TEYS PROPRIETARY LIMITED
AND ITS CONTROLLED ENTITIES
ABN 98 010 892 243

FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2007

TEYS PROPRIETARY LIMITED
AND ITS CONTROLLED ENTITIES
ABN 98 010 892 243

DIRECTORS' REPORT

Your Directors present their report on TEYS Proprietary Limited ("the company") and its controlled entities ("the Group") for the financial year ended 30 June 2007.

Directors
The names of the directors in office at any time during, or since the end of, the year are:

Directors	Position	Appointment Date
Michael John Teys	Executive Director	27 June 1991
Theodorus Eduard Ruygrok	Executive Director	1 February 2005
Peter Hasting Warne	Non-Executive Director	1 February 2005
Andrew Mark Donald Dyer	Non-Executive Director	1 February 2005

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

Operating Result
The profit of the Group for the financial year after providing for income tax and minority interest amounted to $469,147 (2006: $930,375 loss).

Review of Operations
A review of the operations of the Group during the financial year and the results of those operations show changes in market demand and competition which have seen an increase in consolidated revenues. The increase in revenues has contributed to an increase in the Group's operating profit before tax.

The revenue increase has been attributable to continued solid performance in property funds management and associated fees from the successful property sales transaction relating to Settlers Lifestyle Property Trust, strong growth driven through the Teys Income Builder, combined with the expansion of legal services being provided to managed body corporates and property funds.

Significant Changes in State of Affairs
No significant changes in the consolidated group's state of affairs occurred during the financial year.

Principal Activities
The principal activities of the Group during the financial year were as follows:

- Investing in property-related entities
- Strata management
- Funds management
- Legal services

No significant change in the nature of these activities occurred during the year.

Events Subsequent to Reporting Date
No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years, except as follows:

(i) Sale of Shares to Global Approach Limited (GLO).

In the interval between the end of the financial year and the date of this report the company entered into a Term Sheet to sell 100% of issued capital in the company to GLO who will pay to shareholders a consideration of $13,000,000 of which $5,000,000 will be in cash and $8,000,000 in shares at an issue price of $0.04. Additionally, Global Approach Limited (GLO) will also assume existing Group debt of approximately $1,750,000 at 30 June 2007.

On 24 August 2007 a Sale of Shares Agreement was signed together with a Convertible Note Deed which provided for a loan to the Group for $1,480,000. These funds have been used for the acquisition of strata management assets.

The completion of this sale is subject to numerous conditions precedent such as ongoing due diligence, shareholder approval and sufficient funds being raised by GLO to satisfy the cash component of the transaction.

(ii) Acquisition of Property Essentials Pty Limited

On 30 September 2007 the Group successfully completed the acquisition of 100% of the issued share capital in Property Essentials Pty Limited, a strata business located in Melbourne with approximately 7,200 lots under management.

Total consideration paid for the business was $4,100,000 in cash. The acquisition was funded via a $3,000,000 revolving line of credit from Macquarie Bank Limited and $1,100,000 drawn down from GLO.

(iii) Acquisition of Bannergrade Proprietary Limited.

On 31 August 2007 the Group successfully completed the acquisition of 100% of the issued share capital in Bannergrade Proprietary Limited, a strata business located in Noosa Heads with approximately 1,065 lots under management.

Total consideration paid for the business was $529,376 in cash. The acquisition was funded via a $235,000 revolving line of credit from Macquarie Bank Limited and $294,376 drawn down from GLO.

The directors and management are currently in the process of conducting a thorough review of the operations of the acquired entities in order to accurately identify the intangibles and as such believe it is impractical at the current time to include disclosure of the carrying values of assets and liabilities.

TEYS PROPRIETARY LIMITED
AND ITS CONTROLLED ENTITIES
ABN 98 010 892 243

DIRECTORS' REPORT

Likely Developments
Likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the group.

Environmental Issues
The group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Dividends Paid
No dividends were paid or declared by the company since the start of the financial year.

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

Indemnities and Insurance Premiums for Officers and Auditors
During the financial year the company has paid premiums, in respect of directors and officers liability insurance contracts for the year ended 30 June 2007. Such insurance contracts insure against certain liability (subject to specific exclusions) persons who are or have been directors or executive officers of the company.

The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability insurance contracts, as such disclosure is prohibited under the terms of the contracts.

Proceedings on Behalf of the Group
The Group is currently defending an outstanding litigation claim brought against one of its subsidiaries by a former employee, claiming an unliquidated amount of damages for alleged contractual breaches during her employment. A cross-claim has been filed by the subsidiary in response to this claim. As the status of the claim is unliquidated, it is difficult to give an accurate quantification. However, a reasonable estimate for the claim / cross-claim would be approximately \$80 – \$100k inclusive of legal costs. The amount disclosed is based on legal advice and represents the potential financial amount that the Group will be liable for.

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

....
Michael John Teys
Director

Dated in Sydney, this 2nd day of November 2007

TEYS PROPRIETARY LIMITED
AND ITS CONTROLLED ENTITIES
ABN 98 010 892 243

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007

	Note	Consolidated Group 2007 $	Consolidated Group 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
Revenue	**2**	5,934,135	4,457,278	1,200,000	1,200,000
Other revenue	**2**	689,942	293,769	16,246	373,891
Employee benefits expense		(2,740,455)	(2,859,847)	(1,777,372)	(1,436,396)
Administration expenses		(2,028,327)	(2,571,691)	(885,486)	(695,843)
Marketing expenses		(30,540)	(47,449)	(13,752)	(5,366)
Occupancy expenses	**3(a)**	(342,154)	(350,421)	(206,829)	(191,260)
Depreciation and amortisation expenses		(81,247)	(69,231)	(41,126)	(37,297)
Finance costs	**3(a)**	(245,915)	(188,880)	(119,160)	(99,463)
Other expenses from ordinary activities		(233,754)	(86,564)	(69,016)	(10,722)
Share of net losses of associates		(231,502)	-	-	-
Loss on deconsolidation of a controlled entity		(12,006)	-	-	-
Profit/(loss) from ordinary activities before income tax		678,177	(1,423,036)	(1,896,495)	(902,456)
Income tax (expense)/benefit relating to ordinary activities	**4(a)**	(206,354)	390,494	549,060	267,819
Profit/(loss) from ordinary activities after income tax		471,823	(1,032,542)	(1,347,435)	(634,637)
Profit/(loss) attributable to minority equity interest		2,676	(102,167)	-	-
Profit/(loss) attributable to members of the parent entity		469,147	(930,375)	(1,347,435)	(634,637)

The accompanying notes form part of these financial statements.

TEYS PROPRIETARY LIMITED
AND ITS CONTROLLED ENTITIES
ABN 98 010 892 243

BALANCE SHEET
AS AT 30 JUNE 2007

		Consolidated Group		Parent Entity	
		2007	2006	2007	2006
	Note	$	$	$	$
CURRENT ASSETS					
Cash and cash equivalents	6	551,071	396,565	265,579	29,085
Trade and other receivables	7	958,479	495,244	963,429	33,220
Other current assets		245,863	87,120	167,269	21,949
TOTAL CURRENT ASSETS		1,755,413	978,929	1,396,277	84,254
NON-CURRENT ASSETS					
Trade and other receivables	7	-	79,541	-	729,636
Investments accounted for using equity method	8	261,468	-	-	-
Financial assets	9	-	-	187,830	187,830
Plant and equipment	10	471,336	428,814	302,930	289,847
Deferred tax assets	11	617,065	808,067	346,239	538,834
Intangible assets	12	223,504	775,094	-	-
TOTAL NON-CURRENT ASSETS		1,573,373	2,091,516	836,999	1,746,147
TOTAL ASSETS		3,328,786	3,070,445	2,233,276	1,830,401
CURRENT LIABILITIES					
Trade and other payables	13	1,200,594	1,643,402	657,195	1,739,785
Financial liabilities	14	2,866,826	2,240,475	4,056,966	906,659
Current tax liabilities	11	21,101	1,297	-	-
Short-term provisions	15	102,011	93,485	62,912	42,183
TOTAL CURRENT LIABILITIES		4,190,532	3,978,659	4,777,073	2,688,627
NON-CURRENT LIABILITIES					
Deferred tax liabilities	11	6,554	11,377	-	10,901
Financial liabilities	14	143,236	564,767	67,192	394,428
TOTAL NON-CURRENT LIABILITIES		149,790	576,144	67,192	405,329
TOTAL LIABILITIES		4,340,322	4,554,803	4,844,265	3,093,956
NET LIABILITIES		(1,011,536)	(1,484,358)	(2,610,989)	(1,263,555)
EQUITY					
Issued capital	16	900,005	900,005	900,005	900,005
Accumulated losses		(1,815,161)	(2,284,308)	(3,510,994)	(2,163,560)
Parent interest		(915,156)	(1,384,303)	(2,610,989)	(1,263,555)
Minority equity interest		(96,380)	(100,055)	-	-
TOTAL EQUITY		(1,011,536)	(1,484,358)	(2,610,989)	(1,263,555)

The accompanying notes form part of these financial statements.

TEYS PROPRIETARY LIMITED
AND ITS CONTROLLED ENTITIES
ABN 98 010 892 243

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2007

	SHARE CAPITAL				
	Ordinary $	Convertible Preference $	Accumulated Losses $	Minority Equity Interests $	Total $
CONSOLIDATED GROUP					
Balance at 1 July 2005	500,000	400,005	(1,351,821)	-	(451,816)
Loss attributable to members of parent entity	-	-	(930,375)	-	(930,375)
Loss attributable to minority interest	-	-	-	(102,167)	(102,167)
Balance at 30 June 2006	500,000	400,005	(2,282,196)	(102,167)	(1,484,358)
Profit attributable to members of parent entity	-	-	469,147	-	469,147
Profit attributable to minority interest	-	-	-	2,676	2,676
Reversal of accumulated losses from a controlled entity to associate	-	-	-	999	999
Balance at 30 June 2007	500,000	400,005	(1,813,049)	(98,492)	(1,011,536)
PARENT ENTITY					
Balance at 1 July 2005	500,000	400,005	(1,528,923)	-	(628,918)
Loss attributable to members of parent entity	-	-	(634,637)	-	(634,637)
Balance at 30 June 2006	500,000	400,005	(2,163,560)	-	(1,263,555)
Loss attributable to members of parent entity	-	-	(1,347,434)	-	(1,347,434)
Balance at 30 June 2007	500,000	400,005	(3,510,994)	-	(2,610,989)

The accompanying notes form part of these financial statements.

TEYS PROPRIETARY LIMITED
AND ITS CONTROLLED ENTITIES
ABN 98 010 892 243

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007

	Note	Consolidated Group 2007 $	Consolidated Group 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		6,369,183	5,114,321	1,367,922	1,698,647
Payments to suppliers and employees		(6,109,141)	(5,198,313)	(4,239,034)	(1,095,501)
Interest received		8,172	15,591	2,246	7,449
Dividends received		112,000	-	-	-
Finance costs		(183,857)	(173,922)	(57,101)	(84,505)
Income tax paid		(137)	(13,961)	-	-
Income tax refund received		-	9,411	-	-
Net cash provided by/(used in) operating activities	**19(a)**	196,220	(246,873)	(2,925,967)	526,090
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of plant and equipment		(195,911)	(100,796)	(54,209)	(73,704)
Proceeds from sale of plant and equipment		-	19,175	-	19,175
Proceeds from sale of a subsidiary, less cash disposed		234,553	-	-	-
Payment for acquisition of additional interest in a subsidiary, less net assets acquired		-	(209,247)	-	-
Loans provided to related parties		(76,617)	(136,776)	(1,545,456)	(3,570,847)
Repayments of loans from related parties		56,955	130,546	3,202,121	2,905,706
Net cash provided by/(used in) investing activities		18,980	(297,098)	1,602,456	(719,670)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings		717,322	3,383,265	2,585,583	400,000
Repayment of borrowings		(778,016)	(2,533,045)	(985,578)	(139,562)
Net cash provided by/(used in) financing activities		(60,694)	850,220	1,600,005	260,438
Net increase in cash and cash equivalents		154,506	306,249	276,494	66,858
Cash and cash equivalents at beginning of year		396,565	90,316	(10,915)	(77,773)
Cash and cash equivalents at end of year	**6**	551,071	396,565	265,579	(10,915)

The accompanying notes form part of these financial statements.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report covers the consolidated group of TEYS Proprietary Limited ("the Company") and controlled entities ("the Group"), and TEYS Proprietary Limited as an individual parent entity. TEYS Proprietary Limited is a small proprietary company limited by shares, incorporated and domiciled in Australia.

The following is a summary of the material accounting policies adopted by the Group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

The accounting policies set out below have been consistently applied to all years presented.

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Accounting Policies

(a) Principles of Consolidation

A controlled entity is any entity that TEYS Proprietary Limited has the power to control the financial and operating policies of so as to obtain benefits from its activities.

A list of controlled entities is contained in Note 9 to the financial statements. The controlled entities have a 30 June financial year end.

All inter-company balances and transactions between entities in the Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the Group during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

Minority equity interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

(b) Income Tax

The charge for current income tax expenses is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantially enacted at balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Income Tax (Continued)

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

TEYS Proprietary Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the Tax Consolidation Regime. TEYS Proprietary Limited is responsible for recognising the current and deferred tax assets and liabilities for the tax consolidated group.

The Group made an election to form a tax consolidation group from 1 July 2004. The tax consolidated group has undertaken to enter into a tax sharing agreement whereby each Company in the Group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

The deferred tax are allocated to members of the tax consolidated group in accordance with the principles of AASB 112 - Income Taxes.

(c) Plant and Equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including capitalised lease assets is depreciated over their useful life to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

The depreciation method and rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Method	Depreciation Rate
Furniture and fixtures	Diminishing cost and straight-line	10% to 37.5%
Office equipment	Diminishing cost and straight-line	10% to 20%
Motor vehicles	Diminishing cost	22.5%
Leasehold improvements	Straight-line	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Leases
Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the Group are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(e) Financial instruments
Recognition
Financial instruments are initially measured at cost on trade date, which includes transactions costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated as amortised cost using the effective interest rate method.

Financial liabilities
Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Impairment
At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the income statement.

(f) Impairment of Assets
At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(g) Investments in Associates
Investments in associate companies are recognised in the financial statements by applying the equity method of accounting. The equity method of accounting recognises the Group's share of post-acquisition reserves of its associates.

(h) Intangibles - Goodwill
Goodwill on consolidation is initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Employee Benefits
Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(j) Cash and Cash Equivalents
Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(k) Revenue
Revenue from strata management, legal services and funds management are recognised over the respective periods to which the service was performed as well as expenses incurred on behalf of customers.

Revenue from the rendering of other services is recognised upon the delivery of the service to the customers.

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates are accounted for in accordance with the equity method of accounting.

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

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

(l) Borrowing Costs
Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

(m) Goods and Services Tax (GST)
Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(n) Comparative Figures
Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(o) New Accounting Standards and Interpretations
Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2007 reporting periods. The Directors of the company’s assessment of the impact of these new standards (to the extent relevant to the Group) and interpretations is set out below:

AASB101 Presentation of Financial Statements (Revised)
AASB 101 (Revised) is applicable to annual reporting periods beginning on or after 1 January 2007. The Group has not adopted this standard early. Application of this standard will not affect the financial report for the year ended 30 June 2007.

AASB 7 Financial Instruments: Disclosures and AASB 2005-10 Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB1023 & AASB 1038]

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) New Accounting Standards and Interpretations (Continued)
AASB 7 and AASB 2005-10 are applicable to annual reporting periods beginning on or after 1 January 2007. The Group has not adopted these standards early. Application of these standards will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to the Group's financial instruments.

(p) Going Concern
At 30 June 2007, the Group has a deficiency of assets over liabilities of $1,011,536 (2006: $1,484,358) and a net working capital deficiency of $2,435,119 (2006: $2,999,730).

During the year ended 30 June 2007, the Group had a net profit after tax and minority interest of $469,147 (2006: $930,375 los from continued ordinary activities after tax and cash inflows of $196,220 (2006: $246,873 outflows) from operating activities.

Notwithstanding the Group's deficiency of net assets and net working capital, the financial report has been prepared on a going concern basis as the directors believe the group will be able to pay its debts as and when they become due and payable taking into account the following factors:

(i) On 24 August 2007, Global Approach Limited ("GLO") announced that it had entered into a Sale of Share Agreement to acquire 100% of the issued capital of TEYS Proprietary Limited ("TPL") and that GLO would also assume the Group's debt of approximately $1.75 million.

(ii) GLO further signed a Convertible Note Deed which provides for GLO to loan TPL $1.48 million. These funds have now been provided to TPL to assist in the acquisition of strata management businesses by the Group.

(iii) TPL has currently acquired two new strata management businesses through the loan from GLO as noted above and further debt funding from Macquarie Bank Limited. Total acquisitions to date amounted to $4.63 million of which $3.24 million was funded through a revolving line of credit facility. These two acquisitions are expected to significantly add to the earnings and profitability of the Group.

(iv) The Group has received a guarantee of continuing financial support from existing directors and director-related entities to the value of $1.0 million to allow the Group to meet its liabilities as and when they fall due. A further loan from a private lender of $0.5 million has been extended to 31 December 2007. It is the belief of the directors that such financial support will continue to be made available.

(q) Critical Accounting Estimates and Judgments
The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key Estimates — Impairment
The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

No impairment has been recognised in respect of goodwill for the year ended 30 June 2007.

Key judgments — Provision for Impairment of Receivables
Included in accounts receivable at 30 June 2007 are amounts receivable amounting to $281,472 from services made to Timpana Holdings Pty Ltd and Elway Bridging Fund. The directors believe that the full amount of these debts are not recoverable, hence a full provision for impairment of the receivables has been made at 30 June 2007.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The financial report was authorised for issue on 2 November 2007 by the board of directors.

	Consolidated Group		Parent Entity	
	2007	2006	2007	2006
	$	$	$	$
NOTE 2: REVENUE				
(a) Operating Activities:				
Revenue from strata management	1,269,317	1,965,407	-	-
Revenue from funds management	3,986,973	2,168,183	-	-
Management fees from subsidiaries and associates	44,834	-	1,200,000	1,200,000
Revenue from legal services	633,011	323,688	-	-
	5,934,135	4,457,278	1,200,000	1,200,000
(b) Other Revenue:				
Gain from acquisition of investment in associate	418,981	-	-	-
Dividend revenue	112,000	-	-	-
Interest revenue from other persons	8,172	15,591	2,246	7,449
Gain on disposal of a controlled entity	25,493	-	-	-
Sundry income	125,296	278,178	14,000	366,442
	689,942	293,769	16,246	373,891
NOTE 3: PROFIT/(LOSS) FOR THE YEAR				
(a) Expenses:				
Finance costs:				
- External	151,273	128,601	29,160	53,181
- Related entities	94,642	60,279	90,000	46,282
	245,915	188,880	119,160	99,463
Bad and doubtful debts:				
- Trade receivables	225,661	71,145	-	-
- Wholly owned subsidiaries	-	-	2,000	-
- Other related parties	-	116,524	-	-
	225,661	187,669	2,000	-
Rental expense on operating leases				
- Minimum lease payments	322,988	309,719	198,025	184,664
(b) Significant Revenue and Expenses:				
The following significant revenue/(expense) items are relevant in explaining the financial performance:				
- Gain from acquisition of investment in associate	418,981	-	-	-
- Impairment loss on investment in associate	(142,167)	-	-	-
- Dividend income passed on by a former director of an associate	87,500	-	-	-

	Consolidated Group		Parent Entity	
	2007	2006	2007	2006
	$	$	$	$
NOTE 4: INCOME TAX EXPENSE/(BENEFIT)				
(a) The components of tax expense/(benefit) comprise:				
Current tax	769,965	152,222	-	-
Deferred tax	(563,611)	(542,716)	(549,060)	(267,819)
	206,354	(390,494)	(549,060)	(267,819)
(b) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:				
The prima facie tax payable/(refundable) on profit/(loss) from ordinary activities before income tax at 30% (2006: 30%)	203,453	(426,911)	(568,949)	(270,737)
Add:				
Current year over/under provision	14,006	22,431	19,889	2,918
Other non-allowable items	(11,105)	13,986	-	
	206,354	(390,494)	(549,060)	(267,819)
The applicable weighted average effective tax rates are as follows:	30%	27%	29%	30%

NOTE 5: AUDITORS' REMUNERATION

	Consolidated Group 2007 $	Consolidated Group 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
Remuneration of the auditor of the parent entity for:				
- auditing or reviewing the financial report	157,000	-	157,000	-
- tax review	30,500	-	30,500	-
Remuneration of other auditors of subsidiaries for:				
- auditing or reviewing the financial report of subsidiaries	29,804	2,919	-	-
- tax review	15,500	-	-	-
	232,804	2,919	187,500	-

Audit and associated fees of $157,000 has been included in prepayments at 30 June 2007 until determination of whether the Group will be acquired by Global Approach Limited through the issue of new shares, at which time the costs will be allocated directly against share capital.

NOTE 6: CASH AND CASH EQUIVALENTS

	Consolidated Group 2007 $	Consolidated Group 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
CURRENT				
Cash at bank and in hand	551,071	396,565	265,579	29,085

The effective interest rate on short term bank deposits was 3.81% (2006: 3.51%).

	Consolidated Group		Parent Entity	
	2007	2006	2007	2006
	$	$	$	$
NOTE 6: CASH AND CASH EQUIVALENTS (CONTINUED)				
Reconciliation of Cash				
Cash at end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:				
Cash and cash equivalents	551,071	396,565	265,579	29,085
Bank overdrafts	-	-	-	(40,000)
	551,071	396,565	265,579	(10,915)

NOTE 7: TRADE AND OTHER RECEIVABLES

	Consolidated Group 2007 $	Consolidated Group 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
CURRENT				
Trade receivables:				
- Other related parties	653,531	460,210	-	-
- Others	190,670	79,900	-	-
Provision for impairment of receivables	(281,472)	(55,576)	-	-
	562,729	484,534	-	-
Amounts receivable from:				
- Wholly owned subsidiaries	-	-	266,251	-
- Partly owned subsidiaries	-	-	339,024	-
- Associated companies	-	-	(8,276)	-
- Other related parties	395,052	-	367,732	-
Provision for impairment of receivables	-	-	(2,000)	-
	395,052	-	962,731	-
Other receivables	698	10,710	698	33,220
	958,479	495,244	963,429	33,220
NON-CURRENT				
Amounts receivable from:				
- Wholly owned subsidiaries	-	-	-	492,570
- Partly owned subsidiaries	-	-	-	193,821
- Other related parties	-	79,541	-	43,245
	-	79,541	-	729,636

	Consolidated Group		Parent Entity	
	2007	2006	2007	2006
	$	$	$	$
NOTE 8: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD				
Associated companies	261,468	-	-	-

(a) Interest are held in the following associated companies:

Name (unlisted):	TEYS Strata (Brisbane) Pty Ltd	R.F.A. Management Ltd (RFA)
Principal activities:	Strata management	Management services, funds management & finance provider
Country of incorporation:	Australia	Australia
Shares:	Ordinary	Ordinary
Ownership interest:		
2007	50%	19.97%
2006	100%	Nil
Carrying amount of investment:		
2007	$239,620	$21,848
2006	Nil	Nil

	Consolidated Group		Parent Entity	
	2007	2006	2007	2006
	$	$	$	$
(b) Movements during the year in equity accounted investments in associated companies				
Balance at beginning of the financial year	-	-	-	-
Add: New investment during the year	418,981	-	-	-
Change of a controlled entity to an associate	275,796	-	-	-
Less: Loss on impairment	(142,167)	-	-	-
Share of associated companies' loss after tax				
- post acquisition	(231,502)	-	-	-
- pre-acquisition	(59,640)	-	-	-
Balance at end of the financial year	261,468	-	-	-

The impairment loss of $147,167 was recognised for the investment in RFA to agree the investment balance to the corresponding interest of the Company in RFA's net assets amounting to $21,848. The loss forms part of "other expenses from ordinary activities" in the income statement.

	Consolidated Group 2007 $	Consolidated Group 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
(c) Equity accounted losses of associates are broken down as follows:				
Shares of associate's loss before income tax benefit	(383,539)	-	-	-
Share of associate's income tax benefit	152,037	-	-	-
Shares of associate's profit after income tax expense	(231,502)	-	-	-

NOTE 8: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

(d) Summarised presentation of aggregate assets, liabilities and performance of associates

	Consolidated Group 2007 $	Consolidated Group 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
Current assets	4,569,613	-	-	-
Non-current assets	7,555,526	-	-	-
Total assets	12,125,139	-	-	-
Current liabilities	3,761,856	-	-	-
Non-current liabilities	8,232,490	-	-	-
Total liabilities	11,994,346	-	-	-
Net assets	130,793	-	-	-
Revenues	5,457,119	-	-	-
Loss after income tax of associates	(233,137)	-	-	-

NOTE 9: CONTROLLED ENTITIES

(a) Controlled Entities Consolidated

	Note	Country of Incorporation	Percentage Owned* 2007	Percentage Owned* 2006
Parent Entity:				
TEYS Proprietary Limited		Australia		
Subsidiaries of TEYS Proprietary Limited:				
TEYS Property Funds Limited		Australia	100%	100%
TEYS Legal Pty Ltd		Australia	100%	100%
TEYS Real Estate Pty Ltd		Australia	100%	100%
TEYS Strata Proprietary Limited		Australia	100%	100%
TEYS Private Proprietary Limited		Australia	100%	100%
TEYS Strata (Gold Coast) Pty Ltd		Australia	60%	60%
TEYS Strata (Sunshine Coast) Pty Ltd		Australia	60%	60%
TEYS Strata (Brisbane) Pty Ltd	**9(b)**	Australia	50%	100%

** Percentage of voting power is in proportion to ownership*

(b) Disposal of a Controlled Entity

On 25 January 2007, the parent entity disposed 50% of its interest in TEYS Strata (Brisbane) Pty Ltd. An operating profit of $25,493 after income tax was attributable to members of the parent entity from the disposal.

As a result of the disposal, the parent entity lost control but as significant influence is retained, TEYS Strata (Brisbane) Pty Ltd is considered an associate and the related investment is disclosed in Note 8 to the financial statements.

	Consolidated Group		Parent Entity	
	2007	2006	2007	2006
	$	$	$	$
NOTE 10: PLANT AND EQUIPMENT				
Furniture and fixtures - at cost	273,411	267,225	181,849	156,182
Less accumulated depreciation	(41,605)	(94,724)	(33,940)	(21,718)
	231,806	172,501	147,909	134,464
Office equipment - at cost	178,328	147,408	110,888	82,346
Less accumulated depreciation	(94,834)	(59,803)	(58,250)	(38,138)
	83,494	87,605	52,638	44,208
Motor vehicles - at cost	150,008	166,829	88,180	88,180
Less accumulated depreciation	(31,765)	(38,594)	(15,158)	(8,032)
	118,243	128,235	73,022	80,148
Leasehold improvements - at cost	42,302	43,052	33,327	33,327
Less accumulated amortisation	(4,509)	(2,579)	(3,966)	(2,300)
	37,793	40,473	29,361	31,027
Total Plant and Equipment	471,336	428,814	302,930	289,847

(a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year:

	Furniture & Fixtures $	Office Equipment $	Motor Vehicles $	Leasehold Improvements $	Total $
Consolidated Group					
Balance at 1 July 2005	160,107	76,239	177,650	26,383	440,379
Additions	39,163	46,143	-	15,489	100,795
Depreciation expense	(16,614)	(34,710)	(16,508)	(1,399)	(69,231)
Disposals	-	-	(23,000)	-	(23,000)
Write-off of assets	(10,155)	(67)	(9,907)	-	(20,129)
Balance at 30 June 2006	172,501	87,605	128,235	40,473	428,814
Additions	93,329	40,754	61,828	-	195,911
Depreciation expense	(18,953)	(36,632)	(23,733)	(1,929)	(81,247)
Fixed assets of disposed subsidiary	(19,519)	(3,786)	(48,087)	(750)	(72,142)
Reclassification	4,448	(4,447)	-	(1)	-
Balance at 30 June 2007	231,806	83,494	118,243	37,793	471,336
Parent Entity					
Balance at 1 July 2005	115,848	31,189	111,978	17,425	276,440
Additions	29,017	29,949	-	14,738	73,704
Depreciation expense	(10,401)	(16,930)	(8,830)	(1,136)	(37,297)
Disposals	-	-	(23,000)	-	(23,000)
Balance at 30 June 2006	134,464	44,208	80,148	31,027	289,847
Additions	25,668	28,541	-	-	54,209
Depreciation expense	(12,223)	(20,111)	(7,126)	(1,666)	(41,126)
Balance at 30 June 2007	147,909	52,638	73,022	29,361	302,930

	Consolidated Group 2007 $	Consolidated Group 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
NOTE 11: TAX				
CURRENT				
Current tax liability	21,101	1,297	-	-

NON-CURRENT	Opening Balance $	Charged to Income Statement $	Losses from Subsidiaries $	Reversal from Disposed Subsidiary $	Closing Balance $
Consolidated Group					
Deferred tax assets					
Receivables					
- provisions & adjustments to tax returns	-	91,221	-	-	91,221
Property, plant and equipment					
- amortisation	-	900	-	-	900
Sundry creditors and accrued expenses					
- provisions	2,904	80,518	-	-	83,422
Losses					
- revenue	396,878	360,664	(125,018)	-	632,524
Balance at 30 June 2006	396,878	533,303	(125,018)	-	808,067
Receivables					
- provisions & adjustments to tax returns	91,221	28,177	-	-	119,398
Property, plant and equipment					
- amortisation	900	4,995	-	(171)	5,724
Sundry creditors and accrued expenses					
- provisions	83,422	26,292	-	-	109,714
Losses					
- revenue	632,524	480,459	(730,754)	-	382,229
Balance at 30 June 2007	808,067	539,923	(730,754)	(171)	617,065
Deferred tax liabilities					
Property, plant and equipment					
- amortisation	-	128	-	-	128
Sundry creditors and accrued expenses					
- provisions	(5,206)	16,455	-	-	11,249
Balance at 30 June 2006	(5,206)	16,583	-	-	11,377
Other financial assets					
- revaluation	-	6,554	-	-	6,554
Property, plant and equipment					
- amortisation	128	(128)	-	-	-
Sundry creditors and accrued expenses					
- provisions	11,249	(10,901)	-	(348)	-
Balance at 30 June 2007	11,377	(4,475)	-	(348)	6,554

	Opening Balance $	Charged to Income Statement $	Net Tax Liabilities from Subsidiaries $	Reversal from Disposed Subsidiary $	Closing Balance $
Parent Entity					
Deferred tax assets					
Losses					
- revenue	385,132	278,720	(125,018)	-	538,834
Balance at 30 June 2006	385,132	278,720	(125,018)	-	538,834
Property, plant and equipment					
- amortisation	-	2,486	-	-	2,486
Sundry creditors and accrued expenses					
- provisions	-	67,812	-	-	67,812
Losses					
- revenue	538,834	467,861	(730,754)	-	275,941
Balance at 30 June 2007	538,834	538,159	(730,754)	-	346,239
Deferred tax liabilities					
Sundry creditors and accrued expenses					
- provisions		10,901	-	-	10,901
Balance at 30 June 2006	-	10,901	-	-	10,901
Sundry creditors and accrued expenses					
- provisions	10,901	(10,901)	-	-	-
Balance at 30 June 2007	10,901	(10,901)	-	-	-

(a) Other Balance Sheet Items

Total intercompany loans resulting from UIG 1052 adjustments during the year amounted to $749,968 (2006: $24,023).

	Consolidated Group 2007 $	Consolidated Group 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
NOTE 12: INTANGIBLE ASSETS				
NON-CURRENT				
Goodwill - at cost	223,504	775,094	-	-

(a) Movements in Carrying Amount

Movement in the carrying amount of goodwill between the beginning and the end of the current financial year:

	Goodwill $
Balance at 1 July 2005	565,847
Additions	209,247
Balance at 30 June 2006	775,094
Disposals	(551,590)
Balance at 30 June 2007	223,504

	Note	Consolidated Group 2007 $	Consolidated Group 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
NOTE 13: TRADE AND OTHER PAYABLES					
CURRENT					
Trade payables					
- Others		342,295	436,887	100,237	84,190
Sundry payables and accrued expenses		858,299	1,206,515	556,958	1,655,595
		1,200,594	1,643,402	657,195	1,739,785

Sundry payables and accrued expenses include accrued superannuation of a director and a shareholder amounting to $123,661 (2006: $88,456).

NOTE 14: FINANCIAL LIABILITIES

	Note	Consolidated Group 2007 $	Consolidated Group 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
CURRENT					
Bank loans (secured)	**14(b)**	1,264,179	1,272,063	-	-
Lease liability (secured)	**14(c),17**	32,304	73,137	12,278	11,384
Related party loans (secured and unsecured)	**14(d)**	1,068,284	895,275	3,542,630	895,275
Other loan (secured)	**14(e)**	502,059	-	502,058	-
		2,866,826	2,240,475	4,056,966	906,659
NON-CURRENT					
Lease liability (secured)	**14(c),17**	143,236	79,470	67,192	79,470
Related party loans (unsecured)	**14(d)**	-	485,297	-	314,958
		143,236	564,767	67,192	394,428
(a) Total current and non-current secured liabilities:					
Bank loans		1,264,179	1,272,063	-	-
Lease liabilities		175,540	152,607	79,470	90,854
Related party loans		100,000	100,000	100,000	100,000
Other loan		502,059	-	502,058	-
		2,041,778	1,524,670	681,528	190,854

(b) Bank loans

The bank loans relate to short-term commercial bill facilities with an interest rate of 6.65% per annum at 30 June 2007. The facility expires on 30 June 2007 but was extended for 3 months up to 30 September 2007, and then a further 3 months up to 31 December 2007. The bank loans are secured by the net assets of the Group and TEYS Holdings Pty Ltd, a director-related entity.

Another bank loan amounting to $14,179 (2006: $22,063) bears interest of 8.42% pa. This was a business mortgage loan obtained by a director of one of the subsidiaries in his name, on behalf of the subsidiary, prior to its acquisition. The repayment of the loan is the responsibility of the Group.

(c) Lease liabilities

Lease liabilities represents finance leases of two motor vehicles and leasehold improvements with interest payable from 5.9% pa to 8.5% pa. One of the motor vehicles is secured by the asset acquired. The liability of the other motor vehicle is guaranteed by two subsidiaries, a director and a director-related entity.

NOTE 14: FINANCIAL LIABILITIES (CONTINUED)

(d) Related party loans

Unsecured deposit notes were issued to two directors of the parent entity with a balance at 30 June 2007 of $187,479 (2006: $163,118), comprising of 150 notes for each director at an issue price of $1,000 per deposit note. The notes are due on 27 March 2009 and bear interest of 7% pa. However, a default rate of 20% was paid or payable during the year due to non-payment of interest.

Another loan from a director-related entity of $100,000 (2006: $100,000) represents a $250,000 loan facility obtained from a funds provider on behalf of the Company for working capital purposes. This loan bears interest of 2.5% per month and is guaranteed directly by a director. The loan is secured with a fixed and floating charge over all assets and undertakings of the director-related entity.

Also, the Group has a vendor loan agreement with a director of one of the subsidiaries amounting to $40,390 (2006: $80,780). The loan is due on 15 December 2007 and bears interest of 6% pa.

All related party loans are unsecured unless otherwise mentioned.

(e) Other loan

Other loan represents a loan obtained from a third party which pays interest of 10% and is due on 31 December 2007. The loan is guaranteed directly by one of the directors.

	Consolidated Group		Parent Entity	
	2007	2006	2007	2006
	$	$	$	$
NOTE 15: PROVISIONS				
CURRENT				
Employee Benefits				
Opening balance at the beginning of the year	93,485	-	42,183	-
Additional provisions	8,526	93,485	20,729	42,183
Closing balance at the end of the year	102,011	93,485	62,912	42,183

The above provision has been recognised for employee entitlements relating to annual leave.

NOTE 16: ISSUED CAPITAL				
(disclose authorised capital)				
320,000 (2006: 320,000) fully paid ordinary shares	500,000	500,000	500,000	500,000
80,000 (2006: 80,000) fully paid convertible preference shares	400,005	400,005	400,005	400,005
	900,005	900,005	900,005	900,005

(a) Ordinary Shares

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

(b) Convertible Preference Shares

The convertible preference shares do not carry any voting rights, or to move or second any resolutions at general meetings. The shares do not earn dividends and each share is convertible into one ordinary share.

NOTE 17: CAPITAL AND LEASING COMMITMENTS

	Consolidated Group		Parent Entity	
	2007	2006	2007	2006
	$	$	$	$
(a) Finance Lease and Hire Purchase Commitments				
Not longer than 1 year	45,182	79,633	17,880	17,880
Longer than 1 year but not longer than 5 years	165,031	93,310	75,430	93,310
Minimum lease payments	210,213	172,943	93,310	111,190
Less future finance charges	34,673	20,336	13,840	20,336
Total Lease Liability	175,540	152,607	79,470	90,854

Finance leases consist of motor vehicles and leasehold improvements. Leases are non-cancellable with up to five year terms from initial lease commitment. Refer to Note 14(c).

(b) Operating Rental Commitments

Operating rental commitments not capitalised in the financial statements:

	Consolidated Group 2007 $	Consolidated Group 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
Not longer than 1 year	358,364	442,851	220,016	203,391
Longer than 1 year but not longer than 5 years	679,270	1,278,891	432,795	652,811
	1,037,634	1,721,742	652,811	856,202

The operating rental commitments relate to the lease of office equipment and the following office spaces, disclosed under administration and occupancy expenses in the income statement, respectively:

Location	Termination Date	Terms
Suite 69 Lower Deck, Jones Bay Wharf, Pirrama Road, Pyrmont NSW	14 June 2010	Rent is payable monthly and any increase is based on CPI.
Suite 71 Lower Deck, Jones Bay Wharf, Pirrama Road, Pyrmont NSW	31 January 2010 with a 3-year renewal option	Rent is payable monthly and average annual increase is 4.5%.
Suite 25A, Ashmore Commercial Centre 207 Currumburra Road, Ashmore QLD	31 January 2009	Rent is payable monthly and any increase is based on CPI.
Suite 5 Lakeview Centre, 30 Main Drive, Kiwana Waters QLD	31 October 2010 with a 5-year renewal option	Rent is payable monthly with an annual increase of 4% on the previous year's rent except for years 5 and 10 which will be based on market rent.

NOTE 18: CONTINGENT LIABILITIES

Estimates of the potential financial effect of contingent liabilities that may become payable:

Litigation by Former Employee

The Group is currently defending an outstanding litigation claim brought against one of its subsidiaries by a former employee, claiming an unliquidated amount of damages for alleged contractual breaches during her employment. A cross-claim has been filed by the subsidiary in response to this claim. As the status of the claim is unliquidated, it is difficult to give an accurate quantification.

NOTE 18: CONTINGENT LIABILITIES (CONTINUED)

Related Party Guarantees Provided by the Parent Entity

The parent entity has provided no guarantees to third parties in relation to the performance and obligations of controlled entities in respect to banking facilities, approved deeds and property lease rentals. Guarantees in relation to financial liabilities with non-related parties are disclosed in Note 14 to the financial statements.

Apart from the above, the Group has no other contingent liabilities as at reporting date.

NOTE 19: CASH FLOW INFORMATION

	Consolidated Group		Parent Entity	
	2007	2006	2007	2006
	$	$	$	$
(a) Reconciliation of cash flow from operations with profit after income tax				
Profit/(loss) after income tax	471,823	(1,032,542)	(1,347,435)	(634,637)
Non-cash flows in profit:				
Doubtful debt expense	225,661	187,669	2,000	-
Depreciation	81,247	69,231	41,126	37,297
Loss on write-off of plant and equipment	-	20,129	-	-
Loss on sale of plant and equipment	-	3,825	-	3,825
Movement in deferred tax assets and liabilities	186,413	(392,632)	(549,060)	(267,820)
Gain on sale of subsidiary	(25,493)		-	-
Loss on deconsolidation	12,006	-	-	-
Gain from acquisition of investment in associate	(418,981)	-		-
Impairment loss on investment in associate	142,167	-		-
Share of associated companies' net loss after income tax and dividends	231,502	-	-	-
Changes in asset and liabilities:				
Decrease / (increase) in trade and other receivables	(296,191)	(21,830)	32,522	(24,439)
Decrease / (increase) in other current assets	(1,743)	22,308	11,680	(7,777)
(Decrease) / increase in trade and other payables	(457,309)	809,102	(1,137,529)	1,377,458
(Decrease) / increase in current tax liabilities	19,804	(5,618)	-	-
Increase in provisions	25,314	93,485	20,729	42,183
Cash flow from operations	196,220	(246,873)	(2,925,967)	526,090

NOTE 19: CASH FLOW INFORMATION (CONTINUED)

(b) Disposal of Entities

During the year, 50% interest in TEYS Strata (Brisbane) Pty Ltd, a controlled entity was sold. Aggregate details of this transaction are:

		Consolidated Group 2007 $
Disposal price		
Cash consideration		313,292
Assets and liabilities held at disposal date:		
Cash	78,739	
Receivables	3,608	
Plant and equipment	92,872	
Other assets	2,207	
Payables	(154,416)	
Net assets	23,010	
Less minority interest in prior years	(998)	
Net assets attributable to parent entity at disposal date	24,008	
Interest sold - 50%		12,004
Goodwill on original acquisition of the subsidiary		275,795
Net gain on disposal		25,493

	Consolidated Group 2007 $	Consolidated Group 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
(c) Credit Standby Arrangements with Banks				
Commercial bill facility	1,250,000	1,250,000	1,250,000	1,250,000
Amount utilised	(1,250,000)	(1,250,000)	(1,250,000)	(1,250,000)
	-	-	-	-

The commercial bill facility is a short-term variable interest rate facility provided by an Australian bank as disclosed in Note 14(b) to the financial statements.

	Consolidated Group 2007 $	Consolidated Group 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
(d) Loan Facilities				
Loan facility	250,000	250,000	250,000	250,000
Amount utilised	(100,000)	(100,000)	(100,000)	(100,000)
	150,000	150,000	150,000	150,000

The loan facility is obtained by a director-related entity on behalf of the company. Refer to Note 14(d) to the financial statements.

NOTE 20: EVENTS SUBSEQUENT TO REPORTING DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years, except as follows:

(i) Sale of Shares to Global Approach Limited (GLO).

In the interval between the end of the financial year and the date of this report the company entered into a Term Sheet to sell 100% of issued capital in the company to GLO who will pay to shareholders a consideration of $13,000,000 of which $5,000,000 will be in cash and $8,000,000 in shares at an issue price of $0.04. Additionally, Global Approach Limited (GLO) will also assume existing Group debt of approximately $1,750,000 at 30 June 2007.

On 24 August 2007 a Sale of Shares Agreement was signed together with a Convertible Note Deed which provided for a loan to the Group for $1,480,000. These funds have been used for the acquisition of strata management assets.

The completion of this sale is subject to numerous conditions precedent such as ongoing due diligence, shareholder approval and sufficient funds being raised by GLO to satisfy the cash component of the transaction.

(ii) Acquisition of Property Essentials Pty Limited

On 30 September 2007 the Group successfully completed the acquisition of 100% of the issued share capital in Property Essentials Pty Limited, a strata business located in Melbourne with approximately 7,200 lots under management.

Total consideration paid for the business was $4,100,000 in cash. The acquisition was funded via a $3,000,000 revolving line of credit from Macquarie Bank Limited and $1,100,000 drawn down from GLO.

(iii) Acquisition of Bannergrade Proprietary Limited.

On 31 August 2007 the Group successfully completed the acquisition of 100% of the issued share capital in Bannergrade Proprietary Limited, a strata business located in Noosa Heads with approximately 1,065 lots under management.

Total consideration paid for the business was $529,376 in cash. The acquisition was funded via a $235,000 revolving line of credit from Macquarie Bank Limited and $294,376 drawn down from GLO.

The directors and management are currently in the process of conducting a thorough review of the operations of the acquired entities in order to accurately identify the intangibles and as such believe it is impractical at the current time to include disclosure of the carrying values of assets and liabilities.

NOTE 21: KEY MANAGEMENT PERSONNEL COMPENSATION

	Short-Term Benefits $	Post-Employment Benefits $	Total $
2007			
Total compensation	1,586,122	96,711	1,682,833
2006			
Total compensation	847,394	64,435	911,829

The short-term benefits include non-cash benefits such as motor vehicle, communication equipment, car parking and gym membership amounting to $105,340 for the year ended 30 June 2007 (2006: $75,640).

	Consolidated Group		Parent Entity	
	2007	2006	2007	2006
	$	$	$	$

NOTE 22: RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions with related parties:

	Consolidated Group 2007 $	Consolidated Group 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
(a) Subsidiaries				
Expenses chargeable to a subsidiary:				
- Management fees	-	-	1,200,000	1,200,000
- Accounting and administration fees	-	-	-	84,323
(b) Associated Companies				
Dividend income received from associates	112,000	-	-	-
Expenses chargeable to associates:				
- Management fees	299,127	-	-	-
- Accounting fees	14,000	-	14,000	-
(c) Other Related Parties				
Director fees paid	194,782	119,074	37,500	50,000
Management fees paid to:				
- Directors of subsidiaries	33,342	55,000	-	-
- Director of an associate	52,852	-	-	-
Interest paid to directors and director-related entities	94,642	60,279	90,000	46,282
Consulting services provided to a director-related entity	142,249	-	-	-
Dividend income passed on by a former director of an associate	87,500	-	-	-

(d) Others

Other related party transactions are disclosed elsewhere in the notes to the financial statements where applicable.

NOTE 23: SEGMENT REPORTING

	Funds Management		Strata Management		Legal Services		Others		Consolidated Group	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	$	$	$	$	$	$	$	$	$	$
REVENUE										
External revenue	3,986,973	2,168,183	1,269,317	1,965,407	633,011	323,688	-	-	5,889,301	4,457,278
Revenue from associates	-	-	-	-	-	-	44,834	-	44,834	-
Total revenue	3,986,973	2,168,183	1,269,317	1,965,407	633,011	323,688	44,834	-	5,934,135	4,457,278
RESULT										
Segment result	3,675,029	1,101,598	129,389	(230,802)	293,808	46,672	(2,930,625)	(2,151,624)	1,167,600	(1,234,156)
Finance costs	(51,005)	(10,769)	(6,615)	(15,513)	(2,452)	(740)	(185,842)	(161,857)	(245,915)	(188,880)
Loss on deconsolidation	-	-	-	-	-	-	(12,006)	-	(12,006)	-
Share of net loss of associates	(254,966)	-	-	-	-	-	23,464	-	(231,502)	-
Profit before income tax	3,369,059	1,090,829	122,773	(246,315)	291,355	45,932	(174,384)	(2,313,481)	678,177	(1,423,036)
Income tax expense	-	-	-	-	-	-	-	-	(206,354)	390,494
Profit after income tax	3,369,059	1,090,829	122,773	(246,315)	291,355	45,932	(174,384)	(2,313,481)	471,823	(1,032,542)
ASSETS										
Segment assets	729,186	797,573	440,987	445,184	247,203	64,806	1,911,410	1,762,882	3,328,786	3,070,445
LIABILITIES										
Segment liabilities	1,040,945	1,050,842	310,062	449,404	95,530	86,013	2,893,785	2,968,544	4,340,322	4,554,803
OTHER										
Investments accounts for using the equity method	21,848	-	-	-	-	-	239,620	-	261,468	-
Acquisitions of non-current segment assets	3,764	-	133,185	27,091	4,753	-	54,209	73,705	195,911	100,796
Depreciation and amortisation of segment assets	-	-	39,242	31,404	879	530	41,126	37,297	81,247	69,231
Other non-cash segment expenses	225,661	187,669	-	-	-	-	12,006	-	237,667	187,669

(a) Accounting Policies

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash, receivables, intangibles and property, plant and equipment, net of allowances and accumulated depreciation and amortisation. While most such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities consist principally of payables, employee benefits, accrued expenses, provisions and borrowings. Segment assets and liabilities do not include deferred income taxes.

(b) Intersegment Charges

Segment revenues, expenses and results exclude transfers between segments. The prices charged on intersegment transactions are the same as those charged for similar goods to parties outside of the Group at an arm's length. These transfers are eliminated on consolidation.

NOTE 23: SEGMENT REPORTING (CONSOLIDATED)

(c) Business segments

The Group has the following four business segments:

- Funds management segment acts as responsible entity to property funds.
- Strata management segment manages owners corporations/bodies corporate of common properties.
- Legal services segment provides legal services to the members of owners corporations/bodies corporate and property funds.
- Other segments invest in property-related entities.

(c) Geographical segments

The Group operates predominantly in Australia.

NOTE 24: FINANCIAL INSTRUMENTS

(a) Financial Risk Management

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable, loans to and from subsidiaries, bill facilities and leases.

i. Treasury Risk Management

Management and the Board of the Group meet on a regular basis to analyse currency and interest rate exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

ii. Financial Risks

The main risks the Group is exposed to through its financial instruments are interest rate risk, foreign currency risk, liquidity risk, credit risk and price risk.

Interest rate risk

Interest rate risk is managed with a mixture of fixed and floating rate debt. At 30 June 2007 approximately 49% of the Group's interest-bearing debt is fixed.

Foreign currency risk

The Group is not exposed to this risk.

Liquidity risk

The Group manages liquidity risk by monitoring forecast cash flows on a regular basis ensuring that adequate unutilised borrowing facilities are maintained.

Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

The Group does not have any material credit risk exposure to any single receivable or Group of receivables under financial instruments entered into by the Group.

Price risk

The Group is not exposed to commodity price risk.

NOTE 24: FINANCIAL INSTRUMENTS (CONTINUED)

(b) Interest Rate Risk

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, was shown in the notes to the financial statements for the relevant financial instruments.

(c) Net Fair Values

The net fair values of:
- Term receivables, government and fixed interest securities and bonds are determined by discounting the cash flows, at the market interest rates of similar securities, to their present value.
- Other assets and other liabilities approximate their carrying value.

No financial assets and financial liabilities are readily traded on organised markets in standardised form.

Financial assets where the carrying amount exceeds net fair values have not been written down as the Group intends to hold these assets to maturity.

Fair values are materially in line with carrying values.

NOTE 25: COMPANY DETAILS

The registered office of the company is:
Malones Business Advisors
Kenlynn Centre, Suite 19, Level 4
457 Upper Edward Street
Spring Hill, QLD 4000

The principal place of business is:
Suite 71 Lower Deck, Jones Bay Wharf
26-32 Pirrama Road,
Pyrmont, NSW 2009

TEYS PROPRIETARY LIMITED
AND ITS CONTROLLED ENTITIES
ABN 98 010 892 243

DIRECTORS DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 5 to 31:

   a. comply with Accounting Standards, including Australian Accounting Interpretations; and

   b. give a true and fair view of the financial position as at 30 June 2007 and of the performance for the year ended on that date of the Company and the Group.

2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

....
Michael John Teys
Director

Dated in Sydney, this 2nd day of November 2007

INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF TEYS PROPRIETARY LIMITED
AND ITS CONTROLLED ENTITIES

Scope

Report on the Financial Report

We have audited the accompanying financial report of Teys Proprietary Limited ("the company") and its Controlled Entities ("the consolidated entity") which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, accompanying notes to the financial statements, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. Our audit was conducted in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to error or fraud. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.

Moore Stephens Sydney ABN 90 773 984 843
Level 7, 20 Hunter Street, Sydney NSW 2000
GPO Box 473, Sydney NSW 2001
Tel: +61 2 8236 7700 Fax: +61 2 9233 4636 Web: www.moorestephens.com.au

Audit opinion

In our opinion the financial report of Teys Proprietary Limited and its Controlled Entities:

(i) gives a true and fair view of Teys Proprietary Limited's and the consolidated entity's financial position as at 30 June 2007 and of their performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations).

Moore Stephens Sydney

MOORE STEPHENS SYDNEY
Chartered Accountants

C. CHANDRAN
Partner

Dated in Sydney this 2nd day of November 2007