Belmont Holdings Limited

ABN 65 000 144 561

Financial Statements for the year ended 30 June 2008

Belmont Holdings Limited

ABN 65 000 144 561

Statutory Directors' Report for the Year to 30 June 2008

Your Directors present their report on the Company and its controlled entities for the year ended 30 June 2008.

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 (27.2% 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 and Officers

The Directors and officers of the Company in office at any time during of the year are as follows:

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 (2004 to 2007). Director and Chief Operating Officer of London City Equities Limited.

John C Plummer - Non-Executive Director.
Special Responsibility: Chairman, Audit, Compliance and Risk Management Committee and Chairman of Remuneration Committee
Bachelor of Commerce; Master of Business Administration.

Mr Plummer's background has been in marketing, product purchasing and human resources. Experienced in general management, personnel and areas of investment. Deputy Chairman of of Chandler Macleod Group Limited, a leading ASX listed personnel organisation. Director of London City Equities Limited also of Professional Associations Superannuation Limited (Chairman of Investment Committee).

Robin Chenery - Non Executive Director.
Special Responsibility: Memberof Audit, Compliance and Risk Management Committee and Member of Remuneration Committee
Bachelor of Science (Honours), Master of Business Administration

Mr Chenery's initial background was in manufacturing management. He has in excess of 35 years extensive Australian and international experience in the steel and coal industries. He has also held a significant number of Board positions throughout his career. Until 2007 was a Director of CCI Holdings Limited and currently a Director of London City Equities Limited since 2007.

Statutory Directors Report (Cont'd)

Directors and Officers (Cont'd)

Philip G. Cooper - Non Executive Director – Retired 31 December 2007
Special Responsibility: Former Chairman, Audit, Compliance and Risk Management Committee
Bachelor of Engineering (Mech.), Bachelor of Arts, Master of Business Administration

Michael JB Smith – Company Secretary
Bachelor of Commerce, Chartered Accountant

Mr Smith has been in accounting public practice for over 20 years. His expertise includes accounting, superannuation and taxation issues.

Particulars of Directors Interests in Shares in the Company are:

	Ordinary Shares
PEJ Murray	1,142,994
JC Plummer	123,922
R Chenery	1,000

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	5	5	-	-	-	-
J. C. Plummer	5	5	4	4	1	1
R. Chenery	4	4	2	2	-	-
P. G. Cooper	4	4	2	2	1	1

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

Remuneration Report

The company has a Remuneration Committee which is responsible for remuneration policies and monitors the remuneration of Directors and officeholders with market conditions. Details of the emoluments of the Directors are set out in Note 19 of the financial statements and are also shown below:

:

	Fees	**Super Contributions**	**Total**
Mr P.E.J.Murray	$152,000	-	$152,000
Mr. J.C.Plummer	$18,500	$1,665	$20,165
Mr R Chenery	$17,705		$17,705
Mr. P.G.Cooper	$8,500	$765	$9,265

Statutory Directors Report (Cont'd)

Principal Activities

The principal activities of the economic entity in the course of the financial year were in strategic equity investment and the portfolio management of London City Equities Limited. This role was carried out through .the Australian Financial Services Licence held by subsidiary, Imperial Pacific Asset Management Pty Limited. 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 modest consolidated profit for the year of $48,000 after providing for tax of $8,000 (profit of $2,373,000 in 2007). The Directors recommend the payment of a fully franked dividend of 12.5 cents per share which follows the payment of a 12.5 cent per share fully franked dividend paid in late November 2007.

Objectives, Achievements and Review of Operations

The Board's prime objective during the year was the protection of group assets and the enhancement of the portfolio funds of London City. This objective was met, despite difficult economic and market conditions.

Belmont's investment in $1,750,000 of convertible loan notes in MainstreamBPO, a Sydney based fund management administration business, was increased by $175,000 to enable that company to fund the purchase of a leading superannuation fund administrator in Melbourne, Group Benefits. If converted, this entitles Belmont Holdings to 20% of that company's equity. Mr Murray joined MainstreamBPO's Board in late November. The operations of MainstreamBPO are still at an early stage and the investment is subject to review.

Belmont continues to have a debt free Balance Sheet and its key investment, London City Equities, reflects the same conservatism.

Environmental regulation

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

Future 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 historically high interest rates and volatile stock-markets. In this regard funds invested in MainstreamBPO continue to be reviewed.

The Board believes favourable investment opportunities will present themselves over the next twelve months.

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 2008

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.

Statutory Directors Report (Cont'd)

Corporate Governance Matters

Belmont Holdings Limited 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 small company such as Belmont in the financial services and investment business, although it has not adopted a small number of the formal “best practice recommendations”. The corporate governance policies of the company and the departures from the recommendations are discussed below.

1. Board and management foundations

The Belmont group operates its businesses through its Board of Directors and experienced officeholders. The Board sets and monitors strategic business plans and shorter term operating challenges. The Board meets at least once a quarter. Belmont has a formal policy in relation to Core Business Processes as well as formal policies on investment processes and approvals. The operations of the company and delegation of duties are inherent in a public listed organisation with investments that may impact on other companies. The Board also notes the responsibilities and duties of Imperial Pacific Asset Management Pty Limited, an AFS Licence holder with specific obligations to ASIC.

The Board, as part of its responsibility to oversee the strategic direction of the company, has established guidelines and two permanent 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

2. The Structure of the Board – Adding value

The Board of Directors, including the Chairman, during the financial year comprised two non-executive Directors and one also acting as Chief Operating Officer of client London City Equities Limited 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 to add value and enhance shareholders wealth. Directors are subject to re-election every three years. The Board has a policy of operating a tight structure, but appoints external parties experienced in specific sectors from time to time to provide the Board with expert advice.

3. Ethical Business Practices

The Board is committed to ensuring that the group's affairs are conducted in a judicious and ethical manner. The company has a formal Personal Code of Conduct Policy in place.

Belmont and its group has policies in dealing in the company’s securities in addition to complying with legislative and regulatory obligations, for example in regard to confidential information. Directors and officeholders are prohibited from dealing in group company shares between the end of accounting periods and the release of results without the consent of the Board. Investments on the Embargo list are also prohibited without the approval of the Board.

4. Financial Reporting Integrity

The Board has in place an Audit, Compliance and Risk Management Committee in place which comprises a non-executive Director as Chairman and one other non-executive Director. It has a formal charter. Belmont also has a Remuneration Committee comprising a similar structure. In addition to standard business reporting obligations and the involvement of external auditors, the manager of London City’s portfolio, Imperial Pacific Asset Management, has extensive ASIC obligations. Operating office-holders are professionally qualified in financial reporting matters.

Statutory Directors Report (Cont'd)

Corporate Governance Matters (Cont'd)

5. Timely and balanced disclosure

The Board aims is to ensure timely, balanced and continuous disclosure to the market of all material matters concerning Belmont in accordance with the ASX continuous disclosure regime and appropriate corporate transparency The Board is sensitive to the requirements of an informed market. It seeks to keep its shareholders informed through reports to the Australian Stock Exchange, half and full-year profit disclosures, annual reports and material shareholder information announcements.

6. Rights of Shareholders

The shareholders of Belmont have both formal and informal rights provided by the company's Constitution, regulatory bodies and proper public company behaviour. These rights include their entitlement to financial statements, attendance at shareholder meetings, participation by voting on the election of directors at the Annual General Meeting and on other important issues. The auditor is invited to attend the Annual General Meeting, however the board notes that auditor are professionally restricted from providing detailed financial information and limited to discussing audit process. Shareholder meetings are conducted in an open forum with wide discussion encouraged by the Chairman.

7. Risk Management

Given the actual and potential volatility of equity markets and economic conditions, Belmont regards risk management as an important issue. In this regard the Board has in place an Audit, Compliance and Risk Management Committee. Risk management issues are carried out by senior personnel under policies and strategies approved by the Board and the Committee.

The board has received positive Section 295A written assurances from the Chief Executive Officer and Chief Financial Officer equivalents.

8. Fair and Responsible Remuneration

Although Belmont does not have many employees or officeholders the company has in place a Remuneration Committee comprising two non-executive Directors. The Remuneration Committee is responsible for assessing appropriate remuneration and payment for personnel as well as for Directors' remuneration. Ultimately shareholders approve directors fees and in 2007 they approved a maximum payout of $125,000 per annum. Current fees are significantly below this level.

As mentioned above, in directing the company's functions during the year, 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. ***Recommendation 2.5:*** Disclose the process for performance evaluation of the board, its committees and individual directors and key executives.	***Comment***: Belmont operates the relatively straight forward investment / financial services sector. Although its three Directors are also directors of London City Equities Limited, a 27.2% 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 formal Board nomination committee is simply not appropriate for a company like Belmont. 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.
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.

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
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.

Statutory Directors Report (Cont'd)

Risk and Compliance Control
The Board of Directors has in place an Audit, Compliance and Risk Management Committee to assist its deliberations in respect of these issues. The ACRM Committee meets at least every quarter and considers, amongst other things, internal control processes of the company. All Board meetings consider issues raised by the ACRM Committee and formal management reports on the compliance by the company with its key obligations. The Board also notes the regulatory compliance obligations of its portfolio management subsidiary, Imperial Pacific Asset Management Pty Limited.

The Directors have received and considered the Section 295A certification from the two senior officeholders responsible for meeting the company's financial, operational and compliance requirements.

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 later in this report. .

Signed in accordance with a resolution of the Directors. Dated at Sydney this 5th day of September, 2008.

On behalf of the Board,

P. E. J. MURRAY

J. C. PLUMMER

Income Statement
for the year ended 30 June 2008

	Notes	Consolidated 2008 $	Consolidated 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Revenue from ordinary activities	3	173,733	849,915	602,855	610,699
Less:					
Depreciation expenses	4	(824)	(1,101)	-	-
Other expenses from ordinary activities	4	(292,457)	(335,730)	(286,530)	(320,301)
Share of net profit of associate accounted for using the equity accounting method	3	175,915	1,993,777	-	-
Profit from ordinary activities before income tax		56,367	2,506,861	316,325	290,398
Income tax expense	5	(8,262)	(134,086)	(8,262)	(48,286)
Net profit attributable to members of Belmont Holdings Limited		**48,105**	**2,372,775**	**308,063**	**242,112**

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	1.66	81.64		
Diluted earnings per share (Cents)	30	1.66	81.64		

The accompanying notes form part of these financial statements.

Balance Sheet
as at 30 June 2008

	Notes	Consolidated 2008 $	Consolidated 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Current assets					
Cash and cash equivalents	6	368,136	95,577	298,700	29,641
Receivables	7	29,340	1,223,126	3,701,321	4,447,730
Current Tax Asset	8	-	-	-	-
Total current assets		**397,476**	**1,318,703**	**4,000,021**	**4,477,371**
Non-current assets					
Financial Assets - Available-for - Sale	9	5,584,207	5,250,061	7,670,252	7,701,258
Property, plant and equipment	10	2,368	3,192	-	-
Total non-current assets		**5,586,575**	**5,253,253**	**7,670,252**	**7,701,258**
Total assets		**5,984,051**	**6,571,956**	**11,670,273**	**12,178,629**
Current liabilities					
Trade and other payables	11	25,067	101,476	5,990,263	6,030,775
Tax liabilities	12	-	153,925	-	68,125
Total current liabilities		**25,067**	**255,401**	**5,990,263**	**6,098,900**
Non-current liabilities					
Deferred Tax liabilities - Investment Portfolio	13	464	2,854	496,606	599,947
Total Non-current liabilities		**464**	**2,854**	**496,606**	**599,947**
Total liabilities		25,531	258,255	6,486,869	6,698,847
Net assets		**5,958,520**	**6,313,701**	**5,183,404**	**5,479,782**
Equity					
Issued Capital	14	1,560,970	1,560,970	1,560,970	1,560,970
Reserves	15	4,831,509	4,871,482	3,501,022	3,742,150
Retained Profits (Accumulated losses)	15	(433,959)	(118,751)	121,412	176,662
Total equity	16	**5,958,520**	**6,313,701**	**5,183,404**	**5,479,782**

The accompanying notes form part of these financial statements.

Statement of Changes in Equity for the Year Ended 30 June 2008

	Notes	Consolidated 2008 $	Consolidated 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Total Equity at the beginning of the year		**6,313,701**	**4,758,156**	**5,479,782**	**4,375,387**
Transactions with Equity holders in their capacity as equity holders:					
Dividends provided or paid		(363,313)	(319,715)	(363,313)	(319,715)
Total transactions with Equity holders in their capacity as equity holders:		**(363,313)**	**(319,715)**	**(363,313)**	**(319,715)**
Income and Expense for Year:					
Profit for Year		48,105	2,372,775	308,063	242,112
Revaluation of Investment Portfolio		105,630	162,645	1,655,353	1,999,822
Provision for Tax on unrealised gains		(31,689)	(48,731)	(496,606)	(599,947)
Less:					
- Reversal of Revaluation Last Year		(162,645)	(873,383)	(1,999,822)	(311,252)
- Reversal of Tax Provision Last Year		48,731	261,954	599,947	93,375
Total recognised income (including unrealised gains) and expenses for the Year		8,132	1,875,260	66,935	1,424,110
Total Equity at the end of the year	16	**5,958,520**	**6,313,701**	**5,183,404**	**5,479,782**

The accompanying notes form part of these financial statements.

Statements of cash flows
for the year ended 30 June 2008

	Notes	Consolidated 2008 $	Consolidated 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Cash flows from operating activities					
Receipts from Customers (inclusive of goods and services tax)		715,388	80,258	-	25,988
Cash paid to suppliers and management (inclusive of goods and services tax)		(286,073)	(325,807)	(276,146)	(321,041)
Interest Received		43,497	111,766	40,070	109,714
Dividends Received		260	-	260	-
Unit Trust Distributions			2,751	-	2,751
Income Tax Refunded (Paid)		(162,187)	(64,370)	(162,187)	(64,370)
Net Cash provided by (used in) operating activities	29	**310,885**	**(195,402)**	**(398,003)**	**(246,958)**
Cash flows from investing activities					
Purchase of investments		(200,855)	(2,421,597)	(200,855)	(2,421,597)
Proceeds from sale of investments		549,729	50,647	549,729	50,647
Purchase of Equipment			(2,019)		(2,019)
Payments for Bank Bills			(23,993)		(23,993)
Proceeds from Bank Bills			2,523,993		2,523,993
Net Cash provided by (used in) investing activities		**348,874**	**127,031**	**348,874**	**127,031**
Cash flows from financing activities					
Payments to a related company		(53,872)	(25,393)	(53,872)	(15,000)
Payments from a related company			376,357	705,388	377,364
Proceeds from Borrowings		-	-	-	-
Repayments of Borrowings		29,985	-	29,985	-
Dividends Paid		(363,313)	(319,715)	(363,313)	(319,715)
Net Cash used in financing activities		**(387,200)**	**31,249**	**318,188**	**42,649**
Net increase (decrease) in cash held		272,559	(37,122)	269,059	(77,278)
Cash at beginning of the financial year		95,577	132,699	29,641	106,919
Cash at end of the financial year	6	**368,136**	**95,577**	**298,700**	**29,641**

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 Standards ("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 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 27.2% owned London City Equities Limited are included by adopting the equity method of accounting (equity accounted as a 26.8% owned entity in 2007).

(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 27.2% equity ownership, as another shareholder controls 46.3%. 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 paid. 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. In the case of the unlisted convertible loan note investment in Mainstream BPO Pty Limited fair value takes into account both the debt status of the investment and its future potential in the form of equity.
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) Derivatives

The economic entity is from time to time exposed to fluctuations in interest 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 fluctuations. It has no foreign exchange exposure.

(h) Employee Entitlements

The company has no employees.

(i) 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.

(j) Impairment of Assets

Available-for-sale assets are reviewed six monthly for impairment whenever events indicate that the carrying value may not be recoverable. An impairment loss is recognised in respect of the amount by which the carrying value of an asset exceeds its recoverable amount.

(k) Financial Risk issues

The economic entity has in place risk management controls supervised by the Board and the Audit, Compliance and Risk Management Committee. Risk issues are explained further in Note 18 of the financial statements.

(l) 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 the 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.

(m) 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.

(n) Financial Statements Approval

The financial statements were authorised for issue by the Board of Directors on 14 August 2008.

Note 2. Segmental information

During 2007/08 the economic entity acted mainly in the investment and financial services sectors in Australia.

2008	**Investment**	**Financial Services**	**Consolidated**
Revenue	**$**	**$**	**$**
Investment /other revenue	43,413	130,320	173,733
Segment Result			
Profit after Tax	123,082	(74,977)	48,105
Segment Assets	5,797,616	186,435	5,984,051
Segment Liabilities	(7,984)	(17,547)	(25,531)
Other:			
Acquisition of Plant	-	-	-
Depreciation		(824)	(824)
Net cash inflow from operating activities	(90,721)	401,606	310,885
Share of net profits of equity accounted associates	175,915	-	175,915
Carrying amount of investment in Associates accounting for using the equity accounting method	3,632,662	-	3,632,662

During 2006/07 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 3. Revenue

	Consolidated 2008	Consolidated 2007	Parent Entity 2008	Parent Entity 2007
	$	$	$	$
From continuing operations				
Dividend revenue from:				
- associated companies	-	-	112,869	54,004
- subsidiary companies	-	-	350,000	
- other	-	29,985	-	29,985
Interest	43,413	92,114	39,986	90,062
Management Fees Received:				
- Base Management Fee	130,320	96,577	100,000	400,000
- Performance Fee	-	594,541	-	-
Profit on Sale of Investments	-	10,647	-	10,647
Other	-	26,051	-	26,001
Total Revenue	173,733	849,915	602,855	610,699
Share of net profit of associate accounted	175,915	1,993,777		

Note 4. Profit from ordinary activities

Net gains and expenses

Profit from ordinary activities before income tax has been determined after:

	Consolidated 2008	Consolidated 2007	Parent Entity 2008	Parent Entity 2007
(a) Expenses				
Auditors Fees (Note 20)	(18,900)	(24,800)	(18,100)	(23,300)
Depreciation - plant and equipment	(824)	(1,101)	-	-
Directors fees	(48,511)	(41,000)	(44,705)	(29,000)
Directors superannuation	(2,430)	(2,610)	(2,430)	(2,610)
Loss on Sale of Shares	-	(15,243)	-	(15,243)
Professional fees - director related	(152,000)	(177,440)	(152,000)	(177,440)
Rental expense on operating leases	(12,443)	(12,255)	(12,443)	(12,255)
Other Expenses	(58,173)	(62,382)	(56,852)	(60,453)
Total Operating Expenses	(293,281)	(336,831)	(286,530)	(320,301)
Net Operating Gain (Loss)	56,367	2,506,861	316,325	290,398
(b) Revenue and net gains				
Management fee - associated company - Base fee	130,320	96,577		
Management fee - subsidiary company	-	-	100,000	400,000
(c) Individually Significant Items included above				
Management Fee Income - Performance Component - associated company	-	594,541	-	-

Note 5. Income Tax Expense

(a) The components of income tax expense comprise:

	Consolidated 2008	Consolidated 2007	Parent Entity 2008	Parent Entity 2007
Current Tax		153,925	-	68,125
Under/(Over) provision in respect of prior years	(8,262)	(19,839)	(8,262)	(19,839)
	(8,262)	134,086	(8,262)	48,286

	Consolidated		Parent Entity	
	2008	2007	2008	2007
Note 5. Income Tax Expense (Cont'd)	$	$	$	$
(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	56,367	2,506,861	316,325	290,398
Income tax calculated at 30%	16,910	752,058	94,898	87,119
Add: Deferred tax assets not brought to account as deferred tax assets	-	-		
Less: Tax Effect of :				
- Share of Net profit of Associates	-	(598,133)		
- Rebatable fully franked dividends	(25,172)	-	(48,372)	(23,145)
- Underlying tax payable by associated entity			(54,787)	4,151
- Under/(Over) provision in respect of prior years	-	(19,839)	-	(19,839)
Income tax expense (benefit)	(8,262)	134,086	(8,262)	48,286
(c) Amounts recognised directly in equity: Decrease (Increase) in deferred tax liabilities relating to capital gains gains tax on the increase in unrealised gains in the investment portfolio	17,042	213,223	103,341	(506,572)

Note 6. Cash and Cash Equivalents

Cash at Bank and on Hand	368,136	95,577	298,700	29,641
	368,136	95,577	298,700	29,641

Note 7. Current assets - Receivables

Other Debtors	160	609,899	160	579,899
Amounts receivable from:				
Wholly owned subsidiaries	-	-	3,700,140	3,867,831
Associated Company	29,180	613,227	1,021	-
	29,340	1,223,126	3,701,321	4,447,730

Note 8. Current assets - Tax

Current Tax Asset	-	-	-	-
	-	-	-	-

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

Listed investments				
Shares in associated corporations - at Market Value	-	-	3,018,707	3,216,746
Shares in associated corporations - at fair value	3,632,662	3,465,549	-	-
	3,632,662	3,465,549	3,018,707	3,216,746
Unlisted investments				
Unit Trust Investments - at market value	26,545	34,512	26,545	34,512
Convertible Notes - 31 December 2011 - at fair value (cost)	1,925,000	1,750,000	1,925,000	1,750,000
Shares in Controlled Corporations - at fair value	-	-	2,700,000	2,700,000
	1,951,545	1,784,512	4,651,545	4,484,512
	5,584,207	5,250,061	7,670,252	7,701,258

Note: Non-traded investments in shares in corporations have been written down to their assessed amount, taking into account either the underlying net tangible asset backing or, in the case of Imperial Pacific Asset Management Pty Limited, its earnings ability. These are long term investments and the values are considered appropriate.

	Consolidated 2008 $	Consolidated 2007 $	Parent Entity 2008 $	Parent Entity 2007 $

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

	Consolidated 2008 $	Consolidated 2007 $
Plant and Equipment		
Plant and Equipment - at cost	14,023	14,023
Less: Accumulated Depreciation	(11,655)	(10,831)
	2,368	3,192
Total Plant & Equipment	2,368	3,192
Total Property, Plant & Equipment	2,368	3,192

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 2007	3,192	3,192
Purchases of new Office Equipment	-	-
Items Scrapped	-	-
Depreciation expense	(824)	(824)
Carrying amount at 30 June 2008	2,368	2,368

Note 11. Current Liabilities - Payables

	Consolidated 2008 $	Consolidated 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Wholly owned subsidiaries	-	-	5,966,962	5,935,065
Associated Entity	-	30,288	-	30,288
Directors or their Director Related Entities	847	6,656	847	6,656
Other Creditors	24,220	64,532	22,454	58,766
	25,067	101,476	5,990,263	6,030,775

Note 12. Current Liabilities - Tax Liabilities

	Consolidated 2008 $	Consolidated 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Income Tax	-	153,925	-	68,125
	-	153,925	-	68,125

Note 13. Non-Current Liabilities - Deferred Tax Liabilities

	Consolidated 2008 $	Consolidated 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Deferred Tax Liabilities - Investment Portfolio	464	2,854	496,606	599,947
	464	2,854	496,606	599,947

Note 14. Contributed equity

	Parent Entity 2008 $	Parent Entity 2007 $
(a) Share capital		
2,906,504 (2007: 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 2008 $	Consolidated 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
(a) Reserves - as per below				
Realised Capital Gains Reserve	4,757,568	4,757,568	-	-
Unrealised Revaluation Reserve	73,941	113,914	3,501,022	3,742,150
	4,831,509	4,871,482	3,501,022	3,742,150
Realised Capital Gains Reserve				
Balance at 1 July 2007	4,757,568	4,757,568	-	-
Balance at 30 June 2008	4,757,568	4,757,568	-	-
Unrealised Revaluation Reserve				
Balance at 1 July 2007	113,914	611,429	3,742,150	2,560,152
Add Back Previous Revaluation of Portfolio	(162,645)	(873,383)	(1,999,822)	(311,252)
Add Back previous Provision for Tax	48,731	261,954	599,947	93,375
Revaluation of Investment Portfolio	105,630	162,645	1,655,353	1,999,822
Less Provision for Tax on Unrealised Gains	(31,689)	(48,731)	(496,606)	(599,947)
Balance at 30 June 2008	73,941	113,914	3,501,022	3,742,150
(b) Retained Profits / (Accumulated losses)				
Retained Earnings (accumulated losses) - beginning of the financial year	(118,751)	(2,171,811)	176,662	254,265
Net gain (loss) loss attributable to members of Belmont Holdings Limited	48,105	2,372,775	308,063	242,112
Dividends paid	(363,313)	(319,715)	(363,313)	(319,715)
Balance at 30 June 2008	(433,959)	(118,751)	121,412	176,662

(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 2008 $	Consolidated 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Total equity at the beginning of the financial year	6,313,701	4,758,156	5,479,782	4,375,387
Total changes in equity recognised in the income statement	48,105	2,372,775	308,063	242,112
Revaluation of Investment Portfolio (Net)	(57,015)	(710,738)	(344,469)	1,688,570
Less Provision for Tax on Unrealised Gains (Net)	17,042	213,223	103,341	(506,572)
Less Dividend Paid during Year	(363,313)	(319,715)	(363,313)	(319,715)
Total equity at the end of the financial year	5,958,520	6,313,701	5,183,404	5,479,782

Note 17. Dividends

		$	$	$	$
(a) Dividends Payable					
Dividend paid - Fully Franked	22 November 2007	363,313	319,715	363,313	319,715
Dividend proposed - Fully Franked	17 October 2008	363,313	363,313	363,313	363,313
(b) Franking credits					
Franking credit tax component available for dividends in future years		760,807	705,954	750,521	695,668
Fully franked dividends possible at tax rate of 30%		1,775,216	1,647,226	1,751,216	1,623,225

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. Financial instruments - net fair value of financial assets and liabilities

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 buy the directors based on the underlying net assets, future maintainable earnings and any special circumstances pertaining to a particular investment. In the case of the. unlisted convertible loan note investment in Mainstream BPO Pty Limited fair value takes into account both the debt status of the investment and its considered A939future potential in the form of equity.

The carrying amounts and net fair values of financial assets and liabilities at balance date are:-

	----------- 2008---------------		----------- 2007---------------	
On-balance sheet financial instruments	**Carrying Amount $**	**Net Fair Value $**	**Carrying Amount $**	**Net Fair Value $**
Financial assets				
Cash	368,136	368,136	95,577	95,577
Receivables	29,340	29,340	1,223,126	1,223,126
Other Investments	1,951,545	1,951,545	1,784,512	1,784,512
Non-traded financial assets	2,349,021	2,349,021	3,103,215	3,103,215
Traded investments - non current	3,632,663	3,632,663	3,465,549	3,465,549
	5,981,684	5,981,684	6,568,764	6,568,764
Financial liabilities	**Carrying Amount**	**Net Fair Value**	**Carrying Amount**	**Net Fair Value**
Other creditors	25,531	25,531	(258,255)	(258,255)
Non-traded financial liabilities	25,531	25,531	(258,255)	(258,255)

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.

B. Risk Considerations - Main factors

The Group's activities expose it to various financial risks, mainly market risk, credit risk and liquidity risk. Risk management is carried out by senior management under policies and strategies approved by the Board and the Audit, Compliance and Risk Management Committee. The Group is not directly exposed to currency risk.

(a) Market Risk

This is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group seeks to reduce market risk by adhering to the prudent investment guidelines of its Board, including guidelines in respect of industry status, investee position in industry, performance outlook, management skills and level of stategic shareholding acquired. Price and Interest Rate risk issues are shown below.

(a) (i) Price Risk

The Group is exposed to equities securities price risk. This arises from the following:

- Investments held by the Group and classified on the balance sheet as either held-for-trading or available-for-sale; and
- Exposure to adverse movements in equity prices which may have negative flow-on effects to the revenue derived from the management of clients' investment portfolios.

The Group is not directly exposed to commodity price risk or derivative securities risk.

Price Risk Sensitivity Analysis:

The table below summarises the pre-tax impact of both a general fall and general increase in market prices by 10%. The analysis is based on the assumption that the movements are spread equally over all assets in the investment and trading portfolios. It also assums no peformance fees are receivable from managed funds.

	-- Consolidated 2008 ---		-- Consolidated 2007 ---	
	10.0% increase in market prices	10.0% decrease in market prices	10.0% increase in market prices	10.0% decrease in market prices
	$	$	$	$
Impact on Profit (Pre tax)	15,922	(15,922)	16,930	(16,930)
Impact on Equity (Pre tax)	363,266	(363,266)	346,555	(346,555)

(a) (ii) Interest Rate Risk

This is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At balance date the Group had a significant proportion of its assets held in interest-bearing bank accounts and deposits at call. As such, the Group's revenues and assets are subject to interest rate risk to the extent that the cash rate falls over any given period. Given that the Group does not have any interest bearing liabilities at balance date, however, the Board and management do not consider it necessary to hedge the group's exposure to 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 --			**Total**
2008	**One Year or Less**	**Maturing 1 to 5 yrs**	**Non-interest bearing**	
Financial assets	**$**	**$**	**$**	**$**
Cash and deposits	360,602		7,534	368,136
Receivables	-		29,340	29,340
Other financial assets - Investments		3,659,208	1,925,000	5,584,208
	360,602	3,659,208	1,961,874	5,981,684
Weighted Average interest rate	7.2%	3.3%	0.0%	2.5%
Financial liabilities				
Other Creditors	-	-	25,531	25,531
	-	-	25,531	25,531
Weighted Average interest rate			0.0%	0.0%
Net financial assets	360,602	3,659,208	1,987,405	6,007,215

	-- Variable Rates --			
	One Year	**Maturing**	**Non-interest**	**Total**
2007	**or Less**	**1 to 5 yrs**	**bearing**	
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

Interest Rate Risk Sensitivity Analysis:

The table below summarises the pre-tax impact of both a decrease and an increase in interest rates by 100 basis points (1.00%). The analysis is based on the assumption that the change is based on the amounts of cash at bank and cash at year end.

	-- Consolidated 2008 ---		-- Consolidated 2007 ---	
	100 bps increase in Interest Rate	100 bps decrease in Interest Rate	100 bps increase in Interest Rate	100 bps decrease in Interest Rate
	$	$	$	$
Impact on profit (pre-tax)	18,969	(18,969)	6,190	(6,190)

(b) Credit Risk

The credit risk on the financial assets of the entity is the risk that one party to a financial instrument may cause a financial loss for the other party by failing to discharge an obligation. This credit risk for Belmont Holdings is minimised by its policy of placing surplus funds with the company's bankers. Other debt instruments are monitored. In the case of MainstreamBPO Unsecured Convertible Loan Notes, Belmont Holdings is represented on its Board.

(b) (i) Cash and Cash Equivalents

The credit risk of the Group in relation to cash and cash equivalents ins the carrying amount and any accrued unpaid interest. The average weighted maturity of the cash portfolio at any time is no greater than 90 days. The credit quality of material deposits of cash and cash equivalents can be assessed by reference to external credit ratings.

	-- Consolidated 2008 ---	-- Consolidated 2007 ---
	$	$
Cash at bank and short-term bank deposits		
A -1+	298,700	29,641
AAAm (Cash Trust)	69,436	65,936
Unrated	1,925,000	1,750,000

(b) (ii) Trade and sundry receivables

The credit risk of the Group in relation to trade and sundry receivables is their carrying amounts. The sums are minor and relate mainly to accrued unpaid interest and prepayments. The risk is mitigated by internal monitoring.

(c) Liquidity Risk

This risk is that experienced by an entity when it has difficulties meeting its financial obligations. The Belmont consolidated entity has no external borrowings. It manages liquidity carefully, maintaining appropriate maturity balances of short term deposits and marketable securities. The Group's management and its Board actively review the liquidity position on a regular basis to ensure that the Group can always meet its commitments, including investment programmes.

(c) (i) Maturities of financial assets

The following table details the Group's maturity periods of its financial assets. This table has been prepared based on the fair values of financial assets as at 30 June and according to the committed deposit maturing dates. Estimates are continually evaluated and are based on historical experience and expectations which are considered reasonable.

	-- Consolidated 2008 ---	-- Consolidated 2007 ---
Immediate	$ 368,136	$ 95,577
Between 3 and 5 years	$ 1,925,000	$ 1,750,000

(c) (ii) Maturities of financial liabilities

The following table details the Group's maturity periods of its financial liabilities. This table has been prepared based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group is liable to meet its obligations. The table includes both interest (where applicable) and principal cash flows.

	-- Consolidated 2008 ---	-- Consolidated 2007 ---
Within 90 days	$ 25,067	$ 255,401
Between 3 and 5 years	$ 464	$ 2,854

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 J C Plummer - Director - Non-Executive
Mr R Chenery - Director - Non-Executive (Appointed 16 October 2007)
Mr P G Cooper - Director - Non-Executive (Retired 31 December 2007)

(b) Parent Entity Directors' Remuneration

2008	Salary, Fees & Commissions	Primary Superannuation Contributions	Post Employment	Equity Options	Other	Total
Mr P E J Murray	152,000	-	-	-	-	152,000
Mr J C Plummer	18,500	1,665	-	-	-	20,165
Mr R Chenery	-	17,705	-	-	-	17,705
Mr P G Cooper *	8,500	765	-	-	-	9,265
	179,000	20,135	-	-	-	199,135

* Includes $2,500 as Chairman of the ACRM Committee.

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

* Includes $5,000 as Chairman of the ACRM Committee.

(c) Shareholdings

Number of Shares held by Parent Entity Directors and Specified Executives

Parent Entity Directors

	Balance 1.7.07	Received as Remuneration	Options Exercised	Net change *	Balance 30.06.08
Mr P E J Murray	1,099,462	-	-	43,532	1,142,994
Mr R Chenery	-	-	-	1,000	1,000
Mr J C Plummer	51,000	-	-	72,922	123,922
	1,150,462	-	-	117,454	1,267,916

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

Note 19. Directors and Executives' Remuneration (Cont'd)

(b) Parent Entity Directors' Remuneration (Cont'd)

(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:

1. The remuneration arrangements for directors are determined by the shareholders in general meeting. From time to time the Board may submit proposals to increase the fees, which are presently a maximum of $125,000. The company has scope to remunerate Directors for special duties that may be requested on occasion. Mr Murray does not receive Directors Fees from the Company.
2. The company has no formal executives. In the case of Mr Murray his remuneration is based on an assessment of his experience, performance and tasks undertaken through the year where, in the main an hourly fee of $80 is payable, plus a share of corporate advisory fee income.
3. The company has a Remuneration Committee in operation.

Note 20. Auditor's Remuneration

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
Remuneration for audit or review of the financial reports of the parent or any entity in the economic entity				
Cutcher & Neale - Assurance services	15,400	19,300	14,600	18,000
Remuneration for other services:				
Cutcher & Neale - Other compliance services	3,500	5,300	3,500	5,300
Total	18,900	24,600	18,100	23,300

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. Neither the parent company nor Imperial Pacific Asset Management Pty Limited has any bank facilities or arrangements.

Note 22. Capital and Leasing commitments

(a) Capital Expenditure Commitments

There are no material capital commitments outstanding at year end.

(b) Operating Lease Commitments

Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable

Not later than one year	15,000	4,484	15,000	4,484
Between 1 & 2 years	15,000	-	15,000	-
Later than one year but not later than 5 years	5,000	-	5,000	-
	35,000	4,484	35,000	4,484

These commitments represent non-cancellable operating leases relating to office premises.

Note 23. Employee entitlements

There is no pension scheme within the immediate group entities as at 30 June 2008. 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 Mr J.C.Plummer, Mr P.E.J.Murray, Mr R.Chenery and Mr P.G.Cooper. Mr Plummer and Mr Murray were directors during the full year ended 30 June 2008 while Mr Cooper was a Director from 1 July 2007 to 31 December 2007 and Mr Chenery was a Director from 16 October 2007 to 30 June 2008. Each Director was also a Director of associated company London City Equities Limited during these periods.

Remuneration

Information on remuneration of directors is disclosed in Note 19.

Note 24. Related Party transactions (Cont'd)

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	
	2008	**2007**	**2008**	**2007**
	$	**$**	**$**	**$**
Management fee revenue				
Associated corporation - London City Equities Limited	130,320	691,118	-	-

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

	Consolidated 2008	Consolidated 2007	Parent Entity 2008	Parent Entity 2007
Current payables				
Controlled entities (intercompany balances)	-	-	(5,966,962)	(5,935,065)
Director related	(847)	(6,686)	(847)	(6,686)
Associated entity (intercompany balance)	-	(30,288)	-	(30,288)
Current receivables				
Controlled entities (loan)	-	-	3,700,140	3,867,831
Associated entity (intercompany balance)	29,180	613,227	1,021	-

Messrs J.C.Plummer, R. Chenery and P.G.Cooper (Retired) also received director fee remuneration from associated corporation, London City Equities Limited, of $22,345, $17,705 and $10,355 respectively.

Note 25. Investment in controlled entities

Name of Entity	**Country of Incorpn**	**Class of shares**	**Equity holding**		**Cost of parent entity's investment**	
			2008	**2007**	**2008**	**2007**
			%	%	$	$
Imperial Pacific Asset Management Pty Limited	Australia	Ordinary Shares	100	100	1,000,000	1,000,000
Imperial Pacific Fund Managers Pty Limited (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**		**Consolidated carrying amount**		**Parent Entity carrying amount**	
	2008	**2007**	**2008**	**2007**	**2008**	**2007**
Traded on organised markets:			$	$	$	$
London City Equities Limited Limited	27.2%	26.8%	3,632,662	3,465,549	3,018,707	3,216,746
(Incorporated in Australia)						
Strategic holding company investing in shares and deposits						
			3,632,662	3,465,549	3,018,707	3,216,746

	Consolidated carrying amount	
	2008	**2007**
Movements in carrying amounts of investments in associate	**$**	**$**
Carrying amount at the beginning of the financial year	3,465,549	1,909,157
Additional Equity Purchased	138,463	120,589
Net Increase (Reduction) in Reserves	(34,396)	(503,970)
Share of operating profits after income tax	175,915	1,993,777
Less dividends received from associates	(112,869)	(54,004)
Carrying amount at the end of the financial year	3,632,662	3,465,549

Note 26. Investment in associate (Cont'd)

	2008	2007
Results attributable to associate	**$**	**$**
Operating profits before income tax	175,915	2,249,717
Income tax expense	-	(255,940)
Operating profits after income tax	175,915	1,993,777
Less dividends receivable	(112,869)	(54,004)
	63,046	1,939,773
Realised profits attributable to associates at the beginning of the financial year	2,248,986	309,213
Retained profits attributable to associates at the end of the financial year	2,312,032	2,248,986
Reserves attributable to associate		
Capital Profits Reserve	302,825	93,142
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	646,191	7,485,592
Assets	13,495,410	13,684,041
Liabilities	(114,700)	(801,051)

Note 27. Economic dependency

The major business activities of the group during the year 2007/2008 were the portfolio management of London City Equities Limited and the monitoring of the group's investment in MainstreamBPO Pty Limited. The 27.2% owned London City Equities Limited is in a relatively liquid position with its funds placed on deposit with that company's bankers. Revenues will be subject to interest rate changes, pending reinvestment of those funds. Belmont also holds convertible loan 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 profitably in the financial services sector.

Note 28. Events occurring after balance date

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

	Consolidated		Parent Entity	
Reconciliation of operating profit after income tax	**2007**	**2006**	**2008**	**2007**
to net cash inflow from operating activities:	**$**	**$**	**$**	**$**
Operating Profit (Loss) after Income Tax	48,105	2,372,775	308,063	242,112
Non cash flows in operating profit / (loss) :				
Income Tax paid re previous year	(162,187)	-	(162,187)	-
Income Tax accrued - not paid	8,262	134,086	8,262	68,125
Income Tax received /paid re previous year		(64,370)		(20,630)
Depreciation	824	1,101		-
Management Fees accrued, not paid	(106,050)	-	(100,000)	(400,000)
Management Fees received re prior year	691,118			
Loss on Sale of Shares		15,243		15,243
Profit on Sale of Shares		(10,647)		(10,647)
Dividend Received - Related Company			(350,000)	-
Minority Interest in Associated company	(175,916)	(1,993,777)		-
Dividend DRP - Associated Company	-	-	(112,609)	(54,004)
Income Accrued - not received	260	(29,985)		(29,985)
Changes in assets and liabilities				
(Increase) Decrease in other Debtors	(14)	(3,831)	(14)	19,736
Increase (Decrease) in other Creditors	(10,789)	21,221	6,789	(29,908)
Changes in related party items for non-cash sums	17,272	(637,218)	3,693	(47,000)
Net Cash used by Operating Activities	310,885	(195,402)	(398,003)	(246,958)

Note 29. Cash Flow Information (Cont'd)

Cash Balances at Year End comprise:				
Cash at Bank and on hand (Note 6)	368,136	95,577	298,700	29,641
Balance as per Cash Flow Statement	368,136	95,577	298,700	29,641

Note 30. Earnings per share

Basic Earnings per share	Cents	1.66	81.64
Diluted Earnings per share	Cents	1.66	81.64
(No dilution as no options in existence)			
Weighted average number of ordinary shares during the year used in the calculation of basic EPS		2,906,504	2,906,504

Note 31. New Accounting Standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2008 reporting periods. The company's assessment of the impact of these new standards is set out below.

(i) AASB 8 Operating Segments and AASB 2007-3 Amendments to Standards arising from AASB 8
AASB 8 is applicable to annual reporting periods on or after 1 January 2009. The company has not adopted the standard early. AASB 8 will adopt a different approach to segmental reporting. At this stage, it is not expected that the standard will affect any of the financial statement amounts materially.

(ii) Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Standards arising from AASB 101.
Revised AASB 101 is applicable to annual reporting periods on or after 1 January 2009. The company has not adopted the standard early. AASB 101 will expand presentation contents in income and changes in equity. At this stage it is not expected that the standard will affect any of the financial statement amounts materially.

The following Standards and interpretations, which are expected to be initially applied in the financial year ending 30 June 2010, unless otherwise stated, are not expected to have any material impact on the financial report of the company:

- *Revised AASB 3 "Business Combinations"*
- *AASB Interpretation 12 "Service Concession Arrangements"*
- *AASB Interpretation 4 "Determining whether an Arrangement contains a lease"*
- *AASB Interpretation 129 "Service Concession Arrangements: Disclosure"*
- *AASB 2007-2 "Amendments to AA Standards arising from AASB Interpretation 12"*
- *AASB Interpretation 14 "AASB 119 - The Limit on a Defined Benefit Asset, Minimum Funding arrangements"*
- *AASB 13 "Customer Loyalty Programmes"*
- *AASB 123 Borrowing Costs revised and AASB 2007-6 "Amendments arising from AASB 123"*
- *AASB 2008-1 "Amendments to Standards - Share based payments, Vesting conditions and cancellations"*
- *AASB 2008-2 "Amendments to Standards - Puttable Financial Instruments and Obligations arising on liquidation".*

Belmont Holdings Limited

ABN 65 000 144 561

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 8 to 26 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 2008 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: 5 September 2008

Cutcher & Neale

Innovative thinking. Traditional values

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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 2008 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 4th day of September 2008
First Floor
25 Bolton Street
NEWCASTLE

CUTCHER & NEALE
CHARTERED ACCOUNTANTS

M. J. O'Connor CA
Partner

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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 2008, 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 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. 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.

The directors also are responsible for preparation and presentation of the remuneration disclosures contained in the directors' report in accordance with the Corporations Regulations 2001.

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 and that the remuneration disclosures in the directors' report comply with Accounting Standard AASB 124.

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 estimates made by the directors', as well as evaluating the overall presentation of the financial report and the remuneration disclosures in the directors' 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 the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Belmont Holdings Limited (the company) Belmont Holdings Limited and Controlled Entities (the consolidated entity) on 4 September 2008, would be in the same terms if provided to the directors as at the date of this auditor's report.

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 2008 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; and

Cutcher & Neale

Dated this 5th day of September 2008
First Floor
25 Bolton Street
NEWCASTLE

CUTCHER & NEALE
CHARTERED ACCOUNTANTS

M. J. O'Connor CA
Partner