 ordinary shares in the Company and was approved by shareholders.
- A 100% interest in UK Club on-line casino with the purchase of the initial 23% on 15 June 2004 through the acquisition of a 23% interest in UK Club Holdings Pty Ltd, with the remaining 77% of the entity acquired effective 1st January 2005 by the payment of an initial \$500,000 with the remaining \$424,000 being paid on the 24th February 2005.
- The company also operates its own Poker Room which was established without any capital costs being incurred by Global.

The following assets are included in the Company and consolidated financial statements at 30 June 2005.

| Description | Related online casino | Note | Consolidated $ | Parent Entity $ |
|---|---|---|---|---|
| Investment in Global Approach Operations Pty Ltd – at cost | MusicHall | 11 | - | 1,212,001 |
| Loan to Global Approach Operations Pty Ltd – at cost | MusicHall | 10 | - | 196,689 |
| Intangible asset – gaming sub-licence at written down value | MusicHall | 12 | 1,177,604 | - |
| Investment in UK Club Holdings Pty Ltd | UK Club | 11 | - | 1,200,867 |
| Loan to UK Club Holdings Pty Ltd at cost | UK Club | 10 | - | 42,566 |
| Intangible asset – gaming sub-licence at written down value | UK Club | 12 | 1,194,859 | - |
| **Total** | | | **2,372,463** | **2,652,123** |

GLOBAL APPROACH LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2005

**3. ON LINE CASINO GAMING (cont.)**

**3(a) Assets relating to on line gaming (cont.)**

The directors consider that the following information is relevant in considering the carrying value of these assets:

- **Cash flow forecast-** The directors have prepared cash flow forecasts for Beach Club Poker, MusicHall and UK Club on-line casinos for the year ended 30th June 2006 which indicate that the on-line casinos and Poker room, will operate profitably and be cash flow positive for the current year and at levels which support the recoverability of the assets outlined above.

- **Investment in Marketing-** In the 2005 financial year the directors elected to spend considerable funds on marketing to ensure that player numbers were increased to a level to allow ongoing profitability to be sustained. This had an adverse effect in that year on operations as the marketing costs were expensed. However, the benefit from that decision is being reflected in the current results of the operations and this in turn has been acknowledged in the 2006 cash flow forecasts and budgets.

- **Customer Data Base-** The directors believe that there is a market for deposit-paying, on-line casino and poker room players and that the database of such players held by the consolidated entity also assists in supporting the carrying value of the above assets. It is not currently the directors' intention to sell the consolidated entity's interest in the on-line casinos or the poker room.

## 4. DIVIDENDS

There were no dividends proposed or paid by the Company during the financial year or in the previous financial year.

| | Parent Entity | |
|---|---|---|
| | 2005 | 2004 |
| **Dividend franking account** | **$** | **$** |
| 30% franking credits available to shareholders of Global Approach Limited for subsequent financial years | 115,982 | 115,982 |

The above available amounts are based on the balance of the dividend franking account at year-end adjusted for:

a) franking credits that will arise from the payment of the amount of the provision for income tax

b) franking credits that will arise from the payment of dividends recognised as a liability at year-end

c) franking credits that will arise from the receipt of dividends recognised as receivables at the year-end

d) franking credits that the entity may be prevented from distributing in subsequent years

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends.

**GLOBAL APPROACH LIMITED**
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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2005**

| | Consolidated | | Parent Entity | |
|---|---|---|---|---|
| **5. REVENUE FROM ORDINARY ACTIVITIES** | **2005** | **2004** | **2005** | **2004** |
| | **$** | **$** | **$** | **$** |
| **Operating revenue** | | | | |
| Gaming revenue | 3,404,747 | 703,177 | - | - |
| **Other revenues:** | | | | |
| *From operating activities* | | | | |
| Interest received | 21,248 | 27,705 | 7,306 | 3,926 |
| Management fees from controlled entities | - | - | 93,600 | 93,600 |
| *From outside operating activities* | | | | |
| Sundry | - | 15,575 | - | - |
| **Total other revenues** | 21,248 | 43,280 | 100,906 | 97,526 |
| **Total revenue from ordinary activities** | 3,425,995 | 746,457 | 100,906 | 97,526 |

## 6. PROFIT / (LOSS) FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE

**Profit / (loss) from ordinary activities before income tax expense has been arrived at after charging/(crediting) the following items:**

| | | | | |
|---|---|---|---|---|
| Net gain/(loss) on foreign exchange | 7,874 | 4,550 | (26,013) | (10,167) |
| Interest expense | | | | |
| Other parties | 1,378 | 1,526 | 1,288 | 1,329 |
| Amortisation of intangible assets | 74,583 | 43,529 | - | - |
| Loss (gain) on disposal of investments | - | 6,545 | - | - |

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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2005**

| **7. TAXATION** | **Consolidated** | | **Parent Entity** | |
|---|---|---|---|---|
| | **2005** | **2004** | **2005** | **2004** |
| ***a) Income tax expense*** | **$** | **$** | **$** | **$** |
| Prima facie income tax expense/(benefit) calculated @ 30% (2004: 30%) on the profit/(loss) from ordinary activities | (28,225) | (180,441) | (91,086) | (99,849) |
| ***Increase/(decrease) in income tax due to non deductible/(non assessable):*** | | | | |
| Non deductible (assessable) items | 22,375 | (10,313) | - | - |
| Future income tax benefit (utilised) not brought to account | 5,850 | 190,754 | 91,086 | 99,849 |
| Income tax expense/(benefit) attributable to operating profit/ (loss) | - | - | - | - |
| ***b) Deferred tax assets*** | | | | |
| *Future income tax benefit not taken to account* | | | | |
| The potential future income tax benefit, calculated at 30% (2004: 30%) arising from tax losses and timing differences has not been recognised as an asset because recovery of tax losses is not virtually certain and recovery of timing differences is not assured beyond a reasonable doubt: | | | | |
| Tax losses carried forward | 194,099 | 367,225 | 166,370 | 273,376 |
| Timing differences | 7,553 | 6,846 | 7,553 | 6,600 |
| | 201,652 | 279,976 | 173,923 | 279,976 |

The potential future income tax benefit will only be obtained if:

(a) the relevant company derives future assessable income of a nature and an amount sufficient to enable the benefit to be realised, or the benefit can be utilised by another company in the consolidated entity in accordance with Division 170 of the Income Tax Assessment Act 1997;

(b) the relevant company and/or the consolidated entity continues to comply with the conditions for deductibility imposed by the law; and

(c) no changes in tax legislation adversely affect the relevant company and/or the consolidated entity in realising the benefit.

## 8. CONTINGENT LIABILITIES

The directors are not aware that there are any contingent liabilities.

## 9. EARNINGS PER SHARE

The following securities have been classified as ordinary shares and included in basic earnings per share:

- Ordinary shares

| | Consolidated | |
|---|---|---|
| | 2005 | 2004 |
| | $ | $ |
| Earnings reconciliations | | |
| Net profit/(loss) | (94,086) | (601,469) |
| Net loss attributable to outside equity interests | - | - |
| Basic earnings | (94,086) | (601,469) |
| After tax effect of costs of options | - | - |
| Diluted earnings | (94,086) | (601,469) |
| Weighted average number of shares used as the denominator | | |
| Number for basic earnings per ordinary share | 51,929,850 | 32,174,469 |
| Effect of share options on issue | | - |
| Number for diluted earnings per share | 51,929,850 | 32,174,469 |

The following share options have not been included in the calculation of diluted earnings per share as they are not dilutive:

- Options outstanding, expiring 31 January 2006, exercisable at 10 cents per option.

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2005

| 10. RECEIVABLES | Consolidated 2005 $ | Consolidated 2004 $ | Parent Entity 2005 $ | Parent Entity 2004 $ |
|---|---|---|---|---|
| ***Current*** | | | | |
| Other debtor | 599,396 | 59,248 | 132 | - |
| Prepayments | 31,000 | - | 31,000 | - |
| | 630,396 | 59,248 | 31,132 | - |
| *Australian dollar equivalent to amounts denominated in foreign currency* | | | | |
| *- US Dollars* | 562,821 | - | - | - |
| ***Non-current*** | | | | |
| Other debtor | 65,464 | - | - | - |
| Loans to controlled entities | - | - | 908,235 | 833,145 |
| Less: Provision for doubtful debts | - | - | (670,102) | (670,102) |
| | 65,464 | - | 238,133 | 163,043 |

Loans to controlled entities have been provided for to the extent that their recoverability, from the expected cashflows from the operating and investing activities of each controlled entity, is not expected.

### 11. OTHER FINANCIAL ASSETS

| | Consolidated 2005 $ | Consolidated 2004 $ | Parent Entity 2005 $ | Parent Entity 2004 $ |
|---|---|---|---|---|
| ***Current*** | | | | |
| Investments in other entities | | | | |
| *Other securities at cost* | - | 110,724 | - | - |
| ***Non-current*** | | | | |
| Investments in controlled entities | | | | |
| *Unlisted shares at cost* | - | - | 6,278,263 | 5,077,397 |
| *Less: provision for diminution* | - | - | (3,863,791) | (3,863,791) |
| | - | - | 2,414,472 | 1,213,606 |
| Investments in other entities | | | | |
| *Unlisted shares at cost* | - | 282,056 | - | 282,056 |
| *Other securities at cost* | - | 55,362 | - | - |
| | - | 337,418 | 2,414,472 | 1,495,662 |

The provision for diminution in the value of shares in controlled entities was based upon the Directors' estimate of the underlying net assets of these entities.

On 15 June 2004 the company acquired a 23% interest in UK Club Holdings Pty Ltd for a total net cost of $282,056. On 31 December 2004 UK Club Holdings Pty Ltd became a wholly owned subsidiary. Refer Note 3 and 24(b) for further details.

On 9 May 2005 Ledgerworks (Australia) Pty Ltd bought back 738,161 preference shares for a value of $110,724. In return the company loaned the same amount to Ledgerworks as a secured debt at an annual interest rate of 11.25% repayable in 36 equal monthly instalments.

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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2005**

| | Consolidated | | Parent Entity | |
|---|---|---|---|---|
| | 2005 | 2004 | 2005 | 2004 |
| **12. INTANGIBLE ASSETS** | $ | $ | $ | $ |
| Gaming sub-licence at cost | 2,472,102 | 1,088,217 | - | - |
| Accumulated amortisation | (99,639) | (43,529) | - | - |
| | 2,372,463 | 1,044,688 | - | - |

The gaming sub-licence relates to the on-line casino's, MusicHall Casino and UK Club. The consolidated entity has a sub-licence with a minimum term of 25 years. Refer Notes 3 and 24 for additional information.

## 13. PAYABLES

| | | | | |
|---|---|---|---|---|
| ***Current*** | | | | |
| Trade creditors and accruals | 396,258 | 317,292 | 89,222 | 317,292 |
| *Australian dollar equivalent to amounts denominated in foreign currency* | | | | |
| *- US Dollars* | 309,745 | - | - | - |

Included in creditors for 2004 is $276,000 relating to the acquisition of an interest in the UK Club Holdings Pty Ltd that was settled after year-end by the issue of shares. In 2005 creditors include $309,745 accrued expenses relating to the gaming activities of the group.

## 14. PROVISIONS

| | | | | |
|---|---|---|---|---|
| ***Current*** | | | | |
| Provision for unclaimed monies | 7,470 | 7,470 | 7,470 | 7,470 |

## 15. OTHER

| | | | | |
|---|---|---|---|---|
| ***Current*** | | | | |
| Underwriting proceeds received in advance | 600,000 | - | 600,000 | - |

On 24 February 2005 the company entered into an agreement with Firebrand Interactive Limited whereby that entity underwrote the last 6 million of the 31 January 2006 options. Under the terms of this agreement, the underwriting proceeds totalling $600,000 were paid in cash to the company. This amount has been recognised as a liability of the company and will only be repaid to the extent that the underwritten options are exercised by holders and the proceeds received by the company.

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| | Consolidated | | Parent Entity | |
|---|---|---|---|---|
| | 2005 | 2004 | 2005 | 2004 |
| | $ | $ | $ | $ |
| **16. CONTRIBUTED EQUITY** | | | | |
| ***Issued and paid up capital*** | | | | |
| 54,823,327 (2005) 45,908,933 (2004) ordinary shares, fully paid | 10,829,936 | 9,881,602 | 10,829,936 | 9,881,602 |
| *Movement in ordinary share capital* | | | | |
| Balance at the beginning of the financial year | 9,881,602 | 8,245,788 | 9,881,602 | 8,245,788 |
| Shares issued; | | | | |
| -20,000,000 for acquisition of investments | - | 1,200,000 | - | 1,200,000 |
| -2,760,000 for 23% acquisition UK Casino Club | 276,000 | - | 276,000 | - |
| -6,154,394 (2005) 3,135,343 (2004) from the exercise of options | 615,439 | 313,534 | 615,439 | 313,534 |
| Transfer from Option Reserve upon exercise of options - current year | 61,544 | - | 61,544 | - |
| - prior year not previously recognised | 31,353 | - | 31,353 | - |
| - 3,388,885 from conversion of convertible notes | | 152,500 | | 152,500 |
| Transaction costs for share issue | (36,002) | (30,219) | (36,002) | (30,219) |
| Share reduction on de-merger of joint venture | - | (1) | - | (1) |
| Balance at the end of the financial year | 10,829,936 | 9,881,602 | 10,829,936 | 9,881,602 |

**Share reduction**

In 2004 comparative figures it reflects that in December 2003 the company completed a share reduction on the de-merger of Events Software Pty Ltd approved by shareholders at the extra ordinary general meeting held on the 28 November 2003. The total value of the de-merger was $733,705 that represented the consolidated carrying value of 50% of Amlink Technologies joint venture. The share reduction was allocated as follows:

| | Consolidated | Parent Entity |
|---|---|---|
| Share capital | 1 | 1 |
| Retained profits | 733,704 | - |
| | 733,705 | 1 |

**Terms and conditions**

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the consolidated entity ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation.

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**FOR THE YEAR ENDED 30 JUNE 2005**

## 16. CONTRIBUTED EQUITY (CONT'D)

**Options**

**Movements during the year**

| Expiry date | Exercise price | No. of options 1 July 2004 | Options granted | Options lapsed | Options exercised | No. of options 30 June 2005 |
|---|---|---|---|---|---|---|
| 30 November 2004 | 16 cents | 750,000 | - | (750,000) | - | - |
| 31 January 2006 | 10 cents | 16,249,362 | - | - | (6,154,394) | 10,094,968 |
| | | 16,999,362 | - | (750,000) | (6,154,394) | 10,094,968 |

| | Consolidated | | Parent Entity | |
|---|---|---|---|---|
| | 2005 | 2004 | 2005 | 2004 |
| **17. RESERVES** | $ | $ | $ | $ |
| Foreign currency translation | - | 11,322 | - | - |
| Options reserve | 100,950 | 193,847 | 100,950 | 193,847 |
| | 100,950 | 205,169 | 100,950 | 193,847 |

Movement in the Reserves during the year was as follows:

| | | | | |
|---|---|---|---|---|
| *Foreign currency translation reserve-* | | | | |
| Opening balance | 11,322 | 11,322 | - | - |
| Transfer to accumulated losses | (11,322) | - | - | - |
| Closing balance | - | 11,322 | - | - |

The foreign currency translation reserve records the foreign currency differences arising from the translation of self-sustaining foreign operations.

| | | | | |
|---|---|---|---|---|
| *Options reserve* | | | | |
| Opening balance (19,384,705 options) | 193,847 | - | 193,847 | - |
| Transfer to equity upon exercise of options | | | | |
| - current year | (61,544) | - | (61,544) | - |
| - prior year not previously recognised | (31,353) | - | (31,353) | - |
| 19,384,705 10 cent options expiring 31 January 2006, issued for 1 cent each | - | 193,847 | - | 193,847 |
| Closing balance (10,094,968 options) | 100,950 | 193,847 | 100,950 | 193,847 |

The options reserve reflects consideration received upon the issue of options being 1 cent per option. Upon the exercise of the options a proportionate amount of the reserve is transferred to contributed equity.

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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2005**

## 18. ACCUMULATED LOSSES

| | Consolidated | | Parent Entity | |
|---|---|---|---|---|
| | 2005 | 2004 | 2005 | 2004 |
| | $ | $ | $ | $ |
| Accumulated losses at the beginning of the year | (8,596,619) | (7,261,446) | (8,457,248) | (8,124,417) |
| Transfer from foreign currency translation reserve | 11,322 | - | - | - |
| De-merger, refer Note 16 | - | (733,704) | - | - |
| Net profit/(losses) attributable to members of the parent entity | (94,086) | (601,469) | (303,619) | (332,831) |
| Accumulated losses at end of the year | (8,679,383) | (8,596,619) | (8,760,867) | (8,457,248) |

## 19. NOTES TO THE STATEMENT OF CASH FLOWS

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

| | | | | |
|---|---|---|---|---|
| Cash at bank and on hand | 186,908 | 262,836 | 182,874 | 284,258 |

(b) Reconciliation of cash flow from operations with operating profit after income tax:

| | | | | |
|---|---|---|---|---|
| Operating profit (loss) after income tax | (94,086) | (601,469) | (303,619) | (332,831) |
| Add/(less) non-cash items: | | | | |
| Amortisation of licence: | 74,583 | 43,529 | - | - |
| Loss (gain) on sale of investments | - | 6,545 | - | - |
| Share of associates and joint venture entity's loss/(profit) | - | (68,876) | - | - |
| Management fees charged direct to controlled entity loan accounts | - | - | (93,600) | - |
| Fundamental error (Note 1 (q) ) | (32,818) | - | - | - |
| Net cash provided by operating activities before changes in assets and liabilities * | (52,321) | (620,271) | (397,219) | (332,831) |
| (Increase)/decrease in receivables | (416,773) | 15,213 | (132) | - |
| (Increase)/decrease in other assets | - | 17,596 | | 17,596 |
| Increase /(decrease) in payables | 105,403 | (19,861) | 53,985 | (4,069) |
| Net cash provided by/(used in) operating activities | (363,691) | (607,323) | (343,366) | (319,304) |

* Net of balances acquired through the acquisition of UK Club Holdings Pty Ltd (Note 24 (b) ) and fundamental error adjustment (Note 2 ).

## 19. NOTES TO THE STATEMENT OF CASH FLOWS (CONT'D)

(c) Non-cash financing and investing activities

During the year redeemable preference shares held by the consolidated group were converted to debtors. In addition to this amounts payable and outstanding as at 30 June 2004 for the acquisition of 23% of UK Club Holdings Pty Ltd were settled by means of share issue (Note 16 and 23(b)). The effects of these transactions have not been reflected in the cashflow statement.

| 20. AUDITORS' REMUNERATION | Consolidated 2005 $ | Consolidated 2004 $ | Parent Entity 2005 $ | Parent Entity 2004 $ |
|---|---|---|---|---|
| ***Audit services:*** | | | | |
| Auditors of the Company – for the audit and review of the financial reports including fee overruns – PKF (2005) KPMG (2004) | | | | |
| PKF | 86,158 | - | 86,158 | - |
| KPMG | 8,900 | 17,945 | 8,900 | 17,945 |
| ***Other services:*** | | | | |
| Auditors of the Company - KPMG | | | | |
| Accounting assistance | 5,800 | 8,000 | 5,800 | 8,000 |
| Taxation services | - | 6,800 | - | 6,800 |
| | 100,858 | 32,745 | 100,858 | 32,745 |

## 21. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE

### a) *Foreign Exchange Risk and Commodity Price Risk*

The consolidated entity has foreign currency risk exposure with respect to its on line gaming business that is predominantly in US dollars. The company does not hedge foreign exchange risk. The company has minimal commodity risk.

### b) *Interest rate risk*

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

| 2005 | Weighted average interest rate | Floating interest rate $ | Fixed Interest Maturing In: 1 Year or less $ | Over 1 to 5 years $ | More than 5 years $ | Non-interest bearing $ | Total $ |
|---|---|---|---|---|---|---|---|
| *Financial assets* | | | | | | | |
| Cash | 2.4% | 186,908 | - | - | - | - | 186,908 |
| Receivables | 11.25% | - | 36,442 | 65,464 | - | 593,954 | 695,860 |
| | | 186,908 | 36,442 | 65,464- | - | 593,954 | 882,768 |
| *Financial liabilities* | | | | | | | |
| Payables | - | - | - | - | - | 396,258 | 396,258 |
| Other | - | - | - | - | - | 600,000 | 600,000 |
| | | - | - | - | - | 996,258 | 996,258 |

## 21. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE (CONT'D)

### *b) Interest rate risk (Cont'd)*

| 2004 | Weighted average interest rate | Floating interest rate $ | Fixed Interest Maturing In: 1 Year or less $ | Over 1 to 5 years $ | More than 5 years $ | Non-interest bearing $ | Total $ |
|---|---|---|---|---|---|---|---|
| *Financial assets* | | | | | | | |
| Cash | 2.2% | 262,836 | - | - | - | - | 262,836 |
| Receivables - current | - | - | - | - | - | 59,248 | 59,248 |
| Other financial assets | 11.4% | - | 110,724 | 55,362 | - | 282,056 | 448,142 |
| | | 262,836 | 110,724 | 55,362 | - | 341,304 | 770,226 |
| *Financial liabilities* | | | | | | | |
| Payables | - | - | - | - | - | 317,292 | 317,292 |
| | | - | - | - | - | 317,292 | 317,292 |

### *c) Credit risk exposures*

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 economic entity that have been recognised on the statement of financial position, is the carrying value, net of any provision for doubtful debts.

The consolidated entity is exposed to a concentration of credit risk in relation to the amounts owing by the funds loaned to a non associated entity totalling $101,907 as reflected in Note 10.

### *d) Net fair values of financial assets and liabilities*

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

Monetary financial assets and financial liabilities not readily traded in an organised financial market are determined by valuing them at the present value of contractual future cash flows on amounts due from customers (reduced for expected credit losses) or due to suppliers. Cash flows are discounted using standard valuation techniques at the applicable market yield having regard to the timing of the cash flows.

The net fair values of all other financial assets and liabilities of the consolidated entity are represented by the carrying amount of these items.

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## 22. DIRECTOR AND EXECUTIVE DISCLOSURES FOR DISCLOSING ENTITIES

**Specified directors**

***Executive director***
Mr D Barwick

***Non executive directors***
Mr M Veverka
Mr I Mackay
Mr B Lyne

**Specified executives**

There are no specified executives of the consolidated entity who are not directors.

There have been no changes in specified directors or executives after reporting date and prior to the date of the Directors' Declaration.

**Equity instruments**

All options refer to options over ordinary shares of Global Approach Limited, which are exercisable on a one-for-one basis.

***Option holdings***

The movement during the reporting period in the number of options over ordinary shares in Global Approach Limited held directly, indirectly or beneficially, by each specified director including their personally related entities, is as follows:

| Specified directors | Held at 1 July 2004 | Purchases | Exercised | Expired | Disposed | Held at 30 June 2005 | Vested & exercisable at 30 June 2005 |
|---|---|---|---|---|---|---|---|
| David Barwick | 1,258,659 | - | (176,517) | (250,000) | (292,054) | 540,088 | 540,088 |
| Mike Veverka | 9,430,000 | 750,000 | (100,000) | (1,500,000) | (3,000,000) | 2,580,000 | 2,580,000 |
| Ian Mackay | 450,000 | - | (100,000) | - | - | 350,000 | 350,000 |
| Bill Lyne | - | - | - | - | - | - | - |

No options held by specified directors are vested but not exercisable.

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## 22. DIRECTOR AND EXECUTIVE DISCLOSURES FOR DISCLOSING ENTITIES (CONT'D)

***Equity holdings***

The movement during the reporting period in the number of ordinary shares of Global Approach Limited held directly, indirectly or beneficially, by each specified director, including their personally related entities is as follows:

| Specified director | Held at 1 July 2004 | Purchases | Received on exercise of options | Sales | Held at 30 June 2005 |
|---|---|---|---|---|---|
| David Barwick | 2,431,015 | | 176,517 | | 2,607,532 |
| Mike Veverka | 8,548,817 | 157,888 | 100,000 | - | 8,806,705 |
| Ian Mackay | 125,000 | | 100,000 | - | 225,000 |
| Bill Lyne | - | - | - | - | - |

***Other transactions with the company or its controlled entities***

Transactions between specified directors or their personally related entities are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. During the year the company paid $3,600 to Queensland Underwriters Limited, of which Mr David Barwick is a director, for the use of a serviced office during the year.

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## 23. SEGMENT INFORMATION

### (a) Primary Reporting – Geographical Segments

Following the acquisition of Global Approach Operations Limited and UK Club Holdings Pty Ltd, the consolidated entity operates an internet gaming business worldwide excluding Australia. The license for the casino operation is held in Canada with the management being Australian based.

| | 2005 | | | 2004 | | |
|---|---|---|---|---|---|---|
| | **North America $** | **Rest of the World $** | **Consolidated $** | **North America $** | **Rest of the World $** | **Consolidated $** |
| **Internet gaming** | | | | | | |
| Operating – revenue | | | | | | |
| Total internet gaming revenue | 2,706,166 | 698,581 | 3,404,747 | 520,351 | 182,826 | 703,177 |
| Unallocated revenue | | | 21,248 | | | 43,280 |
| Total revenue from ordinary activities | | | 3,425,995 | | | 746,457 |
| Segment result | 249,352 | 55,572 | 304,924 | (182,177) | (64,008) | (246,185) |
| Unallocated expenses | | | (399,010) | | | (355,284) |
| Consolidated loss from ordinary activities before income tax | | | (94,086) | | | (601,469) |
| Income tax expense | | | - | | | - |
| Consolidated loss from ordinary activities after income tax | | | (94,086) | | | (601,469) |
| **Assets** | | | | | | |
| Segment assets | - | - | - | - | - | - |
| Unallocated assets | | | 3,255,231 | | | 1,814,914 |
| Total Assets | | | 3,255,231 | | | 1,814,914 |
| **Liabilities** | | | | | | |
| Segment liabilities | 120,964 | 35,494 | 156,458 | - | - | - |
| Unallocated liabilities | | | 847,270 | | | 324,762 |
| Total Liabilities | | | 1,003,728 | | | 324,762 |
| **Other segment information** | | | | | | |
| Acquisition of property, plant & equipment, intangible assets and other non-current assets. | | | 1,200,865 | | | 1,212,001 |
| Amortisation | | | 74,583 | | | 43,529 |

### (b) Secondary Reporting – Business Segments

The economic entity operates in only one business segment being internet gaming.

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## 24. CONTROLLED ENTITIES

### (a) Particulars in relation to controlled entities

| Parent entity | Country of Incorporation | Percentage owned 2005 % | 2004 % |
|---|---|---|---|
| Global Approach Limited | Australia | | |
| **Subsidiaries of Global Approach Limited** | | | |
| Global Approach Operations Pty Ltd | Australia | 100 | 100 |
| A.T. Capital Pty Ltd | Australia | 100 | 100 |
| Amlink Solutions Pty Ltd | Australia | 100 | 100 |
| Amlink Technologies Marketing Pty Ltd | Australia | 100 | 100 |
| Amlink Staff Pty Ltd | Australia | 100 | 100 |
| Amlink Technologies (USA) Inc | USA | 100 | 100 |
| UK Club Holdings Pty Ltd | Australia | 100 | 23 |

### b) Acquisition / disposal of controlled entities

**Acquisition of entities**

During the financial year the consolidated entity purchased 100% of the voting shares of UK Club Holdings Pty Ltd. During 2004 the consolidated entity purchased 100% of the voting shares of Global Approach Operations Pty Ltd. Details of the acquisitions are as follows:

| | Consolidated | | Parent Entity | |
|---|---|---|---|---|
| | 2005 $ | 2004 $ | 2005 $ | 2004 |
| Consideration - shares | 276,000 | 1,200,000 | 276,000 | 1,200,000 |
| - cash (associated costs) | 924,865 | 12,001 | 924,865 | 12,001 |
| Total consideration including associated costs | 1,200,865 | 1,212,001 | 1,200,865 | 1,212,001 |
| | | | | |
| Consideration - cash | 924,865 | 12,001 | | |
| Cash acquired | 11 | (79,424) | | |
| Outflow (inflow) of cash on acquisition | 924,854 | (67,423) | | |
| | | | | |
| Fair value of net assets of entity acquired | | | | |
| Cash assets | 11 | 79,424 | | |
| Receivables | 79,482 | 44,360 | | |
| Gaming sub-licence | 1,219,330 | 1,088,217 | | |
| Payables | (97,958) | - | | |
| Consideration | 1,200,865 | 1,212,001 | | |

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**24. CONTROLLED ENTITIES (CONT'D)**

Global Approach Operations Pty Ltd was acquired on 5 January 2004 and the operating results of the entity from that date have been included in the consolidated operating profit. The entity holds the licence to operate an on-line casino MusicHall Casino. On 26 November 2004 share holders approved the unconditional component of this purchase.

UK Club Holdings Pty Ltd was acquired as a wholly owned subsidiary on the 31 December 2004.

**Disposal of entities**

During the 2004 financial year, the consolidated entity disposed of all of the ordinary shares of Events Software Pty Ltd and TSC Software Pty Ltd. No disposals occurred during the current financial year. Details of the disposals are as follows:

| | Consolidated | | Parent Entity | |
|---|---|---|---|---|
| | 2005 | 2004 | 2005 | 2004 |
| | $ | $ | $ | $ |
| Consideration | - | 3 | - | 3 |
| Carrying amount of disposal | - | 3 | - | 3 |
| Profit on disposal | - | - | - | - |
| Net assets of entities disposed of: | - | - | - | - |
| Cash | - | 3 | - | 3 |
| Property, plant and equipment | - | - | - | - |
| Trade creditors | - | - | - | - |
| | - | 3 | - | 3 |
| | % | % | % | % |
| Interest held after disposal | - | - | - | - |

Events Software Pty Ltd was disposed on 31 December 2003 and TSC Software Pty Ltd was disposed on 8 December 2003. The operating results of each entity to the date of disposal have been included in the 2004 consolidated operating profit.

**GLOBAL APPROACH LIMITED**
**ACN 009 118 861**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2005**

| **25. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD** | **Consolidated 2005 $** | **2004 $** |
|---|---|---|
| Share of net profits/(losses) accounted for using the equity method included in the statement of financial performance | | |
| - joint venture entities | - | 68,876 |
| | - | 68,876 |

**GLOBAL APPROACH LIMITED**
**ACN 009 118 861**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2005**

## 25. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONT'D)

### b) Interests in joint venture entity: (this only applies to 2004)

| | Consolidated | |
|---|---|---|
| | 2005 | 2004 |
| ***Results of joint venture entity*** | $ | $ |
| The Company's and consolidated entity's share of the joint venture entity's results consist of | | |
| Revenue from ordinary activities | - | 662,423 |
| Expenses from ordinary activities | - | (593,547) |
| Profit from ordinary activities before income tax expense | - | 68,876 |
| Income tax expense relating to ordinary activities | - | - |
| Net profit – equity accounted | - | 68,876 |
| ***Share of post-acquisition retained profits attributable to joint venture entities*** | | |
| Share of joint venture entity's retained profits at beginning of year | - | 676,425 |
| Less drawings made | - | - |
| De-merger of interest in joint venture | - | (745,301) |
| Share of joint venture entity's net profit | - | 68,876 |
| Share of joint venture entity's retained profits at end of year | - | |
| ***Statement of financial position*** | | |
| The Company's and consolidated entity's share of the joint venture entity's assets and liabilities consist of: | | |
| Current assets | - | |
| Non-current assets | - | |
| Total assets | - | |
| Current liabilities | - | |
| Total liabilities | - | |
| Net assets – equity accounted | - | |
| ***Movements in carrying amount of joint venture entity*** | | |
| Carrying amount at beginning of year | - | 664,578 |
| Share of joint venture entity's reserves | - | 250 |
| Share of joint venture entity's net profit | - | 68,876 |
| Dividends received | - | - |
| Investment in joint venture entities disposed during the year | - | (733,704) |
| Carrying amount at end of year | - | |

## 26. LEGAL RISK

The acquisition of investments in Global Approach Operations Pty Ltd and UK Club Holdings Pty Ltd during the year involved the assumption of pre existing agreements with respect to the operation of the on-line gaming casinos. These agreements comprise various management agreements, gaming licence agreements, gaming sub licence agreements, software licence agreements and shareholders agreements.

Due to international cross border jurisdictional issues and the complexity of the legal arrangements, there is an increased risk that the company may not be able to effectively enforce its rights in the event of a dispute with respect to its interests.

If the company is unable to enforce its contractual rights, it is possible that the company's assets with respect to these investments will not realise their carrying value. In such an event, significant losses may accrue to the company.

## 27. EVENTS SUBSEQUENT TO REPORTING DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material nature likely, in the opinion of the directors, to affect significantly the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in future financial years.

**GLOBAL APPROACH LIMITED**
**ACN 009 118 861**

**DIRECTORS' DECLARATION**

In the opinion of the directors of Global Approach Limited:

(a) the accompanying financial statements and notes are in accordance with the Corporations Act 2001, comply with the accounting standards and give a true and fair view of the company's and the consolidated entity's financial position as at 30 June 2005 and of their performance for the year ended on that date.

(b) at the date of this declaration there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

(c) the directors have been given the declarations required by Section 295A.

Signed in accordance with a resolution of the directors.

David K. Barwick
Executive Chairman

Ian I. Mackay
Director

Brisbane

27th September 2005

# GLOBAL APPROACH LIMITED
## ACN 009 118 861

## INDEPENDENT AUDIT REPORT
## TO THE MEMBERS OF GLOBAL APPROACH LIMITED

**A Member Firm of PKF International**

PKF
Chartered Accountants
& Business Advisers

**NSW Partnership**
ABN 83 236 985 726

Level 10, 1 Margaret Street
Sydney NSW 2000

DX 10173 Sydney Stock Exchange NSW

Tel: 61 2 9251 4100
Fax: 61 2 9240 9821

www.pkf.com.au



To the members of Global Approach Limited

**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 Global Approach Limited and the consolidated entity for the year ended 30 June 2005. 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 judgement, 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.

# GLOBAL APPROACH LIMITED
# ACN 009 118 861

## INDEPENDENT AUDIT REPORT
## TO THE MEMBERS OF GLOBAL APPROACH LIMITED

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.

**Qualification**

The Audit Report in relation to the financial report for the year ended 30 June 2004 was qualified by the previous auditors, KPMG due to a limitation of scope. Accordingly we are not in a position to and do not express an opinion on the comparatives for 2004.

**Qualified Audit Opinion**

In our opinion, except for the effects on the comparatives for 2004 of such adjustments, if any, as might have been determined to be necessary had the limitation on the scope of KPMG's work as discussed in the qualification paragraph not existed, the financial report presents fairly in accordance with:

(a) the Corporations Act 2001, including:

  i) giving a true and fair view of the company's financial position as at 30June 2005 and of its performance for the year ended on that date; and

  ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) other mandatory professional reporting requirements in Australia.

**PKF** (NSW Partnership)

**Grant F. Saxon**
Partner

**Brisbane:** 27 September 2005

**GLOBAL APPROACH LIMITED**
**ACN 009 118 861**

## CORPORATE GOVERNANCE STATEMENT

This Statement outlines the Company's corporate governance practices and the extent to which they comply with the ASX Corporate Governance Council's "Principles of Good Corporate Governance & Best Practice Recommendations" ('ASX Guidelines'). However, given the relatively small size of the Company some of the ASX Guidelines have minimal practical applicability to the Company at this time. In those situations where a recommendation is considered inappropriate the reasons for not following the ASX Guidelines have been explained.

The practices have been in place throughout the year.

### Principle 1: BOARD & MANAGEMENT

The Board of Global Approach Limited is responsible for directing and managing the business of the Company and is accountable to shareholders for the Company's performance. These responsibilities include:

- establishing and reviewing corporate strategies and initiatives
- reviewing new opportunities to grow the business
- setting the Company's business plan and overseeing achievement of strategic goals and objectives
- establishing the annual budget and reviewing financial performance
- ensuring appropriate policies and mechanisms for corporate, regulatory and legal compliance are in place
- protecting the property and reputation of the Company.

Within this context a Board Charter has been established, detailing the philosophy, values and functions of the Board, as well as its requirements and expectations of management. The Charter is available on the Company's website.

However, due to the present structure of the Company, day-to-day management of the Company's affairs and implementation of corporate strategy and policy initiatives are in fact dealt with by the Directors themselves with the assistance of out-sourced professional services and support in the areas of accounting and compliance as and when required.

The Board is supported by a suitably qualified and experienced Company Secretary whose duties and responsibilities include, in particular, ensuring compliance with the Corporations Act and the ASX Listing Rules. Relevant details of the Company Secretary are set out in the Directors' Report.

The Board holds twelve regular monthly meetings each year and other meetings as required. The agenda for meetings is prepared by the Executive Chairman and Company Secretary, incorporating any specific items requested by other Directors. Standing agenda items include a Chairman's report, financial and operational reports and a secretarial, governance and compliance report. Board papers are circulated well in advance of meetings.

**Principle 2: BOARD STRUCTURE**

The Board is comprised of an Executive Chairman and three Non-Executive Directors. The Directors' names, qualifications, relevant experience and expertise, special responsibilities, term in office and attendances at Board and Committee meetings are detailed in the Directors' Report.

Two of the Non-Executive Directors, Mr Ian Mackay and Mr Bill Lyne, are considered by the Board to meet the tests for independence stipulated by the ASX Guidelines and have no material relationship with the Company. However, Mr Lyne does provides company secretarial services to the Company under a consulting arrangement.

Materiality in relation to Directors' independence is considered as equating to payments of greater than 5% of the Company's annual revenue or representing 20% of the individual Director's business revenue. The Board considered the nature of the Company's business and industry competition, and the size and nature of each Director's business relationship, in arriving at these thresholds. In addition, a transaction of any amount or a relationship is deemed material if knowledge of it may impact the shareholders' understanding of the Director's performance.

The other two Directors, Mr David Barwick and Mr Mike Veverka, have a significant relevant interest in the Company's shares and were related parties to some of the vendors of what now comprises part of the Company's main business undertaking. Notwithstanding this, the Board considers that these shareholdings actually provide those Directors with a strong incentive to ensure that their judgement is not clouded in Board deliberations, as the outcome may impact on them as much as, or even more than, many other shareholders. The Board believes those Directors bring relevant practical experience to the Company and they both have a significant vested interest in ensuring proper governance.

Whilst Mr Barwick, the Company's Chairman, is not considered independent, and is a part-time executive, he has taken on this role because of his leadership capabilities and as the Company's size does not warrant a separate chief executive. Importantly, too, he can commit the time necessary to discharge this role effectively and ably facilitates the contribution of all directors and promotes constructive and respectful relations between Board members.

The Company's Directors consider it appropriate to accept this Board composition until the Company is able to justify an expanded Board and/or a larger management team. The Board believes that each individual Director makes considered and independent judgements on matters in the best interests of the Company, or abstains from voting when appropriate. Ultimately shareholders will determine if the mix of Directors, or their stewardship of the Company, is unacceptable.

The Board distinguishes between the concept of independence and the issues of conflict of interest or material personal interests that may arise from time-to-time. Whenever there is an actual or potential conflict of interest or material personal interest, the Board's policies and procedures ensure that:

- the interest is fully disclosed and the disclosure is recorded in the Board minutes; and
- the relevant Director is excluded from all considerations of the matter by the Board, unless the other Directors unanimously otherwise decide.

This practice also ensures compliance with the Company's Constitution and the Corporations Act.

If considered warranted, the Board may resolve to obtain professional advice about the execution of Board responsibilities at the Company's expense. Directors also have the individual personal right, at the Company's expense, to seek independent professional advice, after consultation with the Chairman and/or subject to Board approval which will not be unreasonably withheld. Where appropriate such advice is shared with the other Directors.

Under the Company's Constitution and the ASX Listing Rules all Directors, including the Executive Chairman, shall not hold office for more than three years. Therefore, at least one-third of the Directors must retire, and are eligible to stand for re-election, at every Annual General Meeting. The Board Charter includes the procedure for selection and appointment of new Directors. Any new Director appointed must stand for re-election at the next Annual General Meeting of shareholders.

The Company has established three separate Committees covering Audit, Finance and Special Purpose. The Audit Committee is dealt with under Principle 4, later in this Statement.

The Finance Committee Charter identifies this Committee's responsibilities as including matters relevant to funding, business acquisitions and disposals, budgets, financial performance and reporting. The Committee comprises all four Directors at the present time, its chairman being Mr Mike Veverka.

The Board has also established a Special Purpose Committee, similarly comprising the four Directors, under the chairmanship of Mr David Barwick. This Committee's scope of responsibilities is diverse, as identified in a Special Purpose Committee Charter, and include corporate governance, policies and procedures, Board matters (such as nomination, appointment, review and remuneration), shareholder relations and corporate communications. In view of this Committee's responsibilities separate nomination and remuneration committees have not been formed.

The Committee Charters are shown on the Company's website.

**Principle 3: ETHICAL STANDARDS**

The Board supports the requirement for Directors and any employees to observe appropriate standards of behaviour and business ethics that already exist in the Company through established practices and policies.

Whilst a formal code of conduct has not been established at this time due to the Company's relatively small size all officers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the Company's reputation and performance. It is the responsibility of the Executive Chairman to report any unethical practices by employees or service providers to the Board for remedial action.

The Board has approved written guidelines, set out in its Share Trading Policy, that restrict dealings in the Company's securities by all Directors, officers and consultants. This policy is available through the Company's website.

Under the Policy purchase or sale of shares in the Company is only permitted with the prior consent of the Board at such times when the Director, officer or consultant does not have any relevant price sensitive or insider information.

The Company also advocates adherence to the laws and regulations governing not only its corporate operations but in the business it undertakes.

**GLOBAL APPROACH LIMITED**
**ACN 009 118 861**

**CORPORATE GOVERNANCE STATEMENT**

**Principle 4: FINANCIAL REPORTING**

The Board requires the person or persons performing the roles of Chief Executive Officer and Chief Financial Officer to state in writing to the Board that, in his or their opinion, the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards, as required by Section 295A of the Corporations Act.

The Board has an established formally constituted Audit Committee operating under a written Audit Committee Charter which is available on the Company's website. This Charter includes information on procedures for the selection and appointment of the external Auditor and audit engagement partner rotation.

The Board considers it appropriate for this Committee to consist of all four Directors due to its size, structure and expertise of the various members, even though only two are independent. The Audit Committee is chaired by Mr Ian Mackay, an independent Director with appropriate accounting and financial skills. One other Committee member, Mr Bill Lyne, is also considered independent and has accounting qualifications and experience. Details of the Audit Committee members' names, qualifications, and number of meetings held and attended, are set out in the Directors' Report.

The Committee's principal objective is to monitor and review the effectiveness of the Company's control and compliance in the areas of accounting and financial management and practices. Its key responsibilities encompass auditing and Auditor matters (including in relation to Auditor selection and appointment), external reporting and disclosure, risk management, due diligence and compliance.

Meetings of the Committee are attended, by invitation, by any Chief Executive Officer and/or Chief Financial Officer (or equivalent), the Company Secretary, the engagement partner (or his nominee) from the Company's external Auditor and such other professional representatives as may be appropriate from time to time.

Minutes of all Committee meetings are provided to the Board and the Chairman of the Committee also reports to the Board after each Committee meeting.

The external Auditor, PKF, has confirmed its independence to the Board and has advised that its audit partner will be rotated as required under the Corporations Act.

**Principle 5: CONTINUOUS DISCLOSURE**

The Board's responsibilities include ensuring compliance with ASX Listing Rule disclosure requirements and to ensure accountability for that compliance. Whilst written policies and procedures are not considered necessary in view of the Company structure, the matter of continuous disclosure is incorporated into all regular Board meetings.

The Company Secretary has been designated as the person responsible for communications with the ASX and overseeing information going to the ASX, shareholders and other interested parties. The Company Secretary formally reports to all regular Board meetings and includes any ASX-related matters, such as changes in Listing Rules and other relevant regulatory requirements.

Authority to speak about the Company's affairs to the media, brokers, analysts or investors is restricted to the Executive Chairman or in his absence any of the other Directors.

All Directors have obligations under a written contract covering 'Interests in Securities', entered into with the Company to keep it promptly informed of any personal or related interests in securities trading and contracts relevant to securities. The Company, in turn, promptly reports such trading to the ASX.

**GLOBAL APPROACH LIMITED**
**ACN 009 118 861**

**CORPORATE GOVERNANCE STATEMENT**

**Principle 6: SHAREHOLDER COMMUNICATIONS**

The Company aims to keep shareholders informed of the Company's performance and all major developments in an on-going manner. Information is communicated to shareholders through:

- the Annual Report which is distributed to all shareholders;
- an occasional letter to shareholders;
- other correspondence regarding matters impacting on shareholders as required; and
- the Company's web site at www.globalapproach.com.au which contains informative material covering ASX announcements, media releases, meeting notices, shareholder reports and corporate governance.

Shareholders are also encouraged to participate in Annual (and other) General Meetings to ensure a high level of accountability and identification with the Company's strategies and goals.

A copy of the AGM Notice is sent to the Company's external Auditor, PKF, as required by law.

The Auditor's representative attends the AGM and is available to answer questions from shareholders about the conduct of the audit and the preparation and content of the Auditor's report.

All written shareholder enquiries are reviewed by both the Executive Chairman and the Company Secretary and promptly responded to.

**Principle 7: RISK MANAGEMENT**

The Board places a high priority on risk identification and mitigation and the Audit Committee's responsibilities include review of the adequacy of the Company's risk management and internal control processes. Details of the risk management policy and internal compliance and control system is found on the Company's website in the Audit Committee Charter.

The Committee's risk control program includes legislative compliance, both from a corporate perspective and having regard for the Company's statutory obligations.

In view of the Company's size the Directors rely on their own enquiries and the integrity of the personnel providing professional accounting and compliance services and support to perform any internal checking or control functions. The adequacy of such arrangement is considered by the Audit Committee in consultation with, but independent of, the external Auditor.

The Board acknowledges that it is responsible for the overall internal control framework, but recognises the inherent deficiencies in a relatively small organisation and, in any case, considers it would be difficult for any system to preclude the possibility of errors, mistakes and irregularities.

However, to this end, the Board does require the person or persons performing the roles of Chief Executive Officer and Chief Financial Officer to state in writing to the Board that, in his or their opinion, the integrity of the Company's financial statements is founded on sound systems of risk management and internal compliance and control based on Board policies and such systems are operating efficiently and effectively in all material respects.

**Principle 8: BOARD PERFORMANCE**

The Board has adopted a "whole of board" evaluation process, rather than examining individual Director's performance. The Board's principal benchmark is the Company's financial performance year-on-year and compared to similar organisations.

Similar evaluation of Committee composition and member performance is conducted from time-to-time.

If the current Company structure changes, the Board would set formal performance objectives annually for any key staff with discussion on their successes and failures taking place at assessment time.

The Company also complies with the ASX Guidelines' recommendations for Directors in relation to information access, independent professional advice and contact with the Company Secretary.

The Company Secretary attends all Board and Committee meetings, is responsible for monitoring adherence to Board policy and procedures, and is accountable on governance matters.

**Principle 9: REMUNERATION**

At the present time the Company has no full time staff, although it does utilise part time personnel to attend to its accounting and company secretarial functions. Remuneration under these contractual arrangements is determined by the Board.

Remuneration of the Executive Chairman is determined by the Special Purpose Committee taking into consideration that this position is not full time. As with all the Directors, this Committee assesses the appropriateness of all payments on a periodic basis by reference to relevant market conditions, and benchmarking against the industry, with the overall objective of ensuring maximum stakeholder benefit from the retention of an effective Board and support team but with rates paid being in most cases at the lower end of the scale.

Shareholders, at the Company's AGM, determine any increase in the aggregate fees payable to Non-executive Directors, but it is those Directors who decide amongst themselves the split of such remuneration.

The Board has not established a formally constituted remuneration committee due to the relatively small size of the Company and because the Board considers, with the support of the Special Purpose Committee, that it is sufficiently qualified to consider and decide on remuneration matters. However, external professional advice is sought from experienced remuneration consultants where appropriate to assist in the Committee's deliberations and recommendations to the Board.

Details of the nature and amount of each element of the emolument of each Director of the Company and any executive officers for the financial year are disclosed in the Remuneration Report section of the Directors' Report. The Remuneration Report also provides disclosure in relation to the Company's remuneration policies to enable shareholders to understand the costs and benefits of those policies and the relationship of remuneration paid to Directors and executives with corporate performance.

There is no retirement benefit scheme for any Directors, including Non-Executive Directors other than payment of statutory superannuation.

Payment of any equity-based Director or executive remuneration would be made only in accordance with shareholders' approval.

**GLOBAL APPROACH LIMITED**
**ACN 009 118 861**

**CORPORATE GOVERNANCE STATEMENT**

**Principle 10: STAKEHOLDER ACCOUNTABILITY**

The Company recognises the interests of all stakeholders through its policies and practices. These seek to promote within the Company, and in the areas in which it operates its business, a culture of compliance with legal requirements and ethical standards adequate to demonstrate the Company's commitment to acceptable corporate practices.

This is particularly relevant to this Company as Australian residents are prohibited under the federal Interactive Gambling Act from participating in on-line gaming activities. Notice of these restrictions is given to all intending players on the casino and poker-room websites and procedures are in place to stop any breach of the Act.

The Board recognises that appropriately managing natural, human, social and other forms of capital may also assist in creating value for shareholders. To this end the Board seeks, by the individual contributions of Directors and by encouraging activities of any executives, to uphold community standards and to maintain good relations with community and government organisations. But, of course, the Board seeks to balance these considerations in order to ensure that the claims of legitimate stakeholders do not prejudice or diminish the rightful expectations of the Company's shareholders.

**GLOBL APPROACH LIMITED**
**ACN 009 118 861**

**ASX ADDITIONAL INFORMATION**

Additional information required by the Australian Stock Exchange Limited ("ASX") Listing Rules and not disclosed elsewhere in this report, current as at 22 September 2005.

***Class of Securities***

The Company has 54,823,327 ordinary shares on issue, each fully paid. There are 744 holders of the ordinary shares. Shares are quoted on the ASX (Home branch: Brisbane) under the code GLO.

In addition, there are a total of 10,094,968 options over ordinary shares on issue but not quoted on ASX.

***Voting Rights***

The voting rights attaching to the ordinary shares, set out in clause 28 of the Company's Constitution, are:

"Subject to any rights or restrictions for the time being attached to any class or classes of shares-

(a) at meetings of members or classes of members each member entitled to vote may vote in person or by proxy or attorney; and

(b) on a show of hands every person present who is a member has one vote, and on a poll every person present in person or by proxy or attorney has one vote for each ordinary share held".

Holders of ordinary shares are entitled to receive dividends. In the event of winding up of the consolidated entity ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation.

Optionholders have no voting rights until such options are exercised.

***Distribution of Shareholders***

| Category | Number of Holders of Ordinary Shares | Number of Ordinary Shares Held |
|---|---|---|
| 0 - 1,000 | 73 | 40,189 |
| 1,001 - 5,000 | 188 | 612,449 |
| 5,001 - 10,000 | 239 | 1,784,206 |
| 10,001 - 100,000 | 187 | 6,584,542 |
| 100,001 & over | 57 | 45,801,941 |
| | 744 | 54,823,327 |
| Less than a marketable parcel | 378 | 1,349,348 |

**GLOBAL APPROACH LIMITED**
**ACN 009 118 861**

**ASX ADDITIONAL INFORMATION**

***Twenty Largest Shareholders***

| | Name | Number of ordinary shares held | Percentage of capital held % |
|---|---|---|---|
| 1) | Jumbo Corporation Limited | 8,648,817 | 15.78 |
| 2) | MDA Capital Pty Ltd <Macarthur Equities A/C> | 7,742,367 | 14.12 |
| 3) | BWM Limited | 2,862,545 | 5.22 |
| 4) | Mr David Andrew Ohlson | 2,405,600 | 4.39 |
| 5) | DK Barwick Investments Pty Ltd | 2,009,632 | 3.67 |
| 6) | MDA Capital Pty Ltd <Macarthur Equities Trust A/C> | 1,718,939 | 3.14 |
| 7) | Mr Glenn Ross Walter Battershill | 1,543,773 | 2.82 |
| 8) | Mrs Joan Denise Hunt | 1,356,273 | 2.47 |
| 9) | Ms Leonie Kouvaras | 1,206,273 | 2.20 |
| 10) | Biss Holdings Limited | 1,154,252 | 2.11 |
| 11) | Cuculainn Investments Limited | 1,154,252 | 2.11 |
| 12) | Mr David Barwick <David Barwick Super Fund A/C> | 1,000,000 | 1.82 |
| 13) | Mr Brian James Cooke | 970,000 | 1.77 |
| 14) | Mr Robert James Canning-Ure | 970,000 | 1.77 |
| 15) | Mr Adam Furst | 885,502 | 1.62 |
| 16) | Blue Reef Productions Pty Ltd | 722,222 | 1.32 |
| 17) | Mr Peter Fraser | 603,136 | 1.10 |
| 18) | Mr David Andrew & Mrs Linda Ohlson <LSJB Fund A/C> | 587,443 | 1.07 |
| 19) | Warrawong Pty Ltd <Bethanga Holdings Family A/C> | 571,600 | 1.04 |
| 20) | Smaja Pty Ltd | 489,302 | 0.89 |
| | | 38,601,928 | 70.43 |

***Substantial Shareholders***

The number of shares held by substantial shareholders:

| | ORDINARY | PERCENTAGE % |
|---|---|---|
| MDA Capital Pty Ltd | 9,461,306 | 17.26 |
| Jumbo Corporation Limited | 8,648,817 | 15.78 |
| BWM Limited | 2,862,545 | 5.22 |

**GLOBAL APPROACH LIMITED**
**ACN 009 118 861**

**ASX ADDITIONAL INFORMATION**

***Restricted Securities***

There are no restricted securities on issue.

***On-market Buy-backs***

There is no current on-market buy-back of any securities.

***Unquoted Securities***

Details of the Company's unquoted options are:

| Exercise Price | Expiry Date | No. on Issue | No. of Holders |
|---|---|---|---|
| $0.10 | 31 January 2006 | 10,094,968 | 211 |

***Twenty Largest Optionholders***

| | Name | Number of options held | Percentage of options held % |
|---|---|---|---|
| 1) | Jumbo Corporation Limited | 2,580,000 | 25.56 |
| 2) | DK Barwick Investments Pty Ltd | 540,088 | 5.35 |
| 3) | Sommerville Pty Ltd | 532,784 | 5.28 |
| 4) | Mr Peter John Barker <Assets-IMC Unit No.2 A/C> | 398,723 | 3.95 |
| 5) | Mr Jose Galaz | 333,415 | 3.30 |
| 6) | Mrs Claudia Cooper | 320,000 | 3.17 |
| 7) | Mr Anthony Charles Say | 300,000 | 2.97 |
| 8) | Emarzi Pty Ltd <The SDA Investment A/C> | 295,400 | 2.93 |
| 9) | Bel-Air Services Pty Ltd | 257,000 | 2.55 |
| 10) | Mr Glenn Ross Walter Battershill | 251,471 | 2.49 |
| 11) | Macplan No.16 Pty Ltd | 250,000 | 2.48 |
| 12) | Mr Robert Foster Colefax | 200,000 | 1.98 |
| 13) | Mr James Alexander Gordon | 200,000 | 1.98 |
| 14) | Mrs Joan Denise Hunt | 200,000 | 1.98 |
| 15) | Mr Mark Scott McNally | 150,000 | 1.49 |
| 16) | Mr Laurence Simpson Hunt & Mrs Joan Denise Hunt <Super A/C> | 143,325 | 1.42 |
| 17) | Newecon Pty Ltd | 125,000 | 1.24 |
| 18) | 2M Resources Pty Ltd | 100,000 | 0.99 |
| 19) | Agmar Investments Pty Ltd | 100,000 | 0.99 |
| 20) | ANZ Nominees Limited | 100,000 | 0.99 |
| | | 7,377,206 | 73.09 |


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