

# **Gullewa Limited**

ACN 30 007 547 480

## **Half-Year Financial Report**

**For the Half-Year Ended 31 December 2008**

# Gullewa Limited

ACN 30 007 547 480

For the Half-year Ended 31 December 2008

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## Corporate Directory

<b>ABN</b>	30 007 547 480
<b>Directors</b>	David Deitz (Chairman) Eddie Lee David J Atkinson
<b>Company Secretary</b>	David J Atkinson
<b>Registered Office and Principal Place of Business</b>	Level 8 Quantum House 49-51 York Street SYDNEY NSW 2000 Tel: +61 2 9397 7555 Fax: +61 2 9397 7575
<b>Share Registry</b>	Computershare Investor Services Pty Limited Level 2 Reserve Bank Building 45 St George's Terrace PERTH WA 6000 Tel: +61 8 9323 2000 Fax: +61 8 9323 2033
<b>Auditors</b>	Deloitte Touche Tohmatsu Grosvenor Place 225 George Street SYDNEY NSW 2000 Tel: +61 2 9322 7000 Fax: +61 2 9322 7001
<b>Solicitors</b>	DLA Phillips Fox Level 32 St Martins Tower 44 St George's Terrace PERTH WA 6000
<b>Bankers</b>	National Australia Bank Limited 255 George Street SYDNEY NSW 2000
<b>Stock Exchange Listings</b>	Gullewa Limited shares are listed on the Australian Stock Exchange. Home Exchange - Perth The options in Gullewa Limited are unlisted.

# Gullewa Limited

ACN 30 007 547 480

Directors' Report

31 December 2008

Your directors present their report on Gullewa Limited and its controlled entities for the financial half-year ended 31 December 2008.

## 1. General information

### a Directors

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

Names	Position
David Deitz	Executive Director (Chairman)
Eddie Lee	Non-Executive Director
David J Atkinson	Non-Executive Director

### b Company Secretary

The position of company secretary at the end of the financial period was held by David J Atkinson.

## 2. Business review

### a Operating Results

The consolidated loss of the Group after providing for income tax amounted to \$695,813 (December 2007: loss \$1,287,296).

### b Dividends

No dividends have been paid or declared since the commencement of the last financial year and no dividends have been recommended by the directors.

### c Review of operations

The Consolidated entity continues to investigate investment opportunities in mineral resources, property and technology. During the period the Group continued to hold shares in listed companies.

## 3. Auditors Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 2 for the period ended 31 December 2008.

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

Director:  .....

David Deitz

Dated this 20 day of February 2009

Deloitte Touche Tohmatsu  
ABN 74 490 121 060

Grosvenor Place  
225 George Street  
Sydney NSW 2000  
PO Box N250 Grosvenor Place  
Sydney NS 1217 Australia

DX 10307SSE  
Tel: +61 (0) 2 9322 7000  
Fax: +61 (0) 2 9322 7001

Dear Board Members,

**Gullewa Limited**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Gullewa Limited.

As lead audit partner for the review of the financial statements of Gullewa Limited for the half year ended 31 December 2008, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



Deloitte Touche Tohmatsu



Gaile Pearce

Partner

Chartered Accountants

Sydney, 20 February 2009

Member of  
Deloitte Touche Tohmatsu

# Gullewa Limited

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## Condensed Consolidated Income Statement

For the Half-year Ended 31 December 2008

		31 December	31 December
		2008	2007
	Note	\$	\$
Income	3	296,304	22,083
Other income	4	-	11,920
Depreciation, amortisation and impairments		(7,140)	(12,596)
Other expenses	5	(997,244)	(1,710,654)
Finance costs		-	(132,976)
Share of net loss of associates		(11,100)	(11,500)
<b>Loss before income tax</b>		<b>(719,180)</b>	<b>(1,833,723)</b>
Income tax benefit		23,367	546,427
<b>Loss attributable to members</b>		<b>(695,813)</b>	<b>(1,287,296)</b>
Loss Per Share:			
<b>Overall operations:</b>			
Basic earnings/(loss) per share (cents per share)	6	(0.55)	(1.02)
Diluted earnings/(loss) per share (cents per share)	6	(0.55)	(1.02)

The accompanying notes form part of these financial statements.

# Gullewa Limited

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## Condensed Consolidated Balance Sheet

As at 31 December 2008

	31 December 2008	30 June 2008
Note	\$	\$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	10,102,401	10,717,783
Trade and other receivables	82,869	103,862
Financial assets	7(a) 462,653	814,495
<b>Total current assets</b>	<b>10,647,923</b>	<b>11,636,140</b>
<b>Non-current assets</b>		
Investments accounted for using the equity method	8 581,673	566,323
Other financial assets	7(b) 522,600	270,719
Property, plant and equipment	41,820	48,825
Investment property	951,278	950,000
Deferred tax assets	322,770	299,403
Intangible assets	1,087	1,223
Exploration, evaluation and development	30,120	30,120
<b>Total non-current assets</b>	<b>2,415,348</b>	<b>2,166,613</b>
<b>TOTAL ASSETS</b>	<b>13,099,271</b>	<b>13,802,753</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	91,196	98,865
Tax liabilities	1,439,039	1,439,039
<b>Total current liabilities</b>	<b>1,530,235</b>	<b>1,537,904</b>
<b>TOTAL LIABILITIES</b>	<b>1,530,235</b>	<b>1,537,904</b>
<b>NET ASSETS</b>	<b>11,569,036</b>	<b>12,264,849</b>
<b>EQUITY</b>		
Issued capital	19,845,098	19,845,098
Reserves	617,686	617,686
Accumulated losses	(8,893,748)	(8,197,935)
<b>TOTAL EQUITY</b>	<b>11,569,036</b>	<b>12,264,849</b>

The accompanying notes form part of these financial statements.

# Gullewa Limited

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## Condensed Consolidated Statement of Changes in Equity

For the Half-year Ended 31 December 2008

	Ordinary Shares	Accumulated Losses	Capital Profits Reserve	Available for Sale Asset Revaluation Reserve	Share Based Payments Reserve	Total
<b>2008</b>						
Balance at 1 July 2008	19,845,098	(8,197,935)	284,828	-	332,858	12,264,849
Loss attributable to members	-	(695,813)	-	-	-	(695,813)
<b>Sub-total</b>						
Balance at 31 December 2008	19,845,098	(8,893,748)	284,828	-	332,858	11,569,036

	Ordinary Shares	Accumulated Losses	Capital Profits Reserve	Available for Sale Asset Revaluation Reserve	Share Based Payments Reserve	Total
<b>2007</b>						
Balance at 1 July 2007	19,845,098	(10,791,020)	284,828	5,122,446	332,858	14,794,210
Profit attributable to members	-	(1,287,296)	-	-	-	(1,287,296)
Revaluation increment (decrement)	-	-	-	1,149,387	-	1,149,387
<b>Sub-total</b>						
Balance at 31 December 2007	19,845,098	(12,078,316)	284,828	6,271,833	332,858	14,656,301

The accompanying notes form part of these financial statements.

# Gullewa Limited

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## Condensed Consolidated Cash Flow Statement

For the Half-year Ended 31 December 2008

	31 December 2008	31 December 2007
Note	\$	\$
<b>Cash from operating activities:</b>		
Proceeds from sale of fair value through profit and loss investments	-	164,962,899
Payments for fair value through profit and loss investments	-	(164,942,270)
Payments to suppliers and employees	<b>(632,076)</b>	(580,403)
Finance costs	-	(132,976)
<b>Net cash used in operating activities</b>	<b>(632,076)</b>	<b>(692,750)</b>
<b>Cash flows from investing activities:</b>		
Interest received	<b>296,304</b>	22,083
Proceeds from sale of available for sale investments	-	1,243,680
Payment for available for sale investments	-	(1,178,355)
Acquisition of property, plant and equipment	-	(42,562)
Acquisition of other financial assets	<b>(251,882)</b>	-
Payment for investments	-	(41,911)
Payment to associate company	<b>(26,450)</b>	-
Payment for investment property	<b>(1,278)</b>	-
<b>Net cash provided by investing activities</b>	<b>16,694</b>	<b>2,935</b>
<b>Cash flows from financing activities:</b>		
Proceeds from borrowings	-	151,195
<b>Net cash provided by (used in) financing activities</b>	<b>-</b>	<b>151,195</b>
<b>Net increase (decreases) in cash and cash equivalents held</b>	<b>(615,382)</b>	<b>(538,620)</b>
Cash and cash equivalents at beginning of financial year	<b>10,717,783</b>	<b>1,179,519</b>
<b>Cash and cash equivalents at end of financial year</b>	<b>10,102,401</b>	<b>640,899</b>

The accompanying notes form part of these financial statements.

# Gullewa Limited

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## Notes to the Condensed Consolidated Financial Statements

For the Half-year Ended 31 December 2008

### 1 Statement of Significant Accounting Policies

The interim financial report is a general purpose financial report that has been prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards IAS 34 *Interim Financial Reporting*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the entity ended 30 June 2008 and any public announcements made by Gullewa Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

The financial report covers the consolidated group of Gullewa Limited and controlled entities. Gullewa Limited is a listed public company, incorporated and domiciled in Australia

The half-year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of available for sale financial assets, investment properties and investments for which the fair value basis of accounting has been applied.

Items included in the financial statements are measured using the currency of the primary economic environment in which the group operates ("the functional currency"). The consolidated financial statements are presented in Australian dollars, which is Gullewa Limited's functional and presentation currency.

### 2 Segment Reporting

#### (a) Business and Geographic Segments

##### Business segments

Gullewa Limited operates in the following 3 main business segments:

- *Investments*  
The consolidated entity invests in shares in listed entities and an associate.
- *Property development*  
The consolidated entity acquires investment properties with a view to make capital appreciation.

# Gullewa Limited

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Notes to the Condensed Consolidated Financial Statements

For the Half-year Ended 31 December 2008

## 2 Segment Reporting continued

### (a) Business and Geographic Segments continued

- *Exploration and evaluation*

The consolidated entity is involved in exploration and evaluation of mining sites.

To date, no revenue has been generated from the property development and exploration and evaluation businesses.

#### **Geographic segments**

Gullewa Limited's business segments are located in one geographical segment, being Australia.

Therefore, no secondary reporting is required.

# Gullewa Limited

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## Notes to the Condensed Consolidated Financial Statements

For the Half-year Ended 31 December 2008

### 2 Segment Reporting continued

#### Primary reporting - Business segments

	Investments		Property		Exploration and evaluation		Consolidated	
	31 Dec 2008	31 Dec 2007	31 Dec 2008	31 Dec 2007	31 Dec 2008	31 Dec 2007	31 Dec 2008	31 Dec 2007
	\$	\$	\$	\$	\$	\$	\$	\$
<b>INCOME</b>								
Interest income	296,304	22,083	-	-	-	-	296,304	22,083
Other income	-	11,920	-	-	-	-	-	11,920
<b>Total segment revenue</b>	<b>296,304</b>	<b>34,003</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>296,304</b>	<b>34,003</b>
<b>RESULT</b>								
Segment result	(685,821)	(1,270,689)	-	(1,280)	(9,992)	(15,327)	(695,813)	(1,287,296)

#### OTHER

Depreciation, amortisation and impairments	7,140	12,595	-	-	-	-	7,140	12,595
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# Gullewa Limited

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## Notes to the Condensed Consolidated Financial Statements

For the Half-year Ended 31 December 2008

### 2 Segment Reporting continued

	Investments		Property		Exploration and evaluation		Elimination and other operations		Consolidated	
	31 Dec 2008	30 June 2008	31 Dec 2008	30 June 2008	31 Dec 2008	30 June 2008	31 Dec 2008	30 June 2008	31 Dec 2008	30 June 2008
<b>ASSETS</b>										
Segment assets	11,117,774	11,833,116	951,278	950,000	-	-	448,546	453,313	12,517,598	13,236,429
Investments in associates	581,673	566,323	-	-	-	-	-	-	581,673	566,323
<b>Total assets</b>	<b>11,669,447</b>	<b>12,399,439</b>	<b>951,278</b>	<b>950,000</b>	<b>-</b>	<b>-</b>	<b>448,546</b>	<b>453,313</b>	<b>13,099,271</b>	<b>13,802,752</b>
<b>LIABILITIES</b>										
Segment liabilities	1,530,325	1,537,904	-	-	-	-	-	-	1,530,235	1,537,904
<b>OTHER</b>										
Acquisition/(disposal) of non-current segment assets	251,882	(10,600,414)	1,278	74,418	-	-	-	-	253,160	(10,674,832)

# Gullewa Limited

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## Notes to the Condensed Consolidated Financial Statements

For the Half-year Ended 31 December 2008

### 3 INCOME

	31 December 2008	31 December 2007
	\$	\$
<b>Income</b>		
Interest received	296,304	22,083
Total Revenue	<u>296,304</u>	<u>22,083</u>

### 4 Other income

	31 December 2008	31 December 2007
	\$	\$
Dividend received	-	11,920
<b>Total</b>	<u>-</u>	<u>11,920</u>

### 5 Expenses

Included in loss for the year are the following expenses:

	31 December 2008	31 December 2007
	\$	\$
Accounting fees	34,715	12,595
Administration fees	-	45,955
Auditors remuneration	20,004	60,011
Bad debts	-	169,080
Communication expenses	-	9,017
Consulting and professional fees	132,101	214,738
Exploration expenditure	26,104	-
Insurance	4,419	5,184
Directors fees	12,480	12,480
Legal costs	137,786	15,923
Motor and travel expenses	34,173	9,344
Property costs	-	20,309
Rent paid	40,420	51,538
Repairs and maintenance	1,667	8,198
Salaries and wages	55,877	53,043
Share registry and listing fees	23,161	24,209

# Gullewa Limited

ACN 30 007 547 480

## Notes to the Condensed Consolidated Financial Statements

For the Half-year Ended 31 December 2008

### 5 Expenses continued

Included in loss for the year are the following expenses: continued

Loss on other financial assets	351,842	975,106
Other operating expenses	122,495	23,924
	<u>997,244</u>	<u>1,710,654</u>

### 6 Earnings per Share

Basic earnings/(loss) per share

	31 December 2008 cents	31 December 2007 cents
Basic EPS (cents)	<u>(0.55)</u>	<u>(1.02)</u>

*Basic earnings/(loss) per share calculated as follows:*

	31 December 2008 \$	31 December 2007 \$
Net profit/(loss) attributable to ordinary shareholders	<u>(695,813)</u>	<u>(1,287,296)</u>

	31 December 2008 No.	31 December 2007 No.
Weighted average number of ordinary shares	<u>125,931,551</u>	<u>125,931,551</u>

Diluted earnings per share

	31 December 2008 cents	31 December 2007 cents
Diluted EPS (cents)	<u>(0.55)</u>	<u>(1.02)</u>

# Gullewa Limited

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## Notes to the Condensed Consolidated Financial Statements

For the Half-year Ended 31 December 2008

### 6 Earnings per Share continued

*Diluted earnings/(loss) per share calculated as follows:*

	31 December 2008	31 December 2007
	\$	\$
Net profit/(loss) attributable to ordinary shareholders (diluted)	<u>(695,813)</u>	<u>(1,287,296)</u>

	31 December 2008	31 December 2007
	No.	No.
Weighted average number of ordinary shares (diluted)	<u>125,931,551</u>	<u>125,931,551</u>

The Group had losses in 2008. As a result, the shares from the assumed exercise of the share options are not included in the calculation of earnings per share as their effect will be anti-dilutive.

### 7 Financial Assets

#### (a) Current

	31 December 2008	30 June 2008
	\$	\$
Other listed shares held for trading	<u>462,653</u>	<u>814,495</u>
	<u>462,653</u>	<u>814,495</u>

#### (b) Non-Current

Available for sale assets - other	500,000	250,000
Other financial assets	<u>22,600</u>	<u>20,719</u>
	<u>522,600</u>	<u>270,719</u>

# Gullewa Limited

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Notes to the Condensed Consolidated Financial Statements

For the Half-year Ended 31 December 2008

## 8 Investments Accounted for Using the Equity Method

	31 December 2008	30 June 2008
	\$	\$
Interest in Our Field Pty Limited	581,673	566,323
	<u>581,673</u>	<u>566,323</u>

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting and are carried at cost by the parent entity. Information relating to the associate is set out below.

### (a) Carrying amounts

Interests are held in the following associated companies:

Name	Principal Activities	Country of Incorp-orat ion	Ownership Interest		Carrying Amount of Investment	
			31 Dec 2008	31 Dec 2007	31 Dec 2008	30 June 2008
			%	%	\$	\$
<i>Unlisted:</i>						
Our Field Pty Limited	Property development	Australia	50.00	50.00	581,673	566,323
					<u>581,673</u>	<u>566,323</u>

The shares in Our Field Pty Limited are held by David Deitz on behalf of Gullewa Limited.

# Gullewa Limited

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## Notes to the Condensed Consolidated Financial Statements

For the Half-year Ended 31 December 2008

### 9 Company Details

#### (a) Registered office

The registered office of the company is:

Gullewa Limited  
Level 8 Quantum House  
49-51 York Street  
Sydney NSW 2000

### 10 Contingent Liabilities

Gullewa Limited has given a guarantee in respect of a bank loan of its associate company amounting to \$1,050,000. No material losses are anticipated in respect of the contingent liability.

### 11 Net Tangible Asset backing per ordinary share

	<b>31 December 2008</b>	<b>30 June 2008</b>
	\$	\$
Net tangible asset backing - cents	<b>8.91</b>	9.48
Net tangible assets	<b>11,215,059</b>	11,934,103
Ordinary shares on issue	<b>125,931,551</b>	125,931,551

# Gullewa Limited

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## Directors' Declaration

The directors of Gullewa Limited declare that:

1. The financial statements and notes, as set out on pages 3 to 15:
  - (a) comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
  - (b) give a true and fair view of the consolidated group's financial position as at 31 December 2008 and of its performance for the half-year ended on that date.
2. In the directors' opinion, there are reasonable grounds to believe that the Gullewa Limited 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.

Director .....



David Deitz

Dated

20 February 2009

## **Independent Auditor's Review Report to the Members of Gullewa Limited**

We have reviewed the accompanying half-year financial report of Gullewa Limited which comprises the balance sheet as at 31 December 2008, and the income statement, cash flow statement, statement of changes in equity for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 3 to 16.

### *Directors' Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year 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 a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Gullewa Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

# Deloitte.

## *Auditor's Independence Declaration*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

## *Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Gullewa Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU

*Gaile Pearce*

Gaile Pearce

Partner

Chartered Accountants

Sydney, *20 february* 2009