

Example AIFRS Listed Limited
(Formerly known as Example Listed Limited)
ABN 12 345 678 901

Interim Report for the half-year ended 31 December 2006

Example AIFRS Listed Limited
(Formerly known as Example Listed Limited)
Directors' report
31 December 2006

The directors present their report on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Example AIFRS Listed Limited and the entities it controlled for the half-year ended 31 December 2006.

Directors

The following persons were directors of Example AIFRS Listed Limited during the financial half-year and up to the date of this report:

Anthony Example
Brad Example
Christina Example
Daniel Example
Elizabeth Example

Principal activities

During the financial half-year the principal continuing activities of the consolidated entity consisted of:

- computer manufacturing
- computer retailing
- computer distribution

The computer distribution division was significantly enhanced during the half-year with the acquisition of the CompCarrier business.

Review of operations

The operating profit for the consolidated entity after providing for income tax amounted to \$21,946,000 (2005: \$14,552,000). This is an increase of \$7,394,000 (51%) from the previous half-year.

All three of the consolidated entity's divisions improved their net result. The manufacturing division produced a profit for the first time due to the re-engineering of its processes which have resulted in increased production and a reduction in defects. The retailing division had a 7.2% increase in sales largely from higher margin products. The distribution division benefited greatly from the integration of acquired CompCarrier business which saw its existing administrative function better utilised.

The financial position of the consolidated entity is very strong with excellent liquidity and a large asset base which is being fully utilised. The consolidated entity is expecting to reduce its bank borrowings significantly over the next 18 months from current cash on deposit and future earnings, without reducing its dividend payments.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

Matters subsequent to the end of the financial half-year

No matter or circumstance has arisen since 31 December 2006 that has significantly affected, or may significantly affect the consolidated entity's operations in future financial years, the results of those operations in future financial years, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this interim report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Environmental regulation

The consolidated entity is not subject to any environment regulation under Commonwealth or State law.

Example AIFRS Listed Limited
(Formerly known as Example Listed Limited)
Financial report
For the half-year ended 31 December 2006

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General information

This financial report covers Example AIFRS Listed Limited as a consolidated entity consisting of Example AIFRS Listed Limited and its subsidiaries. The financial report is presented in Australian currency.

Example AIFRS Listed Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Registered office

10th floor

Universal Administration Building

12 Highland Street

Sydney NSW 2000

Principal place of business

5th floor

Example Business Centre

247 Edward Street

Sydney NSW 2000

A description of the nature of the consolidated entity's operations and its principal activities is included in the directors' report, which is not part of this financial report.

The financial report was authorised for issue by the directors on 30 January 2007.

Example AIFRS Listed Limited
(Formerly known as Example Listed Limited)
Income statement
For the half-year ended 31 December 2006

| | Consolidated Half-year | |
|--|-----------------------------------|---------------|
| | 2006 | 2005 |
| | \$'000 | \$'000 |
| Revenue from continuing operating activities | 280,068 | 261,010 |
| Share of net profits of associates accounted for using the equity method | 2,752 | 2,281 |
| Other income | 614 | 192 |
| Expenses | | |
| Changes in inventories of finished goods and work in progress | (2,555) | (689) |
| Raw materials and consumables used | (81,805) | (78,451) |
| Employee benefits expense | (130,301) | (127,035) |
| Depreciation and amortisation expense | (9,479) | (10,178) |
| Other expenses | (27,533) | (25,424) |
| Finance costs | (1,121) | (1,726) |
| Net profit before income tax expense | 30,640 | 19,980 |
| Income tax expense | (8,694) | (5,428) |
| Net profit after income tax expense attributable to members of Example AIFRS Listed Limited | <u>21,946</u> | <u>14,552</u> |
| | Cents | Cents |
| Basic earnings per share | 14.95 | 10.53 |
| Diluted earnings per share | 14.95 | 10.53 |

The above income statement should be read in conjunction with the accompanying notes

Example AIFRS Listed Limited
(Formerly known as Example Listed Limited)
Balance sheet
As at 31 December 2006

| | Consolidated | |
|---|---------------------|----------------|
| | 31 December | 30 June |
| | 2006 | 2006 |
| | \$'000 | \$'000 |
| Current assets | | |
| Cash and cash equivalents | 19,425 | 5,605 |
| Trade and other receivables | 14,271 | 13,177 |
| Inventories | 40,821 | 43,048 |
| Other | 3,043 | 2,788 |
| Total current assets | <u>77,560</u> | <u>64,618</u> |
| Non-current assets | | |
| Receivables | 145 | 145 |
| Investments accounted for using the equity method | 34,874 | 32,122 |
| Investment property | 47,452 | 47,500 |
| Property, plant and equipment | 135,643 | 134,014 |
| Intangibles | 13,177 | 11,627 |
| Deferred tax | 6,646 | 8,076 |
| Other | 1,340 | 1,445 |
| Total non-current assets | <u>239,277</u> | <u>234,929</u> |
| Total assets | <u>316,837</u> | <u>299,547</u> |
| Current liabilities | | |
| Trade and other payables | 19,098 | 16,875 |
| Borrowings | 5,975 | 4,610 |
| Income tax | 6,468 | 3,562 |
| Provisions | 5,464 | 10,980 |
| Other | 3,239 | 3,062 |
| Total current liabilities | <u>40,244</u> | <u>39,089</u> |
| Non-current liabilities | | |
| Borrowings | 23,131 | 22,437 |
| Deferred tax | 3,214 | 3,205 |
| Provisions | 12,500 | 11,924 |
| Total non-current liabilities | <u>38,845</u> | <u>37,566</u> |
| Total liabilities | <u>79,089</u> | <u>76,655</u> |
| Net assets | <u>237,748</u> | <u>222,892</u> |
| Equity | | |
| Contributed equity | 198,502 | 198,252 |
| Reserves | 6,500 | 6,500 |
| Retained profits | 32,746 | 18,140 |
| Total equity | <u>237,748</u> | <u>222,892</u> |

The above balance sheet should be read in conjunction with the accompanying notes

Example AIFRS Listed Limited
(Formerly known as Example Listed Limited)
Statement of changes in equity
For the half-year ended 31 December 2006

| | Consolidated | |
|---|-----------------------|-----------------------|
| | Half-year | |
| | 2006 | 2005 |
| | \$'000 | \$'000 |
| Total equity at the beginning of the financial half-year | 222,892 | 139,918 |
| Contributions of equity, net of transaction costs | 250 | 77,330 |
| Net profit after income tax expense | 21,946 | 14,552 |
| Dividends paid | <u>(7,340)</u> | <u>(5,872)</u> |
| Total equity at the end of the financial half-year | <u>237,748</u> | <u>225,928</u> |

The above statement of changes in equity should be read in conjunction with the accompanying notes

Example AIFRS Listed Limited
(Formerly known as Example Listed Limited)
Cash flow statement
For the half-year ended 31 December 2006

| | Consolidated | |
|---|----------------------|---------------------|
| | Half-year | |
| | 2006 | 2005 |
| | \$'000 | \$'000 |
| Cash flows from operating activities | | |
| Receipts from customers (inclusive of GST) | 304,342 | 284,899 |
| Payments to suppliers (inclusive of GST) | <u>(272,102)</u> | <u>(257,028)</u> |
| | 32,240 | 27,871 |
| Interest received | 542 | 270 |
| Other revenue | 2,408 | 2,015 |
| Interest and other finance costs paid | (1,120) | (1,726) |
| Income taxes paid | <u>(4,349)</u> | <u>(4,012)</u> |
| Net cash inflow/(outflow) from operating activities | <u>29,721</u> | <u>24,418</u> |
| Cash flows from investing activities | | |
| Payment for purchase of business, net of cash acquired | (8,072) | - |
| Payments for property, plant and equipment | (4,059) | (1,829) |
| Proceeds from sale of property, plant and equipment | <u>1,511</u> | <u>250</u> |
| Net cash inflow/(outflow) from investing activities | <u>(10,620)</u> | <u>(1,579)</u> |
| Cash flows from financing activities | | |
| Proceeds from issue of shares | - | 77,330 |
| Proceeds from borrowings | 4,000 | - |
| Dividends paid | (7,340) | (5,872) |
| Repayment of borrowings | <u>(668)</u> | <u>(93,426)</u> |
| Net cash inflow/(outflow) from financing activities | <u>(4,008)</u> | <u>(21,968)</u> |
| Net increase/(decrease) in cash and cash equivalents | 15,093 | 871 |
| Cash and cash equivalents at the beginning of the financial half-year | <u>4,332</u> | <u>4,734</u> |
| Cash and cash equivalents at the end of the financial half-year | <u><u>19,425</u></u> | <u><u>5,605</u></u> |

The above cash flow statement should be read in conjunction with the accompanying notes

Example AIFRS Listed Limited
(Formerly known as Example Listed Limited)
Notes to the financial statements
31 December 2006

Note 1. Significant accounting policies

This general purpose financial report for the interim half-year reporting period ended 31 December 2006 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2006 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

Note 2. Segment information

Primary reporting - business segments

The consolidated entity is organised into three operating divisions: computer manufacturing, computer retailing and computer distribution. These divisions are the basis on which the consolidated entity reports its primary segment information. The principal products and services of each of these divisions are as follows:

| | |
|------------------------|--|
| Computer manufacturing | the manufacture and wholesaling of computers in Australia |
| Computer retailing | the retailing of computers in Australia |
| Computer distribution | the freight and cartage of computers to customers in Australia |

| Half-year 2006 | Computer manufacture \$'000 | Computer retailing \$'000 | Computer distribution \$'000 | Intersegment eliminations / unallocated \$'000 | Consolidated \$'000 |
|--|-----------------------------------|---------------------------------|------------------------------------|---|------------------------|
| Sales to external customers | 15,879 | 256,324 | 5,466 | - | 277,669 |
| Intersegment sales | 120,010 | - | 1,904 | (121,914) | - |
| Total sales revenue | 135,889 | 256,324 | 7,370 | (121,914) | 277,669 |
| Share of net profits of associates | 2,752 | - | - | - | 2,752 |
| Other income | 297 | 175 | 37 | 2,504 | 3,013 |
| Total segment revenue | 138,938 | 256,499 | 7,407 | (119,410) | 283,434 |
| Segment result | 1,328 | 28,251 | 649 | - | 30,228 |
| Unallocated revenue less unallocated expenses | | | | | 412 |
| Net profit before income tax | | | | | 30,640 |
| Income tax expense | | | | | (8,694) |
| Net profit after income tax expense | | | | | 21,946 |

Example AIFRS Listed Limited
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Note 2. Segment information (continued)

| Half-year 2005 | Computer manufacture \$'000 | Computer retailing \$'000 | Computer distribution \$'000 | Intersegment eliminations / unallocated \$'000 | Consolidated \$'000 |
|--|-----------------------------------|---------------------------------|------------------------------------|---|------------------------|
| Sales to external customers | 14,603 | 242,308 | 2,144 | - | 259,055 |
| Intersegment sales | 114,854 | - | 1,685 | (116,539) | - |
| Total sales revenue | <u>129,457</u> | <u>242,308</u> | <u>3,829</u> | <u>(116,539)</u> | <u>259,055</u> |
| Share of net profits of associates | 2,281 | - | - | - | 2,281 |
| Other income | 184 | 64 | 20 | 1,879 | 2,147 |
| Total segment revenue | <u>131,922</u> | <u>242,372</u> | <u>3,849</u> | <u>(114,660)</u> | <u>263,483</u> |
| Segment result | <u>(1,933)</u> | <u>21,598</u> | <u>16</u> | <u>-</u> | <u>19,681</u> |
| Unallocated revenue less unallocated expenses | | | | | <u>299</u> |
| Net profit before income tax | | | | | <u>19,980</u> |
| Income tax expense | | | | | <u>(5,428)</u> |
| Net profit after income tax expense | | | | | <u>14,552</u> |

Note 3. Profit for the half-year

| | Consolidated Half-year | |
|---|-----------------------------------|------------------------|
| | 2006 \$'000 | 2005 \$'000 |
| Profit before income tax includes the following specific items: | | |
| Income | | |
| <i>Net gain on sale</i> | | |
| Net gain on sale of property, plant and equipment | 422 | 192 |
| Expenses | | |
| <i>Cost of sales</i> | | |
| Cost of sales | 170,671 | 166,790 |
| <i>Finance costs</i> | | |
| Interest and finance charges paid/payable | <u>1,121</u> | <u>1,726</u> |
| Finance costs expensed | <u>1,121</u> | <u>1,726</u> |
| <i>Rental expense relating to operating leases</i> | | |
| Minimum lease payments | <u>22,079</u> | <u>20,924</u> |
| Total rental expense relating to operating leases | <u>22,079</u> | <u>20,924</u> |
| <i>Defined contribution superannuation expense</i> | | |
| Defined contribution superannuation expense | 8,965 | 8,741 |

Example AIFRS Listed Limited
(Formerly known as Example Listed Limited)
Notes to the financial statements
31 December 2006

Note 4. Equity - contributed

| | Consolidated | | Consolidated | |
|------------------------------|---------------------|--------------------|---------------------|-----------------|
| | 31 December 2006 | 30 June 2006 | 31 December 2006 | 30 June 2006 |
| | Shares | Shares | \$'000 | \$'000 |
| Ordinary shares - fully paid | <u>146,900,000</u> | <u>146,800,000</u> | <u>198,502</u> | <u>198,252</u> |

Movements in ordinary share capital during the half-year

| Details | Date | No of shares | Issue price | \$'000 |
|---|------------------|--------------------|-------------|----------------|
| Balance | 30 June 2006 | 146,800,000 | | 198,252 |
| Issue of shares to key management personnel | 31 October 2006 | <u>100,000</u> | \$2.50 | <u>250</u> |
| Balance | 31 December 2006 | <u>146,900,000</u> | | <u>198,502</u> |

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value.

Note 5. Equity - dividends

| | Consolidated Half-year | |
|-------------------------------------|---------------------------|----------------|
| | 2006 \$'000 | 2005 \$'000 |
| Dividends paid during the half-year | <u>7,340</u> | <u>5,872</u> |

Note 6. Contingent assets

Example Coman Pty Ltd, a subsidiary, will be paid a success premium of up to \$3,000,000 by Compdesign Joint Venture Partnership, which it holds a 35% interest, if the rights to a computer manufacturing process are sold to a Korean based company. The likelihood of this proceeding cannot be reliably measured at this stage.

Note 7. Contingent liabilities

Example Coman Pty Ltd, a subsidiary, has provided a guarantee to a supplier's creditor that in the event of default, the subsidiary will pay the outstanding balance owing within 7 days of notification. This was required as the supplier is one of only two specialist silicon refiners in Australia and had insufficient assets to satisfy the creditors credit criteria. The event of default is unlikely and the maximum exposure to the consolidated entity is \$250,000.

**Example AIFRS Listed Limited
(Formerly known as Example Listed Limited)
Independent auditor's review report to the members of Example AIFRS Listed Limited**

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Example AIFRS Listed Limited, which comprises the balance sheet as at 31 December 2006 and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors declaration for the consolidated entity. The consolidated entity comprises Example AIFRS Listed Limited and the entities it controlled at the half-year's end or from time to time during the financial half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 'Review of an Interim Financial Report Performed by the Independent Auditor of the Entity', in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including:

- giving a true and fair view of the consolidated entity's financial position as at 31 December 2006 and of its performance for the half-year ended on that date, and
- complying with the Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

As the auditor of Example AIFRS Listed Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

