Belmont Holdings Limited

ABN 65 000 144 561

Financial Report for the year ended 30 June 2007

Belmont Holdings Limited

Statutory Directors' Report for the Year to 30 June 2007

Your Directors present their report on the Company and its controlled entities for the year ended 30 June 2007.

Strategic Positioning
Belmont Holdings key objective is to maintain a group of entities which provide productive services to the financial sector. In addition to participating in equity ownership, Belmont offers traditional and innovative management and financial assistance to those entities in which it has an interest, such as London City Equities (26.8% owned) and MainstreamBPO Pty Limited (possible 20% owned). Belmont undertakes this specific and short term focus, rather than operate as a longer term strategic equity holder in the broader investment sector such as London City Equities Limited. Belmont is risk averse. It can be assertive when required.

Directors
The Directors of the Company in office at any time during or since the end of the year are P.E.J. Murray, P.G.Cooper and J.C.Plummer.

Peter E.J. Murray - Chairman of Directors.
Chartered Accountant, Member Securities & Derivatives Industry Association.
For over 30 years Mr Murray has been a senior executive in merchant banking and stockbroking at Director level. Experienced in corporate financial advice, mergers, fund raisings and general management. Chairman of Belmont Holdings Limited since 1980. Past Chairman and Director of Camelot Resources NL and CCI Holdings Limited (Between 18 October 2004 and 29 June 2007). Chairman of London City Equities since 1986.

Philip G. Cooper - Non Executive Director
Special Responsibility: Chairman, Audit, Compliance and Risk Management Committee
Bachelor of Engineering (Mech.), Bachelor of Arts, Master of Business Administration
Mr Cooper's initial background was in manufacturing management. For eleven years held senior positions with a major merchant bank. Also was senior executive with a leading personnel consulting firm and Managing Director of a software development group. Now a management consultant. Experienced in corporate finance, senior personnel selection, marketing and strategic planning. Director of London City Equities Ltd since 1986.

John C Plummer - Non-Executive Director.
Special Responsibility: Chairman, Remuneration Committee
Bachelor of Commerce; Master of Business Administration.
Mr Plummer's background has been in marketing, product purchasing and human resources. A Director of Chandler Macleod Group Limited, an ASX listed personnel organisation since May 2002. Experienced in general management, personnel and areas of investment. Director of London City Equities Limited since November 2004.

Particulars of Directors Interests in Shares in the Company are:

	Ordinary Shares
PEJ Murray	1,100,794
PG Cooper	115,322
JC Plummer	51,000

Statutory Directors Report (Cont'd)

During the financial year the following formal meetings were held:

	Board Meetings		Audit, Compliance and Risk Committee		Remuneration Committee	
	Eligible to attend	Number Attended	Eligible to attend	Number Attended	Eligible to attend	Number Attended
P. E. J. Murray	4	4	-	-	-	-
P. G. Cooper	4	4	3	3	1	1
J.C.Plummer	4	4	3	3	1	1

In accordance with the Constitution. Mr.P.E.J.Murray retires from the Board at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

Remuneration Report

The Remuneration Committee is responsible for remuneration policies and it monitors the remuneration of Directors and executives with market conditions. Details of the emoluments of the Directors are set out in Note 19 of the accounts and shown below:

	Fees	Super Contributions	Total
Mr P.E.J.Murray	$177,440	-	$157,120
Mr. P.G.Cooper	$17,000	$1,530	$18,530
Mr. J.C.Plummer	$12,000	$1,080	$13,080

At the forthcoming Annual General Meeting approval is being sought from shareholders for an increase in the maximum aggregate amount payable to Directors for their services as Directors to a sum not exceeding [$125,000] per annum in total. This is an increase of 420% on the $24,000 that has existed since 1996. Shareholders are advised that the company does not intend to use the maximum amount immediately.

The proposed increase is designed to attract other Directors and also reflect the complexity and time demands placed on non –executive Directors in this day and age.

Principal Activities

The principal activities of the economic entity in the course of the financial year were the portfolio management of London City Equities Limited, where the portfolio grew by 80% during the year to $13.5 million. This role was carried out through .the Australian Financial Services Licence held by subsidiary, Imperial Pacific Asset Management Pty Limited. Much of the effort was devoted to the continuing enhancement of CCI Holdings Limited, a leading coal and engineering industry service group in which London City held 15.7%. Time was also directed at Belmont’s new investment in MainstreamBPO Pty Limited, a fund administration service provider.

Trading Results and Dividend Status

Belmont reports a consolidated profit for the year of $2,373,000 after providing for tax of $134,000 (profit of $347,000 in 2006). The Directors recommend the payment of a fully franked dividend of 12.5 cents per share which follows the payment of a 11.0 cent per share fully franked dividend paid on 15 December 2006.

Statutory Directors Report (Cont'd)

Objectives, Achievements and Review of Operations

The Board's prime objective during the year was the enhancement of the portfolio of London City, in particular that company's 15.7% shareholding in CCI Holdings Limited. This objective was met. The involvement covered a period of record profits, a hostile offer and ultimately a friendly merger with Bureau Veritas of France. Through the disposal of the CCI shareholding London City recorded a record profit of $7.4 million for 2007. The CCI Holdings success resulted in Belmont's shareholding appreciating significantly and also earned Belmont a performance fee of $595,000.

The investment of $1,750,000 in MainstreamBPO, a Sydney based fund management administration business, was made by way of Convertible Loan Stock. If converted, this entitles Belmont Holdings to 20% of that company's equity. MainstreamBPO completed its first full year of operation in June 2007 and now has around 17 contracted clients. In recent weeks it announced the purchase of a leading superannuation fund administrator in Melbourne, Group Benefits.

Belmont continues to have a debt free Balance Sheet and its underlying investment in London City has appreciated significantly in value.

Environmental regulation
The Company is not subject to significant environmental regulations under any Commonwealth, State or Territory Law.

Likely developments
For the future, the policy of the Directors is to focus on enhancing the values of Belmont's assets, particularly its AFS licensed operator Imperial Pacific Asset Management Pty Limited. Attention will also be given to the group's part ownership and portfolio management of London City's portfolio. The cashed-up nature of both Belmont and London City will be helpful in a climate of increasing interest rates.

In the opinion of the Directors likely developments in the operations of the company known at the date of this report have been covered generally within the Annual Report.

Matters subsequent to 30 June 2007
(a) Since 30 June 2007, the company received the proceeds from the Scheme of Arrangement merger of CCI Holdings Limited and Bureau Veritas.
(b) A fully franked dividend of 12.5 cents per share has been proposed by the Directors. This sum has not been provided for in the financial statements.

Corporate Governance Matters
Belmont has noted the "best practice recommendations" of the ASX Corporate Governance Council. The Board of Belmont believes it carries out the broad thrust of the guidelines in a proper and pragmatic way for a company such as Belmont in the investment / financial services sector, although it has not adopted a small number of the formal "best practice recommendations". The corporate governance policies of Belmont and the departures from the recommendations are discussed below.

The Board of Directors, including the Chairman, comprised three non-executive Directors during the period. The criteria set for membership and review of that membership is to ensure that there exists a sufficient mix of skills and experience for a company of the nature of Belmont and its subsidiaries.

Statutory Directors Report (Cont'd)

Corporate Governance Matters (Cont'd)

Directors are subject to re-election every three years. Operationally, Belmont has a policy to appoint, as necessary, external parties experienced in specific sectors to provide the Board with specialised business advice.

Independent professional advice may be sought by the Directors at the Company's expense from time to time with the prior approval of the Board. The Board is responsible for recommending to shareholders the level of directors' fees. All of the Directors are shareholders in the Company. The Board includes Directors who are involved in the stock exchange related entities. Issues relating to the continuous disclosure rules of the Australian Securities Exchange Limited are discussed at meetings of the Board and management. The Board believes it has a good record of informing the markets of material matters. The Directors communicate regularly and meet formally and informally when appropriate for the circumstances. Directors are provided with Board papers covering operational issues as well as detailed investment appraisals. The Directors also review reports on the operational and financial performance of the Company.

The Board, as part of its responsibility to oversee the strategic direction of the company, has established guidelines and committees to ensure that its businesses operate ethically and fairly and to ensure that the assets of the company are properly protected.

The committees which the board has established are:

- Audit, Compliance and Risk Management Committee
- Remuneration Committee

The Audit, Compliance and Risk Management Committee is chaired by Mr Cooper and the other member is Mr Plummer. Mr Murray and accounting personnel attend by invitation. The Committee monitors accounting policies, reporting process and identification and minimisation of operational risks. The Remuneration Committee is chaired by Mr Plummer and the other member is Mr Cooper. The Committee monitors remuneration policies. .

In share dealing the Company has a policy that Directors must be aware of both formal and informal obligations in relation to dealing in securities. In particular, the shares of potential investments are placed on an Embargo List. Share dealing cannot take place in securities of Belmont Holdings during the periods between the end of an accounting period to after public release of the respective results without the approval of the Board. In certain cases the approval of the Board must be required before dealing can take place.

As mentioned above, in directing the company's functions during 2007, Belmont departed for various reasons from certain "best practice recommendations" of the ASX Corporate Governance Council. These were:

"ASX Corporate Governance Council Best Practice recommendations"	**Adopted ? If not, why not?**
Recommendation 1: Formalise and disclose the functions reserved to the Board and those to the management.	***Comment***: Belmont operates with a modest management team and participating Directors. As such, all major decisions are taken in regular consultation with the Board of Belmont. At present there is little need for differentiating and specifying the role of management within Belmont.

Statutory Directors Report (Cont'd)

"ASX Corporate Governance Council Best Practice recommendations"	**Adopted ? If not, why not?**
Recommendation 2.1: A majority of the Board should be independent Directors. ***Recommendation 2.2:*** The chairperson should be an independent director. ***Recommendation 2.3:*** The roles of chairperson and chief executive officer should not be exercised by the same person. ***Recommendation 2.4:*** The board should establish a nomination committee.	***Comment***: Belmont operates the relatively straight forward investment / financial services sector. Although its three Directors are also directors of London City Equities Limited, a 26.8% investment of Belmont, there are no intercompany purchases or sales of assets with the Directors and nor are there potential conflicts of interest with London City Equities Limited, which has a different strategic focus. Directors believe it is not practical or cost-effective to have "independent" persons (as defined by the governance principles) on the Board of Belmont. Indeed the Directors believe it is positive that major direct and indirect shareholdings are held by the Directors. For similar reasons of size the informal Chairman – CEO role is carried out by the same person, Mr P.E.J.Murray. In the circumstances the Board believes a Board nomination committee is simply not appropriate for a company like Belmont.
Recommendation 6.1 : Design and disclose a communications strategy to promote effective communications with shareholders and encourage effective participation at general meetings.	***Comment***: Belmont is a small company with active Board participation, operating in the relatively straight forward property and investment industry. Two of its three Directors are involved in stock exchange related companies and are aware of their obligations in respect of continuing disclosure requirements and other requirements of the ASX. Directors do not believe a formal communications strategy is necessary nor practical for Belmont.
Recommendation 7.2: The CEO and the CFO should state to the board in writing that the statement given in Recommendation 4.1is founded on a sound system and the company's risk management and control is operating efficiently.	***Comment***: Belmont operates with a modest management team and participating Directors. It does not have a formal CEO or CFO. All major decisions are taken in consultation with the Board of Belmont. Its subsidiary Imperial Pacific Asset Management Pty Limited has strong compliance obligations with its AFS Licence. The Board also has in place an Audit, Compliance and Risk Management Committee. Directors of Belmont there is little need for differentiating and specifying further the role of management within Belmont.
Recommendation 8.1 : Disclose the process for performance evaluation of the board, its committees and individual directors and key executives.	***Comment***: Operating in the relatively straight forward investment / financial services sector where results are highlighted quickly, Belmont does not have a formal process for evaluating the performance of its Board and committees, although the issue is monitored closely. The Directors believe they are very open and transparent in disclosing their plans, aspirations and financial results to the shareholders. They believe the annual shareholder meetings provide a good opportunity for shareholders to evaluate their performance.

Statutory Directors Report (Cont'd)

Proceedings in relation to the company
No person has applied to the Court under Section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company.

Directors and auditors indemnification
During the year, Mr Murray as Chairman of CCI Holdings Limited representing London City Equities Limited as its nominee, was a defendant in litigation involving a former Executive Chairman of CCI. Imperial Pacific Fund Managers Pty Limited was also a defendant. The case was settled out-of-court and an independent expert opinion was provided through the President of The Institute of Chartered Accountants in Australia that the decisions of the Directors "arose from the discharge, in good faith, of their duties as directors of CCI." .As a result Mr Murray was reimbursed $14,872.71 for legal costs. Otherwise, the company has not, during or since the end of the financial year in respect of any person who is or has been an officer or auditor of the company or a related body corporate indemnified or made any relevant agreement for indemnifying against a liability incurred by an officer, including costs and expenses in successfully defending legal proceedings; or paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings .

There is at present no formal insurance policy in existence.

Auditor
The auditor continues in office in accordance with Section 327 of the Corporations Act 2001.

Non-audit Services.
Details of the non-audit services provided by the auditor are set out at Note 20 of the financial statements. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means the auditor independence was not compromised.

Auditor's Independence Declaration
A copy of the auditor's declaration under Section 307C in relation to the audit for the financial year is provided on page 33 of this report.

Signed in accordance with a resolution of the Directors. Dated at Sydney this 17th day of September, 2007.

On behalf of the Board,

P. E. J. MURRAY

J. C. PLUMMER

Belmont Holdings Limited

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Income Statement
for the year ended 30 June 2007

	Notes	Consolidated		Parent Entity	
		2007	**2006**	**2007**	**2006**
		$	**$**	**$**	**$**
Revenue from ordinary activities	3	849,915	528,864	610,699	419,383
Less:					
Depreciation expenses	4	(1,101)	(740)	-	-
Other expenses from ordinary activities	4	(335,730)	(294,658)	(320,301)	(291,830)
Share of net profit of associate accounted for using the equity accounting metho	3	1,993,777	188,932	-	-
Profit from ordinary activities before income tax		2,506,861	422,398	290,398	127,553
Income tax expense	5	(134,086)	(75,267)	(48,286)	(28,267)
Net profit attributable to members of Belmont Holdings Limited		2,372,775	347,131	242,112	99,286
Earnings per share:					
Earnings per share from profit from continuing operations attributable to the ordinary equity holders of the company.					
Basic earnings per share (Cents)	30	81.64	11.94		
Diluted earnings per share (Cents)	30	81.64	11.94		

The accompanying notes form part of these financial statements.

Balance Sheet
as at 30 June 2007

		Consolidated		Parent Entity	
	Notes	**2007**	**2006**	**2007**	**2006**
Current assets		**$**	**$**	**$**	**$**
Cash and cash equivalents	6	95,577	132,699	29,641	106,919
Receivables	7	1,223,126	2,842,139	4,447,730	6,298,658
Current Tax Asset	8	-	-	-	-
Total current assets		1,318,703	2,974,838	4,477,371	6,405,577
Non-current assets					
Financial Assets - Available-for - Sale	9	5,250,061	1,934,356	7,701,258	4,142,098
Property, plant and equipment	10	3,192	2,943	-	-
Total non-current assets		5,253,253	1,937,299	7,701,258	4,142,098
Total assets		6,571,956	4,912,137	12,178,629	10,547,675
Current liabilities					
Trade and other payables	11	101,476	69,772	6,030,775	6,040,913
Tax liabilities	12	153,925	84,209	68,125	38,000
Total current liabilities		255,401	153,981	6,098,900	6,078,913
Non-current liabilities					
Deferred Tax liabilities - Investment Portfolio	13	2,854	-	599,947	93,375
Total Non-current liabilities		2,854	-	599,947	93,375
Total liabilities		258,255	153,981	6,698,847	6,172,288
Net assets		6,313,701	4,758,156	5,479,782	4,375,387
Equity					
Issued Capital	14	1,560,970	1,560,970	1,560,970	1,560,970
Reserves	15	4,871,482	5,368,997	3,742,150	2,560,152
Retained Profits (Accumulated losses)	15	(118,751)	(2,171,811)	176,662	254,265
Total equity	16	6,313,701	4,758,156	5,479,782	4,375,387

The accompanying notes form part of these financial statements.

Belmont Holdings Limited

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Statement of Changes in Equity
for the Year Ended 30 June 2007

	Notes	Consolidated 2007 $	Consolidated 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
Total Equity at the beginning of the year		**4,758,156**	**4,119,311**	**4,375,387**	**4,377,939**
Transactions with Equity holders in their capacity as equity holders:					
Dividends provided or paid		(319,715)	(319,715)	(319,715)	(319,715)
Total transactions with Equity holders in their capacity as equity holders:		**(319,715)**	**(319,715)**	**(319,715)**	**(319,715)**
Income and Expense for Year:					
Profit for Year		2,372,775	347,131	242,112	99,286
Revaluation of Investment Portfolio		162,645	873,383	1,999,822	311,252
Provision for Tax on unrealised gains		(48,731)	(261,954)	(599,947)	(93,375)
Less:					
- Reversal of Revaluation Last Year		(873,383)		(311,252)	
- Reversal of Tax Provision Last Year		261,954		93,375	
Total recognised income (including unrealised gains) and expenses for the Year		1,875,260	958,560	1,424,110	317,163
Total Equity at the end of the year	16	**6,313,701**	**4,758,156**	**5,479,782**	**4,375,387**

The accompanying notes form part of these financial statements.

Belmont Holdings Limited

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Statements of cash flows
for the year ended 30 June 2007

		Consolidated		Parent Entity	
	Notes	**2007**	**2006**	**2007**	**2006**
		$	**$**	**$**	**$**
Cash flows from operating activities					
Receipts from Customers (inclusive of goods and services tax)		80,258	120,343	25,988	102,957
Cash paid to suppliers and management (inclusive of goods and services tax)		(325,807)	(322,249)	(321,041)	(320,012)
Interest Received		111,766	131,040	109,714	129,937
Dividends Received		-	50,217	-	50,000
Unit Trust Distributions		2,751		2,751	
Income Tax Refunded (Paid)		(64,370)	309,732	(64,370)	309,732
Net Cash provided by (used in) operating activities	29	(195,402)	289,083	(246,958)	272,614
Cash flows from investing activities					
Purchase of investments		(2,421,597)	(80,846)	(2,421,597)	(80,846)
Proceeds from sale of investments		50,647	-	50,647	-
Purchase of Equipment		(2,019)	-	(2,019)	-
Payments for Bank Bills		(23,993)	(244,372)	(23,993)	(244,372)
Proceeds from Bank Bills		2,523,993	471,168	2,523,993	471,168
Net Cash provided by (used in) investing activities		127,031	145,950	127,031	145,950
Cash flows from financing activities					
Payments to a related company		(25,393)	(128,940)	(15,000)	(119,440)
Payments from a related company		376,357	138,874	377,364	171,884
Proceeds from Borrowings			37,473		11,473
Repayments of Borrowings			(74,160)		(48,160)
Dividends Paid		(319,715)	(319,715)	(319,715)	(319,715)
Net Cash used in financing activities		31,249	(346,468)	42,649	(303,958)
Net increase (decrease) in cash held		(37,122)	88,565	(77,278)	114,606
Cash at beginning of the financial year		132,699	44,134	106,919	(7,687)
Cash at end of the financial year	6	95,577	132,699	29,641	106,919

The accompanying notes form part of these financial statements.

Note 1: Summary of significant accounting policies

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. International Financial Reporting Stabdards ("IFRS") form the basis of Australian Accounting Standards ("AASBs") adopted by the AASB.

This financial report has been prepared in accordance with AIFRS (Australian Equivalents to International Financial Reporting Standards).

The Company has elected to adopt AASB 7 Financial Instruments: Disclosures early when preparing the financial statements. The Company has not yet applied any other Australian Accounting Standards or AASB interpretations that have been issued as at balance date but are not yet operative for the year ended 30 June 2007 (“the inoperative standards”). The impact of the inoperative standards has been assessed and the impact has been identified as not being material. The Company only intends to adopt the operative standards at the date at which their adoption becomes mandatory.

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

(a) Basis of Accounting

The financial statements are prepared using the valuation methods described below for holdings of securities. All other items have been treated in accordance with historical cost convention.

(b) Principles of Consolidation

A controlled entity is any entity controlled by Belmont Holdings Limited. Control exists where Belmont Holdings Limited has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with Belmont Holdings Limited to achieve the objectives of Belmont Holdings Limited. A list of controlled entities is contained in Note 25 to the financial statements. All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses have been eliminated on consolidation.
Where controlled entities have entered or left the economic entity during the year, their operating results have been included from the date control was obtained or until the date control ceased.
The accounts of 26.8% owned London City Equities Limited are included by adopting the equity method of accounting (equity accounted as a 25.6% owned entity in 2006).

(c) Investments: Controlled Entities & Associates

The investments in subsidiary companies are carried at their cost of acquisition less any provision for impairment.
Dividends are brought to account in the profit and loss account when they are credited or paid by the controlled entity.
London City Equities Limited is not recognised as a controlled entity because it is a company over which the group is not able to exercise control despite its 26.8% equity ownership, as another shareholder controls 46.0%. It is an associated company.
Investments in associated companies are recognised in the financial statements by applying the equity method of accounting.

(d) Income Tax Expense

The income tax expense or credit for the period is the tax payable on the current period's taxable income adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the asset bases of assets and liabilities and their carrying amounts in the financial statements and to the unused tax losses. Deferred tax assets and liabilities are offset as all current and deferred taxes relate to the Australian Taxation Office and can legally be settled on a net basis.
A tax provision is made for the unrealised gain or loss on securities valued at market value through the Income Statement - i.e. trading portfolio.

A provision has to be made for any taxes that could arise on disposal of securities in the investment portfolio, even though there is no intention to dispose of them. Where the Company disposes of such securities, tax is calculated on gains made according to the particular parcels allocated to the sale for tax purposes offset against any capital losses carried forward.

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

(e) Investments

The Company has two discrete types of investments. They are Held-for-trading Financial Assets (Current Assets) and Available-for-sale Financial Assets (Non-Current Assets).
All investments are initially recognised at the fair value of the consideration given. After initial recognition, investments (classified as either Held-for-Trading or Available-for-Sale) are measured at their fair value. Fair Value of listed securities is determined by reference to the last sale price at the close of business at balance date. Gains on Held-for-Trading investments are recognised in the Income Statement.
Gains on Available-for-Sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of.
Dividend income is only taken to account when the right to receive a dividend has been established, interest revenue is recognised on a proportional basis taking into account interest rates applicable to the financial assets.

(f) Non-Current Assets

The carrying amounts of all non-current assets other than investments are reviewed at least annually to determine whether they are in excess of their recoverable amount. If the carrying amount of a non-current asset exceeds the recoverable amount, the asset is written down to the lower value. In assessing recoverable amounts, the relevant cash flow have been discounted to their present value.

(g) Foreign Currency Translation

All foreign currency transactions are converted at the exchange rate at the time. Exchange differences arising on translation are taken directly to the foreign currency gains or losses.

(h) Derivatives

The economic entity is from time to time exposed to fluctuations in interest rates and foreign exchange rates from its activities. It is not the policy of the economic entity to use derivative financial instruments. The economic entity does not hedge its exposure to interest rate or foreign currency fluctuations.

(i) Employee Entitlements

The company has no employees.

Belmont Holdings Limited

Notes to the financial statements - 30 June 2007

(j) Cash and cash equivalents
For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(k) Goods and Services Tax
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to the ATO is included with other payables in the balance sheet. Cash Flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the ATO, are reported as operating cash flow.

(l) Revenue
Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.
Dividend revenue is recognised when the right to receive a dividend has been established. Revenues from the rendering of a service is recognised upon delivery of the service.
Management revenue is recognised on an accruals basis.

Note 2. Segmental information

During 2006/2007 the economic entity acted mainly in the investment and financial services sectors in Australia.

2007	**Investment**	**Financial Services**	**Consolidated**
Revenue	**$**	**$**	**$**
Investment /other revenue	158,797	691,118	849,915
Segment Result			
Profit after Tax	2,003,239	369,536	2,372,775
Segment Assets	5,907,748	664,208	6,571,956
Segment Liabilities	(101,422)	(156,833)	(258,255)
Other:			
Acquisition of Plant	-	2,019	2,019
Depreciation	-	(1,101)	(1,101)
Net cash inflow from operating activities	23,563	(218,965)	(195,402)
Share of net profits of equity accounted associates	1,993,777	-	1,993,777
Carrying amount of investment in Associates accounting for using the equity accounting method	3,465,549	-	3,465,549

Note 2. Segmental information (Cont'd)

During 2005/2006 the economic entity acted mainly in the investment and financial services sectors in Australia.

2006	**Investment**	**Financial Services**	**Consolidated**
Revenue	**$**	**$**	**$**
Investment /other revenue	169,884	358,980	528,864
Segment Result			
Profit after Tax	241,930	105,201	347,131
Segment Assets	4,524,693	387,445	4,912,138
Segment Liabilities	(58,932)	(95,049)	(153,981)
Other:			
Acquisition of Plant	455	-	455
Depreciation	(740)	-	(740)
Net cash inflow from operating activities	422,717	(133,634)	289,083
Share of net profits of equity accounted associates	188,932	-	188,932
Carrying amount of investment in Associates accounting for using the equity accounting method	1,909,156	-	1,909,156

Note 3. Revenue

	Consolidated		**Parent Entity**	
	2007	**2006**	**2007**	**2006**
From continuing operations	$	$	$	$
Dividend revenue from:				
- associated companies	-	-	54,004	50,000
- other	29,985	-	29,985	
Interest	92,114	151,163	90,062	149,673
Management Fees Received:				
- Basic Management Fee	96,577	52,287	400,000	201,264
- Performance Fee	594,541	306,693	-	-
Profit on Sale of Investments	10,647	-	10,647	-
Other	26,051	18,721	26,001	18,446
	849,915	528,864	610,699	419,383
Total Revenue	849,915	528,864	610,699	419,383
Share of net profit of associate accounted	1,993,777	188,932		

Belmont Holdings Limited

Notes to the financial statements - 30 June 2007

Note 4. Profit from ordinary activities

	Consolidated 2007	Consolidated 2006	Parent Entity 2007	Parent Entity 2006
	$	$	$	$
Net gains and expenses				
Profit from ordinary activities before income tax has been determined after:				
(a) Expenses				
Auditors Fees (Note 20)	(24,800)	(45,605)	(23,300)	(45,105)
Depreciation - plant and equipment	(1,101)	(740)	-	-
Directors fees	(41,000)	(29,000)	(29,000)	(29,000)
Directors superannuation	(2,610)	(2,610)	(2,610)	(2,610)
Loss on Sale of Shares	(15,243)	(1,359)	(15,243)	-
Professional fees - director related	(177,440)	(157,120)	(177,440)	(157,120)
Rental expense on operating leases	(12,255)	(12,122)	(12,255)	(12,122)
Other Expenses	(62,382)	(46,842)	(60,453)	(45,873)
Total Operating Expenses	(336,831)	(295,398)	(320,301)	(291,830)
Net Operating Gain (Loss)	2,506,861	422,398	290,398	127,553
(b) Revenue and net gains				
Management fee - associated company - Base fee	96,577	52,287	400,000	201,164
(c) Individually Significant Items included above				
Management Fee Income - Performance Component	594,541	306,693	-	-

Note 5. Income Tax Expense

	Consolidated 2007	Consolidated 2006	Parent Entity 2007	Parent Entity 2006
(a) The components of income tax expense comprise:				
Current Tax	153,925	84,209	68,125	38,000
Under (Over) provision in respect of prior years	(19,839)	(8,942)	(19,839)	(9,733)
	134,086	75,267	48,286	28,267
(b) The income tax expense for the financial year differs from the amount calculated on the profit. The differences are reconciled as follows:				
Profit from ordinary activities before income tax expense	2,506,861	422,398	290,398	127,553
Income tax calculated at 30%	752,058	126,719	87,119	38,266
Add: Deferred tax assets not brought to account as deferred tax assets	-	14,170		
Less: Tax Effect of :				
- Share of Net profit of Associates	(598,133)	(56,680)		
- Rebatable fully franked dividends	-	-	(23,145)	-
- Underlying tax payable by associated entity			4,151	(266)
- Under/Over provision in respect of prior years	(19,839)	(8,942)	(19,839)	(9,733)
Income tax expense (benefit)	134,086	75,267	48,286	28,267
(c) Amounts recognised directly in equity:				
Increase in deferred tax liabilities relating to capital gains tax on the increase in unrealised gains in the investment portfolio	(213,223)	261,654	(506,572)	(93,375)

Note 6. Cash and Cash Equivalents

	Consolidated 2007 $	Consolidated 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
Cash at Bank and on Hand	95,577	132,699	29,641	106,919
	95,577	132,699	29,641	106,919

Note 7. Current assets - Receivables

	Consolidated 2007 $	Consolidated 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
Other Debtors	609,899	4,251	579,899	3,931
Bills of Exchange - Commonwealth Bank Bills	-	2,519,736	-	2,519,736
Amounts receivable from:				
Wholly owned subsidiaries	-	-	3,867,831	3,774,991
Associated Company	613,227	318,152	-	-
	1,223,126	2,842,139	4,447,730	6,298,658

Note 8. Current assets - Tax

	Consolidated 2007 $	Consolidated 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
Current Tax Asset	-	-	-	-
	-	-	-	-

Note 9. Non current assets - Financial Assets - Available for sale

	Consolidated 2007 $	Consolidated 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
Listed investments				
Shares in other corporations - at Market Value	-	-	-	-
Shares in associated corporations - at Market Value	-	-	3,216,746	1,416,898
Shares in associated corporations - at fair value	3,465,549	1,909,156	-	-
	3,465,549	1,909,156	3,216,746	1,416,898
Unlisted investments				
Unit Trust Investments - at market value	34,512	25,200	34,512	25,200
Convertible Notes - 31 October 2009	1,750,000	-	1,750,000	-
Shares in Controlled Corporations - at fair value	-	-	2,700,000	2,700,000
	1,784,512	25,200	4,484,512	2,725,200
	5,250,061	1,934,356	7,701,258	4,142,098

Note: Non-traded investments in shares in corporations have been written down to their assessed amount, taking into account the underlying net tangible asset backing. These are long term investments and the values are considered appropriate.

Note 10. Non-current assets - Property, plant and equipment

	Consolidated 2007 $	Consolidated 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
Plant and Equipment				
Plant and Equipment - at cost	14,023	19,689	-	-
Less: Accumulated Depreciation	(10,831)	(16,746)	-	-
	3,192	2,943	-	-
Total Plant & Equipment	3,192	2,943	-	-
Total Property, Plant & Equipment	3,192	2,943	-	-

Movement in carrying amount

Movements in the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year are set out below:

Consolidated	**Plant and Equipment**	**Total**
Carrying amount at 1 July 2006	2,943	2,943
Purchases of new Office Equipment	1,535	1,535
Items Scrapped	(185)	(185)
Depreciation expense	(1,101)	(1,101)
Carrying amount at 30 June 2007	3,192	3,192

Note 11. Current Liabilities - Payables

	Consolidated 2007 $	Consolidated 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
Wholly owned subsidiaries	-	-	5,935,065	5,953,277
Associated Entity	30,288	22,195	30,288	22,195
Directors or their Director Related Entities	8,531	8,300	8,531	8,300
Other Creditors	62,657	39,277	56,891	57,141
	101,476	69,772	6,030,775	6,040,913

Note 12. Current Liabilities - Tax Liabilities

	Consolidated 2007 $	Consolidated 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
Income Tax	153,925	84,209	68,125	38,000
	153,925	84,209	68,125	38,000

Note 13. Non-Current Liabilities - Deferred Tax Liabilities

	Consolidated 2007 $	Consolidated 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
Deferred Tax Liabilities - Investment Portfolio	2,854	-	599,947	93,375
	2,854	-	599,947	93,375

Note 14. Contributed equity

	Parent Entity 2007	Parent Entity 2006
(a) Share capital		
2,906,504 (2006: 2,906,504)		
fully paid ordinary shares	1,560,970	1,560,970
(b) Movement in ordinary share capital:		
Balance at beginning of accounting period	1,560,970	1,560,970
Movements during the year	-	-
Balance at reporting date	1,560,970	1,560,970
(c) Movement in ordinary share numbers:		
Balance at beginning of accounting period	2,906,504	2,906,504
Movements during the year	-	-
Balance at reporting date	2,906,504	2,906,504

(d) Ordinary Shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number and amounts paid on the shares. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll is entitled to one vote.

Note 15. Reserves and retained profits

	Consolidated 2007 $	Consolidated 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
(a) Reserves	4,871,482	5,368,997	3,742,150	2,560,152
Realised Capital Gains Reserve				
Balance at 1 July 2006	4,757,568	4,757,568	-	-
Balance at 30 June 2007	4,757,568	4,757,568	-	-
Unrealised Revaluation Reserve				
Balance at 1 July 2006	611,429	-	2,560,152	2,342,275
Revaluation of Investment Portfolio	(710,738)	873,383	1,688,570	311,252
Less Provision for Tax on Unrealised Gains	213,223	(261,954)	(506,572)	(93,375)
Balance at 30 June 2007	113,914	611,429	3,742,150	2,560,152

Note 15. Reserves and retained profits (Cont'd)

	Consolidated 2007 $	Consolidated 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
(b) Retained Profits / (Accumulated losses)				
Retained Earnings (accumulated losses) - beginning of the financial year	(2,171,811)	(2,199,227)	254,265	474,694
Net gain (loss) loss attributable to members of Belmont Holdings Limited	2,372,775	347,131	242,112	99,286
Dividends paid	(319,715)	(319,715)	(319,715)	(319,715)
Balance at 30 June 2007	(118,751)	(2,171,811)	176,662	254,265

(c) Nature and purpose of reserves

Realised Capital Gains Reserve

The Realised Capital Gains Reserve records realisation gains from the sale of non-current assets. The reserves may be used for the distribution of bonus shares to shareholders and is only available for the payment of cash dividends in limited circumstances as permitted by law.

Unrealised Revaluation Reserve

The Unrealised Revaluation Reserve is used to record increments and decrements on the revaluation of non-current assets, as described in the accounting policies. The balance standing to the credit of the reserve may only be used to satisfy the distribution of bonus shares to shareholders and is only available for the payment of cash dividends in limited circumstances as permitted by law.

Note 16. Movements in Equity

	Consolidated 2007 $	Consolidated 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
Total equity at the beginning of the financial year	4,758,156	4,119,311	4,375,387	4,377,939
Total changes in equity recognised in the income statement	2,372,775	347,131	242,112	99,286
Revaluation of Investment Portfolio	(710,738)	873,383	1,688,570	311,252
Less Provision for Tax on Unrealised Gains	213,223	(261,954)	(506,572)	(93,375)
Less Dividend Paid during Year	(319,715)	(319,715)	(319,715)	(319,715)
Total equity at the end of the financial year	6,313,701	4,758,156	5,479,782	4,375,387

Note 17. Dividends

		Consolidated 2007 $	Consolidated 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
Dividend paid - Fully Franked	15 December 2006	319,715	319,715	319,715	319,715
Dividend proposed - Fully Franked	22 November 2007	363,313	319,715	363,313	319,715

(b) Franking credits

	Consolidated 2007 $	Consolidated 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
Franking credit tax component available for dividends in future years	705,954	755,461	695,668	745,175
Fully franked dividends possible at tax rate of 30%	1,647,226	1,762,742	1,623,225	1,738,742

Note: The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for franking credits and debits arising from payment of tax liabilities and receipt of franked dividends.

Note 18. Financial instruments and risk

(a) Credit risk

The credit risk on the financial assets of the consolidated entity is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The credit risk is minimised by placing surplus funds with the company's bankers. Other debt instruments are monitored closely. None of these assets are over-due or considered to be impaired.

(b) Liquidity Risk

This riak is that experienced by an entity when it has difficulties meeting its financial obligations. The consolidated Belmont entity has no external borrowing. In addition, it monitors its cash flows carefully and has all surplus funds placed on short term deposit with its bankers.

(c) Currency Risk

The company is not directly exposed to currency risk. All assets are in Australian dollars.

(d) Interest rate risk

The economic entity'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) may be shown by the weighted average interest rates set out in the following table.

	-- Variable Rates --		Non-interest	Total
	One Year	**Maturing in**	**bearing**	
2007	**or Less**	**Over 1 to 5 yrs**		
Financial assets	**$**	**$**	**$**	**$**
Cash and deposits	65,936		29,641	95,577
Receivables	-		1,223,126	1,223,126
Other financial assets - Investments		3,500,061	1,750,000	5,250,061
	65,936	3,500,061	3,002,767	6,568,764
Weighted Average interest rate	6.5%	3.3%	0.0%	1.7%
Financial liabilities				
Other Creditors	-	-	(258,255)	(258,255)
	-	-	(258,255)	(258,255)
Weighted Average interest rate			0.0%	0.0%
Net financial assets	65,936	3,500,061	2,744,512	6,310,509

	-- Variable Rates --			
	One Year	**Maturing in**	**Non-interest**	**Total**
2006	**or Less**	**Over 1 to 5 yrs**	**bearing**	
Financial assets	**$**	**$**	**$**	**$**
Cash and deposits	62,166		70,533	132,699
Receivables	2,519,736		324,887	2,842,139
Other financial assets - Investments		1,934,356	-	1,934,356
	2,581,902	1,934,356	395,420	4,909,194
Weighted Average interest rate	5.0%	3.0%	0.0%	3.8%
Financial liabilities				
Other Creditors	-		(153,981)	(153,981)
	-	-	(153,981)	(153,981)
Weighted Average interest rate			0.0%	0.0%
Net financial assets	2,581,902	1,934,356	241,439	4,755,213

(e) Net fair value of financial assets and liabilities - on balance sheet

The net fair value of cash and cash equivalents and non-interest bearing monetary assets and financial liabilities of the company approximates their carrying value.

The net fair value of other monetary financial assets and financial liabilities is based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rate for assets and liabilities with similar risk profiles.

Equity investments traded on organised markets have been valued by reference to the last sale price at balance date. For non-traded equity investments, the net fair value is an assessment by the directors based on the underlying net assets, future maintainable earnings and any special circumstances pertaining to a particular investment.

(e) Net fair value of financial assets and liabilities - on balance sheet (cont'd)
The carrying amounts and net fair values of financial assets and liabilities at balance date are:-

	2007		2006	
On-balance sheet financial instruments	**Carrying Amount $**	**Net Fair Value $**	**Carrying Amount $**	**Net Fair Value $**
Financial assets				
Cash	95,577	95,577	132,699	132,699
Receivables	1,223,126	1,223,126	2,842,139	2,842,139
Other Investments	1,784,512	1,784,512	1,934,356	1,934,356
Non-traded financial assets	3,103,215	3,103,215	4,909,194	4,909,194
Traded investments - non current	3,465,549	3,465,549	-	-
	6,568,764	6,568,764	4,909,194	4,909,194

Financial liabilities	**Carrying Amount**	**Net Fair Value**	**Carrying Amount**	**Net Fair Value**
Other creditors	(258,255)	(258,255)	(153,981)	(153,981)
Non-traded financial liabilities	(258,255)	(258,255)	(153,981)	(153,981)

Other than those classes of assets and liabilities denoted as "traded", none of the classes of financial assets and liabilities are readily traded on organised markets in standardised form.
Net fair value is exclusive of costs which would be incurred on realisation of an asset, and inclusive of costs which would be incurred on settlement of a liability.
Financial assets where the carrying amount exceeds net fair values have not been written down as they represent the investment in an associated company which the economic entity intends to hold as a long term investment.

Note 19. Directors and Executives' Remuneration

(a) Names and positions held of parent entity directors and specified executives in office at any time during the financial year are:

Parent Entity Directors:
Mr P E J Murray - Chairman
Mr P G Cooper - Director - Non-Executive
Mr J C Plummer - Director - Non-Executive

(b) Parent Entity Directors' Remuneration

2007	Salary, Fees & Commissions	Primary Superannuation Contributions	Post Employment	Equity Options	Other	Total
Mr P E J Murray	177,440	-	-	-	-	177,440
Mr P G Cooper	17,000	1,530	-	-	-	18,530
Mr J C Plummer	12,000	1,080	-	-	-	13,080
	206,440	2,610	-	-	-	209,050

2006	Salary, Fees & Commissions	Primary Superannuation Contributions	Post Employment	Equity Options	Other	Total
Mr P E J Murray	157,120	-	-	-	-	157,120
Mr P G Cooper	17,000	1,530	-	-	-	18,530
Mr J C Plummer	12,000	1,080	-	-	-	13,080
	186,120	2,610	-	-	-	188,730

(c) Shareholdings

Number of Shares held by Parent Entity Directors and Specified Executives

Parent Entity Directors

	Balance 1.7.06	Received as Remuneration	Options Exercised	Net change *	Balance 30.06.07
Mr P E J Murray	1,096,747	-	-	2,715	1,099,462
Mr P G Cooper	115,322	-	-	-	115,322
Mr J C Plummer	51,000	-	-	-	51,000
	1,263,069	-	-	2,715	1,265,784

* Net change refers to shares purchased or sold during the financial year

(d) Remuneration Practices

The company's policy for determining the nature and amount of emoluments of board members and senior executives of the company is as follows:

The company has no formal executives. However, remuneration for directors, is based on the total amount allocated by way of shareholders in general meeting and, in the case of Mr Murray, by an assessment of experience, performance and tasks undertaken through the year where, in the main, an hourly fee of $80 is payable, plus a share of advisory fee income.

Note 20. Auditor's Remuneration

	Consolidated		Parent Entity	
	2007	**2006**	**2007**	**2006**
	$	**$**	**$**	**$**
Remuneration for audit or review of the financial reports of the parent or any entity in the economic entity				
Cutcher & Neale - Assurance services	19,300	17,080	18,000	16,580
Remuneration for other services:				
Cutcher & Neale - Other compliance services	5,300	28,525	5,300	28,525
Total	24,600	45,605	23,300	45,105

Note 21. Contingent Liabilities

In support of past and future financing needs the parent company and its subsidiary Imperial Pacific Asset Management Pty Ltd have in place cross-guarantees to the bank. Imperial Pacific Asset Management has no present bank facilities.

Note 22. Capital and Leasing commitments

(a) Capital Expenditure Commitments

There are no material capital commitments outstanding at year end.

(b) Operating Lease Commitments

	Consolidated 2007	Consolidated 2006	Parent Entity 2007	Parent Entity 2006
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable				
Not later than one year	4,494	11,044	4,084	11,044
Later than one year but not later than 5 years	-	3,681	-	3,681
	4,494	14,725	4,084	14,725

These commitments represent non-cancellable operating leases.

Note 23. Employee entitlements

There is no pension scheme within the immediate group entities as at 30 June 2007. The company has no formal employees.

Note 24. Related Party transactions

Directors

The names of persons who were Directors of Belmont Holdings Limited at any time during the financial year were P.E.J.Murray, P.G.Cooper, and J.C.Plummer. All of these persons were directors during the year ended 30 June 2007. All directors are directors of associated entity London City Equities Limited.

Remuneration

Information on remuneration of directors is disclosed in Note 19.

Other related parties

Aggregate amounts included in the determination of operating profit before income tax that resulted from transactions with each class of other related parties:

	Consolidated		Parent Entity	
	2007	**2006**	**2007**	**2006**
Management fee revenue				
Associated corporation - London City Equities Limited	691,118	358,980	-	1,264

Aggregate amounts receivable from, and (payable to), each class of other related parties at balance date:

	Consolidated 2007	Consolidated 2006	Parent Entity 2007	Parent Entity 2006
Current payables				
Controlled entities (intercompany balances)	-	-	(5,935,065)	(6,089,005)
Director related	(6,686)	(8,300)	(6,686)	(8,300)
Associated entity (intercompany balance)	(30,288)	(22,195)	(30,288)	(22,195)
Current receivables				
Controlled entities (loan)	-	-	3,867,831	3,690,719
Associated entity (intercompany balance)	613,227	318,152	-	-

Messrs P.G.Cooper and J.C.Plummer also received director fee remuneration from associated corporation, London City Equities Limited, of $20,710 and $17,440 respectively.

Note 25. Investment in controlled entities

Name of Entity	Country of Incorpn	Class of shares	Equity holding		Cost of parent entity's investment	
			2007	**2006**	**2007**	**2006**
			%	%	$	$
Imperial Pacific Asset Management Pty Limited	Australia	Ordinary Shares	100	100	1,000,000	1,000,000
Imperial Pacific Fund Managers Pty Limited (see Note)	Australia	Ordinary Shares	100	100	1,700,000	1,700,000
Imperial Pacific Holdings Pty Limited	Australia	Ordinary Shares	100	100	*	*

Note: Imperial Pacific Asset Management Pty Ltd and Imperial Pacific Fund Managers Pty Ltd are 100% directly controlled by Belmont Holdings Limited. Imperial Pacific Holdings Pty Limited is wholly owned by Imperial Pacific Fund Managers Pty Limited.

Note 26. Investment in associate

Name of company	Ownership Interest 2007	Ownership Interest 2006	Consolidated carrying amount 2007	Consolidated carrying amount 2006	Parent Entity carrying amount 2007	Parent Entity carrying amount 2006
Traded on organised markets:			$	$	$	$
London City Equities Limited Limited	26.8%	25.6%	3,465,549	1,909,157	3,216,746	1,105,846
(Incorporated in Australia)						
Strategic holding company investing in shares and deposits						
			3,465,549	1,909,157	3,216,746	1,105,846

	Consolidated carrying amount 2007	Consolidated carrying amount 2006
Movements in carrying amounts of investments in associate	**$**	**$**
Carrying amount at the beginning of the financial year	1,909,157	1,103,153
Additional Equity Purchased	120,589	55,846
Net Increase (Reduction) in Reserves	(503,970)	611,226
Share of operating profits after income tax	1,993,777	188,932
Less dividends received from associates	(54,004)	(50,000)
Carrying amount at the end of the financial year	3,465,549	1,909,157
Results attributable to associate		
Operating profits before income tax	2,249,717	(95,815)
Income tax expense	(255,940)	284,747
Operating profits after income tax	1,993,777	188,932
Less dividends receivable	(54,004)	(50,000)
	1,939,773	138,932
Realised profits attributable to associates at the beginning of the financial year	309,213	170,281
Retained profits attributable to associates at the end of the financial year	2,248,986	309,213
Reserves attributable to associate		
Capital Profits Reserve	93,142	86,840
Share of associate's contingent liabilities	Nil	Nil
Share of associate's expenditure commitments	Nil	Nil
Summary of the performance and financial position of associates		
The aggregate profits, assets and liabilities of associates are:		
Profits from ordinary activities after income tax	7,485,592	736,823
Assets	13,684,041	8,773,576
Liabilities	(801,051)	(1,358,340)

Note 27. Economic dependency

The major business activity of the group during the year 2006/2007 was the portfolio management of London City Equities Limited and the investment in equities and cash by that company. The 26.8% owned London City Equities Limited is in a liquid position following the successful sale of its strategic shareholding in CCI Holdings Limited. These funds have been placed on fixed term deposit with that company's bankers and the revenue will be subject to interest rate changes, pending reinvestment of those funds. Belmont Holdings also holds convertible notes in MainstreamBPO Pty Limited, a business process outsourcing company formed in 2006. The value of those convertible notes will depend on the continuing ability of that management team to acquire customers and grow its business in the financial services sector.

Note 28. Events occurring after balance date

(a) Since 30 June 2007, the sums owing in relation to the Scheme of Arrangement merger between CCI Holdings Limited and Bureau Veritas have all been received and banked.

(b) A dividend of 12.5 cents per share has been proposed by the Directors. This sum was not provided for in the financial statements.

Note 29. Cash Flow Information

Reconciliation of operating profit after income tax to net cash inflow from operating activities:	Consolidated 2006 $	2005 $	Parent Entity 2007 $	2006 $
Operating Profit (Loss) after Income Tax	2,372,775	347,131	242,112	99,286
Less Equity Accounted Difference AIFRS				
Non cash flows in operating profit / (loss) :				
Income Tax credit due - not received	-	-	-	309,732
Income Tax accrued - not paid	134,086	75,267	68,125	28,267
Income Tax received /paid re previous year	(64,370)	309,732	(20,630)	-
Depreciation	1,101	740	-	-
Management Fees accrued, not paid	-	-	(400,000)	(200,000)
Loss on Sale of Shares	15,243	1,359	15,243	-
Profit on Sale of Shares	(10,647)	-	(10,647)	-
Minority Interest in Associated company	(1,993,777)	(188,932)	-	-
Dividend Received - Associated Company		-	-	50,000
Dividend DRP - Associated Company		-	(54,004)	50,000
Income Accrued - not received	(29,985)	(4,213)	(29,985)	(15,500)
Changes in assets and liabilities				
(Increase) Decrease in other Debtors	(3,831)	6,000	19,736	13,761
Increase (Decrease) in other Creditors	21,221	10,125	(29,908)	(28,200)
Changes in related party items for non-cash fees	(637,218)	(268,126)	(47,000)	15,268
Net Cash used by Operating Activities	(195,402)	289,083	(246,958)	322,614
Cash Balances at Year End comprise:				
Cash at Bank and on hand (Note 6)	95,577	132,699	29,641	106,919
Balance as per Cash Flow Statement	95,577	132,699	29,641	106,919

Note 30. Earnings per share

Basic Earnings per share	Cents	81.64	11.94
Diluted Earnings per share	Cents	81.64	11.94
Weighted average number of ordinary shares during the year used in the calculation of basic EPS		2,906,504	2,906,504

Belmont Holdings Limited

Directors' Declaration

In the opinion of the Directors of Belmont Holdings Limited ("the Company") :

(a) the financial statements and notes as set out on pages 11 to 28 are in accordance with the Corporations Act 2001 including

a. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

b. giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2007 and of its performance, as represented by the results of their operations, changes in equity and their cash flows, for the financial year on that date; and

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

(c) the audited remuneration disclosures set out in the financial report comply with Accounting Standards AASB 124 Related Party Disclosures and the Corporations Regulations 2001.

(d) The Directors have been given the declarations by the effective chief executive officer and the effective chief financial officer required by Section 295A of the Corporations Act 2001.

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

P. E. J. MURRAY, Director

J. C. PLUMMER, Director

Sydney

Dated: 17 September 2007

Cutcher & Neale
CHARTERED ACCOUNTANTS
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AUDITORS INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF

BELMONT HOLDINGS LIMITED AND CONTROLLED ENTITIES
ABN 65 000 144 561

I declare that to the best of my knowledge and belief, during the year ended 30 June 2007 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

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

Cutcher & Neale

Dated this 17th day of September 2007
First Floor

25 Bolton Street
NEWCASTLE

CUTCHER & NEALE
CHARTERED ACCOUNTANTS

M. J. O'Connor CA
Partner

Cutcher & Neale
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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF BELMONT HOLDINGS LIMITED AND CONTROLLED ENTITIES ABN 65 000 144 561

Report on the Financial Report

We have audited the accompanying financial report of Belmont Holdings Limited (the company) Belmont Holdings Limited and 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 cashflow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes 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 Belmont Holdings Limited are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing 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. In Note 1, the Directors also state, in accordance with Accounting Standard AASB101: Presentation of Financial Statements, that compliance with Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit 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.

INDEPENDENT AUDIT REPORT TO THE MEMBERS (Cont'd)

Auditor's Responsibility (Cont'd)

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 on the financial report, whether due to fraud or error. 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.

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

Independence

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

Auditor's Opinion

In our opinion:

(a) the financial report of Belmont Holdings Limited and Controlled Entities is in accordance with the *Corporations Act 2001*, including:

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

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Cutcher & Neale

Dated this 17th day of September 2007
First Floor

CUTCHER & NEALE
CHARTERED ACCOUNTANTS

25 Bolton Street
NEWCASTLE

M. J. O'Connor CA
Partner