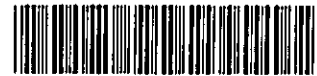


**THIS IS THE BEST
COPY THAT CAN
BE OBTAINED AS
THE ORIGINAL IS
OF A POOR
QUALITY**

OFFER INFORMATION SHEET

AUSTRALIAN SECURITIES
& INVESTMENTS COMMISSION

023700146

OFFERlist Entry

Trace: 000128322

Form code: 764B

Sub form :764BA

Lodging Party Name Retravisio Finance (WA) Ltd
office,level,building,PO box PO Box 173
street number and name 2 Gould Street
locality Osborne Park WA 6017
Country (_____)
telephone (08) 92023333
Facsimile (08) 92023355
eMail rodneygeorge@retravisio.com.au
DX number _____

Australian Securities and Investments Commission

form 764

Disclosure DocumentCorporations Act 2001
Section 718

*THIS OFFER INFORMATION SHEET MUST BE LODGED WITH THE DISCLOSURE DOCUMENT***Issuer/Responsible Entity/Fund Manager**

Name RETRAVISION FINANCE (WA) LTD
ACN 079 440 494

Type ☒ prospectus
☐ short form prospectus
☐ profile statement
☐ offer information statement
☐ product disclosure statement

Exposure Period(S.727(3))

Is the document subject to an exposure period? ☒ Yes ☐ No

Managed Investment Schemes

Is the offer made by a Managed Investment Scheme? ☐ Yes ☒ No

If Yes, provide ARSN and name of each registered scheme

OFFERlist Data

Name of offer Debenture Prospectus No11

Types of offer ☒ initial offer
☐ secondary sale

Types of securities ☒ debentures
☐ notes
☐ options
☐ shares
☐ stapled securities
☐ units
☐ warrants
☐ managed investment product
☐ other prescribed product

☐ other: _____

Minimum amount of offer ☒ \$500 ☐ Not specified

Maximum amount of offer ☐ \$ _____ ☒ Not specified

Where will the offer document be available?

2 Gould Street
Herdsman WA 6017

If document will be available on the Internet, what will be the URL?

Phone available after exposure period

08 92023333

Fax available after exposure period

08 92023355

During the exposure period (if any), where will the offer document be available?

2 Gould Street
Herdsman WA 6017

If document will be available on the Internet during the exposure period (if any), what will be the URL?

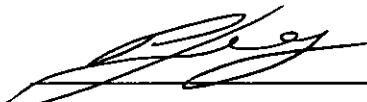
Phone available during exposure period

08 92023333

Fax available during exposure period

08 92023355

Signature



Name

Rodney George

Capacity

COMPANY SECRETARY

Date

4 1 2 1 08



RETRAVISION FINANCE (WA) LTD

ABN 77 079 440 494

DEBENTURE PROSPECTUS NO 11

FOR THE ISSUE OF FIXED TERM AND AT CALL DEBENTURES

IMPORTANT INFORMATION

Important Notice

This Prospectus is dated 4 February 2008 and was lodged with the Australian Securities and Investments Commission ("ASIC") on 4 February 2008. ASIC takes no responsibility for the contents of this Prospectus.

Retravision Finance (WA) Ltd (the "Company") will not apply for any Debentures offered under this Prospectus to be listed on the ASX or rated by any ratings agency.

The Company is not authorised under the Banking Act 1959 and is not supervised by the Australian Prudential Regulation Authority. Your investment will not be covered by the depositor protection provisions in section 13A of the Banking Act 1959.

No Debentures will be issued on the basis of this Prospectus later than 28 February 2009, on which date this Prospectus will expire.

Before deciding to invest in the Debentures offered under this Prospectus, applicants should read the entire Prospectus.

In considering the prospects for the Company, potential investors should consider the financial information set out in the Prospectus and the attached financial reports and the risk factors that could affect the ability of the Company to repay the Debentures and pay interest on the

Debentures. Potential investors should carefully consider these factors in light of personal circumstances (including financial and taxation issues) and seek professional advice from an accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest.

Nature of Investment

We advise all potential investors that the Debentures offered under this Prospectus should not be confused with a bank deposit. A debenture carries with it additional risks, conditions and obligations for both the issuer and the investors, than a standard bank deposit product.

Interest Rates

The Company reserves the right to vary the interest rates and/or length of term applying to the Debentures offered under this Prospectus.

Such variation will apply only to applications lodged on or after the date of variation. For Fixed Term Debentures, following acceptance of your application by the Company, the interest rate applicable to your Debentures will remain unchanged throughout their term. The interest rate applicable to At Call debentures is variable.

Before deciding to invest in the Debentures offered under this Prospectus, applicants should telephone the Company on (08) 9202 3333 to confirm the current term

lengths and interest rates for the Debentures.

Applications

The Application for Debenture form ("Application Form") included in this Prospectus may only be distributed if it is included in, or accompanied by, a completed and unaltered copy of this Prospectus and the Company will only accept a completed Application Form if it has reasonable grounds to believe that the Application Form was provided to the investor with a complete and unaltered copy of this Prospectus.

Exposure Period

Under the *Corporations Act 2001*, the Company is not permitted to process applications in the period of 7 days after the date of lodgment of this Prospectus with ASIC. ASIC may extend this period for up to a further 7 days. No preference will be conferred on Applications received during this period.

No guarantee

Retravision (W.A.) Limited ("Retravision"), the ultimate holding company of the Company does not guarantee the repayment of money borrowed under this Prospectus or interest due in respect of the Debentures.

Retravisio Finance (WA) Ltd - Debenture Prospectus No. 11

Key information

Date of Prospectus	4 February 2008
Period which applications for Debentures will be accepted	11 February 2008 to 28 February 2009
Number of Debentures available under this Prospectus	Any number that does not cause the Company to exceed the debt limits imposed under the Trust Deed.
Price per Debenture	\$0.01
Minimum Application Amount	\$500
Types of Debentures Offered	Fixed Rate or At Call
Interest Rate on Fixed Term Debentures	Fixed rate for the term of the Fixed Term Debenture. The interest rates currently applicable are available by calling the Company on (08) 9202 3333
Repayment of Fixed Term Debentures	At end of fixed term ("Maturity Date") of either 3, 6 or 9 months or 1, 2 or 3 years
Interest Rate on At Call Debentures	Variable rate as advised by the Company from time to time. The interest rates currently applicable are available by calling the Company on (08) 9202 3333.
Repayment of At Call Debentures	At 24 hour call

The above key information is a summary only. Potential investors should read this entire Prospectus and the Important Information section on the cover page of this Prospectus. The period for which Debentures will be accepted is indicative only and the Company has the right to vary this period, including by closing the offer under this Prospectus early.

Company Profile

Retravisio Finance (WA) Ltd ("the Company") was incorporated in Western Australia on 3 September 1997. The Company is a wholly owned subsidiary of Retravisio (WA) Ltd ("Retravisio").

Retravisio was founded in 1961 and today there are 49 Retravisio franchised retail stores throughout Western Australia. Operating revenue of Retravisio for the financial year ended 30 June 2007 was \$374 million and, as at 30 June 2007, it had gross assets of \$70 million. Retravisio, through its franchised stores is a leading electrical household goods retailer in Western Australia. Retravisio, through its wholly owned subsidiary Electcom Ltd ("Electcom"), is also a franchisor of outlets under the names of Fridge & Washer City, which has 10 stores in Western Australia, West Coast Hi Fi, which has 10 stores in Western Australia, Best Buy Electrical, which has 10 stores in Western Australia and 1 in South Australia, as well as 1 store in the Northern Territory under the name Murray Oakley. Retravisio also operates in South Australia and the Northern Territory, through its wholly owned subsidiary Retravisio D.A.D. Ltd, with 6 owned stores and 27 franchise stores. Retravisio also retails through two separate buying groups in South Australia known under the brands Truscotts, which has 8 stores, and Phone Xpress, which has 14 stores. The number of stores referred to in this paragraph is stated as at the date of this Prospectus and may change.

The Company was established to operate as a finance company to receive deposits from members of Retravisio and its wholly owned subsidiaries, franchisees of Electcom, their officers, employees, associates or families, the officers, employees and associates of Retravisio and Electcom and such other persons as the directors determine from time to time. These deposits are made by persons subscribing for Debentures in the Company, such as those offered under this Prospectus (the "Debentures").

Compliance with ASIC Regulatory Guide 69

In October 2007 ASIC released *Regulatory Guide 69: Debentures-improving disclosure for retail investors*. This sets out various benchmarks to be followed and reported upon in a prospectus to address areas of risk in investing in unlisted debentures. Note that only six of the eight benchmarks discussed are relevant to the Company, with benchmarks 7 and 8 only being applicable to issuers involved in real property development. The Company does not have any investments either directly or indirectly, in real property. The Company intends to continually comply with these benchmarks, except for where it has provided explanation as to why the benchmark has not or will not be met. The benchmarks are discussed below and potential investors are referred to relevant sections of this Prospectus where applicable:

Benchmark 1: Equity Capital

This benchmark requires issuers of unlisted debentures are required to confirm whether they meet a minimum equity benchmark of 8%, being equity divided by borrowings and equity combined.

The Company meets this benchmark.

The Company confirms that at the year ended 30 June 2007 and at the last available management reporting date, being 30 November 2007, the ratio was 14% and 15% respectively. Note that during any given month borrowings can significantly increase and decrease. Based on the Company's current tangible assets, the limits on borrowing imposed by the Trust Deed and the requirements of the Trustee, up to a total of \$20,000,000 worth of Debentures can be issued at any given time. If the maximum debenture level is reached and based on the current level of equity at 30 November 2007, this ratio would remain above 8%.

Retravisio Finance (WA) Ltd - Debenture Prospectus No. 11

Benchmark 2: Liquidity

This benchmark requires issuers of unlisted debentures to undertake an ongoing estimates of cash flows for the next 3 months and to ensure that they, at all times, have sufficient cash or cash equivalents to meet anticipated cash flow needs over the next 3 months, and to disclose their policy on balancing the maturity of the Company's assets and the maturing of its liabilities.

The Company does not meet this benchmark.

The Company does not prepare ongoing cash flow estimates in this manner as it prepares an annual cash flow budget for operating expenditure, which outlines anticipated funding requirements for the Company and anticipated funds to be received through the issue of Debentures. These estimates are based on historical information and no material deviation from previous years deposit levels and funding requirements for Retravisio is assumed or anticipated. Accordingly the need for ongoing cash flow forecasting is not considered necessary. The annual cash flow budget is updated on a monthly basis to take into account the prior months cash movements and to provide management with an up to date position of future anticipated cash flows for the remainder of the relevant financial year.

Furthermore, as at 30 June 2007, 99% of the Company's assets consisted of both cash at bank and a secured "At Call" loan to Retravisio which is repayable to the Company upon request. The Company believes that it will have available cash flow (from either cash at bank or from requesting repayments under its "At Call" loan to Retravisio) to meet its cash flow needs. The Company has a balanced maturity position, given that at 30 June 2007 93% of the Debentures issued by the Company were "At Call" which is broadly balanced with the 100% "At Call" nature of the Company's loan to Retravisio. The Company's cash requirements are capped as at any given time the maximum funds that can be drawn by Retravisio is \$10,000,000, with operating expenditure being immaterial to the Company's cash flows. Conversely the timing of payout of At Call Debentures cannot be reliably anticipated. Potential investors' attention is drawn to paragraph 2 of the "Investment Risks" section on page 6 regarding the "At Call" loan to Retravisio.

Benchmark 3: Rollovers

This benchmark requires issuers to clearly disclose their approach to rollovers, including whether the 'default' is that debenture investments with them are automatically rolled-over.

The Company's policy with respect to the rollover of Fixed Term Debentures is to advise Debenture holders in writing, no less than 14 days prior to the maturity date, of their options with regard to reinvestment or maturity. Where instructions are not received from a Debenture holder prior to the maturity date, the Fixed Term Debenture is converted into an At Call Debenture. The Company will consider any written request for early repayment of a Fixed Term Debentures, and if the Company agrees to the early repayment an interest adjustment may apply.

The Company meets this benchmark.

Further information on the Company's policy with respect to both the rollover of Fixed Term Debentures, and the early redemption of funds invested in Debentures, is disclosed on page 7 under the heading "Maturity of Fixed Term Debentures" and page 8 under the heading "Repayment of Fixed Term Debentures Prior to Maturity Date", both of which are included in the "Details of Issue and Terms of Debentures" section. Note that as at 30 June 2007 93% of the Debentures on issue were "At Call" which have no fixed maturity date, therefore no rollover or early repayment policy is in place for these Debentures.

Benchmark 4: Credit ratings

This benchmark requires that the issuer have its debentures rated by a credit rating agency. The credit ratings agency expresses a view on the likelihood of issuers of debentures in that category experiencing an event of default, based on historical average default rates for similar products. This provides an external opinion about the debenture, which helps investors decide whether the product is suitable for them and whether it is appropriately priced.

The Company does not meet this benchmark.

The Company has not in the past and nor has it for this Prospectus had its Debentures rated by a third party credit rating agency. The reasons for not having the Debentures rated are as follows:

- the small size of the offer, in comparison to the cost of such a credit rating;
- the anticipated investors of the offer, being subsidiaries of, or parties related to or associated with the parent entity, Retravisio; and
- the anticipated use of the funds, with the majority of funds loaned directly to Retravisio as an "At Call" loan.

Investors should be aware that an investment in the Company carries with it various risks and should consider the interest rates on offer as outlined in this Prospectus weighed up against the key risks attributable to an investment in the Company, with the principal specific risk being that Retravisio will not be able to repay the Funds lent to it by the Company, which is likely to result in the Company being unable to repay the Debentures or pay the interest due on the Debentures. For additional information on these risks please see the "Investment Risks" section on page 6 of this Prospectus.

Retravisio Finance (WA) Ltd - Debenture Prospectus No. 11

Benchmark 5: Loan portfolio

This benchmark requires issuers who on-lend funds to disclose the information about their portfolio that is set out below.

As disclosed below under the section titled "Use of Funds", the primary purpose of issue of these Debentures is to provide Retravisio with an "At Call" loan to enable it to meet its working capital requirements. The details of the loan as required by the benchmark are detailed below:

- there is one loan to Retravisio, with the balance of this loan being \$6,152,969 at 30 November 2007;
- the loan is an "At Call" loan, repayable either in part or in full immediately at the request of the Company;
- the borrower, Retravisio, is based in Perth, Western Australia;
- the loan is not and has never been subject to default, and Retravisio has always made payments of interest and repayments within the required timeframe, being monthly;
- as outlined in the section on page 4 titled "Security for Funds lent by the Company", the loan is fully secured by a charge ranking behind a charge granted to Australia and New Zealand Banking Group Limited ("ANZ"), up to its limit of \$10,000,000; and
- the loan to Retravisio represents 100% of the funds loaned by the Company as at the date of this Prospectus.

The Company meets this benchmark.

Potential investors attention is drawn to page 13 of Appendix 1, the Annual Report of the Company for the year ended 30 June 2007, which discloses the Company's risk management policies, specifically, in dealing with the loan made by the Company, to its parent Retravisio.

It is the Company's policy as is the case with the "At Call" loan to Retravisio, to ensure that all loans made by the Company are secured to the maximum amounts that may be borrowed by any party.

Note that as also detailed below under "Use of Funds", the Company reserves the right to make loans to franchisees of Retravisio and to Retravisio and its subsidiaries to enable the redevelopment of stores, and for strategic investments. At this time however, no such loans exist or are anticipated to be made.

Benchmark 6: Related party transactions

This benchmark requires issuers who on-lend funds to disclose their approach to related party transactions, including how many loans they have made to related parties and the value of those loans and what assessment and approval process they follow with related party loans (including whether they are subject to the approval of the Trustee).

As noted in benchmark 5 above, the primary purpose of the Company is to make the loan available to its parent entity Retravisio (which is a related party by virtue of its control of the Company). Accordingly, the only loan currently outstanding is a loan to a related party. The approval of the Trustee is not required or sought for the making of, or the making of advances under, this loan. The key terms of this loan are summarised in the section "Key Terms of the "At Call" Loan provided to Retravisio" below and the loan is fully secured by a second ranking charge as is the Company's policy with such loans. For additional details of other related party transactions entered into by the Company, see pages 24 to 26 of Appendix 1, the Annual Report of Retravisio Finance (WA) Ltd for the year ended 30 June 2007.

The Company meets this benchmark.

Types of Debentures offered by the Company under this Prospectus

1. Fixed Term Debentures

Interest rates are fixed for the whole of the term with a number of different interest calculation payment options to choose from, which are set out in the Details of Issue and Terms of Debentures section of this Prospectus and the attached Application Form. The minimum investment is \$500 and terms range from 3 months to 3 years. Investors should telephone the Company on 08 9202 3333 prior to completing an Application Form to confirm the current term lengths and interest rates for Fixed Term Debentures.

2. At Call Debentures

At Call Debentures allow investors access to their funds on 24 hour call whilst earning money market interest rates. Investors should telephone the Company on (08) 9202 3333 prior to completing an Application Form to confirm the current interest rates applicable to At Call Debentures. The minimum balance of Debentures able to be held without repayment of all debentures is \$500 and deposits and withdrawals must be in minimum amounts of \$500.

Use of Funds

The funds received by way of the issue of the Debentures ("Funds") will be used predominantly for the purpose of making an "At Call" loan to Retravisio for working capital purposes including taking advantage of discounts offered by trade suppliers for the early payment of their trade accounts. Other than the Minimum Application Amount of \$500 for applicants, there is no minimum subscription required under this Prospectus.

The Company may also use these funds for:

- making loans to franchisees of Retravisio and Electcom for the purpose of the development of the individual businesses they own including refurbishments and expansion to larger premises;
- making loans to Retravisio, Electcom or any subsidiaries or related entities of those companies as the Board determines from time to time to enable those entities to make strategic investments in, or acquisitions of, other businesses;
- making loans to other persons or entities as the Board determines from time to time; and
- providing computer leasing facilities to members of Retravisio and franchisees of Electcom.

Retravisio Finance (WA) Ltd - Debenture Prospectus No. 11

Key terms of "At Call" Loan provided to Retravisio

The key terms of the "At Call" loan provided to Retravisio are:

- The loan is an "At Call" loan which Retravisio must repay either in part or in full to the Company upon request by the Company.
- Interest is calculated and charged monthly and payable within 30 days of the end of the month to which it relates.
- The loan is secured by a second ranking charge as detailed in the section "Security for Funds lent by the Company" below.
- Retravisio must pay the Company interest on the loan at a rate current as at 31 December 2007 of 7.95% which is variable based on movements in the current ANZ Business Bank Swap Rate Average Bid 30 Days.

Security for Funds lent by the Company

Funds lent to Retravisio by the Company are secured by a charge in favour of the Company over all the assets and undertakings of Retravisio, excluding its trade debtors, assets of any of its subsidiaries and computer equipment and software ("Retravisio Charge"). The Retravisio Charge has been registered with ASIC and ranks second to a mortgage debenture granted by Retravisio in favour of ANZ. ANZ's mortgage debenture is security for the provision of an invoice finance facility by ANZ which enables Retravisio to borrow against its debtors up to a total of \$18,000,000. ANZ, by way of its first ranking debenture charge over Retravisio, has full recourse over the debtor book. As at 30 November 2007, Retravisio had drawn down \$5,886,174 under this invoice finance facility. There are 2 additional fixed and floating charges that have been granted by Retravisio to ANZ which were registered with ASIC after the Retravisio Charge and rank after the Retravisio Charge in priority.

At present the only financial accommodation from ANZ to Retravisio, which has been approved by the Company, is the invoice finance facility referred to in the previous paragraph. Under the Retravisio Charge, Retravisio must not incur any other debts or monetary obligations with or to ANZ without the Company's approval.

Other loans by the Company for approved purposes as outlined in the Use of Funds section above, will be on terms including interest rates and security considered appropriate by the Company.

Directors and their Interests

Retravisio has appointed the directors of the Company, whose details are set out in the Directory at the end of this Prospectus. Together, the directors comprise the Board of the Company. A director need not hold any share qualification pursuant to the Constitution of the Company. The directors may hold Debentures on the same basis as other investors.

The directors or their associates may enjoy the benefit of loans from the Company on the same basis as loans or other forms of financial accommodation made to other borrowers. As at the date of this Prospectus, no director of the Company has received a loan from the Company.

Directors are not paid directors' fees or receive any other payment from the Company, other than payments made to them in common with other Debenture holders as holders of Debentures.

As at 30 June 2007 the directors of the Company held Debentures issued under the Company's Debenture Prospectus No. 10 totalling \$533,100. The Company advises that these numbers will fluctuate and may have varied at the time of lodging this Prospectus. Furthermore at 30 June 2007, the directors of the Company held a total of 1,500,000 ordinary shares in Retravisio.

Trustee and Security for Debentures

The Debentures are governed by a Trust Deed dated 18 February 1998 between the Company and Perpetual Trustees Consolidated Ltd (the "Trustee") as the Trustee for the Debenture Holders (the "Trust Deed"). A copy of the Trust Deed, and a copy of the register of Debenture Holders can be obtained by contacting the Company on 08 9202 3333 or the documents may be inspected during usual business hours at the principal place of business of the Company.

Role of Trustee

The Trustee holds the benefit of the covenants and obligations of the Company as Trustee for the Debenture Holders. The Trustee's function is to represent those debenture holders in dealing with the Company and to monitor, and if necessary, enforce compliance with the Trust Deed. In this respect the Trustee has a wide discretion to act according to what it considers to be the best interests of Debenture Holders and may, in appropriate circumstances, waive non-compliance with the Trust Deed. The Trustee is entitled to receive ongoing annual remuneration, payable quarterly, calculated as 0.035% of the amount of debentures on issue by the Company, plus GST, subject to a minimum annually CPI adjusted annual remuneration, with the most recent fee charged being for the six months to 30 June 2007 being \$11,868 (incl. GST).

The Trustee does not supervise nor have control over the business operations of the Company and it is not responsible for the success or failure of those operations, or for any default in the payment of principal and interest on the Debentures. The role of the Trustee is to be Trustee for the Debenture Holders under the Trust Deed and nothing more.

The Trustee does not make any statement in this Prospectus, and no statement in this Prospectus purports to be based on any statements made by the Trustee. The Trustee takes no responsibility for this Prospectus and has not authorised or caused the issue of this Prospectus.

Retravisio Finance (WA) Ltd - Debenture Prospectus No. 11

Security for Debentures

The repayment of the Debentures, and interest payable in respect of the Debentures, is secured by a first ranking floating charge contained in the Trust Deed (the "Charge"). The Charge is in favour of the Trustee over all the tangible and intangible assets (including goodwill, the undertaking, uncalled capital and called but unpaid capital) whatsoever and wheresoever of the Company. As at the date of lodgement of this Prospectus and other than immaterial assets located in South Australia, all of the Company's assets are located in Western Australia and the Company. The Charge was registered at ASIC on 26 February 1998 as ASIC Charge Number 632689.

The tangible property that constitutes the security for the Charge is, in the opinion of the Board, sufficient and is reasonably likely to be sufficient on an ongoing basis to meet the liability for the repayment of all money that is deposited with or lent to the Company in response to this Prospectus and all other liabilities ranking in priority to, or equally with, that liability that have been or may be incurred.

No charge ranks in priority to the Charge securing the Debentures but, subject to compliance with the borrowing limitations as set out in the Trust Deed, the Company may create and issue further Debentures ranking equally with Debentures already issued or to be issued pursuant to this Prospectus.

Obligations of the Company under the Trust Deed

In addition to appointing the Trustee and creating the Charge, the Trust Deed:

- requires the Company to ensure that its total liabilities do not exceed 95% of its total tangible assets;
- sets out the manner in which the Company is to repay the Debentures;
- imposes on the Company various obligations including obligations to carry on and conduct its business in a proper and efficient manner and to keep proper books of account;
- requires the Company to provide ASIC and the Trustee with yearly and half yearly accounts and quarterly reports and to comply with other reporting obligations;
- prohibits the Company from creating any other charge or security interest which would rank in priority to, or *pari passu* with, the Charge without first obtaining the Trustee's written consent, which is not to be unreasonably withheld if the Trustee is satisfied that the other charge or security interest will not significantly prejudice holders of Debentures;
- provides for the Company to pay to the Trustee a fee by way of remuneration for its services as Trustee;
- requires the Company to establish a register of Debenture Holders;
- provides that Debenture holders representing not less than 10% of the nominal value of the Debentures may request by notice in writing delivered to the Company's registered office that a meeting of Debenture Holders be convened within 30 days of that notice to consider the accounts and balance sheet of the Company that were laid before the last preceding annual general meeting of the Company and to give the Trustee directions in relation to the exercise of the Trustee's powers; and
- provides that a quorum for a meeting of Debenture holders is a minimum of 10 Debenture holders who must hold at least 15% in nominal value of the Debentures, as recorded in the Company's register 48 hours prior to the time appointed for the meeting..

The Trust Deed also provides that the following events constitute events of default entitling the Trustee to enforce the Charge:

- the Company failing to pay the principal or interest due in respect of any Debenture on the day that it becomes due and payable;
- an application being made to a court for the appointment of a liquidator or official manager of the Company;
- the Company ceases to carry on business;
- either a receiver or a receiver and manager is appointed in respect of, or a mortgagee takes possession or enforces its mortgage against the Company's assets;
- any unsecured financial accommodation afforded to the Company becomes due and payable and the Company fails to make payment within 30 days after demand in writing for the payment has been made;
- any distress or execution in excess of \$50,000 is levied or enforced upon or against the undertaking property or assets of the Company and is not satisfied within 30 days or such longer period as the Trustee may allow;
- the Company becomes unable to pay its debts as they fall due or, without the consent of the Trustee, enters into any arrangement or composition with its creditors;
- the Company, without the consent of the Trustee, reduces its capital;
- the Company contravenes its obligations to Debenture holders under the Trustee or fails or neglects to carry out its duties and the Trustee is of the reasonable opinion that such contravention, failure or neglect is prejudicial to, or adversely affects, those Debenture holders and the Company does not rectify the matter within such period specified by the Trustee;
- the Company sells or parts with possession of the whole or a major part of its undertaking without the prior consent of the Trustee where the Trustee has not received a certificate signed by 2 directors of the Company stating that the sale or parting with possession is commercially desirable, not prejudicial or adverse to the interests of Debenture holders and would not result in a breach of the borrowing limits under the Trust Deed;
- the Company, within 30 days of a demand being made by the Trustee, fails to carry out or comply in a material respect with any undertaking given to, or any condition imposed in respect of any consent given, or the exercise of any power or discretion by, the Trustee pursuant to the Trust Deed; or
- the Company creates, allows to subsist or purports or attempts to create any encumbrance contrary to the terms of the Trust Deed.

If an event of default occurs, the Trustee may take actions to enforce its security including to take possession of and deal with the Company's assets and carry on the Company's business or appoint a receiver over the property of the Company.

The Company can issue further Debentures on such conditions and at such times as the Company may determine from time to time and all Debentures whenever issued on whatever price and terms rank equally. The Company may only issue Debentures or otherwise borrow or incur

Retravisio Finance (WA) Ltd - Debenture Prospectus No. 11

liabilities within the limits prescribed by the Trust Deed. The Trust Deed contains a covenant by the Company that it will ensure that the total liabilities of the Company do not exceed 95% of the Company's total tangible assets. As per unaudited management accounts, as at 30 November 2007, that percentage was 85%. The Company will only issue such number of Debentures that do not cause it to exceed these limits.

Amendment of the Trust Deed

The terms of the Trust Deed may be amended by agreement between the Trustee and the Company. Such an amendment may be made if in the opinion of the Trustee the amendment is not likely to be materially prejudicial to the interests of Debenture Holders.

Financial Information

The complete Annual Reports as issued to shareholders for the Company and Retravisio and the Controlled Entities referred to in those reports for the year ended 30 June 2007 are attached as Appendices 1 and 2 respectively. Potential investors should review these Annual Reports to ascertain the financial position of the Company and Retravisio prior to investing in Debentures under this Prospectus.

The Directors of the Company are, after having made due enquiry, not aware of any matter or circumstance, not otherwise dealt with in the financial statements, that has significantly affected or may significantly affect the operations, the results of those operations, or the state of affairs of the Company, Retravisio and its Controlled Entities, that has arisen during the period from 30 June 2007 to the date of this Prospectus.

Investment Risks

An investment in Debentures carries with it risks, both specific to the Company and of a nature which are typical of those borne by entities in the financial sector, which may affect the ability of the Company to repay the Debentures or pay the interest due on the Debentures.

The principal specific risk is that Retravisio will not be able to repay the Funds lent to it by the Company, which is likely to result in the Company being unable to repay the Debentures or pay the interest due on the Debentures.

Retravisio is a trading entity and its capacity to repay amounts advanced will be affected by its continued financial performance and position. If the funds lent to Retravisio are used to finance loans to store owners, the continued success of the particular store will be critical to repayment of those loans. In assessing the risks of an investment in the Debentures, prospective investors should carefully consider Retravisio's Annual Report for the year ended 30 June 2007, with particular attention drawn to the working capital deficiency contained in Note 31 Related Party Disclosures on page 52 of that Annual Report. Retravisio's Annual Report is attached to this Prospectus in Appendix 2. While noting that this list of risks is not exhaustive, the Company considers that the following are key risk factors that may affect the financial performance and/or financial performance of Retravisio, which in turn may affect its ability to repay the Funds lent to it by the Company:

- Retravisio is likely to need to draw on its financial facilities with ANZ should the Company request that Retravisio repay a substantial portion or all of the Funds lent by the Company. There is a risk that Retravisio's financial facilities with ANZ may be terminated or become unavailable (due to the default by Retravisio or for other reasons) and Retravisio is unable to source alternate funding sources. If this risk eventuates, Retravisio may be unable to repay all or part of the Funds lent by the Company.
- The financial performance of Retravisio is dependent upon the continuation of demand for electrical products by consumers in Western Australia and to a lesser extent South Australia and the Northern Territory. Should this demand materially deteriorate, Retravisio's financial performance, and its ability to repay Funds lent to it by the Company, may be adversely affected. General economic conditions in Australia and the world may also affect the demand for electrical products.
- There is a risk that Retravisio's financial performance may be adversely affected by increased competition from new and existing competitors.

In assessing the risks of an investment in the Debentures, prospective investors should also carefully consider the Company's Annual Report for the year ended 30 June 2007, which is attached to this Prospectus in Appendix 1.

Taxation

The Australian tax laws are complex and the following is not intended to be a complete statement of the possible tax implications for investors in Debentures.

Interest paid on Debentures will generally be included in assessable income in the income year it is paid. However, investors who subscribe for debentures with terms longer than 12 months with interest to be paid only on the Maturity Date should be aware that they are required by Division 16E of the Income Tax Assessment Act 1936 to include the accruing interest income in their annual tax returns. You should seek independent professional advice with respect to the tax consequences applicable to your individual circumstances before investing as your individual circumstances may affect the taxation implications of an investment in Debentures. It is your responsibility to be satisfied as to the particular taxation treatment that applies to each investment.

Details of Issue and Terms of Debentures

Ranking of Debentures

Debentures issued under this Prospectus will rank equally with all other Debentures on issue in the Company.

Retravision Finance (WA) Ltd - Debenture Prospectus No. 11

Processing of Applications

The Company will, within 2 months after the acceptance of an investment to which this Prospectus relates, issue to the investor a certificate acknowledging the indebtedness of the Company in respect of that investment.

Maturity of Fixed Term Debentures

The Company will send holders of Fixed Term Debentures an advice in writing, no less than 14 days prior to the maturity date, of approaching maturity of their Fixed Term Debentures and of their options with regard to reinvestment or maturity. Investors may request that their Fixed Term Debentures be repaid on their Maturity Date by way of the Debenture Withdrawal Form. If the Company does not receive a Debenture Withdrawal Form by the Maturity Date, the Company will convert the Fixed Term Debentures to At Call Debentures.

Interest Rates

Interest rates for Debentures will be the rate determined by the Board from time to time based on prevailing market conditions at the time that the Company accepts the application. The interest rates currently applicable at the date of this Prospectus are set out in the Interest Rate Card accompanying and forming part of this Prospectus. Applicants should telephone the Company on (08) 9202 3333 to confirm the currency of any Application Form, interest rate, and/or term prior to completing an Application Form. Applicants should then insert the applicable interest rate on their Application Form next to their chosen investment option. Each year the Company will forward to each Debenture Holder a statement of interest earned for taxation purposes.

For Fixed Term Debentures, following acceptance of your application by the Company, the interest rate applicable to your Debentures will remain unchanged throughout their term. The interest rate applicable to At Call Debentures is variable and the Company will notify holders of At Call Debentures of changes to the applicable interest rate. Applicants can find out current term lengths and interest rates by telephoning the Company on (08) 9202 3333. The applicable terms and interest rates are also found in the weekly e-mail despatched to Retravision dealers and Electcom franchisees.

The Company reserves the right at any time, during the term of this Prospectus, to vary the interest rates and/or term lengths offered. For Fixed Term Debentures, such variation will apply only to applications lodged on or after the date of variation.

If the applicable interest rate has changed from that set out in your Application Form or you send us an application form that does not specify the interest rate, the Company will either refund your application money to you or issue the Debentures at the then current interest rate and notify you of the current interest rate and give you 1 month to withdraw your application and be repaid your application money (including interest).

If Fixed Term Debentures are not repaid at the maturity date by the Company (other than by reason of you not satisfying the requirements for repayment), the Company will convert the Fixed Term Debentures to At Call Debentures and adjust the interest rate to the current "at call" rate. Interest will then accrue until repayment or redemption is actually made.

Calculation of Interest

Interest will be calculated on a daily basis from the date of acceptance of your application to the next interest payment date following acceptance.

Depending on the type and term of Debenture you apply for, interest will be paid in one of the following manners.

1. **Monthly Interest**
Interest will be paid on the last day of every month and on repayment of the Debenture.
2. **Quarterly Interest**
Interest will be paid on the last day of March, June, September and December and on repayment of the Debenture.
3. **Annual Interest**
Interest will be paid annually on the last day of the month of investment each year and on repayment of the Debenture.
4. **Compound Annual Interest**
Interest will be credited and compounded annually then paid on repayment of the Debenture. This means that interest is calculated on both the original principal as well as the interest that has accrued each year during the period of the investment.

Interest Payment Options

The Application for Debenture form allows you to select any of the following interest payment options.

1. **Direct Deposit**
Your interest payments will be made direct to your account at a bank, building society or another deposit taking institution specified by you. Where possible these payments will be transferred electronically or sent direct to the head office of the nominated institution. If you select the direct deposit option, the following conditions apply:
 - (a) The Company will not issue separate interest lodgement notices to investors.
 - (b) The Company cannot accept responsibility for delays caused in the transfer or the processing of the payment by the receiving institutions.
2. **By cheque**
A cheque will be posted to the postal address specified on your Application Form.

Retravisision Finance (WA) Ltd - Debenture Prospectus No. 11

3. **Compounded**

Interest will be credited and accumulated to your account on the last day of an interest payment period. You can convert from compound interest to monthly, quarterly or annual payments, or vice versa, by giving the Company not less than two weeks written notice of your desire to convert.

Transferability of Debentures

Subject to the *Corporations Act 2001* and the Trust Deed, holders of Debentures may only transfer Debentures with the prior consent of the Company.

Duties and Taxes

The Company reserves the right to withhold tax and other taxation deductions where required to do so under any applicable taxation laws and to recoup any government duties or taxes (including GST) incurred in connection with any investment under this Prospectus.

Repayment of Fixed Term Debentures Prior to Maturity Date

Prior to a Debenture's Maturity Date, the Company will consider any written request for repayment of all or part of an investor's holding of Fixed Term Debentures. If the Company agrees to the early repayment an interest adjustment may apply. Repayment without adjustment is only made to the Executors or Administrators of deceased estates or primary producers in accordance with administrative or legislative requirements. Superannuation or provident funds, upon one month's written notice, may withdraw up to 10% of their investment annually without adjustment. Any request for early withdrawal should be communicated to the Company on the Debenture Withdrawal Form attached to this Prospectus.

Additional Information

Consents

PricewaterhouseCoopers has given its consent (which has not been withdrawn as at the date of this Prospectus) to the issue of this Prospectus with PricewaterhouseCoopers being named as auditors to the Company in the Directory and to the inclusion of the audited financial statements of the Company and Retravisision for the year ended 30 June 2007, including the Independent Audit Reports, in the form and context in which those financial statements are included. PricewaterhouseCoopers has not been involved in the preparation of any part of the Prospectus and has not authorised or caused the issue of this Prospectus.

Deacons has given its consent (which has not been withdrawn as at the date of this Prospectus) to the issue of this Prospectus with the inclusion to references to Deacons as solicitors of the Company in the Directory of this Prospectus and in the form and context in which these references are included. Deacons has not authorised or caused the issue of this Prospectus. Deacons expressly disclaims and takes no responsibility for any other part of this Prospectus. It makes no statement in the Prospectus and has not authorised or caused the issue of it.

The Trustee has not been involved in the preparation of any part of this Prospectus and makes no promise that money invested will earn income or capital gain, or be repaid. The Trustee expressly disclaims and takes no responsibility for any part of this Prospectus. It makes no statement in the Prospectus and has not authorised or caused the issue of it.

Remuneration and Related Party Disclosures

No director or proposed director of the Company and no expert of a firm of which such an expert is a partner has any interest in the promotion of, or in any property proposed to be acquired, by the Company.

Other than as disclosed in Notes 18, 19 and 20 of the Financial Statements of the Company in Appendix 1, no amounts have been paid or agreed to be paid in cash or shares or otherwise to any key member of management, any director or proposed director of the Company or to a firm of which he is a partner either to induce him to become, or to qualify him as, a director or otherwise for services rendered by him or his firm in connection with the promotion or formation of the Company.

No amounts have been or agreed to be paid in cash or shares or otherwise to any expert or to a firm of which such an expert is a partner, for services rendered by him or his firm in connection with the promotion or formation of the Company, save that PricewaterhouseCoopers and Deacons are to be paid their usual professional fees in connection with this Prospectus, being the GST exclusive sums of \$2,750 and \$6,000 respectively. PricewaterhouseCoopers and Deacons provided services to the Company in respect of its Debenture Prospectus No.10 and were paid the GST exclusive sums of \$5,500 and \$5,000 respectively for those services.

In accordance with clause 11.4(a) of the Trust Deed, the Trustee is entitled to charge a fee in connection with this Prospectus. It is estimated that the Trustee's fee will be \$900 plus GST, in addition to the amounts the Trustee receives as remuneration, which is outlined in the Role of Trustee section of this Prospectus. There was no Trustee fee in respect of the Company's Debenture Prospectus No.10 as it formed part of the remuneration received in the Role of Trustee for that year.

Prospects

The Company expects to continue to trade profitably for the year ending 30 June 2008 and expects that it will meet all interest and principal payments as they fall due.

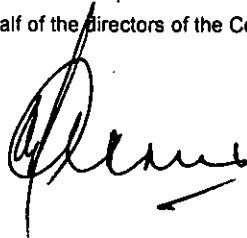
Retravisio Finance (WA) Ltd - Debenture Prospectus No. 11

Statement of Directors

Each Director of the Company has consented to the lodgement of the Prospectus with ASIC and has not withdrawn that consent prior to lodgement.

This Prospectus was signed on behalf of the directors of the Company by:

WA HARRIES
Chairman
Retravisio Finance (WA) Ltd

A handwritten signature in black ink, appearing to read 'WA Harries', with a horizontal line extending from the end of the signature.

**RETRAVISION**

RETRAVISION FINANCIAL SERVICES

A SINCE 1975, AHEAD 1992

**DEBENTURE
PROSPECTUS No. 11***I n t e r e s t R a t e s*

<i>Paid Monthly Rate p.a. Min \$500</i>	<i>Paid Quarterly rate p.a. Min \$500</i>	<i>Paid Annually y rate p.a. Min \$500</i>	<i>Compounded Annually rate p.a. Min \$500</i>
--	--	---	---

on application

-

-

-

6.45%

6.50%

-

-

6.55%

6.60%

-

-

6.65%

6.70%

-

-

6.75%

6.80%

7.00%

-

6.75%

6.80%

7.00%

7.00%

6.75%

6.80%

7.00%

7.00%

• The interest rates set out on this interest rate card may not be current at the time your application is made. Please check with the Company for the current rates before completing the application. Telephone 08 9202 3333.

• Interest rates are also found in the e-mail despatched to Retravision Dealers and Electcom Ltd Franchisees.

• Interest Rates are effective from 4 February 2008.

Instructions on How to Invest

1. Please complete the Application Form accompanying and forming part of the Prospectus. Please note the minimum application amount of \$500 per application and insert the amount you want to invest and the frequency of your interest payments for the term of your investment.
2. Applicants are also required to insert the interest rate applicable to their investment on the Application Form. The interest rates currently applicable at the date of this Prospectus are set out in the Interest Rate Card accompanying and forming part of this Prospectus. However, applicants should telephone the Company on (08) 9202 3333 to confirm the interest rate and insert the confirmed amount on the Application Form.
3. Deposits can be made as follows:
 - (a) Attach a Not Negotiable cheque made payable to Retravisio Finance (WA) Ltd (**Cash will not be accepted**).
 - (b) By electronic transfer to the Company's bank account provided that written confirmation has been lodged with the Company on the same day:
Account Name: Retravisio Finance (WA) Ltd
BSB: 016 002
Account No.: 8372 40161
4. Deliver or post your Application Form and cheque to:
Retravisio Finance (WA) Ltd
PO Box 173, Osborne Park WA 6917
(or 2 Gould Street, Herdsman WA 6017)

Alternatively you may fax your Application Form to 08 9202 3355.

How to Sign Your Application

- | | |
|--------------------|---|
| Individual | - by you personally or
- by your authorised attorney(s), please attach the Power of Attorney for noting and return unless it has already been noted by the Company. |
| Partnership | - by all applicants. |
| Joint | - by all applicants (joint tenancy is presumed unless the Company is notified otherwise, in writing, by all parties). |
| Company | - in accordance with the <i>Corporations Act 2001</i> and/or
- by an authorised officer(s) of the company showing name and title. |
| Trusts | - applications are to be made in the name of the trustee(s) and signed by the trustee(s) of superannuation, provident and other trust funds, clubs and other organisations. |

Tax File Number Notification

Our request for your Tax File Number ("TFN") is authorised by tax laws which also strictly regulate its use and disclosure. You may choose not to quote your TFN in which case tax may be taken out of your interest.

Joint Investments – if possible please provide details of only two investors who have TFN's rather than investors who are exempt.

Trust Investments – provide the trust TFN if there is one. Otherwise please provide the trustee's TFN or exemption.

Exemptions:

If you propose to claim a TFN exemption, please provide full details of your reason for exemption, eg children under the age of 16 who are earning less than \$420 p.a. (or \$772 p.a. including the low income tax offset), are to provide their year of birth (a TFN is required by 31 December in the year they turn 16, or tax may be withheld); pensioners are to provide the full name of their pension ("Age, Invalid..."); organisations not required to lodge tax returns are to state the reason for their exemption.

If you have any queries about your TFN or exemption eligibility, please telephone the Company or the Australian Taxation Office.

Privacy

The Application Forms require you to provide to us information about you that is personal information for the purposes of the Privacy Act 1988. The information that we seek is necessary to enable us to process your Application and, if your Application is accepted, issue debentures to you and pay you interest. This is why we obtain this information. We do not disclose your personal details to anyone else. You have the right to access the information we hold about you. If you do not provide us with all the information we seek we may not be able to process the Application or issue debentures to you.

Further Information

If you have any queries in relation to this Prospectus, please either telephone the Company on 08 9202 3333 or call at our office at 2 Gould Street, Herdsman, WA.

Retravisin Finance (WA) Ltd

A.B.N. 77 079 440 494

Debenture Prospectus No. 11

APPLICATION FOR DEBENTURE

Fax form to (08) 9202 3355

I/we hereby apply for Debentures of Retravisin Finance (WA) Ltd as detailed below under the terms and conditions set out in Prospectus No. 11 dated 4 February 2008. I/we understand that no such securities will be allotted or issued after 28 February 2009 and that applications must be made on this form accompanying and forming part of the Prospectus. I/we acknowledge that the Company reserves the right to vary interest rates and terms prior to issue.

Investor Details (Please use block letters)

INVESTOR 1

Company Name	A.B.N.	Store No.
Mrs/Miss/Ms/Mr/Dr (Surname)	(Given Name)	
Postal Address:		
State:	Post Code:	Telephone No:

INVESTOR 2

Company Name	A.B.N.	Store No.
Mrs/Miss/Ms/Mr/Dr (Surname)	(Given Name)	
Postal Address:		
State:	Post Code:	Telephone No:

Investment Instructions

Before completing this application form, you should check with the Company to make sure interest rates are current. Telephone (08) 9202 3333. Interest rates are also found in the weekly e-mail despatched to Retravisin Dealers and Electcom Franchisees. You must insert the amount you wish to invest and the applicable interest rate in the box corresponding to your chosen investment option below.

TERM	Interest Compounded/ Payable Monthly (Min \$500)		Interest Compounded/ Payable Quarterly (Min \$500)		Interest Compounded/ Payable Annually (Min \$500)		Interest Compounded Annually (Min \$500)			
AT CALL DEBENTURES										
24 hr call	\$	%	\$	%	\$	%	\$	%		
FIXED TERM DEBENTURES										
3 months	\$	%	\$	%						
6 months	\$	%	\$	%						
9 months	\$	%	\$	%						
1 year	\$	%	\$	%	\$	%				
2 years	\$	%	\$	%	\$	%			\$	%
3 years	\$	%	\$	%	\$	%			\$	%

* Obtain the current rate from the Company.

Interest Instructions

(Please indicate your account details for direct deposit of interest payments, otherwise a cheque will be posted to the above address)

Name of Bank, Building Society or other institution:	
Account Name:	
Full Address:	Postcode:
Bank BSB:	Account No:

By signing this application form I/we acknowledge that I/we have read the Prospectus to which this application relates.

INVESTOR 1- Signature

INVESTOR 2- Signature

Date

If signed under Power of Attorney, the donee of such Power of Attorney states that no notice of revocation has been received.

NOTE: Joint applications are to be signed by all investors.

Tax File Number Notification - Optional (see accompanying information). Please mark what type of investment this is in the box.

☐

Investment Type: I = Individual J = Joint T = Trust P = Partnership C = Company
Tax File Number

Specify Exemption Claimed
(eg full pension name)

Exemption for a child under the age of 16 earning less than \$420 p.a. or \$772 p.a. including low income tax offset
(Please provide date of birth)

INVESTOR 1

...../...../.....

...../...../.....

...../...../.....

INVESTOR 2

...../...../.....

...../...../.....

...../...../.....

☐

I/We have previously quoted my/our tax file number/s or exemption information to the Company and now authorise such information to be applied to this investment. (Please tick to authorise).

Debenture Prospectus No. 11

Fax form to (08) 9202 3355

Investor Details (Please use block letters)

INVESTOR 1

Company name	A.B.N.	Store No.
Mrs/Miss/Ms/Mr/Dr (Surname)	(Given Name)	
Postal Address:		
State:	Post Code:	Telephone No:

INVESTOR 2

Company name	A.B.N.	Store No.
Mrs/Miss/Ms/Mr/Dr (Surname)	(Given Name)	
Postal Address:		
State:	Post Code:	Telephone No:

Withdrawal Instructions:

Please write the debenture number and the amount you wish to withdraw in the appropriate columns. Before completing this application form, you should check with the Company to make sure balances are current by telephoning (08) 9202 3333. Please note payments can only be issued to such other person as the Debenture Holder(s) direct in writing.

TERM	DEBENTURE NUMBER	AMOUNT
24 hr call		\$
3 months		\$
6 months		\$
9 months		\$
1 year		\$
2 years		\$
3 years		\$

(Please indicate your account details for direct deposit of payments, otherwise a cheque will be posted to the above address)

Name of Bank, Building Society or other institution:	
Account name:	
Full Address:	Postcode:
Bank BSB:	Account No:

INVESTOR 1- Signature *

INVESTOR 2- Signature

Date

If signed under Power of Attorney, the donee of such Power of Attorney states that no notice of revocation has been received.

NOTE: * Withdrawals of joint investments are to be signed by all investors.

Retravision Finance (WA) Ltd - Debenture Prospectus No. 11

Directory

Registered Office

2 Gould Street, Herdsman
Perth, Western Australia, 6017

Phone: 08 9202 3333
Facsimile: 08 9202 3355

Postal Address: PO Box 173
Osborne Park, Western Australia, 6917

Principal Place of Business

2 Gould Street, Herdsman
Perth, Western Australia, 6017

Auditors

PricewaterhouseCoopers
QV1 Building
250 St Georges Terrace
Perth, Western Australia, 6000

Solicitors

Deacons
BankWest Tower
108 St Georges Terrace
Perth, Western Australia, 6000

Trustee for Debenture Holders

Perpetual Trustees Consolidated Limited
Level 12
123 Pitt Street
Sydney, New South Wales, 2000

Key Management Personnel

Mr PLC Holt (Chief Executive Officer)

Mr Holt joined the Group in February 2005 and is Chief Executive Officer of all Group Entities. Mr Holt is a member of the Finance and Operations Group. Prior to working with the Group he held a number of senior positions in large multinationals which operated in the printing and distribution industry.

Mr R George (Company Secretary & Chief Financial Officer)

Mr George is a member of the Institute of Chartered Accountants and is an Associate Member of the Institute of Chartered Company Secretaries. He joined the Group in June 1999 and has been Company Secretary since January 2000. He is Company Secretary of all Group Entities and also holds the role of Chief Financial Officer. Mr George is a member of the Finance and Operations Group. Prior to working with the Group he held roles with a venture capital company and Price Waterhouse.

The Directors of the Company are:

Mr WA Harries (Chairman)

Company director and business proprietor. Chairman of Retravision (WA) Ltd, Electcom Ltd and Retravision D.A.D. Ltd.

Mr D Dorsett-Lynn (Deputy Chairman)

Company director, Deputy Chairman of Retravision (WA) Ltd, Electcom Ltd and Retravision D.A.D. Ltd

Mr G Groppoli

Company director and a director of Retravision (WA) Ltd, Electcom Ltd and Retravision D.A.D. Ltd. Also a director of Automotive Holdings Group Ltd.

Mr GJ Tomich

Company director and business proprietor. A director of Retravision (WA) Ltd, Electcom Ltd and Retravision D.A.D. Ltd.

Mr RG Maldment

Company director and business proprietor. A director of Retravision (WA) Ltd, Electcom Ltd and Retravision D.A.D. Ltd.

For further information regarding the experience and qualifications of the directors, potential investors' attention is drawn to the Directors' reports contained in Appendix 1 and 2 attached.

Appendix 1

Retravisision Finance (WA) Ltd Annual Report for year ended 30 June 2007



Retravision Finance (WA) Ltd
ABN 77 079 440 494

Directory

Directors

W A Harries (Chairman)
D Dorsett-Lynn (Deputy Chairman)
G Groppoli
G J Tomich
R G Maidment

Other Officers

P L C Holt – Chief Executive Officer
R George – Company Secretary

Principal registered office in Australia

2 Gould Street
Herdsman WA 6017

Solicitors

Deacons
Barristers & Solicitors
108 St Georges Terrace
Perth WA 6000

Bankers

ANZ Banking Group Ltd
77 St Georges Terrace
Perth WA 6000

Auditors

PricewaterhouseCoopers
Chartered Accountants
QV1 Building
250 St Georges Terrace
Perth WA 6000

Trustee for Debentures

Perpetual Trustees Consolidated Limited
Level 11
123 Pitt Street
Sydney NSW 2000

Contents

Directors' Report	1
Auditor's Independence Declaration	4
Income Statement	5
Balance Sheet	6
Statement of Changes in Equity	7
Cash Flow Statement	8
Notes to the Financial Statements	9
Directors' Declaration	28
Independent Auditor's Report to the Member	29

This financial report covers Retravision Finance (WA) Ltd as an individual entity. The financial report is presented in Australian currency.

Retravision Finance (WA) Ltd is a company limited by shares, incorporated and domiciled in Australia.

A description of the nature of the entity's operations and its principal activities is included in the review of operations on pages 1 and 2 of the Directors' Report.

The financial report was authorised for issue by the directors on 26 September 2007. The company has the power to amend and reissue the financial report.

Directors' Report

Your directors present their report on Retravision Finance (WA) Ltd for the year ended 30 June 2007.

DIRECTORS

The following persons were directors of Retravision Finance (WA) Ltd during the whole of the financial year and up to the date of this report:

W A Harries
D Dorsett-Lynn
G Groppoli
G J Tomich
R G Maidment

INFORMATION ON DIRECTORS & COMPANY SECRETARY

Director qualifications, experience and special responsibilities

- W A Harries Mr Harries has had over thirty years of electrical retail experience. He has held his position on the Board since incorporation in September 1997 and was appointed Deputy Chairman in 1998 and Chairman in November 2001. He holds the role of National Chairman, in his capacity as a director of Retravision Pty Ltd, and has held this role since October 2005. He currently holds a directorship in Natchez Nominees Pty Ltd, which operates Retravision stores in Kalamunda and Armadale. He is also a director of Retravision (WA) Ltd, Electcom Ltd, Retravision D.A.D. Ltd and Retravision Pty Ltd.
- D Dorsett-Lynn Mr Dorsett-Lynn was appointed a director of the company in November 1999 and Deputy Chairman in November 2003. He is Managing Director for Dorsett Retail Pty Ltd which operates Retravision stores in Margaret River, Bunbury and O'Connor, as well as operating a Fridge & Washer City store and a West Coast Hi Fi store both situated in Bunbury. In addition he sits on the Boards as Deputy Chairman of Retravision (WA) Ltd, Electcom Ltd and Retravision D.A.D. Ltd. He is also a director of Retravision Pty Ltd.
- G Groppoli Mr Groppoli holds the degrees Bachelor of Laws and Bachelor of Jurisprudence from the University of Western Australia. He is Managing Director of Milners Pty Ltd and is a consultant to a Perth law firm. He was appointed to the Board of the company in June 1999. He also holds directorships in Retravision (WA) Ltd, Electcom Ltd and Retravision D.A.D. Ltd.
- G J Tomich Mr Tomich was appointed a director of the company in November 2003. He is also a director of Jetgold Pty Ltd, operating a Retravision store in Rockingham and Kantom Pty Ltd that operates a Retravision store in Kalgoorlie. Mr Tomich has been actively involved in the retail industry since 1984. In addition he sits on the Boards of Retravision (WA) Ltd, Electcom Ltd and Retravision D.A.D. Ltd.
- R G Maidment Mr Maidment was appointed a director of the company in November 2005. He is also a director of Orcas Pty Ltd, operating a Retravision store in Willetton. Mr Maidment has been actively involved in the electrical retail industry since 1990. In addition he sits on the Boards of Retravision (WA) Ltd, Electcom Ltd and Retravision D.A.D. Ltd.

Company Secretary qualifications, experience and special responsibilities

- R George Mr George is a Chartered Accountant and joined the Retravision (WA) Ltd in June 1999 and has been Company Secretary since January 2000. He is also Company Secretary of all subsidiaries of Retravision (WA) Ltd, including Retravision Finance (WA) Ltd, and also holds the role of Chief Financial Officer.

THE PRINCIPAL ACTIVITY OF THE COMPANY

The principal continuing activity of the Company during the course of the financial year was to operate as a finance company to receive deposits from members/dealers of the Retravision (WA) Ltd Group of Companies, their officers, employees, associates or families and officers or employees of the Retravision (WA) Ltd Group or such other persons as the directors determine from time to time. These funds are made available to Retravision (WA) Ltd as a loan for working capital purposes. The company has expanded its use of depositors' funds to offer all dealers purchasing through Retravision (WA) Ltd, an operating lease facility for the Retravision Retail Management System and associated hardware, as well as other electronic plant and equipment.

Directors' Report

TRADING RESULTS

The net profit of the Company for the year was **\$65,836** (2006: \$85,978) after deducting income tax expense of **\$42,367** (2006: \$54,274).

DIVIDENDS

No dividend has been declared or paid during the financial year (2006: \$Nil). The directors do not recommend the payment of any dividend.

REVIEW OF OPERATIONS

For the financial year ended 30 June 2007, the Company recorded a profit before income tax of **\$108,203** (2006: \$140,252). Revenue of **\$951,409** (2006: \$770,019) has been earned for the year.

The Trust Deed condition that the Company's liabilities are not to exceed 95% of its tangible assets has been met at all times during the year.

The company has five operating leases at year end for dealers purchasing through Retravision (WA) Ltd, who have taken up the offer to lease the Retravision Retail Management System and other electronic plant and equipment.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Company that occurred during the financial year not otherwise disclosed in this report.

EVENTS SUBSEQUENT TO BALANCE DATE

Since the end of the financial year the directors are not aware of any matter or circumstance, not otherwise dealt with in the report to the financial statements, that has significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in financial years subsequent to the financial year ended 30 June 2007.

LIKELY DEVELOPMENTS

In the opinion of the directors, likely developments in the operations of the Company known at the date of this report have been covered within the report. Further information as to likely developments in the operations of the Company, including the expected results of those operations in subsequent financial years could, in the opinion of the directors, prejudice the interests of the Company and have therefore not been included in this report.

ENVIRONMENTAL REGULATIONS

The company is not subject to any significant environmental regulations.

Directors' Report

MEETINGS OF DIRECTORS

The number of directors' meetings held during the financial year and the number of meetings attended by each director are:

	Number of Meetings
	12
Number of meetings attended by:	
W A Harries	12
D Dorsett-Lynn	11
G Groppoli	9
G J Tomich	9
R G Maidment	11

INSURANCE OF OFFICERS

During the financial year the parent entity, Retravision (WA) Ltd, paid a premium of \$20,538 (2006: \$24,441) to insure the directors and secretary of the parent entity and its subsidiaries.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the entities in the consolidated entity, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

INDEMNITY AGREEMENTS

Retravision (WA) Ltd, the parent entity, has entered into agreements to indemnify certain officers of the company and related body corporates.

The officers of the company covered by the agreement include: W A Harries, D Dorsett-Lynn, G Groppoli, G J Tomich, R G Maidment, P L C Holt and R George.

The indemnity relates to any liability:

- (a) to a third party (other than Retravision (WA) Ltd or a related body corporate) unless the liability arises out of conduct involving a lack of good faith; and
- (b) for costs and expenses incurred in successfully defending civil or criminal proceedings or in connection with an application, in relation to such proceedings, in which relief is granted under the Corporations Act 2001.

No liability has arisen under these indemnities as of the date of this report.

AUDITOR

PricewaterhouseCoopers continues in office in accordance with Section 327 of the Corporations Act 2001.

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 4.

This report is made in accordance with a resolution of the directors.



W A Harries (Chairman)
Dated this 21st day of September 2007
Perth, Western Australia

PricewaterhouseCoopers
ABN 52 780 433 757

QV1
250 St Georges Terrace
PERTH WA 6000
GPO Box D198
PERTH WA 6840
DX 77 Perth
Australia
www.pwc.com/au
Telephone +61 8 9238 3000
Facsimile +61 8 9238 3999
www.pwc.com/au

Auditor's Independence Declaration

As lead auditor for the audit of Retravision Finance (WA) Ltd for the year ended 30 June 2007, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Retravision Finance (WA) Ltd.



Pierre Dreyer
Partner
PricewaterhouseCoopers

Perth
21 September 2007

Income Statement FOR THE YEAR ENDED 30 JUNE 2007

	Notes	2007	2006
		\$	\$
Interest Income	4	933,085	742,686
Interest Expense	4	(709,483)	(483,537)
NET INTEREST INCOME		223,602	259,149
Other Income	5	18,324	27,333
Other Expenses	6	(133,723)	(146,230)
PROFIT BEFORE INCOME TAX		108,203	140,252
INCOME TAX EXPENSE	7	(42,367)	(54,274)
PROFIT AFTER INCOME TAX	16	65,836	85,978

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

Balance Sheet AS AT 30 JUNE 2007

	Notes	2007	2006
		\$	\$
ASSETS			
Cash and cash equivalents	8	3,708,454	2,469,442
Trade and other receivables	9	4,272,488	4,997,004
Property, plant & equipment	10	45,178	21,870
Deferred tax assets	11	885	
TOTAL ASSETS		8,025,165	7,488,316
LIABILITIES			
Trade and other payables	12	67,880	85,397
Borrowings	13	6,872,227	6,383,371
Deferred tax liabilities	14		326
TOTAL LIABILITIES		6,940,107	6,468,094
NET ASSETS		1,085,058	1,019,222
EQUITY			
Contributed equity	15	650,000	650,000
Retained profits	16	435,058	369,222
TOTAL EQUITY		1,085,058	1,019,222

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

Statement of Changes in Equity FOR THE YEAR ENDED 30 JUNE 2007

	2007	2006
	\$	\$
TOTAL EQUITY AT THE BEGINNING OF THE FINANCIAL YEAR	1,019,222	933,244
Profit for the year (total recognised income and expense for the year)	65,836	85,978
TOTAL EQUITY AT THE END OF THE FINANCIAL YEAR attributable to the member of Retravision Finance (WA) Ltd	1,085,058	1,019,222

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

Cash Flow Statement FOR THE YEAR ENDED 30 JUNE 2007

Notes

	2007	2006
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers (inclusive of GST)	28,262	28,861
Payments to suppliers (inclusive of GST)	(126,697)	(124,776)
	(98,435)	(95,915)
Interest received	919,745	729,485
Interest and other costs of finance paid	(108,917)	(59,277)
Income taxes paid	(58,644)	(9,172)
NET CASH INFLOWS FROM OPERATING ACTIVITIES	653,549	565,121
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant & equipment	(44,474)	(9,990)
Proceeds from sale of property, plant & equipment		3,983
Loans to related parties (immediate parent entity)	(64,887,688)	(44,635,000)
NET CASH OUTFLOWS FROM INVESTING ACTIVITIES	(65,032,162)	(44,641,007)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from issues of and payments for maturing debentures	65,615,625	43,716,725
NET CASH INFLOWS FROM FINANCING ACTIVITIES	65,615,625	43,716,725
NET INCREASE/(DECREASE) IN CASH HELD	1,237,012	(359,161)
Cash at the beginning of the financial year	2,469,442	2,828,603
CASH AT THE END OF THE FINANCIAL YEAR	3,706,454	2,469,442

20 (a)

20 (b)

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

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2007

1. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001.

Application of AASB 130 Disclosures in the Financial Statements of Banks and Similar Financial Institutions

As Retravision Finance (WA) Ltd is primarily a finance company, these financial statements are prepared in accordance with AASB 130 Disclosures in the Financial Statements of Banks and Similar Financial Institutions.

AASB 130 Disclosures in the Financial Statements of Banks and Similar Financial Institutions requires that the income statement groups income and expenses by nature and discloses the amounts of the principal types of income and expenses, which for Retravision Finance (WA) Ltd is interest income and interest expenditure. It also requires that an analysis of interest income and expense should be disclosed showing for each interest bearing asset and interest bearing liability the average balance, the amount of income or expense and the average interest rate.

AASB 130 Disclosures in the Financial Statements of Banks and Similar Financial Institutions requires that the balance sheet groups assets and liabilities by nature and lists them in an order that reflects their relative liquidity and precludes them from being separated into current and non current items.

Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements and notes of Retravision Finance (WA) Ltd comply with International Financial Reporting Standards (IFRS).

Historical cost convention

These financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. On preparation of this financial report there were no areas which require a higher degree of judgement or complexity, or areas where assumptions and estimates were significant to the financial statements, therefore separate disclosure of these estimates is not required.

(b) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

Retravision Finance (WA) Ltd recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of Retravision Finance (WA) Ltd's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. Retravision Finance (WA) Ltd bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

(i) Lease income

Lease income from operating leases is recognised on a straight line basis over the lease term when receivable. The assets subject to these leases are recorded as property, plant & equipment (rental assets) (note 23).

(ii) Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2007

1. ACCOUNTING POLICIES continued

(d) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the current Australian tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset the current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax consolidation legislation

Retravision (WA) Ltd and its wholly-owned subsidiaries, including Retravision Finance (WA) Ltd, have implemented the tax consolidation legislation as of 1 July 2004.

The head entity, Retravision (WA) Ltd, and the controlled entities in the tax consolidated group, including Retravision Finance (WA) Ltd, continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Retravision (WA) Ltd, also recognises the current liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group, including Retravision Finance (WA) Ltd.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the group. Details about the tax funding agreement are disclosed in note 7.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(e) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(f) 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, and bank overdrafts. Bank overdrafts are shown in liabilities on the balance sheet.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2007

1. ACCOUNTING POLICIES continued

(g) Trade receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is minimal. The amount of the provision is recognised in the income statement in other expenses.

(h) Other financial assets (loans and receivables)

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on the active market. Loans and receivables are included in trade and other receivables in the balance sheet (note 9). The company assesses at each balance date whether there is objective evidence that a financial asset is impaired.

(i) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Depreciation on assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

Plant and equipment	5 – 10 years
Rental assets	1 – 4 years

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(e)).

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

(j) Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(k) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not incremental costs relating to the actual draw-down of the facility, are recognised as prepayments and amortised on a straight-line basis over the term of the facility.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

Borrowings are classified on the balance sheet along with other liabilities in order of their liquidity.

(l) Borrowing costs

Borrowing costs are expensed on the income statement in the period in which they are incurred.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2007

1. ACCOUNTING POLICIES continued

(m) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the entity reacquires its own equity instruments, eg as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the income statement and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

(n) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at the balance date.

(o) Goods and Services Tax (GST)

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. 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 Australian Taxation Office is included with other receivables or 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, where they are recoverable from, or payable to, the Australian Taxation Office, are presented as operating cash flow.

(p) New accounting standards and interpretations

Recently issued or amended Australian Accounting Standards and interpretations not yet effective and not mandatory for the year ended 30 June 2007 are not expected to result in significant accounting policy changes or have a material financial impact on the company. These standards are as follows:

AASB 7 Financial Instruments: Disclosures and AASB 2005-10 Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]

AASB 7 and AASB 2005-10 are applicable to annual reporting periods beginning on or after 1 January 2007. AASB 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. It replaces AASB 130 *Disclosures in the Financial Statements of Banks and Similar Financial Institutions* and the disclosure requirements in AASB 132 *Financial Instruments: Disclosure and Presentation*. It is applicable to all reporting entities. The amendment to AASB 101 introduces disclosures about the level of an entity's capital and how it manages capital. The company assessed the impact of AASB 7 and the amendment to AASB 101 and concluded that the main additional disclosures will be the sensitivity analysis to market risk and the capital disclosures required by the amendment of AASB 101. The Group will apply the standards from annual reporting periods beginning 1 July 2007.

Revised AASB 101 Presentation of Financial Statements

A revised AASB 101 was issued in October 2006 and is applicable to annual reporting periods beginning on or after 1 January 2007. The Group has not adopted the standard early. Application of the revised standard will not affect any of the amounts recognised in the financial statements, but will remove some of the disclosures currently required, including the disclosure about economic dependencies.

AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8

AASB 8 and AASB 2007-3 are effective for annual reporting periods commencing on or after 1 January 2009. AASB 8 will result in a significant change in the approach to segment reporting, as it requires adoption of a "management approach" to reporting on the financial performance. The information being reported will be based on what the key decision-makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. The company has not yet decided when to adopt AASB 8. Application of AASB 8 may result in different segments, segment results and different type of information being reported in the segment note of the financial report. However, it will not affect any of the amounts recognised in the financial statements.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2007

2. FINANCIAL RISK MANAGEMENT

The company's activities expose it to a variety of financial risks: credit risk, liquidity risk and cash flow interest rate risk. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company.

(a) Credit risk

The company's primary credit risk lies in its lending to its parent entity Retravision (WA) Ltd, which represents approximately half of the company's assets. The exposure to this debt is limited by the company's Trust Deed which precludes this loan exceeding \$10,000,000. Also the company holds a charge in its favour over all the assets and undertakings of Retravision (WA) Ltd, excluding the assets of any of its subsidiaries and debtors. The charge has been registered with the Australian Securities and Investments Commission and ranks second in priority to a mortgage debenture granted by Retravision (WA) Ltd in favour of the ANZ Bank. ANZ Bank's mortgage debenture has priority over the Retravision Charge to a limit of \$10,902,000, together with interest, costs and bank charges.

The Company has policies in place to ensure that the entering into of operating leases with stores for point of sale computer systems are only made to stores within the group and to those stores with an appropriate credit history.

(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash through the availability of funding through the issue of debentures. The company's risk management includes accepting up to the maximum allowable level of debenture borrowings of \$15,000,000 at all times, ensuring the lending of funds to Retravision (WA) Ltd is capped at the allowable limit pursuant to the Trust Deed of \$10,000,000, and maintaining a minimum bank balance of \$250,000 at all times.

(c) Cash flow and fair value interest rate risk

The company's interest bearing assets comprise the at call loan to Retravision (WA) Ltd, as well as funds held in the company's operating bank account. Interest rate risk on the loan to Retravision (WA) Ltd is managed via policies which ensure that the interest rate payable by Retravision (WA) Ltd exceeds the highest interest rate offered on any of the types of debentures issued by the company. Interest on funds held in the bank account are earned under a written agreement with the ANZ bank stipulating that interest be paid in line with the 11am daily cash rate less a set discount.

The company also has interest rate risk on long term borrowings. Borrowings issued at variable rates expose the company to cash flow interest rate risk. This is managed by the at call debenture interest rate being adjusted in line with the 11am daily cash rate, and interest rate on the loan to Retravision (WA) Ltd being adjusted in line with At Call debenture rate. Borrowings issued at fixed rates expose the company to fair value interest rate risk. The company's policy is to periodically review these rates to ensure they are competitive whilst ensuring they are below the cost of other finance available to the parent entity Retravision (WA) Ltd.

3. SEGMENT INFORMATION

Description of segments

Business segments

The principal activities of the Company involve one operating activity being lending. This involves financing and lending funds to the immediate parent entity for the purpose of working capital, with these funds generated through the issue of debentures to individuals and entities within the Retravision (WA) Ltd Group including stores.

As there is only one significant operating segment for the company, separate business segment information is not provided.

Geographical segments

The principal activities of the Company occur in one geographic segment being Australia, and predominantly in Western Australia. Therefore separate geographical segments are not provided.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2007

4. INTEREST REVENUE AND INTEREST EXPENSE

The following table shows the average balance for each of the major categories of interest bearing assets and liabilities, the amount of interest revenue or expense and the average interest rate.

Interest income - 2007

Cash on hand
Loans to immediate parent entity

Average Balance	Interest	Average Rate
\$ 3,849,154	\$ 226,337	5.86
\$ 9,115,780	\$ 706,748	7.75
	<u>\$ 933,085</u>	

Interest income - 2006

Cash on hand
Loans to immediate parent entity

1,403,359	74,820	5.33
8,429,844	667,866	7.92
	<u>742,686</u>	

Interest expense - 2007

Debentures

10,363,923	709,463	6.85
------------	---------	------

Interest expense - 2006

Debentures

8,065,728	483,537	5.99
-----------	---------	------

5. OTHER INCOME

Rental income

2007	2006
\$ 18,324	\$ 27,333

6. OTHER EXPENSES

Depreciation - plant, equipment and rental assets
General and administration expenses

2007	2006
\$ 20,665	\$ 25,653
\$ 112,758	\$ 120,577
<u>\$ 133,423</u>	<u>\$ 146,230</u>

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2007

7. INCOME TAX

(a) Income Tax Expense

	2007	2006
Current tax	33,651	51,219
Deferred income tax revenue	(1,191)	(9,144)
Adjustments for current tax of prior periods	9,907	12,199
Attributable to profit	42,367	54,274
Deferred income tax revenue included in income tax expense comprises:		
Decrease / (increase) in deferred tax assets (note 11)	2,993	(901)
Decrease in deferred tax liabilities (note 14)	(4,184)	(8,243)
	(1,191)	(9,144)
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit before income tax	108,203	140,252
Tax at the Australian tax rate of 30% (2006 – 30%)	32,460	42,075
Adjustments for current tax of prior periods	9,907	12,199
Income tax expense	42,367	54,274

(c) Tax consolidation legislation

Retravisin (WA) Ltd and its wholly-owned subsidiaries, including Retravisin Finance (WA) Ltd, have implemented the tax consolidation legislation as of 1 July 2004. The accounting policy in relation to this legislation is set out in note 1(d).

On adoption of the tax consolidation legislation, the entities in the tax consolidated group entered into a tax sharing agreement which, in the opinion of the directors, limits the joint and several liability of the wholly-owned entities, including Retravisin Finance (WA) Ltd, in the case of the default of the head entity, Retravisin (WA) Ltd.

The entities have also entered into a tax funding agreement under which the wholly-owned entities, including Retravisin Finance (WA) Ltd, fully compensate Retravisin (WA) Ltd for any current tax payable and are compensated by Retravisin (WA) Ltd for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Retravisin (WA) Ltd under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities', including Retravisin Finance (WA) Ltd, financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of the financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. The funding amounts to Retravisin (WA) Ltd are recognised in Retravisin Finance (WA) Ltd as a transaction with other related entities (see notes 12 and 19).

Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2007

8. CASH AND CASH EQUIVALENTS

(a) Reconciliation of cash at the end of the year

Cash at bank (balance per cash flow statement)

2007	2006
\$	\$
3,708,484	2,469,442

(b) Cash at bank

Interest on cash held in the operating cheque account is payable by the ANZ bank at an interest rate being the daily 11am calculated cash rate less a differential of 0.40% pa on balances greater than \$1,000,000 (currently 5.85%: 2006 5.35%), and less a differential of 1.00% pa on balances less than \$1,000,000 but greater than \$50,000 (currently 5.25%: 2006 4.75%).

9. TRADE AND OTHER RECEIVABLES

Loans to related parties (immediate parent entity at call)

Other receivables

Prepayments

2007	2006
\$	\$
4,248,414	4,986,007
23,926	10,847
129	150
4,272,469	4,997,004

(a) Other receivables

These amounts generally consist of interest receivable on the company's operating cheque account for the current month, as well as outstanding computer lease payments owing from stores.

(b) Interest rate risk

The Company's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following table.

	Floating interest rate		Non-interest bearing		Total	
	2007	2006	2007	2006	2007	2006
Loans to related parties	4,248,414	4,986,007			4,248,414	4,986,007
Other receivables	23,926		10,847		34,773	10,847
	4,272,340	4,986,007	10,847		4,283,187	4,996,854
Weighted average interest rate or effective interest rate (%)	7.66	8.10				

(c) Credit risk

The company's primary credit risk lies in its loan to its parent entity Retravision (WA) Ltd, which represents approximately half of the company's assets. The exposure to this debt is limited by the company's Trust Deed which precludes this loan exceeding \$10,000,000. The company holds a charge in its favour over all the assets and undertakings of Retravision (WA) Ltd, excluding the assets of any of its subsidiaries and debtors. The charge has been registered with the Australian Securities and Investments Commission and ranks second in priority to a mortgage debenture granted by Retravision (WA) Ltd in favour of the ANZ Bank. ANZ Bank's mortgage debenture has priority over the Retravision Charge to a limit of \$10,902,000, together with interest, costs and bank charges.

Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2007

10. PROPERTY, PLANT & EQUIPMENT

	Plant and equipment	Rental assets	Total
	\$	\$	\$
At 1 July 2005			
Cost or fair value	11,969	96,773	108,742
Accumulated depreciation	(11,096)	(56,130)	(67,226)
Net book amount	873	40,643	41,516
Year ended 30 June 2006			
Opening net book amount	873	40,643	41,516
Additions	-	9,990	9,990
Disposals	-	(3,983)	(3,983)
Depreciation charge	(419)	(25,234)	(25,653)
Closing net book amount	454	21,416	21,870
At 30 June 2006			
Cost or fair value	11,969	82,524	94,493
Accumulated depreciation	(11,515)	(61,108)	(72,623)
Net book amount	454	21,416	21,870

Note: During the year ended 30 June 2006 rental assets with an original cost of \$24,239, but a written down value of \$3,983 were disposed of.

	Plant and equipment	Rental assets	Total
	\$	\$	\$
Year ended 30 June 2007			
Opening net book amount	454	21,416	21,870
Additions	-	44,473	44,473
Depreciation charge	(419)	(20,546)	(20,965)
Closing net book amount	35	45,343	45,378
At 30 June 2007			
Cost or fair value	11,969	128,997	140,966
Accumulated depreciation	(11,934)	(81,654)	(93,588)
Net book amount	35	45,343	45,378

Note: During the year ended 30 June 2007 there were no asset disposals.

Point of Sale computer equipment recorded under plant and equipment is leased under operating leases to dealers, refer note 23.

Notes to the Financial Statements

11. DEFERRED TAX ASSETS

The balance comprises temporary differences attributable to:

Accruals

Set-off of deferred tax liabilities pursuant to set-off provisions (Note 14)

Net deferred tax assets

Deferred tax assets to be settled within 12 months

Movements:

Opening balance at 1 July

Change on implementation of tax consolidation legislation

Charged/(credited) to the income statement (Note 7)

Closing balance at 30 June

12. TRADE AND OTHER PAYABLES

Trade creditors

Intercompany payable – ultimate parent entity

Other creditors

Unearned revenue

2007	2006
\$	\$
878	3,871
(13)	(3,871)
885	-
678	3,871
3,871	2,978
(2,993)	(6)
878	901
878	3,871
4,217	4,002
33,658	48,737
24,472	32,658
5,540	-
67,880	85,397

Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2007

13. BORROWINGS

Secured

Debentures

2007	2006
\$	\$
8,872,227	6,383,371

(a) Debentures

Debentures are issued on either at call, short (fixed for 3, 6 or 9 months) or long (fixed for 1, 2 or 3 year) terms, with the principle (and any accrued/reinvested interest) repayable in full at the end of the relevant term.

(b) Assets pledged as security

The repayment of the debentures, and interest payable in respect of the debentures, is secured by a first ranking floating charge contained in the Trust Deed. The charge is in favour of the Trustee over all the tangible and intangible assets (including goodwill, the undertakings, uncalled capital and called but unpaid capital) whatsoever and wheresoever of the company. The company's assets are in Western Australia and the Company has no guarantor bodies. The charge was registered at the Australian Securities and Investments Commission on 26 February 1998 and is allotted number 832689 in the Australian Register of Charges.

The carrying amounts of assets pledged as security for these borrowings are:

	Notes	2007	2006
<i>Floating charge</i>		\$	\$
Cash	8	3,706,442	2,469,442
Trade and other receivables	9	4,272,340	4,898,854
Property, plant & equipment	10	43,378	21,870
Total assets pledged as security		8,024,172	7,488,166

(c) Interest rate risk exposures

The following table sets out the company's exposure to interest rate risk and the effective weighted average interest rate by maturity periods.

	Floating interest rate		Fixed interest rate:		Total	
	2007	2006	1 year or less	Over 1 to 2 years	2007	2006
	\$	\$	\$	\$	\$	\$
Debentures	8,872,460	5,903,484	479,887	4,080	8,872,227	6,383,371
Weighted average interest rate or effective interest rate (%)	6.30	5.60	5.69	6.25		

Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2007

14. DEFERRED TAX LIABILITIES

The balance comprises temporary differences attributable to:

	2007	2006
	\$	\$
Depreciation	10	4,180
Accruals	3	17
	13	4,197
Set-off of deferred tax assets pursuant to set-off provisions (Note 11)	(13)	(3,871)
Net deferred tax liabilities		326
Deferred tax liabilities to be settled after more than 12 months		11
Deferred tax liabilities to be settled within 12 months	13	4,186
		4,197
Movements:		
Opening balance at 1 July	4,197	247
Change on implementation of tax consolidation legislation		12,183
Charged/(credited) to the income statement (Note 7)	(4,184)	(8,243)
Closing Balance at 30 June	13	4,197

15. CONTRIBUTED EQUITY

(a) Share capital

Ordinary shares – fully paid

	2007	2006
	\$	\$
Ordinary shares – fully paid	650,000	650,000

(b) Ordinary shares

At 30 June 2007 there were 650,000 fully paid \$1 ordinary shares, with no movements in ordinary shares occurring during the two year period 1 July 2005 to 30 June 2007.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

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 each share is entitled to one vote.

16. RETAINED PROFITS

	2007	2006
	\$	\$
Balance 1 July	369,222	283,244
Net profit for the year	85,836	85,978
Balance 30 June	435,058	369,222

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2007

17. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Directors

The following persons were directors of Retravision Finance (WA) Ltd during the financial year:

(i) *Chairman – non-executive*
W A Harries

(ii) *Non-executive directors*
D Dorsett-Lynn (Deputy Chairman)
G Groppoli
G J Tomich
R G Maldment

(b) Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, during the financial year:

Name	Position	Employer
P L C Holt	Chief Executive Officer	Retravision (WA) Ltd
R George	Company Secretary & Chief Financial Officer	Retravision (WA) Ltd

(c) Key management personnel compensation

Short-term employment benefits

Post-employment benefits

	2007	2006
	\$	\$
Short-term employment benefits	707,553	604,439
Post-employment benefits	62,947	53,787
	770,500	658,226

Principles used to determine the nature and amount of remuneration

The Company does not directly provide remuneration to the directors and other key management personnel. The directors of the Company are also directors of the immediate and ultimate Australian parent entity, Retravision (WA) Ltd. Remuneration in respect of the services provided by the directors and other key management personnel to the Retravision (WA) Ltd group (incorporating the Company) is paid by Retravision (WA) Ltd. As it is not practicable to separately identify the portion of remuneration attributable to the management of the affairs of the Company, disclosure has been included in these accounts of the total remuneration provided in respect of services to the whole Retravision (WA) Ltd group.

Non-executive directors

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board. The Board also ensures that non-executive directors' fees and payments are appropriate and in line with the market.

Non-executive directors' fees are determined on the directors' role, which is periodically recommended for approval by shareholders. This was last put to vote on 27 November 2006 at which time it was agreed that the maximum remain at \$35,000 for the Chairman, \$30,000 for the Deputy Chairman and \$25,000 per remaining director.

The Company does not provide equity compensation to directors.

Other key management personnel

The Company's executive reward framework is in place to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms with market best practice for delivery of reward.

The remuneration of the Chief Executive Officer (CEO) and Company Secretary/Chief Financial Officer (CFO) is determined by the Board of Directors and the CEO respectively, and provides a mix of fixed and variable pay. Cash bonuses were payable based on the performance of the CEO and the CFO as assessed by the Board of Directors and the CEO respectively. They were payable upon achievement of key performance indicators which were determined in April 2006 for the CEO and July 2006 for the CFO.

Indemnities and insurance

Amounts disclosed for remuneration of directors and other key management personnel exclude insurance premiums of \$20,538 (2006: \$24,441) paid by the parent entity in respect of the directors' and officers' liability insurance contracts as the contracts do not specify premiums paid in respect of individual directors and officers. Information relating to the insurance contracts is set out in the directors' report.

Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2007

17. KEY MANAGEMENT PERSONNEL DISCLOSURES continued

Details of remuneration

Details of the remuneration of each director, including their personally-related entities, are set out in the table below:

2007	Short-term benefits			Post-employment	
Name	Cash salary and fees \$	Cash bonus \$	Non-monetary benefits \$	Superannuation \$	Total \$
<i>Non-executive directors</i>					
W A Harries	35,000	-	-	3,150	38,150
D Dorsett-Lynn	30,000	-	-	2,700	32,700
G Groppoli	25,000	-	-	2,250	27,250
G J Tomich	25,000	-	-	2,250	27,250
R G Maidment	25,000	-	-	2,250	27,250
Sub-total non-executive directors	140,000	-	-	12,600	152,600
<i>Other key management personnel</i>					
P L C Holt (a)	253,960	125,000	50	33,750	412,760
R George	154,414	30,000	4,129	16,597	205,140
Sub-total other key management personnel	408,374	155,000	4,179	50,347	617,900
Totals	548,374	155,000	4,179	62,947	770,500

(a) Included in the cash salary and fees received by P L C Holt was \$3,960 for business kilometres travelled in his motor vehicle, on which mandatory statutory superannuation is not payable.

2006	Short-term benefits			Post-employment	
Name	Cash salary and fees \$	Cash bonus \$	Non-monetary benefits \$	Superannuation \$	Total \$
<i>Non-executive directors</i>					
W A Harries	35,000	-	-	3,150	38,150
D Dorsett-Lynn	30,000	-	-	2,700	32,700
G Groppoli	25,000	-	-	2,250	27,250
G J Tomich	25,000	-	-	2,250	27,250
R G Maidment	14,583	-	-	1,312	15,895
R M Doust	10,417	-	-	938	11,355
G A Kemp (b)	18,667	-	-	1,680	20,347
G W Gaynor (b)	18,667	-	-	1,680	20,347
B S McLean (b)	18,667	-	-	1,680	20,347
Sub-total non-executive directors	196,001	-	-	17,640	213,641
<i>Other key management personnel</i>					
P L C Holt (c)	249,719	-	35	22,197	271,951
R George	150,000	5,000	3,684	13,950	172,634
Sub-total other key management personnel	399,719	5,000	3,719	36,147	444,585
Totals	595,720	5,000	3,719	53,787	658,226

(b) G A Kemp, G W Gaynor and B S McLean resigned as directors on 22 February 2006, after which time G A Kemp, G W Gaynor became members of the newly formed Finance and Operations Advisory Group and B S McLean became a member of the Sales and Marketing Advisory Group, both of which provide strategic review and consulting to Retravision (WA) Ltd. The above numbers include the monthly fee of \$500 for the period March to June 2006, received by each of these former Directors with respect to their participation in these groups. R M Doust retired 25 November 2005 and was not retained as a consultant.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2007

17. KEY MANAGEMENT PERSONNEL DISCLOSURES continued

- (c) Included in the cash salary and fees received by P L C Holt was \$3,085 for business kilometres travelled in his motor vehicle, on which mandatory statutory superannuation is not payable.

Service agreements

Remuneration and other terms of employment for the Chief Executive Officer are formalised in a service agreement. The agreement provides for a performance related cash bonus, other benefits including a mobile phone and the use of a laptop. Other major provisions of the agreement relating to remuneration are set out below.

The agreement may be terminated early by either party with six months notice subject to termination payments as detailed below.

P L C Holt, Chief Executive Officer

- Agreement is ongoing from commencement date of 14 February 2005.
- Base salary and allowances, inclusive of superannuation for the year ended 30 June 2007 of \$272,500 and for the year ended 30 June 2008 of \$357,900, to be reviewed by the board of directors in June 2008.
- Bonus payable on achievement of key performance indicators of \$70,000 for the year ended 30 June 2007, and \$69,000 for the year ended 30 June 2008.
- Payment of a termination benefit on retrenchment by the Company, other than for gross misconduct, equal to twelve months salary.

Other transactions with key management personnel

A director, Mr W A Harries, is a director of Natchez Nominees Pty Ltd. Natchez Nominees Pty Ltd held debentures in and received interest thereon from Retravision Finance (WA) Ltd during the year. The debentures were issued and interest was paid under normal terms and conditions.

A director, Mr D Dorsett-Lynn, is a director of Dorsett Retail Pty Ltd. Dorsett Retail Pty Ltd held debentures in and received interest thereon from Retravision Finance (WA) Ltd during the year. The debentures were issued and interest was paid under normal terms and conditions.

A director, Mr R G Maidment, is a director of Orcas Pty Ltd. Orcas Pty Ltd held debentures in and received interest thereon from Retravision Finance (WA) Ltd during the year. The debentures were issued and interest was paid under normal terms and conditions.

Aggregate amounts of each of the above types of other transactions with key management personnel of Retravision Finance (WA) Ltd:

	2007	2008
Amounts recognised as revenue		
Rental income received on operating leases		16,749
Amounts recognised as expense		
Interest paid on debentures	71,907	63,567
Amounts recognised as borrowings		
Debentures	533,100	641,572
Transactions with key management personnel		
Net withdrawal of funds from the Company through the repayment of debentures	(70,578)	(107,874)
Other amounts receivable and payable to key management personnel and their related entities		
Aggregate amounts at balance date anticipated to be received in future periods		7,578

Notes to the Financial Statements

18. AUDITOR'S REMUNERATION

During the year the following fees were paid or payable for services provided by the auditor of the entity, its related practices and non-related audit firms:

	2007	2006
(a) Assurance services		
<i>Audit services</i>		
PricewaterhouseCoopers Australian firm		
Audit and review of financial reports and other audit work under the <i>Corporations Act 2001</i>	16,865	21,384
(b) Advisory services		
PricewaterhouseCoopers Australian firm		
Participation in the due diligence committee and assistance with the preparation of the Debenture Prospectus	3,025	6,050
	19,890	27,434

It is the Company's policy to employ PricewaterhouseCoopers on assignments additional to their statutory audit duties where PricewaterhouseCoopers' expertise and experience with the Company are important. These arrangements are principally the participation in the due diligence committee and assistance with the preparation of the Debenture Prospectus. It is the Company's policy to seek competitive tenders for all major consulting projects.

19. RELATED PARTY DISCLOSURES

(a) Parent entity

The immediate parent entity, and the ultimate Australian parent entity is Retravision (WA) Ltd which owns 100% (2006: 100%) of the issued ordinary shares.

(b) Other related entities

Other related entities being subsidiaries of Retravision (WA) Ltd, other than Retravision Finance (WA) Ltd, consist of Electcom Ltd, Electcom (Finance) Pty Ltd, Retravision D.A.D. Ltd, Comgrigg Pty Ltd, Best Buy Electrical Pty Ltd (formerly A.C.N. 007 885 510 Pty Ltd), Saverys Homewares Unit Trust and Saverys Pty Ltd.

(c) Key management personnel

Disclosures relating to key management personnel are set out in note 17.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2007

19. RELATED PARTY DISCLOSURES continued

(d) Transactions with related parties

The following transactions occurred with related parties:

	2007	2006
	\$	\$
<i>Tax consolidation legislation</i>		
Current tax payable transferred to the parent entity	33,851	42,047
<i>Revenue / (expenditure)</i>		
Interest income received from the immediate parent entity	706,748	667,866
Rental income received on operating leases from other related entities	3,807	2,221
Interest paid on debentures issued to other related entities	(269,721)	(107,685)
Administration, staff support, computer and occupancy services provided to the Company by the immediate parent entity	48,006	43,655
<i>Other transactions</i>		
Operating lease contracts entered into by other related entities with the company		11,422
Aggregate amounts at balance date anticipated to be received in future periods in relation to operating leases with other related entities	5,394	9,201
Net deposit of funds with the Company through the issue of debentures with other related entities	1,159,284	245,725

(e) Outstanding balances arising from transactions with related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	2007	2006
	\$	\$
<i>Current payables (tax funding agreement)</i>		
Parent entity	33,851	48,737
<i>Current payables (debentures issued in borrowings)</i>		
Other related parties	2,722,081	1,562,777

No provision for doubtful debts has been raised in relation to any outstanding balances, and no expense has been recognised in respect of bad or doubtful debts due from related parties.

Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2007

19. RELATED PARTY DISCLOSURES continued

(f) Loans to/from related parties

	2007 \$	2006 \$
<i>At call loan to Retravision (WA) Ltd (ultimate Australian parent entity)</i>		
Beginning of the year	4,986,007	5,745,655
Amounts advanced during the year	64,867,888	44,835,000
Repayments received during the year	(65,725,877)	(45,411,588)
Interest charged	708,748	667,866
Interest received	(708,152)	(650,926)
End of year	4,248,414	4,986,007
<i>Tax consolidation loan from Retravision (WA) Ltd (ultimate Australian parent entity)</i>		
Beginning of the year	48,737	6,690
Amounts advanced during the year	43,558	51,219
Repayments paid during the year	(58,644)	(9,172)
End of year	33,651	48,737

No provision for doubtful debts has been raised in relation to any outstanding balances, and no expense has been recognised in respect of bad or doubtful debts due from related parties.

(g) Terms and conditions

Transactions relating to the at call loan provided to the immediate parent entity, Retravision (WA) Ltd, are provided in accordance with company policies as determined by the Board of Directors from time to time. Transactions relating to the tax consolidation loan are provided in accordance with the tax sharing and funding agreement for the Retravision (WA) Ltd consolidated tax group.

Operating leases entered into with related entities follow the normal terms and conditions and are at the same terms and conditions offered to all stores within the Retravision (WA) Ltd Group.

Debentures issued to related entities follow the normal terms and conditions contained in the debenture prospectus, and are at the same market rates offered to all investors within the Retravision (WA) Ltd Group.

Administration, staff support, computer and occupancy services provided to the Company by the immediate parent entity are based on actual costs incurred by the parent entity apportioned consistently to Retravision (WA) Ltd and its subsidiaries, including Retravision Finance (WA) Ltd. These charges are reviewed annually.

Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2007

20. RECONCILIATION OF PROFIT AFTER TAX TO THE NET CASH FLOWS FROM OPERATIONS

	2007	2006
	\$	\$
a) Profit after related income tax	65,838	85,978
Depreciation of property, plant and equipment	20,868	25,653
Accrued interest payable on debentures	599,109	419,946
Accrued interest receivable on loans	(596)	(16,940)
Changes in assets and liabilities:		
(Increase)/decrease in prepayments	22	(150)
(Increase)/decrease in tax assets	(865)	2,729
Increase/(decrease) in tax payables	(15,088)	42,047
Increase/(decrease) in deferred tax liabilities	(326)	326
(Increase)/decrease in trade and other debtors	(13,079)	3,738
Increase/(decrease) in trade and other creditors	(2,431)	1,794
Net cash provided by operating activities	653,549	585,121
b) Cash on hand	3,708,454	2,469,442
c) Financing and investing activities cash flows arising from the issue and repayment of maturing debentures are presented on a net basis in the statement of cash flows		

21. TRUST DEED

As at the end of the financial year the Company is in compliance with the Trust Deed condition which requires liabilities not to exceed 95% of the value of tangible assets.

22. SUBSEQUENT EVENTS

The directors are not aware of any matter or circumstance, not otherwise dealt with in this report that has significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the Company in financial years subsequent to the financial year ended 30 June 2007.

23. LEASING ARRANGEMENTS

The Group leases Point of Sale computer equipment under operating leases with rentals payable monthly. Minimum lease payments receivable on leases of property plant and equipment are as follows:

Minimum lease payments under non-cancellable operating leases of property plant and equipment not recognised in the financial statements are receivable as follows:

Within one year

Later than one year but not later than 5 years


	2007	2006
	\$	\$
Within one year	18,304	10,169
Later than one year but not later than 5 years	30,507	
Total	48,811	10,169

DIRECTORS' DECLARATION

In the directors' opinion:

- (a) the financial statements and notes set out on pages 5 to 28 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the company's financial position as at 30 June 2007 and of its performance for the financial year ended 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.

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



W A Harries (Chairman)
Dated this 21st day of September 2007
Perth, Western Australia

PricewaterhouseCoopers
ABN 52 780 433 757

QV1
250 St Georges Terrace
PERTH WA 6000
GPO Box D198
PERTH WA 6840
DX 77 Perth
Australia
www.pwc.com/au
Telephone +61 8 9238 3000
Facsimile +61 8 9238 9999
www.pwc.com/au

**Independent auditor's report
to the member of Retravision Finance (WA) Ltd**

Report on the financial report

We have audited the accompanying financial report of Retravision Finance (WA) Ltd (the company), which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Retravision Finance (WA) Ltd.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) 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 AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

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.

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



Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

For further explanation of an audit, visit our website <http://www.pwc.com/au/financialstatementaudit>.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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*.

Auditor's opinion on the financial report

In our opinion:

- (a) the financial report of Retravision Finance (WA) Ltd is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2007 and of its 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*; and
- (b) the company's financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

PricewaterhouseCoopers

Pierre Dreyer
Partner

Perth
21 September 2007

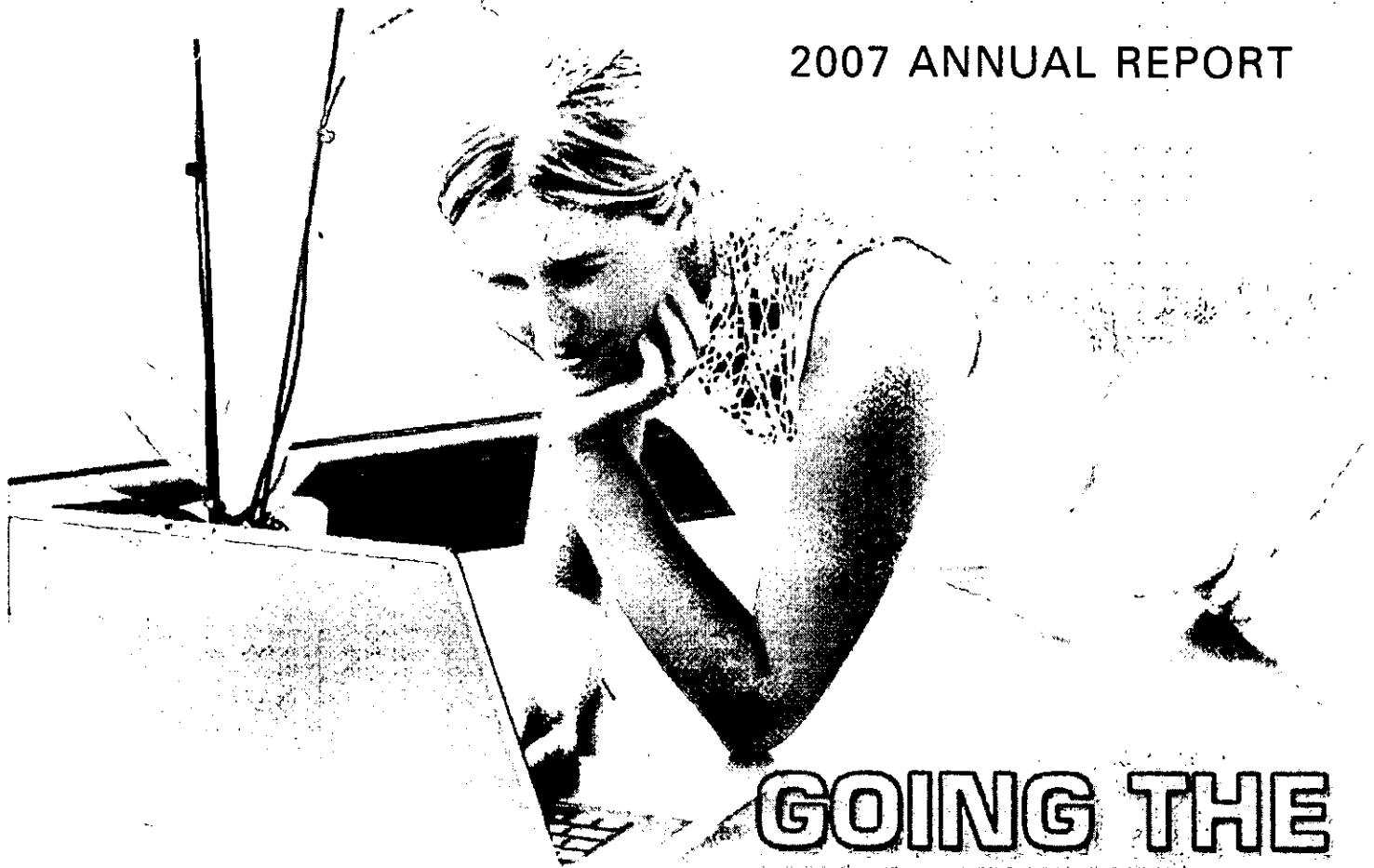
Appendix 2

Retravisision (WA) Ltd Annual Report for year ended 30 June 2007



more than just the best price

2007 ANNUAL REPORT



GOING THE
EXTRA
MILE

DIRECTORY

Directors

W A Harries (Chairman)
D Dorsett-Lynn (Deputy Chairman)
G Groppoli
G J Tomich
R G Maidment

Other Officers

P L C Holt – Chief Executive Officer
R George – Company Secretary and CFO

Principal registered office in Australia

2 Gould Street
Herdsman WA 6017

Solicitors

Deacons
Barristers & Solicitors
108 St Georges Terrace
Perth WA 6000

Bankers

ANZ Banking Group Ltd
77 St Georges Terrace
Perth WA 6000

Auditors

PricewaterhouseCoopers
Chartered Accountants
QV1 Building
250 St Georges Terrace
Perth WA 6000

This financial report covers both Retravision (WA) Ltd as an individual entity and the Group consisting of Retravision (WA) Ltd and its controlled entities. The financial report is presented in Australian currency.

Retravision (WA) Ltd is a company limited by shares, incorporated and domiciled in Australia.

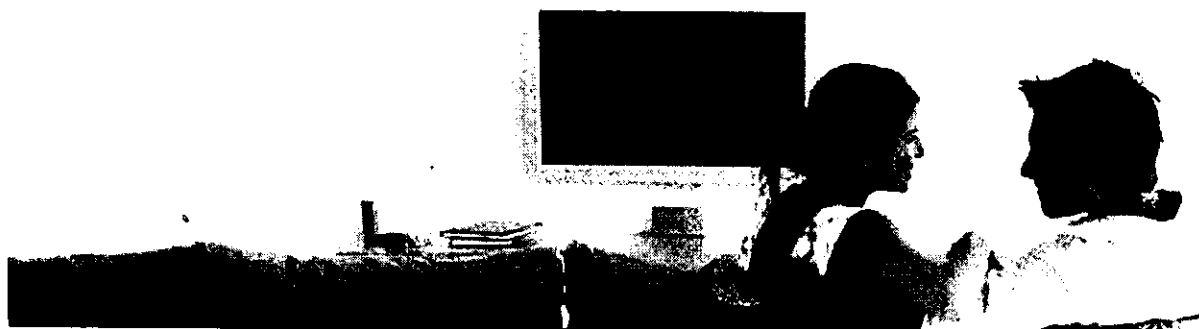
A description of the nature of the Group's operations is included in the Chairman's Review and its principal activities are included in the Directors' Report on page 6.

The financial report was authorised for issue by the directors on 31 October 2007. The company has the power to amend and reissue the financial report.

**GOING THE
EXTRA
MILE**

CONTENTS

Chairman's Review	1
Directors' Report	6
Auditors' Independence Declaration	9
Income Statements	10
Balance Sheets	11
Statements of Changes in Equity	12
Cash Flow Statements	13
Notes to the Financial Statements	14
Directors' Declaration	58
Independent Auditors' Report to the Members	59



CHAIRMAN'S REVIEW

Fellow shareholders,

I present to you the 46th Annual Report of the company together with the audited financial statements for the year ended 30 June 2007.

General Overview

I am very pleased to report that as a group, despite continued competitor pressure, we have continued to build on last year's very solid performance. Our sales growth was 17% which was above the market average and resulted in a record sales figure of \$388 million. This in turn delivered a record profit of \$4.7 million before tax. This is an impressive result and a significant turnaround from previous years. Importantly, I believe that we now have the right foundations, checks and balances to be confident in our future business performances.

A strongly performing Western Australian economy has helped to fuel our business growth and profit increase. Other factors and initiatives include:

- A strong sales performance from the long standing core, country and metropolitan dealers in both South Australia and Western Australia. This is the largest and most mature segment of the business;
- Enormous growth from the large format store group. This has been the growth engine of the Group's sales;
- Significantly improved profitability from Retravision D.A.D. Ltd, our South Australian company owned stores;
- The formation of the Best Buy Electrical Group to accommodate those members wishing to leave Betta Stores;
- Bringing the well known South Australian retailer Truscotts into our Group;
- Improved strategic relationship and turnover with Wesbuilders, an independent builders' buying group;
- Another good performance from our Murray Oakley store in Darwin, especially, given the large growth experienced in the previous year;
- Electsales defied the odds and exceeded budgets (in a market that has levelled out) despite stiff opposition; and
- The implementation of a set of business critical Key Performance Indicators to ensure that those elements of our business that drive profit are monitored daily to ensure continued performance improvement.

As mentioned previously, the large format group has driven outstanding growth during the last year. Two members of that group have received industry recognition. Joondalup Retravision again received the Retravision "Store of the Year Award", and Kambo's Retravision was awarded the Appliance Retailers "Store of the Year". Congratulations to these outstanding stores.

Overall, our growth in retail sales was 18% up on last year. These improved sales results, an improvement in cash position and better trading arrangements negotiated with our bank ANZ, have all contributed to deliver an excellent trading result.

We have now worked for 18 months with Workhouse, our advertising agency and I believe the sales results speak for themselves. They have been able to put Retravision and our associated brands "out there" in the market place highly effectively and more cost efficiently. We look forward to working closely with them to build more sales across our businesses in the months ahead. We have also had nearly a full year of "Going the Extra Mile", the national advertising campaign.



In the last 12 months, we have launched Best Buy Electrical and welcomed Truscotts in South Australia. This has required an amazing effort across the organisation and reflects the professionalism and work ethic we have within the company. I would like to recognise the outstanding efforts of our IT department in getting all these new businesses connected to our computer system in record time. The Finance and Marketing teams have had to take on extra workloads to manage the process.

CHAIRMAN'S REVIEW

None of this would have progressed without the tireless work of the management team.

Progress doesn't happen by accident, and I would also like to recognise the vision and planning exercised by Management, the Board of the Western region, the Finance and Operations Group (FOG) and the Sales and Marketing Group (SMG). It has been a landmark year and demanded a big effort across the organisation.

During the year we witnessed the demise of Retravisión (NSW) Ltd ("NSW") and Betta Stores Limited. These events left some suppliers with substantial bad debts and focused credit control firmly at the foot of independent retailers. It is critical to our success going forward, that we remain strict and diligent with our provision of credit to our members. With that in mind we have taken the additional step of taking out trade credit insurance over all of our members. This will further strengthen our good record with our suppliers.

It has been a challenging time for the Group and we should thank those directors of Western Region who, with the CEO's and the other National Board directors, have worked hard to limit the damage from the NSW collapse and create trading arrangements through Retravisión Northern Ltd and Retravisión Southern Ltd for the remaining viable NSW members.

Financial Overview

In the above summary I have touched briefly on the results for the Group. Now let's consider this in more detail.

With respect to the financial results, the Group has recorded a profit before tax of \$4,699,656 (2006: \$883,153). This significant increase in profit is due to:

- Reduced finance costs. In 2006 the bad debt associated with Garden City was recorded in this expense classification;
- Reduced occupancy costs following closure of company owned stores; and
- Reduced payroll costs following closure of company owned stores.

Retravisión (WA) Ltd recorded a profit before tax of \$3,085,431 (2006: \$1,927,499). This improvement in profit is attributable to:

- Reduced finance costs. In 2006 the bad debt associated with Garden City was recorded in this expense classification; and
- Reduced borrowing costs from the ANZ bank.

Finally, the profit before tax of the other subsidiaries was as follows:

		2007	2006
Electcom Ltd	Profit of	\$2,888,366	\$2,024,163
Retravisión Finance (WA) Ltd	Profit of	\$108,204	\$140,251
Retravisión D.A.D. Ltd	Loss of	(\$570,842)	(\$3,178,089)

Electsales

Under the guidance of Kevin Saxon and his team, Electsales has increased sales this financial year by 17% to \$22 million. Even at this stage, orders are in hand for deliveries well into the future. In this highly competitive area of the industry, the company remains the main supplier of electrical appliances and hot water systems to the top builders in Western Australia.

Franchise Operations

Electcom Ltd operates three franchises; West Coast Hi Fi, Fridge & Washer City and the newly formed Best Buy Electrical. These franchises have had a solid year with the following retail sales results:

- West Coast Hi Fi - an increase of 35% to \$29.6 million;
- Fridge & Washer City - an increase of 4% to \$21.3 million; and
- Best Buy Electrical - sales of \$8.3 million in its first six months.

South Australia & the Northern Territory

As indicated to you above Retravisión D.A.D. Ltd has faced another very challenging year. Directors and management continue to work in an effort to reduce the impact the results of this business are having on the rest of the Group. You will have seen from above that there has been a significant improvement in the results by \$2.6 million, albeit still at a loss. To this end we have undertaken the following:

- Closed a number of underperforming stores. Where possible this was done at the end of the lease and we are pleased to report that for those stores where we have exited early, we have been able to sublet the premises although at a rental below our cost; and

CHAIRMAN'S REVIEW

- Continued consolidation of functions of the South Australian Office into the State Office in Western Australia.

It is worth noting that on a like for like basis the sales of our company owned stores in South Australia are up year on year by 8%.

Although Retravision D.A.D. Ltd has continued to incur losses, what this acquisition has allowed is the organic growth from the addition of dealers such as Truscotts and Betta stores in those regions all of which contribute to turnover and profit of the Group. Our business in South Australia and the Northern Territory now represents approximately 25% of our total business mix. Our presence in those markets will enable us to continue to add volume through partnering with other independent operators in due course.

Warehousing

At least 33% of purchases by members continue to flow through our group warehousing facilities. Management continues to work closely with SWADS and our suppliers to supply the best possible service for dealers in Western Australia and South Australia.

We are also pleased to announce a general process enhancement strategy with SWADS and the introduction of B2B ordering on the warehouse.

Information Technology

Our IT team was put to the test this year with the attainment of the former Betta Store members and Truscotts stores. Overall we had a successful implementation of the point of sale and communication systems into those businesses.

We have also seen the introduction of a number of initiatives including:

- Ordering on the warehouse using B2B;
- The online extended warranty database; and
- Online stock on hand lookup in the warehouse.

With regard to the POS Project, we have recently appointed a National CIO with significant experience in this area of activity. Finding the right software supplier is proving more difficult than we anticipated due to the very demanding needs of our business. This project is likely to be the biggest investment ever made by our organisation and it is crucial that the system we select is fit for purpose and provides world class support for our organisation for many years to come.

Our Stores

During the last year we have seen significant activity with respect to store changes within the Group with the sale of:

- Katanning Retravision to Adrian Dowling;
- Cannington Retravision to Chris Allmark;
- Minlaton Retravision to Chad Liebelt; and
- Broken Hill Retravision to Peter McEvoy.

We also welcomed new stores:

- Port Lincoln Retravision by Brian Ramsey;
- Carla Furnishers Retravision, Alice Springs and Darwin, by the Venturin family. This coincided with the closure of our company owned store in Alice Springs;
- Mindarie Retravision by Ocean Keys Pty Ltd;
- Mount Gambier Retravision by Rick Macera. This coincided with the closure of our company owned store in that town;
- Kangaroo Island Retravision by Barry Uren; and
- The seven Truscotts stores.

We also saw the closure of the East Fremantle Retravision.

The West Coast Hi Fi group has seen:

- The opening of the Kalgoorlie store by Alan Angwin; and
- The closure of the Bunbury store.

The Fridge & Washer City Group saw the purchase of the Cannington store by John Griffiths.

During the year a new brand, Best Buy Electrical, was created and we admitted stores previously from the Betta Electrical brand. We welcome each and every one of them to the Retravision family.

Corporate Governance

The FOG and SMG continue to be an excellent addition to our governance practices. Of course in addition to this the Board meets regularly and requires each director to act in good faith in what they believe to be the best interests of the company. The Board continues to work closely with the company's independent external auditor and maintains its role as an audit committee.

CHAIRMAN'S REVIEW

Sponsorship Activity

Retravisin members and dealers in both the city and the country have continued to support their local communities in a number of different ways. We are proud of your record in this area and Retravisin (WA) Ltd is happy to build on this at a company level.

The Group's decision to support junior cricket and to continue to be a major sponsor of the Retravisin Warriors has given us a much higher profile and great brand exposure to the public. We look forward to another successful season with the Retravisin Warriors promoting our brand locally and nationally.

The National Scene

With the migration of NSW members to Retravisin Northern Ltd and Retravisin Southern Ltd the National Board, after much deliberation, have taken the opportunity to restructure the group and close the National Office. In doing so, they have created two new positions.

Ken Chamberlain has been appointed as National Merchandising Manager and his primary focus will be to negotiate National Trading Terms. He will report at the CEO level to the National Board. Driss Toukhsati has accepted the position of National Chief Information Officer and, as I have previously explained, will lead the IT team and coordinate and supervise the POS project. Both gentlemen will be located in Melbourne. These strategies are aimed at improving unity, cutting costs, improving our buying and strengthening the brand across Australia and New Zealand.

We have a number of exciting National initiatives planned for the next twelve months, including re-negotiating our National Trading Terms with suppliers and I look forward to updating you with progress in due course.

The Future

Whilst we continue to work with other state organisations to improve business outcomes nationally, I am mindful that our team needs to continue to focus significant effort on our Western business to build on our recent success and continue to drive our shareholders' wealth and prosperity.

Improving results from our current position will be very challenging going forward. I have no doubt that we took many of our competitors by surprise last year. They certainly now know what we are capable of and we can expect even more competition this year from the large corporates who are investing in new footprint in Western Australia every month.

We still have numerous internal challenges to address, including brand awareness, implementing consistent standards and disciplines across the business, succession planning and continuing to drive an increasing large format footprint to match our competitors.

Your management and the board are working on a number of "local" projects to focus on these important issues and to continue to increase our turnover and market penetration. With a solid position to work from, and with your continued support, we are confident of achieving our objectives in the coming year.

Members, shareholders and franchisees have given the company great support and record levels of sales through the period. I thank you for your endeavors and look forward to assisting you to improve your businesses even further this year.

The CEO, CFO, Sales & Marketing Manager and the staff have worked tirelessly to improve our business and financial performance and I sincerely thank them. I wish to also acknowledge the contribution of the members of the Sales and Marketing Group and the Finance and Operations Group and thank them for the time they give. Finally, I would like to recognise the commitment of your directors and advisers and commend their deliberations through another year of significant change.

Whilst we have challenges ahead of us, with your continuing levels of support, I believe we have all the tools necessary to meet the future head on, strengthen our brands and deliver opportunities for those who wish to grow.

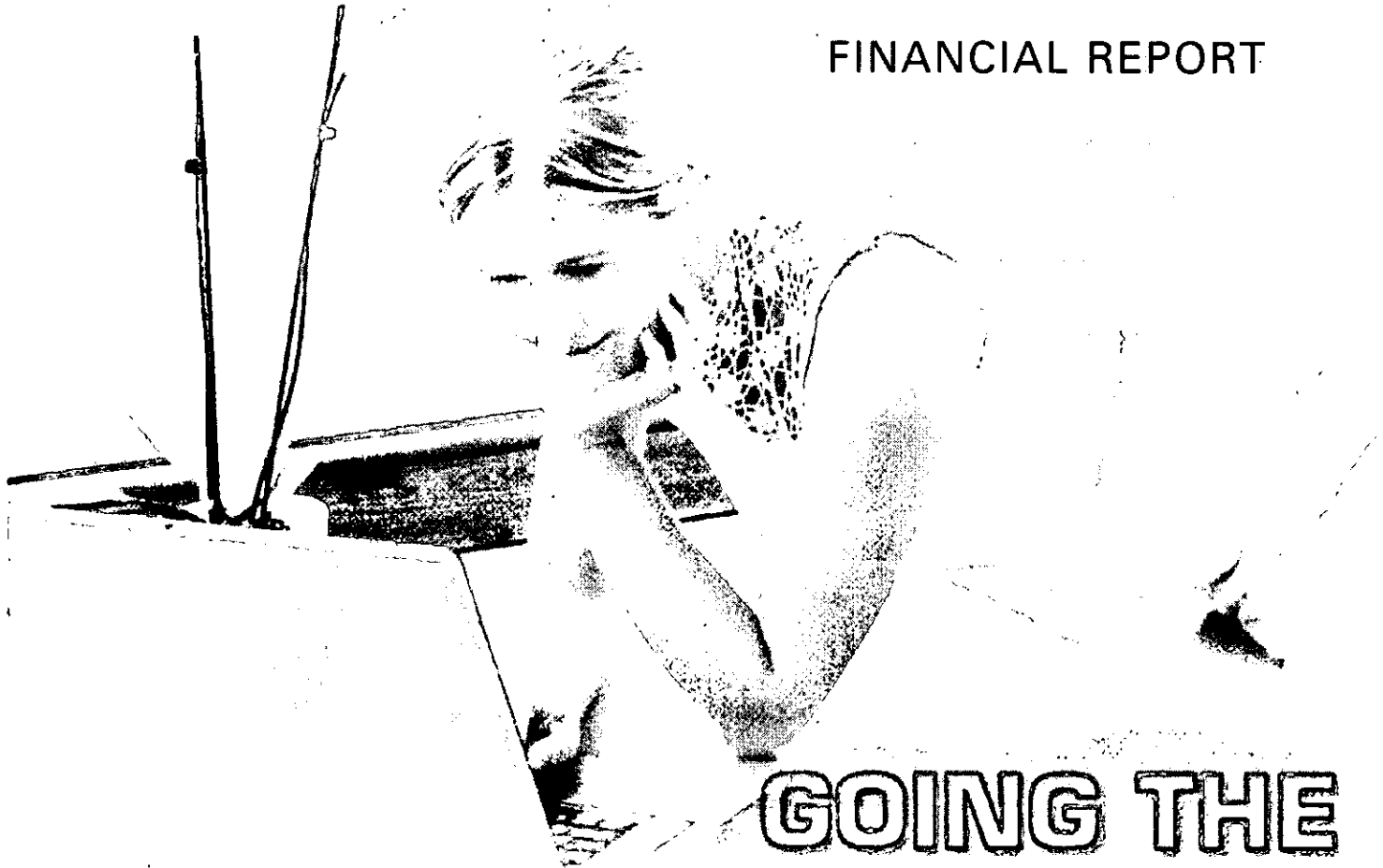


Bill Harries
Chairman



more than just the best price

FINANCIAL REPORT



GOING THE
EXTRA
MILE

DIRECTORS' REPORT

Your directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Retravision (WA) Ltd and the entities it controlled at the end of, or during, the year ended 30 June 2007.

DIRECTORS

The following persons were directors of Retravision (WA) Ltd during the whole of the financial year and up to the date of this report:

W A Harries
D Dorsett-Lynn
G Groppoli
G J Tomich
R G Maidment

INFORMATION ON DIRECTORS

Director qualifications, experience and special responsibilities

- | | |
|----------------|---|
| W A Harries | Mr Harries has had over thirty years of electrical retail experience. He has held his position on the Board since 1986 and was appointed Deputy Chairman in 1998 and Chairman in November 2001. He is the National Chairman, in his capacity as a director of Retravision Pty Ltd, and has held this position from October 2005. He currently holds a directorship in Natchez Nominees Pty Ltd, which operates Retravision stores in Kalamunda and Armadale. He is also a director of Retravision Finance (WA) Ltd, Electcom Ltd, Retravision D.A.D. Ltd and Retravision Pty Ltd. |
| D Dorsett-Lynn | Mr Dorsett-Lynn was appointed a director of the company in November 1999 and Deputy Chairman in November 2003. He is Managing Director for Dorsett Retail Pty Ltd which operates Retravision stores in Margaret River, O'Connor and Bunbury, as well as operating a Fridge and Washer City store in Bunbury. In addition he sits on the Boards of Retravision Finance (WA) Ltd, Electcom Ltd and Retravision D.A.D. Ltd. He is also a director of Retravision Pty Ltd. |
| G Groppoli | Mr Groppoli holds the degrees Bachelor of Laws and Bachelor of Jurisprudence from the University of Western Australia. He is Managing Director of Milners Pty Ltd and is a consultant to a Perth law firm. He was appointed to the Board of the company in June 1999. He also holds directorships in Retravision Finance (WA) Ltd, Electcom Ltd, Retravision D.A.D. Ltd and Automotive Holdings Group Ltd. |
| G J Tomich | Mr Tomich was appointed a director of the company in November 2003. He is also a director of Jetgold Pty Ltd, operating a Retravision store in Rockingham and Kantom Pty Ltd that operates a Retravision store in Kalgoorlie. Mr Tomich has been actively involved in the retail industry since 1984. In addition he sits on the Boards of Retravision Finance (WA) Ltd, Electcom Ltd and Retravision D.A.D. Ltd. He was appointed as a director of Retravision Pty Ltd from 26 April 2007. Mr Tomich is the Chairman of the Sales and Marketing Group. |
| R G Maidment | Mr Maidment was appointed a director of the company in November 2005. He is also a director of Orcas Pty Ltd, operating a Retravision store in Willetton. Mr Maidment has been actively involved in the electrical retail industry since 1990. In addition he sits on the Boards of Retravision Finance (WA) Ltd, Electcom Ltd and Retravision D.A.D. Ltd. Mr Maidment is the Chairman of the Finance and Operations Group. |

Company Secretary qualifications, experience and special responsibilities

- | | |
|----------|---|
| R George | Mr George is a Chartered Accountant and joined the Group in June 1999 and has been Company Secretary since January 2000. He is Company Secretary of all Group Entities and also holds the role of Chief Financial Officer. Mr George is a member of the Finance and Operations Group. |
|----------|---|

DIRECTORS' REPORT

PRINCIPAL ACTIVITIES

The continuing principal activities of the Group during the year were:

- Provision of financial and marketing services to electrical retailers;
- Wholesaling to electrical retailers;
- Wholesaling electrical goods to registered builders;
- Franchise operations;
- Receive deposits from Retravision members and associated parties;
- Computer rental operating lease facility to Retravision members and associated parties;
- Loans for the establishment and development of Retravision businesses; and
- Operation of a number of company owned electrical retail stores in South Australia and the Northern Territory.

TRADING RESULTS

The consolidated net profit attributable to members of Retravision (WA) Ltd for the year was \$3,468,264 (2006: \$460,965) after an income tax expense of \$1,231,392 (2006: \$422,188).

DIVIDENDS

No dividend has been declared or paid during the financial year (2006: \$nil). The directors do not recommend the payment of any dividend.

REVIEW OF OPERATIONS

A review of operations and results of the Group for the financial year is contained in the Chairman's Review.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the financial year, the following significant changes in the state of affairs occurred in the Group:

- The Group established a new franchise and brand, Best Buy Electrical. This consists of twelve stores formally from the Beta Electrical Group;
- In April 2007 the Truscotts business, operating seven electrical retail stores in South Australia, were admitted as a member to the Group, whereby the business purchases its electrical product from Retravision (WA) Ltd;
- In November 2006 the Group closed an electrical retail store in Alice Springs;
- In March 2007 the Group closed the in-house interest free program; and
- In March and June 2007, the Group sold electrical retail stores in Mt Gambier and Broken Hill. The financial impacts of these sales have been fully recorded in the 30 June 2007 result.

Other than the matters noted above, there were no significant changes in the state of affairs of the Group during the financial year not otherwise disclosed in this report.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Since the end of the financial year the directors are not aware of any matter or circumstance, not otherwise dealt with in the financial statements, that has significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in financial years subsequent to the financial year ended 30 June 2007.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

In the opinion of the directors, likely developments in the operations of the Group known at the date of this report have been covered within the report.

Further information as to likely developments in the operations of the Group, including the expected results of those operations in subsequent financial years could in the opinion of the directors prejudice the interests of the Group and have therefore not been included in this report.

DIRECTORS' REPORT

ENVIRONMENTAL REGULATIONS

The Group is not subject to any significant environmental regulations in relation to its principal activities.

MEETINGS OF DIRECTORS

The number of directors' meetings held during the year ended 30 June 2007, and the number of meetings attended by each director were:

	Number of Meetings
	18
Number of meetings attended by:	
W A Harries	17
D Dorsett-Lynn	14
G Groppoli	12
G J Tomich	14
R G Maidment	17

INSURANCE OF OFFICERS

During the financial year Retravision (WA) Ltd paid insurance premiums totalling \$20,538 (2006: \$24,441) to insure the directors and company secretary of the company and its controlled entities named in this report.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Group. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

INDEMNITY AGREEMENTS

Retravision (WA) Ltd has entered into agreements to indemnify certain officers of the company and related bodies corporate.

The officers of the company covered by the agreement include: W A Harries, D Dorsett-Lynn, G Groppoli, R G Maidment, G J Tomich, P L C Holt and R George.

The indemnity relates to any liability:

- To a third party (other than the company or a related body corporate) unless the liability arises out of conduct involving a lack of good faith; and
- For costs and expenses incurred in successfully defending civil or criminal proceedings or in connection with an application, in relation to such proceedings, in which relief is granted under the *Corporations Act 2001*.

AUDITOR

PricewaterhouseCoopers continues in office in accordance with Section 327 of the *Corporations Act 2001*.

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 9.

This report is made in accordance with a resolution of the directors.



W A Harries (Chairman)
Perth

Dated this 31st day of October 2007

DIRECTORS' REPORT

PRICEWATERHOUSECOOPERS PricewaterhouseCoopers
ABN 52 780 433 757QV1
250 St Georges Terrace
PERTH WA 6000
GPO Box D198
PERTH WA 6840
DX 77 Perth
Australia
www.pwc.com/au
Telephone +61 8 9238 3000
Facsimile +61 8 9238 3999

Auditors' Independence Declaration

As lead auditor for the audit of Retravision (WA) Ltd for the year ended 30 June 2007, I declare that, to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit, and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Retravision (WA) Ltd and the entities it controlled during the period.



Pierre Dreyer
Partner
PricewaterhouseCoopers

Perth
31st October 2007

INCOME STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

	Notes	CONSOLIDATED		PARENT	
		2007 \$	2006 \$	2007 \$	2006 \$
Revenue					
Sale of goods		388,217,207	332,793,306	374,693,346	323,340,151
Cost of sale of goods		370,273,954	315,023,995	366,325,548	314,163,577
Gross profit from sale of goods		17,943,253	17,769,311	8,367,798	9,176,574
Other revenue					
Revenue from services	4	397,625	421,946	367,787	341,350
Other revenue	4	2,424,523	2,352,431	2,600,537	1,321,318
		2,822,148	2,774,377	2,968,324	1,662,668
Expenses					
Administration		4,469,908	6,072,424	4,228,596	4,506,903
Information systems		1,235,954	1,135,184	1,238,472	1,135,184
Marketing and store operations		988,969	1,097,418	988,969	1,097,418
Wholesale distribution		310,912	418,052	310,912	351,245
Retail		5,983,975	7,202,028	-	-
Finance operations		1,859,281	1,962,996	-	-
Borrowing costs	5	1,263,226	1,772,433	1,483,742	1,820,993
		16,112,225	19,660,535	8,250,691	8,911,743
Share of associate's net profit accounted for using the equity method	40	46,480	-	-	-
Profit before income tax		4,699,656	883,153	3,085,431	1,927,499
Income tax expense/(benefit)	6	1,231,392	422,188	(53,284)	579,967
Profit attributable to equity holders of Retravision (WA) Ltd	25(b)	3,468,264	460,965	3,138,715	1,347,532

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

BALANCE SHEETS

AS AT 30 JUNE 2007

		Notes	CONSOLIDATED		PARENT	
			2007	2006	2007	2006
			\$	\$	\$	\$
CURRENT ASSETS						
Cash and cash equivalents	7		5,103,003	3,611,903	120,855	89,009
Trade and other receivables	8		48,370,753	41,750,234	47,730,035	40,358,222
Inventories	9		19,043,123	15,897,894	10,808,009	7,535,558
Current tax assets	10		-	252,248	-	252,248
Other	11		2,823,194	2,753,768	2,534,831	2,335,423
TOTAL CURRENT ASSETS			75,340,073	64,266,047	61,193,730	50,570,460
NON - CURRENT ASSETS						
Trade and other receivables	12		1,057,151	1,674,102	3,573,000	3,750,000
Investments accounted for using the equity method	13		57,480	-	-	-
Other financial assets	14		-	5,500	4,954,453	4,954,453
Property, plant and equipment	15		1,112,186	1,320,404	352,851	371,610
Deferred tax assets	16		698,225	768,128	556,581	320,858
Intangible assets	17		330,446	330,446	-	-
TOTAL NON - CURRENT ASSETS			3,255,488	4,098,580	9,436,885	9,396,921
TOTAL ASSETS			78,595,561	68,364,627	70,630,615	59,967,381
CURRENT LIABILITIES						
Trade and other payables	18		54,991,086	51,411,742	53,717,108	49,632,599
Current tax liability			1,161,489	-	1,161,489	-
Borrowings	19		7,760,666	5,684,896	7,210,213	4,986,007
Provisions	20		650,320	583,556	339,205	294,387
TOTAL CURRENT LIABILITIES			64,563,561	57,680,194	62,428,015	54,912,993
NON - CURRENT LIABILITIES						
Borrowings	21		7,257,422	7,367,221	7,000,000	7,000,000
Provisions	23		695,513	706,411	181,706	172,209
TOTAL NON - CURRENT LIABILITIES			7,952,935	8,073,632	7,181,706	7,172,209
TOTAL LIABILITIES			72,516,496	65,753,826	69,609,721	62,085,202
NET ASSETS/(LIABILITIES)			6,079,065	2,610,801	1,020,894	(2,117,821)
EQUITY						
Contributed equity	24 (a)		1,297,192	1,297,192	1,297,192	1,297,192
Reserves	25 (a)		3,100	3,100	3,100	3,100
Retained profits/(accumulated losses)	25 (b)		4,778,773	1,310,509	(279,398)	(3,418,113)
TOTAL EQUITY/(DEFICIENCY)			6,079,065	2,610,801	1,020,894	(2,117,821)

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2007

	CONSOLIDATED		PARENT	
	2007 \$	2006 \$	2007 \$	2006 \$
TOTAL EQUITY/(DEFICIENCY) AT THE BEGINNING OF THE FINANCIAL YEAR	2,610,801	2,149,836	(2,117,821)	(3,465,353)
Profit for the year (total recognised income and expense for the year)	3,468,264	460,965	3,138,715	1,347,532
TOTAL EQUITY/(DEFICIENCY) AT THE END OF THE FINANCIAL YEAR attributable to the equity holders of RetravisioN (WA) Ltd	6,079,065	2,610,801	1,020,894	(2,117,821)

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

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

	Notes	CONSOLIDATED		PARENT	
		2007	2006	2007	2006
		\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers (inclusive of goods and services tax)		429,058,672	370,019,330	409,060,576	353,901,358
Payments to suppliers, employees and members (inclusive of goods and services tax)		(428,976,136)	(366,662,261)	(410,665,664)	(351,370,556)
Interest received		391,146	327,983	294,921	350,523
Interest and other costs of finance paid		(1,263,226)	(1,772,433)	(1,483,146)	(1,804,053)
Dividends received		-	-	1,500,000	-
Income tax refunded		252,248	1,087,910	252,248	1,072,547
Income tax paid		-	(480,414)	(1,241,449)	(121,551)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	35	(537,296)	2,520,115	(2,282,514)	2,028,268
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of property, plant and equipment		19,214	48,345	-	-
Payments for property, plant and equipment		(185,346)	(153,264)	(86,250)	(44,670)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(166,132)	(104,919)	(86,250)	(44,670)
CASH FLOWS FROM FINANCING ACTIVITIES					
Loans made		(22,625)	(50,194)	-	-
Loan repayments received		251,182	-	177,000	-
Repayment of borrowings		(825,428)	(3,789,098)	(738,189)	(3,045,044)
Proceeds from borrowings		2,961,799	-	2,961,799	-
Proceeds from hire purchase sale and leaseback		-	410,000	-	-
Hire purchase payments		(170,400)	(332,773)	-	-
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES		2,194,528	(3,762,065)	2,400,610	(3,045,044)
NET INCREASE/(DECREASE) IN CASH HELD		1,491,100	(1,346,869)	31,846	(1,061,446)
Cash at the beginning of the financial year		3,611,903	4,958,772	89,009	1,150,455
CASH AT THE END OF THE FINANCIAL YEAR	7	5,103,003	3,611,903	120,855	89,009

Financing arrangements 19/21

Non-cash financing and investing activities 36

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for RetravisioN (WA) Ltd as an individual entity and the consolidated entity consisting of RetravisioN (WA) Ltd and its subsidiaries.

(a) Basis of Preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001.

Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the consolidated financial statements and notes of RetravisioN (WA) Ltd comply with International Financial Reporting Standards (IFRS). The parent entity financial statements and notes also comply with IFRS except that it has elected to apply the relief provided to parent entities in respect of certain disclosure requirements contained in AASB 132 *Financial Instruments: Disclosure and Presentation*.

Historical cost convention

These financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

(b) Principles of Consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of RetravisioN (WA) Ltd ("parent entity") as at 30 June 2007 and the results of all subsidiaries for the year then ended. RetravisioN (WA) Ltd and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group (refer to note 1(e)).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries are accounted for at cost in the individual financial statements of RetravisioN (WA) Ltd.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the parent entity financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the parent entity's income statement, while in the consolidated financial statements they reduce the carrying amount of the investment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(b) Principles of Consolidation continued

(ii) Associates continued

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the current Australian tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax consolidation legislation

Retravisision (WA) Ltd and its wholly-owned subsidiaries have implemented the tax consolidation legislation from 1 July 2004.

The head entity, Retravisision (WA) Ltd, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Retravisision (WA) Ltd, also recognises the current liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group. Details about the tax funding agreement are disclosed in note 6.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(d) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date with a corresponding entry in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(e) Business Combinations

The purchase method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interests. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill (refer note 1(ab)). If the cost of acquisition is less than the Group's share of the fair value of identifiable net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(f) Inventories

(i) Finished Goods

Inventory is stated at the lower of cost or net realisable value. Costs of purchased inventory are determined after deducting rebates. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Inventory costs are determined using the first in first out basis.

(ii) Other

Other inventories are comprised of promotional material and stationery and are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(g) Property, Plant and Equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Depreciation on assets is calculated using the straight-line method to allocate their cost net of their residual values, over their estimated useful lives, as follows:

Plant and equipment	1 to 40 years
Hire purchase assets	3 to 5 years

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(h) Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards benefits incidental to ownership are classified as finance leases/hire purchase. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in interest bearing liabilities. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases (note 29). Payments made under operating leases (net of any incentives) are charged to the income statement on a straight-line basis over the period of the lease.

The present value of future payments for surplus leased space under non-cancellable operating leases which are not onerous contracts are recognised as a liability, net of sub-leasing revenue, in the period in which it is determined that the leased space will be of no future benefit to the Group. The net future lease payments are discounted using the prevailing cost of finance to the Group.

Liabilities for surplus leased space under non-cancellable leases which are onerous contracts are recognised on the basis described in the accounting policy note for onerous contracts (note 1(y)).

(i) Leasehold Improvements

The cost of improvements to or on leasehold properties is amortised over the unexpired portion of the lease or the estimated useful life of the improvement of the Group, whichever is the shorter. Leasehold improvements held at the reporting date are being amortised between one month and eight years.

(j) Impairment of Assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(k) Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment. Trade receivables are due for settlement no more than 30 days from date of statement for all debtors.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impaired receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is minimal. The amount of the provision is recognised in the income statement.

(l) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. These amounts are unsecured and are usually paid within 30 days of recognition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(m) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not an incremental cost relating to the actual draw-down of the facility, are recognised as prepayments and amortised on a straight-line basis over the term of the facility.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

(n) Maintenance and Repairs

Routine operating maintenance, repair costs and minor renewal costs are charged as expenses when incurred.

(o) Web Site Costs

Costs in relation to web sites controlled by a controlled entity are charged as expenses in the period in which they are incurred unless they relate to the acquisition of an asset, in which case they are capitalised and amortised over their period of expected benefit. Generally, costs in relation to feasibility studies during the planning phase of a web site, and ongoing costs of maintenance during the operating phase are considered to be expenses. Costs incurred in building or enhancing a web site, to the extent that they represent probable future economic benefits controlled by the controlled entity that can be reliably measured, are capitalised as an asset and amortised over the period of the expected benefits being 2.5 years.

(p) Employee Benefits

(i) Wages and salaries, annual leave and personal leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within twelve months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for personal leave are recognised when the leave is taken and measured at the rates paid or payable as there is no liability to pay any unused portion on termination of an employee.

(ii) Long service leave

The liability for long service leave expected to be settled within twelve months of the reporting date is recognised in the current provision for employee benefits and is measured in accordance with (i) above. The liability for long service leave expected to be settled more than twelve months from the reporting date is recognised in the non-current provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and period of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than twelve months after balance sheet date are discounted to present value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(p) Employee Benefits continued

(iv) Bonus plans

The Group recognises a liability and an expense for bonuses on a formula that takes into consideration the achievement of defined key performance indicators for senior management. The Group recognises a provision where contractually obliged or where there is a past practise that has created a constructive obligation.

(q) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

(i) Sale of electrical products

A sale is recorded when goods have been despatched to a customer pursuant to a sales order and the invoice received from the appropriate supplier for co-operative sales and when goods are despatched for sales through the wholesale division.

(ii) Lease of computer systems and software

Lease income from operating leases is recognised in income on a straight line basis over the lease term. The assets subject to these leases are recorded as property, plant and equipment (rental assets). Further information on leasing arrangements is contained in note 39.

(iii) Interest on loans

Interest is recognised on a time proportion basis using the effective interest method.

(iv) Dividend income

Dividends are recognised as revenue when the right to receive payment is established.

(r) 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, and bank overdrafts. Bank overdrafts are shown within current liabilities on the balance sheet.

(s) Service Warranties

Costs relating to products still under warranty are charged as an expense when incurred.

(t) Borrowing Costs

Borrowing costs are recognised as expenses in the period in which they are incurred.

Borrowing costs include:

- Interest on bank overdrafts and short-term and long-term borrowings;
- Costs of establishing and maintaining financing facilities; and
- Finance lease charges.

(u) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at balance date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(v) Other Financial Assets

Classification

The classification depends on the purpose for which the assets were acquired. Management determines the classification of its investments at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on the active market. They are included in current assets, except for those with maturities greater than twelve months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet (notes 8 and 12).

Recognition and de-recognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks.

Impairment

The Group assess at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. Impairment losses are recognised in the income statement.

(w) Comparative Figures

Where necessary, comparative figures have been adjusted to conform to changes in presentation for the current year.

(x) Consumer Credit Receivables

From 1 July 2005 to 30 March 2007

Under an agreement dated 27 November 2000, consumer credit receivables were sold to a special purpose trust, the 'DAD Trust'. Retravision D.A.D. Ltd could, but was not obliged to sell receivables to the DAD Trust and the DAD Trust could but was not obligated to purchase some or all of the credit receivables.

In compliance with the agreement 15% of the value of the consumer credit pool was deposited with the DAD Trust as a subordinated loan. The full amounts of these securitised receivables were recognised as a finance debtor and the amount received from the sale of these receivables was recognised as a liability.

Receivables that fail to fulfil certain performance criteria ("ineligible loans") could be sold back by the DAD Trust to Retravision D.A.D. Ltd or offset against the subordinated loan. In certain cases Retravision D.A.D. Ltd was able to sell the debts onto the originating entity.

The term sheet stated Retravision D.A.D. Ltd's repurchase obligation for loans was to be no greater than the subordinated loan amount.

Accordingly, each year end the directors reviewed the performance of the ineligible loans and established a provision for impaired loans that originated within the Group and which were expected to be sold back in the future or offset against the subordinated loan.

From 31 March 2007 to 30 June 2007

On 31 March the Group closed this consumer credit facility and repaid the finance liability (note 18). All debtors that remained at this time are continuing to repay the amounts owing under the exact repayment terms and conditions of their contract and are still recorded as finance debtors (notes 8 and 12).

Collectability of the remaining consumer credit receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impaired receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is minimal. The amount of the provision is recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(y) Onerous Contracts

A provision for onerous contracts is recognised when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under that contract, and only after any impairment losses to assets dedicated to that contract have been recognised.

The provision recognised is based on the excess of the estimated cash flows to meet the unavoidable costs under the contract over the estimated cash flows to be received in relation to the contract, having regard to the risks of the activities relating to the contract. The net estimated cash flows are discounted using the Group's interest rate at balance date to match, as closely as possible, the expected future payments, where the effect of discounting is material.

(z) Goods on Order

The Group orders inventory from external third parties. These third parties invoice the Group at the time of despatch of the goods. As the title of goods does not transfer to the Group until the goods are received, the Group recognises a liability to trade payables and an asset Goods on Order at the time of receipt of the tax invoice. Upon receipt of the goods an inventory asset is recorded and the asset Goods on Order is reduced accordingly.

(aa) Segment Reporting

A business segment is identified for a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is identified when products or services are provided within a particular economic environment subject to risks and returns that are different from those of segments operating in other economic environments.

(ab) Intangible Assets

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash generating units for the purpose of impairment testing.

(ac) Provisions

Provisions for commissions, bonuses, surplus leased space, legal claims and warranties are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

(ad) Contributed Equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(ad) Contributed Equity continued

If the entity reacquires its own equity instruments, e.g. as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

(ae) Goods and Services Tax (GST)

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. 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 Australian Taxation Office is included with other receivables or 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, where they are recoverable from, or payable to, the Australian Taxation Office, are presented as operating cash flows.

(af) New Accounting Standards and Interpretations

Recently issued or amended Australian Accounting Standards and Interpretations not yet effective and not mandatory for the year ended 30 June 2007 are not expected to result in significant accounting policy changes or have a material financial impact on the company.

AASB 7 Financial Instruments: Disclosures and AASB 2005-10 Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]

AASB 7 and AASB 2005-10 are applicable to annual reporting periods beginning on or after 1 January 2007. AASB 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. It replaces AASB 130 *Disclosures in the Financial Statements of Banks and Similar Financial Institutions* and the disclosure requirements in AASB 132 *Financial Instruments: Disclosure and Presentation*. It is applicable to all reporting entities. The amendment to AASB 101 introduces disclosures about the level of an entity's capital and how it manages capital.

The Group assessed the impact of AASB 7 and the amendment to AASB 101 and concluded that the main additional disclosures will be the sensitivity analysis to market risk and the capital disclosures required by the amendment of AASB 101. The Group will apply the standards from annual reporting periods beginning 1 July 2007.

Revised AASB 101 Presentation of Financial Statements

A revised AASB 101 was issued in October 2006 and is applicable to annual reporting periods beginning on or after 1 January 2007. The Group has not adopted the standard early. Application of the revised standard will not affect any of the amounts recognised in the financial statements, but will remove some of the disclosures currently required, including the disclosure about economic dependencies.

AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8

AASB 8 and AASB 2007-3 are effective for annual reporting periods commencing on or after 1 January 2009. AASB 8 will result in a significant change in the approach to segment reporting, as it requires adoption of a "management approach" to reporting on the financial performance. The information being reported will be based on what the key decision-makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. The Group has not yet decided when to adopt AASB 8. Application of AASB 8 may result in different segments, segment results and different types of information being reported in the segment note of the financial report. However, it will not affect any of the amounts recognised in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(ag) Fair Value Estimation

The fair value of financial assets and liabilities must be estimated for recognition and measurement or for disclosure purposes. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The carrying value less impairment of trade receivables and payables are assumed to approximate their fair value due to their short term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

2. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks; credit risk, liquidity risk and cash flow interest rate risk. The Group's overall risk management program seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses a derivative financial instrument, an interest rate swap, to hedge certain risk exposures.

Risk management is carried out by senior management and the Board of Directors.

(a) Credit risk

- (i) The Group's primary credit risk lies with the trading accounts it grants to the franchisees (dealer(s)). The Group's policies ensure that all new potential dealers must pass a rigorous application process that ultimately requires the Board of Director's approval.

Further the Group has a specific Credit Policy, and set out below are the key points of this policy:

- Each dealer is given an approved credit limit at the time of opening the trading account. This limit is usually based on 2.5 months estimated purchases.
- Dealers are required to provide security to cover 100% of the approved credit limit. Where security is insufficient to cover the approved credit limit discretion may be given by the Board of Directors or such other sub-committee it may delegate those powers to from time to time, to accept a lower level of security. The security is usually by way of:
 - A first registered mortgage debenture (Charge) over the assets of the dealer's trading entity or a Bill of Sale if trading as an individual or partnership;
 - Collateral security over other real property; and
 - Directors' Guarantees.
- If a higher credit limit is required, due to increased business activity or the proposed opening of an additional store, an "Application for Increased Credit Limit" will be required to be completed. This increase may either be at the instigation of the dealer or Retravision (WA) Ltd.
- Events which may trigger a review of the dealer's security position with Retravision (WA) Ltd may include but are not limited to:
 - Default under the credit policy;
 - Exceeding the dealer's credit limit over three consecutive months; or
 - Any change to the business structure or operating performance.
- Up-stamping of security documents and additional security may be required as a condition of approval of the increased credit limit and the costs will be borne by the dealer.
- Retravision (WA) Ltd may request early payment of the account for that portion that exceeds the credit limit.
- Credit limits may be adjusted from time to time by Retravision (WA) Ltd at its discretion.
- It is the intention of Retravision (WA) Ltd that credit limits for all stores will be reviewed at least every three years. Reviews may be earlier for those stores where the credit limit is being exceeded on a regular basis.
- Dealers are required to notify Retravision (WA) Ltd of any proposed business restructure, sale, closure etc. at least 60 days prior to completion.
- Financial Statements for each financial year are to be submitted by 30 September following the end of the financial year.

The Group has purchased a trade credit insurance policy to assist with the exposure to credit risk. Further details of this policy are contained in note 8.

- (ii) The Company has policies in place to ensure that the entering into of operating leases with stores for point of sale computer systems are only made to stores within the Group and to those stores with an appropriate credit history.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

2. FINANCIAL RISK MANAGEMENT continued

(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash through the availability of funding through the 'at call' loan with Retravision Finance (WA) Ltd and the ANZ Invoice Finance Facility (notes 19 and 21).

(c) Cash flow and fair value interest rate risk

The Group's interest bearing assets comprise of funds held in the Group's various bank accounts and loans made to stores. Interest on funds held in the bank accounts is earned under a written agreement with the ANZ Bank. Interest on loans to stores is reviewed every six months and is set at two percentage points higher than the 180 day ANZ Bank bill rate.

The Group also has interest rate risk on long term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. This is managed by the 'at call' debenture interest rate being adjusted in line with the 11am daily cash rate. The Group's policy is to periodically review these rates to ensure they are competitive. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. Group policy is to fix the rates for approximately 40% of its borrowings from the Invoice Finance Facility provided by our bank, ANZ. This policy is complied with at year end.

The Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Under the interest rate swaps, the Group agrees with ANZ to exchange monthly, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of the assets within the next financial year are discussed below.

(i) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in note 1(j). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions. Refer to note 17 for details of these assumptions and the potential impact of changes to these assumptions.

(ii) Income Taxes

The Group has recognised deferred tax assets relating to carried forward tax losses. However, utilisation of the tax losses depends on the ability of the Group to continue to satisfy the continuity of ownership test and the same business test.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

	CONSOLIDATED		PARENT	
	2007 \$	2006 \$	2007 \$	2006 \$
4. OTHER REVENUE				
<i>Revenue from services</i>				
Members' administration fees	117,427	190,874	118,927	190,874
Store POS levy	236,620	137,595	248,860	150,476
Expense recoveries	-	49,740	-	-
Installation fees	8,155	-	-	-
Securitisation charge to dealers	35,423	43,737	-	-
	397,625	421,946	367,787	341,350
<i>Other revenue</i>				
Dividend income from related party	-	-	1,500,000	-
Interest	391,146	327,983	294,921	350,523
Interest free credit charge	56,380	87,757	-	-
Net profit on sale of store	88,937	-	-	-
Recoupment of costs – controlled entities	-	-	651,868	772,106
Recoverable costs income	1,653,163	1,658,376	-	-
Sales tax refunds	32,711	161,918	32,711	161,918
Other	202,186	116,397	121,037	36,771
	2,424,523	2,352,431	2,600,537	1,321,318
	2,822,148	2,774,377	2,968,324	1,662,668

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$	\$	\$	\$
5. EXPENSES				
Profit before income tax (expense)/benefit includes the following specific expenses:				
Losses				
Net loss on disposal of property, plant and equipment	1,788	624	4,247	5,359
Impairment of assets				
Investment in controlled entity	-	-	636,562	-
Inventory	593,415	229,523	514,953	82,612
Property, plant and equipment	-	53,547	-	-
Expenses				
Depreciation/amortisation				
Property, plant and equipment	372,562	419,050	100,762	111,907
Amortisation				
Website development	-	465	-	-
Impaired trade receivables				
Impaired trade receivables	213,668	1,946,500	129,192	1,825,362
Write back of provision for impairment not required	(128,163)	(545,806)	(137,517)	(545,806)
	85,505	1,400,694	(8,325)	1,279,556
Finance costs				
Interest paid – controlled entity	-	-	706,748	667,866
Interest paid – other parties	1,174,820	1,678,468	703,244	1,059,162
Other costs of finance	88,406	93,965	73,750	93,965
	1,263,226	1,772,433	1,483,742	1,820,993
Rental expense relating to operating leases				
Minimum lease payments on operating leases	1,128,387	1,857,455	179,493	200,867

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$	\$	\$	\$
6. INCOME TAX				
(a) Income tax expense				
Current tax	1,161,489	-	182,439	369,113
Deferred tax	69,903	285,270	(235,723)	209,275
Adjustment for current tax of prior periods	-	136,918	-	1,579
	1,231,392	422,188	(53,284)	579,967
Deferred income tax (revenue)/expense included in income tax expense/(benefit) comprises:				
Decrease/(increase) in deferred tax assets (note 16)	94,506	312,390	(234,510)	208,471
(Decrease)/increase in deferred tax liabilities (note 22)	(24,603)	(27,120)	(1,213)	804
	69,903	285,270	(235,723)	209,275
(b) Numerical reconciliation of income tax expense/(benefit) to prima facie tax payable				
Profit before income tax expense	4,699,656	883,153	3,085,431	1,927,499
Income tax expense calculated at 30% (2006: 30%)	1,409,897	264,946	925,629	578,250
Tax effect of amounts which are not (deductible)/assessable in calculating taxable income:				
Impairment of controlled entity	-	-	190,969	-
Share of associates net profit	(13,944)	-	-	-
Non-deductible other expenses	79,736	34,273	43,340	11,782
Temporary differences not recognised	282,990	-	-	-
Dividend income not assessable	-	-	(450,000)	-
Other non-assessable income	(6,677)	(6,753)	1,636	(11,644)
	1,752,002	292,466	711,574	578,388
Adjustment for current tax of prior periods	-	136,918	-	1,579
	1,752,002	429,384	711,574	579,967
Recognition of current year losses of controlled entity to reduce current tax expense	-	-	(244,248)	-
Previously unrecognised tax losses used to reduce deferred tax expense	(123,875)	-	(123,875)	-
Previously unrecognised tax losses now recouped to reduce current tax expense	(396,735)	(7,196)	(396,735)	-
Income tax expense/(benefit)	1,231,392	422,188	(53,284)	579,967
(c) Tax losses incurred by an Australian entity				
Unused tax losses for which no deferred tax asset has been recognised	-	1,720,631	-	1,720,631
Potential tax benefit at 30%	-	516,189	-	516,189

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$	\$	\$	\$
6. INCOME TAX continued				
(d) Unrecognised temporary differences				
Deductible temporary differences of controlled entities for which no deferred tax asset is recognised in the balance sheet.				
Deferred tax assets	283,829	-	-	-
Deferred tax liability	(839)	-	-	-
Net deferred tax assets not recognised	282,990	-	-	-

Net deferred tax assets of \$282,990 relating to Retravision D.A.D. Ltd have not been recognised in the balance sheet at 30 June 2007. Net deferred tax assets brought forward from the previous financial year of \$354,616 have been de-recognised in the current financial year. This has occurred as it is not probable that these deferred deductible amounts will be utilised by the subsidiary to offset future tax payable and instead will be utilised by the parent, where they will be recognised at the time they are used.

(e) Tax consolidation legislation

Retravision (WA) Ltd and its wholly-owned subsidiaries, implemented the tax consolidation legislation from 1 July 2004. The accounting policy in relation to this legislation is set out in note 1(c).

On adoption of the tax consolidation legislation, the entities in the tax consolidated group entered into a tax sharing agreement which, in the opinion of the directors, limits the joint and several liability of the wholly-owned entities, in the case of the default of the head entity, Retravision (WA) Ltd.

The entities have also entered into a tax funding agreement under which the wholly-owned entities, fully compensate Retravision (WA) Ltd for any current tax payable and are compensated by Retravision (WA) Ltd for any current tax receivable and deferred tax assets relating to unused tax losses and unused tax credits that are transferred to Retravision (WA) Ltd under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of the financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. The funding amounts to Retravision (WA) Ltd are recognised as transactions with other related entities (see notes 8, 18 and 31).

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$	\$	\$	\$
7. CURRENT ASSETS – CASH AND CASH EQUIVALENTS				
Cash at bank and on hand (non-interest bearing)	5,103,003	3,611,903	120,855	89,009

The above figures reconcile to cash at the end of the financial year as shown in the cash flow statements (note 35).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$	\$	\$	\$
8. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES				
Trade receivables	36,513,947	28,720,746	30,510,358	22,966,994
Trade receivables from related parties (i)	5,052,236	5,218,731	10,236,176	11,788,778
Less: Provision for impairment	(486,904)	(570,928)	(295,811)	(433,328)
	41,079,279	33,368,549	40,450,723	34,322,444
Other debtors				
Finance debtors (ii)	1,399,127	2,037,763	-	-
Less: Provision for impairment	(75,928)	(74,266)	-	-
	1,323,199	1,963,497	-	-
Rebates receivable	2,344,014	2,590,889	2,049,400	2,467,881
Loans receivable (ii)	326,708	103,358	-	-
Loans receivable from related parties (i)	-	-	1,800,000	-
Tax loan receivable from related parties (i)	-	-	979,050	525,487
Other debtors	3,297,553	3,723,941	2,450,862	3,042,410
	7,291,474	8,381,685	7,279,312	6,035,778
	48,370,753	41,750,234	47,730,035	40,358,222

(i) Further information relating to related parties is set out in note 31(f).

(ii) Refer note 12 for the non-current portions of these receivables.

Trade Receivables

Included in the consolidated and parent trade receivables are credit claims totalling \$5,825,270 (2006: \$4,175,947). These claims have been made in the ordinary course of business and will be credited to members' accounts once accepted by the supplier.

Included in trade receivables at 30 June 2007 are amounts due from members of \$927,419 (2006: \$596,069) which are outside the 30 days collection period. Management and the directors of the company are continually monitoring and assessing these members' performance and both the adequacy and the value of the company's security.

During the year the company has implemented a trade credit insurance policy over all dealers currently trading. The policy leaves the company exposed to a cumulative amount of \$250,000 in any one financial year, but ensures recovery of the balance of the outstanding amount. Stores that have ceased trading, or who are allowed to settle balances outside of 90 days are not covered by this policy.

The company in consultation with the insurance company intends to continue to support these members subject to the financial status of the members and the amounts outstanding from time to time being reviewed on an ongoing basis. However, the avoidance of any loss is substantially dependent upon these members continuing to trade profitably, returning the accounts to the normal credit arrangements in the near future and/or the adequacy of the security held and the value receivable upon realisation. This exposure is reviewed continuously during the year and a reassessment made each year-end for the purposes of finalising the financial report.

Impaired trade receivables are disclosed at note 5.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

8. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES continued

Rebates receivable

These amounts relate to rebates due from suppliers.

Finance debtors

Retravisio D.A.D. Ltd previously sold consumer credit receivables to another entity with this practice ceasing on 31 March 2007. At 30 June 2007, the outstanding balance of these previously securitised receivables has been recognised as a finance debtor asset (current as above and non-current as per note 12). The sale of these receivables previously gave rise to a liability. As at 30 June 2007 the amount recognised as a liability is \$nil (2006: \$1,914,000) (as per note 18). Further information is disclosed in note 1(x).

Loans receivable

These amounts relate to loans made, with respect to initial stock purchases, to Centre Stage Pty Ltd in 2005 and Evangelista Electrical Pty Ltd in 2006 and initial start-up costs to Allmark Investments Pty Ltd with respect to a new store in Cannington.

Other debtors

The majority of these amounts relate to monies owed by suppliers with respect to the preferred supplier administration fee, settlement discount and advertising.

Effective interest rates and credit risk

Information concerning the effective interest rate and credit risk of both current and non-current receivables is set out in the non-current receivables note (note 12).

	CONSOLIDATED		PARENT	
	2007 \$	2006 \$	2007 \$	2006 \$
9. CURRENT ASSETS – INVENTORIES				
Finished goods – at cost	17,612,923	14,229,033	9,914,864	6,867,104
Finished goods – at net realisable value	1,317,910	1,620,121	783,822	625,426
Other – at cost	112,290	48,740	109,323	43,028
	19,043,123	15,897,894	10,808,009	7,535,558

Inventories recognised as an expense for the Group during the year ended 30 June 2007 amounted to \$344,736,523 (2006: \$294,929,846) and for the parent for the year ended 30 June 2007 they amounted to \$342,004,664 (2006: \$294,899,616).

Write-downs of inventories to net realisable value recognised as an expense during the year ended 30 June 2007 amounted to \$593,415 (2006: \$229,523) consolidated and \$514,953 (2006: \$82,612) for the parent. The expense has been included in 'cost of sale of goods' in the income statement.

	CONSOLIDATED		PARENT	
	2007 \$	2006 \$	2007 \$	2006 \$
10. CURRENT ASSETS – CURRENT TAX ASSETS				
Income tax	-	252,248	-	252,248

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$	\$	\$	\$
11. CURRENT ASSETS – OTHER				
Goods on order	1,639,687	1,806,261	1,615,433	1,638,415
Prepayments	431,170	243,269	255,121	59,023
Accrued GST receivable	52,058	202,224	33,579	198,186
Claims outstanding receivable	525,860	330,023	471,965	227,581
Other	174,419	171,991	158,733	212,218
	2,823,194	2,753,768	2,534,831	2,335,423
12. NON – CURRENT ASSETS – TRADE AND OTHER RECEIVABLES				
Loans receivable (i) (ii)	817,417	1,269,324	3,573,000	3,750,000
Finance debtors (ii)	239,734	404,778	-	-
	1,057,151	1,674,102	3,573,000	3,750,000

(i) – Loans receivable recorded in the parent are made to a wholly owned controlled entity – Retravision D.A.D. Ltd. This loan is for working capital purposes. Further information relating to these loans is set out in note 31(f).

(ii) – Refer to note 8 for the current portions of these receivables.

(a) Fair values

The fair value of trade and other receivables approximates their carrying value.

(b) Interest rate risk

The Group's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following tables.

2007	Notes	Fixed interest rate:				Non-interest bearing	Total
		1 year or less	1 to 2 years	2 to 3 years	3 to 4 years		
		\$	\$	\$	\$	\$	\$
Trade receivables	8	-	-	-	-	41,079,279	41,079,279
Finance debtors	8, 12	-	-	-	-	1,562,933	1,562,933
Rebates receivable	8	-	-	-	-	2,344,014	2,344,014
Loans receivable	8, 12	304,083	331,257	360,860	125,300	22,625	1,144,125
Other debtors	8	-	-	-	-	3,297,553	3,297,553
		304,083	331,257	360,860	125,300	48,306,404	49,427,904

Weighted average interest rate or effective interest rate (%)

8.59 8.59 8.59 8.59

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

12. NON – CURRENT ASSETS – TRADE AND OTHER RECEIVABLES continued

(b) Interest rate risk continued

2006	Notes	Fixed interest rate:						Non-interest bearing	Total
		1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 year		
		\$	\$	\$	\$	\$	\$	\$	\$
Trade receivables	8	-	-	-	-	-	-	33,368,549	33,368,549
Finance debtors	8, 12	-	-	-	-	-	-	2,368,275	2,368,275
Rebates receivable	8	-	-	-	-	-	-	2,590,889	2,590,889
Loans receivable	8, 12	103,358	111,626	120,555	130,199	140,612	766,332	-	1,372,682
Other debtors	8	-	-	-	-	-	-	3,723,941	3,723,941
		103,358	111,626	120,555	130,199	140,612	766,332	42,051,654	43,424,336

Weighted average interest

rate or effective interest rate (%)	7.72	7.72	7.72	7.72	7.72	7.72
-------------------------------------	------	------	------	------	------	------

(c) Credit risk

There is no concentration of credit risk with respect to current and non-current receivables, as the Group has a large number of dealers throughout three states and one territory. Refer to note 2 for more information on the risk management policy of the Group.

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$	\$	\$	\$
13. NON – CURRENT ASSETS – INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD				
Shares in associates (note 40)	57,480	-	-	-

Shares in associates are accounted for in the consolidated financial statements using the equity method of accounting and are carried at cost by the parent entity (refer to note 14).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$	\$	\$	\$
14. NON – CURRENT ASSETS – OTHER FINANCIAL ASSETS				
Shares in controlled entities - at cost	-	-	11,783,109	11,783,109
Other investments - at cost (i)	-	5,500	2,381,171	1,744,609
	-	5,500	14,164,280	13,527,718
Less: provision for impairment	-	-	(9,209,827)	(8,573,265)
Total other financial assets - at recoverable amount	-	5,500	4,954,453	4,954,453

(i) Other investments in the parent entity include the value of a controlled entities tax losses utilised by the parent entity of \$636,562 (2006: \$1,739,109).

Refer to note 21 for details of non-current assets pledged as security by the parent or its controlled entities.

Controlled entities

The consolidated financial statements incorporate the assets, liabilities and results of the following controlled entities in accordance with the accounting policy note described in note 1(b).

Name of entity	Country of incorporation	Retravis (WA) Ltd's direct or indirect interest in ordinary shares (ii)	
		2007	2006
		%	%
Electcom Ltd (i)	Australia	100	100
Electcom (Finance) Pty Ltd	Australia	100	100
Retravis Finance (WA) Ltd	Australia	100	100
Retravis D.A.D. Ltd (i)	Australia	100	100
Comgrigg Pty Ltd	Australia	100	100
Best Buy Electrical Pty Ltd (formerly A.C.N. 007 885 510 Pty Ltd)	Australia	100	100
Saverys Homewares Unit Trust	Australia	100	100
Saverys Pty Ltd	Australia	100	100

(i) These controlled entities have been granted relief from the necessity to prepare financial statements in accordance with Class Order 98/1418 (as amended by Class Orders 98/2017, 00/321, 01/1087, 02/248, 02/1017, 04/663, 04/682, 04/1624, 05/542, 06/51) issued by the Australian Securities and Investments Commission. For further information refer note 32.

(ii) The proportion of ownership interest is equal to the voting power held.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

15. NON – CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

Consolidated	Plant and equipment \$	Under hire purchase \$	Total \$
At 1 July 2005			
Cost	3,648,215	641,146	4,289,361
Accumulated depreciation	(2,252,608)	(348,053)	(2,600,661)
Net book amount	1,395,607	293,093	1,688,700
Year ended 30 June 2006			
Opening net book amount	1,395,607	293,093	1,688,700
Transfer cost to/(from) hire purchase	200,000	(200,000)	-
Transfer accumulated depreciation to/(from) hire purchase	(56,667)	56,667	-
Additions	153,264	372,727	525,991
Disposals	(394,809)	(26,881)	(421,690)
Depreciation charge	(311,943)	(107,107)	(419,050)
Impairment of assets	(53,547)	-	(53,547)
Closing net book amount	931,905	388,499	1,320,404
At 30 June 2006			
Cost	3,272,985	644,573	3,917,558
Accumulated depreciation	(2,341,080)	(256,074)	(2,597,154)
Net book amount	931,905	388,499	1,320,404

Note: During the year ended 30 June 2006 plant and equipment with an original cost of \$728,494, accumulated depreciation of \$333,685, and a written down value of \$394,809 was disposed of. During the year ended 30 June 2006 hire purchase assets with an original cost of \$169,300, accumulated depreciation of \$142,419, and a written down value of \$26,881 were disposed of.

	Plant and equipment \$	Under hire purchase \$	Total \$
Year ended 30 June 2007			
Opening net book amount	931,905	388,499	1,320,404
Additions	185,346	-	185,346
Disposals	(21,002)	-	(21,002)
Depreciation charge	(238,342)	(134,220)	(372,562)
Closing net book amount	857,907	254,279	1,112,186
At 30 June 2007			
Cost	2,486,204	434,841	2,921,045
Accumulated depreciation	(1,628,297)	(180,562)	(1,808,859)
Net book amount	857,907	254,279	1,112,186

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

15. NON – CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT continued

Note: During the year ended 30 June 2007 plant and equipment with an original cost of \$972,127, accumulated depreciation of \$951,125, and a written down value of \$21,002 was disposed of. During the year ended 30 June 2007 hire purchase assets with an original cost of \$209,732, accumulated depreciation of \$209,732, and a written down value of \$nil were disposed of.

Point of Sale computer equipment recorded under plant and equipment is leased under operating leases to dealers, refer note 39.

Parent Entity	Plant and equipment \$	Under hire purchase \$	Total \$
At 1 July 2005			
Cost	1,028,303	-	1,028,303
Accumulated depreciation	(584,097)	-	(584,097)
Net book amount	444,206	-	444,206
Year ended 30 June 2006			
Opening net book amount	444,206	-	444,206
Additions	44,670	-	44,670
Disposals	(5,359)	-	(5,359)
Depreciation charge	(111,907)	-	(111,907)
Closing net book amount	371,610	-	371,610
At 30 June 2006			
Cost	954,781	-	954,781
Accumulated depreciation	(583,171)	-	(583,171)
Net book amount	371,610	-	371,610

Note: During the year ended 30 June 2006 plant and equipment with an original cost of \$118,192 and accumulated depreciation of \$112,833, and a written down value of \$5,359 was disposed of.

	Plant and equipment \$	Under hire purchase \$	Total \$
Year ended 30 June 2007			
Opening net book amount	371,610	-	371,610
Additions	86,250	-	86,250
Disposals	(4,247)	-	(4,247)
Depreciation charge	(100,762)	-	(100,762)
Closing net book amount	352,851	-	352,851
At 30 June 2007			
Cost	1,002,703	-	1,002,703
Accumulated depreciation	(649,852)	-	(649,852)
Net book amount	352,851	-	352,851

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

15. NON – CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT continued

Note: During the year ended 30 June 2007 plant and equipment with an original cost of \$38,328 and accumulated depreciation of \$34,081, and a written down value of \$4,247 was disposed of.

Non-current assets pledged as security:

Refer to note 21 for information on non-current assets pledged as security by the parent or its controlled entities.

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$	\$	\$	\$
16. NON – CURRENT ASSETS – DEFERRED TAX ASSETS				
The balance comprises temporary differences attributable to:				
<i>Amounts recognised in the profit or loss</i>				
Tax losses	123,875	-	123,875	-
Impaired trade receivables	106,899	193,618	88,743	129,998
Employee benefits	81,149	99,127	58,300	51,663
Surplus leased space	-	168,924	-	-
Provision for inventory obsolescence	83,893	80,533	80,201	35,513
Sundry creditors	76,449	91,677	50,955	43,868
Accounts payable other	108,288	136,016	83,904	72,478
Provisions	7,668	-	7,668	-
Unearned income	143,890	56,722	81,511	7,127
Deferred tax assets	732,111	826,617	575,157	340,647
Set-off of deferred tax liabilities of parent entity pursuant to set-off provisions (note 22)	(33,886)	(58,489)	(18,576)	(19,789)
Net deferred tax assets	698,225	768,128	556,581	320,858
Movements:				
Opening balance at 1 July	826,617	1,215,924	340,647	560,899
Over provision in prior year	-	(76,917)	-	(11,781)
Credited/(charged) to the income statement (note 6)	(218,381)	(312,390)	110,635	(208,471)
Recognition of prior year tax losses, the use of which is now considered probable (note 6)	123,875	-	123,875	-
Closing balance at 30 June	732,111	826,617	575,157	340,647
Deferred tax assets to be recovered after more than 12 months	201,239	211,922	178,389	51,663
Deferred tax assets to be recovered within 12 months	530,872	614,695	396,768	288,984
	732,111	826,617	575,157	340,647

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

17. NON - CURRENT ASSETS – INTANGIBLE ASSETS

Consolidated	Goodwill	Website Development	Total
	\$	\$	\$
At 1 July 2005			
Cost	2,131,822	7,377	2,139,199
Accumulated amortisation and impairment	(1,801,376)	(6,912)	(1,808,288)
Net book amount	330,446	465	330,911
Year ended 30 June 2006			
Opening net book amount	330,446	465	330,911
Amortisation charge	-	(465)	(465)
Closing net book amount	330,446	-	330,446
At 30 June 2006			
Cost	2,131,822	7,377	2,139,199
Accumulated amortisation and impairment	(1,801,376)	(7,377)	(1,808,753)
Net book amount	330,446	-	330,446
At 30 June 2007			
Cost	2,131,822	7,377	2,139,199
Accumulated amortisation and impairment	(1,801,376)	(7,377)	(1,808,753)
Net book amount	330,446	-	330,446

Amortisation and impairment charges of \$nil (2006: \$465) are included in administration expenses in the income statement.

(a) Impairment tests for Goodwill

Goodwill is allocated to the Group's cash-generating units (CGU's) based on particular acquisition transactions. At both 30 June 2007 and 2006 the carrying value of goodwill relates to the CGU of Electcom Ltd.

The recoverable amount of the Electcom Ltd CGU is determined based on a value-in-use calculation. This calculation uses cash flow projections based on financial budgets approved by the Board covering the 2008 financial year. Cash flows beyond this are extrapolated using estimated growth rates of up to 4%. These growth rates do not exceed the long-term average growth rate for Electcom Ltd.

(b) Key assumptions used for value-in-use calculations

The key assumptions used are budgeted gross margin at 19.9%. Management determined budgeted gross margin based on past performance and its expectations for the future. Weighted average growth rate used to extrapolate cash flows beyond the budget period is 3.3%. The weighted average growth rates used are consistent with forecasts included in industry reports. A post-tax discount rate of 11.6% to discount the forecast future attributable post-tax cash flows has been used. The same post-tax discount rates were applied in 2006 and 2007. The discount rates used are post-tax and reflect specific risks relating to the relevant CGU.

(c) Impairment charge

There has been no impairment in the current or prior year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$	\$	\$	\$
18. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES				
Trade payables	47,201,970	42,446,149	46,273,667	41,783,690
Unearned income	3,708,297	2,003,394	3,335,265	1,685,150
Employee benefits	536,732	453,384	279,679	241,594
Liability in respect of finance debtors (notes 8 and 12)	-	1,914,000	-	-
Tax related payable to controlled entity	-	-	636,562	1,766,935
Other payables to controlled entity	-	-	8,977	339,074
Other payables	3,544,087	4,594,815	3,182,958	3,816,156
	54,991,086	51,411,742	53,717,108	49,632,599
19. CURRENT LIABILITIES - BORROWINGS				
Secured				
Bank invoice finance facility (a)	2,961,799	-	2,961,799	-
Debentures (b)	4,146,106	4,820,594	-	-
Other loans – loan from wholly owned controlled entity (c) (note 31(f))	-	-	4,248,414	4,986,007
Hire purchase agreements (d) (note 29(b))	77,761	134,302	-	-
Total secured borrowings	7,185,666	4,954,896	7,210,213	4,986,007
Unsecured				
Loans from other parties (e)	575,000	730,000	-	-
Total current borrowings	7,760,666	5,684,896	7,210,213	4,986,007

(a) The bank invoice finance facility is secured by the following:

- (i) Cross guarantee and indemnity between all group entities;
- (ii) Corporate guarantee and indemnity across all group entities;
- (iii) Standard shares and securities mortgage over the shares of Electcom Ltd and Retravision D.A.D. Ltd; and
- (iv) First registered company fixed and floating charge over all of the assets and undertaking of all group entities with first priority for \$10,902,000.

There was one breach of financial covenant relating to this facility during the year. The bank agreed to waive the covenant breach and did not demand repayment of facilities.

- (b) The debentures are secured by a floating charge over the assets of a wholly owned subsidiary as stipulated in the Trust Deed. These debentures are a combination of both at call and short term. The interest rate varies from 6.10% - 6.50% (2006: 5.20% - 6.00%).
- (c) Other loans (from a wholly owned controlled entity) are secured by a fixed and floating charge over the assets of the company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

19. CURRENT LIABILITIES - BORROWINGS continued

- (d) The hire purchase agreements are secured over the hire purchase assets.
- (e) The loans from other parties are unsecured and interest on the loan balance is payable at 10% (2006: two loans at 6% and the remainder at 10%).
- (f) Interest rate risk exposures for interest rate changes on the Group's borrowings are set out in note 21.
- (g) Fair value disclosures for the Group's borrowings are set out in note 21.
- (h) Details of the security relating to each of the secured liabilities and further information on the bank facilities are set out in note 21.

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$	\$	\$	\$
20. CURRENT LIABILITIES – PROVISIONS				
Commissions (a)	87,995	64,577	-	-
Bonus (b)	453,665	331,887	326,586	294,387
Surplus leased space (c)	96,041	187,092	-	-
Employee benefits	12,619	-	12,619	-
	650,320	583,556	339,205	294,387
Movements in the provision for commissions during the financial year are set out below.				
Carrying amount at the start of the year	64,577	39,194	-	-
Charged to the income statement				
- additional provision recognised	78,182	68,532	-	-
Payments/other sacrifices of economic benefits	(54,764)	(43,149)	-	-
Carrying amount at the end of the year	87,995	64,577	-	-
Movements in the provision for bonus during the financial year are set out below.				
Carrying amount at the start of the year	331,887	-	294,387	-
Charged to the income statement				
- additional provision recognised	453,538	331,887	326,586	294,387
Payments/other sacrifices of economic benefits	(331,760)	-	(294,387)	-
Carrying amount at the end of the year	453,665	331,887	326,586	294,387

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

	CONSOLIDATED		PARENT	
	2007 \$	2006 \$	2007 \$	2006 \$
20. CURRENT LIABILITIES – PROVISIONS continued				
Movements in the provision for surplus leased space during the financial year are set out below.				
Carrying amount at the start of the year	187,092	85,752	-	-
Charged to the income statement				
- additional provision recognised	33,268	150,307	-	-
Transfer to non-current provision	(74,913)	(48,967)	-	-
Payments/other sacrifices of economic benefits	(49,406)	-	-	-
Carrying amount at the end of the year	96,041	187,092	-	-

(a) Commissions

Provision for commissions represents amounts received from suppliers to pay commissions to sales staff to provide incentives to sell that supplier's product. It is anticipated that these will be paid within 12 months.

(b) Bonus

Provision is made for bonuses payable to key management personnel. The level of bonus payable depends on performance levels that are measured against agreed key performance indicators. It is anticipated that these will be paid within 12 months.

(c) Surplus leased space

In accordance with UIG Abstract 1 Lessee Accounting for Surplus Leased Space under a non-cancellable operating lease, the Group has recognised provisions against four (2006: three) operating leases. The amount recognised is the total value of future rental payments offset by any sublease income received discounted to a present value of future cash flows. The interest rate used in the calculation is 7.42% (2006: 7.70%). The expected timing of outflows will continue over the course of the leases with the last payment due to occur in October 2011.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

	CONSOLIDATED		PARENT	
	2007 \$	2006 \$	2007 \$	2006 \$
21. NON – CURRENT LIABILITIES – BORROWINGS				
Secured				
Bank invoice finance facility (a)	7,000,000	7,000,000	7,000,000	7,000,000
Debentures (b)	4,060	-	-	-
Hire purchase agreements (c) (note 29(b))	253,362	367,221	-	-
Total secured and non-current borrowings	7,257,422	7,367,221	7,000,000	7,000,000

(a) The bank invoice finance facility is secured by the following:

- (i) Cross guarantee and indemnity between all group entities;
- (ii) Corporate guarantee and indemnity across all group entities;
- (iii) Standard shares and securities mortgage over the shares of Electcom Ltd and Retravision D.A.D. Ltd; and
- (iv) First registered company fixed and floating charge over all of the assets and undertaking of all group entities with first priority for \$10,902,000;

There was one breach of financial covenant relating to this facility during the year. The bank agreed to waive the covenant breach and did not demand repayment of facilities.

(b) The debentures are secured by a floating charge over the assets of a wholly owned subsidiary as stipulated in the Trust Deed. The interest rate varies from 6.10% - 6.50% (2006: 5.20% - 6.00%).

(c) The hire purchase agreements are secured over the hire purchase assets.

	CONSOLIDATED		PARENT	
	2007 \$	2006 \$	2007 \$	2006 \$
Total secured liabilities (current and non-current) are:				
Bank invoice finance facility	9,961,799	7,000,000	9,961,799	7,000,000
Debentures	4,150,166	4,820,594	-	-
Other loans	-	-	4,248,414	4,986,007
Hire purchase agreements	331,123	501,523	-	-
	14,443,088	12,322,117	14,210,213	11,986,007
Assets pledged as security				
The carrying amounts of non-current assets pledged as security are:				
Fixed and Floating charge				
Trade and other receivables – non-current	1,057,151	1,674,102	3,573,000	3,750,000
Investments using equity accounting	57,480	-	-	-
Other financial assets	-	5,500	4,954,453	4,954,453
Plant and equipment	857,905	931,905	352,851	371,609
Plant and equipment under hire purchase	254,279	388,499	-	-
	2,226,815	3,000,006	8,880,304	9,076,062

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$	\$	\$	\$
21. NON – CURRENT LIABILITIES – BORROWINGS continued				
The following current assets are also pledged as security under the floating charge:				
Cash and cash equivalents	5,103,003	3,611,903	120,855	89,009
Trade and other receivables – current	48,370,753	41,750,234	47,730,035	40,358,222
Inventories	19,043,123	15,897,894	10,808,009	7,535,558
Other current assets	2,823,194	2,753,768	2,534,831	2,335,423
	75,340,073	64,013,799	61,193,730	50,318,212
Financing arrangements				
Unrestricted access was available at balance date to the following lines of credit:				
Credit standby arrangements				
Secured bank overdraft facilities subject to annual reviews with amounts drawn payable at call totalling	-	750,000	-	250,000
Amount of facility used	-	-	-	-
Amount of credit standby arrangements unused at balance date	-	750,000	-	250,000
Bank invoice finance facility (a)				
Bank invoice finance facility	18,000,000	18,000,000	18,000,000	18,000,000
Used at balance date	(9,961,799)	(7,000,000)	(9,961,799)	(7,000,000)
Amount of bank invoice finance facility unused at balance date	8,038,201	11,000,000	8,038,201	11,000,000
Commercial bill facility				
Commercial bill facility	1,800,000	-	-	-
Used at balance date	-	-	-	-
Amount of commercial bill facility unused at balance date	1,800,000	-	-	-
Bank payroll facility				
Bank payroll facility	162,000	162,000	112,000	112,000
Used at balance date	-	-	-	-
Amount of bank payroll facility unused at balance date	162,000	162,000	112,000	112,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

	CONSOLIDATED		PARENT	
	2007 \$	2006 \$	2007 \$	2006 \$
21. NON – CURRENT LIABILITIES – BORROWINGS continued				
Bank encashment facility				
Bank encashment facility	6,000	6,000	5,000	5,000
Used at balance date	-	-	-	-
Amount of bank encashment facility unused at balance date	6,000	6,000	5,000	5,000
Bank on-line facility				
Bank on-line facility	510,000	510,000	10,000	10,000
Used at balance date	-	-	-	-
Amount of bank on-line facility unused at balance date	510,000	510,000	10,000	10,000
Total facilities				
Total facilities	20,478,000	19,428,000	18,127,000	18,377,000
Used at balance date	(9,961,799)	(7,000,000)	(9,961,799)	(7,000,000)
Amount of total facilities unused at balance date	10,516,201	12,428,000	8,165,201	11,377,000

(a) The interest rates are 7.39% (2006: 7.91%) (current portion) and 7.34% (2006: 8.25%) (non-current portion) on the bank invoice finance facility.

Interest rate risk exposures

The following table sets out the Group's exposure to interest rate risk and the effective weighted average interest rate by maturity periods.

Exposures arise predominantly from liabilities bearing variable interest rates as the Group intends to hold fixed rate liabilities to maturity.

	Notes	Floating interest rate \$	Fixed interest rate:			Total \$
			1 year or less \$	1 to 2 years \$	2 to 3 years \$	
2007						
Bank invoice finance facility	19, 21	2,961,799	-	7,000,000	-	9,961,799
Debentures	19, 21	3,650,399	495,707	-	4,060	4,150,166
Hire purchase agreements	19, 21	-	77,761	76,208	177,154	331,123
Loans from other parties	19	-	575,000	-	-	575,000
		6,612,198	1,148,468	7,076,208	181,214	15,018,088

Weighted average interest rate or effective interest rate (%)

6.68% 6.87% 7.70% 7.67%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

21. NON – CURRENT LIABILITIES – BORROWINGS continued

2006	Notes	Floating interest rate \$	Fixed interest rate:				Total \$
			1 year or less \$	1 to 2 years \$	2 to 3 years \$	3 to 4 years \$	
Bank invoice finance facility	19	-	-	7,000,000	-	-	7,000,000
Debentures	19, 21	4,340,707	479,887	-	-	-	4,820,594
Hire purchase agreements	19, 21	-	134,302	113,859	76,208	177,154	501,523
Loans from other parties	19	-	730,000	-	-	-	730,000
		4,340,707	1,344,189	7,113,859	76,208	177,154	13,052,117

Weighted average interest rate or
effective interest rate (%)

5.60 7.91 8.24 7.70 7.70

Fair value

The fair value of borrowings approximates their carrying value.

	CONSOLIDATED		PARENT	
	2007 \$	2006 \$	2007 \$	2006 \$
22. NON – CURRENT LIABILITIES – DEFERRED TAX LIABILITIES				
The balance comprises temporary differences attributable to:				
<i>Amounts recognised in profit or loss</i>				
Prepayments	2,743	3,683	2,740	2,890
Depreciation	31,143	54,789	15,836	16,899
Other	-	17	-	-
	33,886	58,489	18,576	19,789
Set-off of deferred tax assets pursuant to set-off provisions (note 16)	(33,886)	(58,489)	(18,576)	(19,789)
Net deferred tax liability	-	-	-	-
Movements:				
Opening balance at 1 July	58,489	5,566	19,789	18,750
Under provision in prior year	-	80,043	-	235
Credited/(charged) to the income statement (note 6)	(24,603)	(27,120)	(1,213)	804
Closing balance at 30 June	33,886	58,489	18,576	19,789
Deferred tax liabilities to be recovered after more than 12 months	31,143	54,789	15,836	16,899
Deferred tax liabilities to be recovered within 12 months	2,743	3,700	2,740	2,890
	33,886	58,489	18,576	19,789

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$	\$	\$	\$
23. NON – CURRENT LIABILITIES – PROVISIONS				
Surplus leased space	339,859	375,987	-	-
Employee benefits	355,654	330,424	181,706	172,209
	695,513	706,411	181,706	172,209
Movement in the provision for surplus leased space during the financial year is set out below.				
Carrying amount at the start of the year	375,987	398,323	-	-
Charged to the income statement				
- additional provision recognised	58,966	106,851	-	-
Transfer from current provisions	74,913	48,967	-	-
Less provision no longer required due to sub-lease of property	-	(87,015)	-	-
Payments/other sacrifices of economic benefits	(170,007)	(91,139)	-	-
Carrying amount at the end of the year	339,859	375,987	-	-
24. CONTRIBUTED EQUITY				
(a) Share capital				
14,500,000 ordinary shares fully paid (2006: 14,500,000).	1,297,192	1,297,192	1,297,192	1,297,192

(b) Movements in ordinary share capital

Date	Details	Number of Shares	\$
1 July 2005	Opening balance	145,000	1,297,192
25 November 2005	Restructure of share capital	14,355,000	-
30 June 2006	Closing Balance	14,500,000	1,297,192
30 June 2007	Closing Balance	14,500,000	1,297,192

(c) 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 of and amounts paid on the shares held.

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 each share is entitled to one vote.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

	CONSOLIDATED		PARENT	
	2007 \$	2006 \$	2007 \$	2006 \$
25. RESERVES AND RETAINED PROFITS/(ACCUMULATED LOSSES)				
(a) Reserves				
Forfeited share reserve	3,100	3,100	3,100	3,100
The forfeited share reserve is used to record the amount of paid up capital forfeited by shareholders after costs of forfeiture and reissue.				
(b) Retained profits/(accumulated losses)				
Retained profits/(accumulated losses) at the beginning of the financial year	1,310,509	849,544	(3,418,113)	(4,765,645)
Net profit attributable to equity holders of Retravision (WA) Ltd	3,468,264	460,965	3,138,715	1,347,532
Retained profits/(accumulated losses) at the end of the financial year	4,778,773	1,310,509	(279,398)	(3,418,113)
26. DIVIDENDS				
There have been no dividends declared or paid during the year (2006: \$nil).				
Franking credits available for subsequent financial years based on a tax rate of 30% (2006: 30%).	9,124,506	7,963,017	9,124,506	7,963,017

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- (a) Franking credits that will arise from the payment of the current tax liability, (2006: franking credits that will reduce upon receipt of current tax asset);
- (b) Franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
- (c) Franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$	\$	\$	\$
27. KEY MANAGEMENT PERSONNEL DISCLOSURES				
(a) Directors				
For a list of directors see note 31.				
(b) Key management personnel compensation				
Short-term employee benefits	1,214,606	1,017,216	913,078	754,490
Post-employment benefits	108,036	90,675	80,898	66,828
	1,322,642	1,107,891	993,976	821,318
28. AUDITORS' REMUNERATION				
During the year the following fees were paid or payable for services provided by the auditor of the parent entity, and its related practices:				
(a) Audit Services				
PricewaterhouseCoopers Australian firm				
Audit and review of financial reports and other audit work under the <i>Corporations Act 2001</i>	119,871	159,699	89,700	63,070
<i>Other audit services</i>				
Dealer levy audit	3,200	3,350	-	-
Total remuneration for audit services	123,071	163,049	89,700	63,070
(b) Non-Audit services				
PricewaterhouseCoopers Australian firm (i)	3,025	6,050	-	-
Total remuneration	126,096	169,099	89,700	63,070

- (i) It is the Group's policy to employ PricewaterhouseCoopers on assignments additional to their statutory audit duties where PricewaterhouseCoopers' expertise and experience with the Group are important. In 2007 additional services were required with respect to Debenture Prospectus Number 10 (2006: the Debenture Prospectus Number 9). It is the Group's policy to seek competitive tenders for all major consulting projects.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$	\$	\$	\$
29. COMMITMENTS				
(a) Operating leases				
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Within one year	2,652,560	2,841,794	233,783	216,675
Later than one year but not later than 5 years	7,833,950	9,018,980	64,880	253,660
Later than 5 years	1,928,809	3,248,239	-	-
	12,415,319	15,109,013	298,663	470,335

The Group leases various offices and motor vehicles under non-cancellable operating leases expiring within one month to eight years (2006: three months and nine years), and two years to three years (2006: one year to three years) in the parent. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$	\$	\$	\$
Future minimum lease payments expected to be received in relation to non-cancellable sub-leases of operating leases are as follows:				
Within one year	176,326	174,196	-	-
Later than one year but not later than 5 years	387,105	563,431	-	-
	563,431	737,627	-	-

(b) Finance Leases

The Group leases various leasehold improvements and motor vehicles with a carrying amount of \$254,279 (2006: \$388,499) under finance leases expiring within nine months and three years (2006: one to four years). There are varying buy back options under the terms of these leases.

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$	\$	\$	\$
Commitments in relation to finance leases are payable as follows:				
Within one year	99,818	167,628	-	-
Later than one year but not later than 5 years	277,120	413,040	-	-
Minimum lease payments	376,938	580,668	-	-
Less: Future finance charges	(45,815)	(79,145)	-	-
Recognised as a liability	331,123	501,523	-	-
Representing lease liabilities:				
Current (note 19)	77,761	134,302	-	-
Non - current (note 21)	253,362	367,221	-	-
	331,123	501,523	-	-

The weighted average interest implicit in the leases is 7.70% (2006: 7.68%)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

30. TRUST DEED

A controlled entity, Retravision Finance (WA) Ltd, is not in breach of the Trust Deed condition which requires its liabilities not to exceed 95% of its tangible assets.

31. RELATED PARTY DISCLOSURES

All financial benefits provided by Retravision (WA) Ltd or its controlled entities to related parties (other than benefits approved at a General Meeting) were provided on arms length terms.

(a) Parent entity

The ultimate Australian parent entity is Retravision (WA) Ltd.

(b) Subsidiaries

Interests in subsidiaries are set out in note 14.

(c) Key management personnel

Disclosures relating to key management personnel are set out in note 27.

(d) Directors and director related entities

The directors of Retravision (WA) Ltd during the current and previous financial year were:

W A Harries

D Dorsett-Lynn

G Groppoli

G J Tomich

R G Maidment appointed 25 November 2005

R M Doust retired 25 November 2005

G A Kemp resigned 22 February 2006

G W Gaynor resigned 22 February 2006

B S McLean resigned 22 February 2006

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$	\$	\$	\$
(e) Transactions with directors and director related entities				
1. Purchases by directors, or their director related entities, through the agency and wholesale divisions.	54,943,757	59,122,539	54,943,757	59,122,539
2. The directors, or their director related entities, were charged franchise fees, advertising fees and recovered costs.	723,373	975,050	662,223	706,364
3. The directors, or their director related entities, deposited/(withdrew) funds from a controlled entity on a net basis, bearing interest at normal commercial rates.	(70,578)	(146,287)	-	-
4. The directors, or their director related entities, made repayments to a controlled entity with respect to the finance/rental agreements.	-	16,749	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

	CONSOLIDATED		PARENT	
	2007 \$	2006 \$	2007 \$	2006 \$
31. RELATED PARTY DISCLOSURES continued				
(e) Transactions with directors and director related entities continued				
5. The directors, or their director related entities, paid interest to a controlled entity.	-	51,436	-	-
6. The directors, or their director related entities, received an amount of interest on funds deposited with a controlled entity.	71,907	63,567	-	-
7. The directors, or their director related entities, received an amount of advertising income from a controlled entity.	20,231	22,646	-	-
8. The directors, or their director related entities, sold goods and services to the parent entity and the consolidated group.	237,067	208,887	237,067	208,887
Other amounts receivable from and payable to directors of the company and controlled entities and their director related entities				
Aggregate amounts receivable at balance date	9,922	2,409	-	-
Aggregate amounts payable at balance date	578,436	627,347	45,336	23,669

No provisions for impairment have been raised in relation to any outstanding balances, and no expense has been recognised in respect of impaired debts due from director or director related entities (2006: \$nil).

	CONSOLIDATED		PARENT	
	2007 Number	2006 Number	2007 Number	2006 Number
Equity transactions with directors and their director related entities				
The following aggregate number of shares were held by directors of the company (or their director related entities) at balance date:				
Ordinary fully paid shares in the parent entity	1,500,000	1,500,000	1,500,000	1,500,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

31. RELATED PARTY DISCLOSURES continued

(f) Wholly owned group

The wholly owned group consists of the parent entity, Retravision (WA) Ltd, and its wholly owned controlled entities. Ownership interests are set out in note 14.

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$	\$	\$	\$
Taxation Consolidation (see note 1(c) and note 6)				
Current tax receivable assumed from wholly-owned tax consolidated entities	-	-	-	1,053,786
Current tax payable assumed from wholly-owned tax consolidated entities	-	-	979,050	495,778
Current payables (tax funding agreement) from wholly-owned tax consolidated entities	-	-	636,562	1,766,935
Current receivables (tax funding agreement) from wholly-owned tax consolidated entities	-	-	979,050	525,487
Loans to/from other related parties				
<i>Loans to subsidiary</i>				
Beginning of the year	-	-	3,750,000	3,750,000
Loans advanced	-	-	22,497,000	14,424,500
Loan repayment received	-	-	(20,874,000)	(14,424,500)
Interest charged	-	-	259,746	256,556
Interest received	-	-	(259,746)	(256,556)
End of year	-	-	5,373,000	3,750,000
<i>Loans from subsidiary</i>				
Beginning of the year	-	-	4,986,007	5,745,655
Loans advanced	-	-	64,987,688	44,635,000
Loan repayment received	-	-	(65,725,877)	(45,411,588)
Interest charged	-	-	706,748	667,866
Interest received	-	-	(706,152)	(650,926)
End of year	-	-	4,248,414	4,986,007
<i>Net tax loans to/(from) subsidiary – tax funding agreements</i>				
Beginning of the year	-	-	(1,241,448)	(689,199)
Loan repayments received/(paid) from/(to) subsidiaries	-	-	1,241,448	-
Current tax receivable/(payable) from/(to) subsidiaries	-	-	342,488	(558,008)
Over provision of prior year tax assumed from subsidiaries	-	-	-	5,759
End of year	-	-	342,488	(1,241,448)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

	CONSOLIDATED		PARENT	
	2007 \$	2006 \$	2007 \$	2006 \$
31. RELATED PARTY DISCLOSURES				
continued				
(g) Transactions with other related parties				
1. The company sells goods to controlled entities on normal commercial terms and conditions.	-	-	48,198,020	48,195,509
2. Administration, staff support, computer and occupancy services provided by the company to controlled entities.	-	-	703,238	955,798
3. Advertising income provided to a controlled entity.	-	-	435,228	384,728
4. Advertising expenditure charged by a controlled entity.	-	-	457,421	311,357

Retravision (WA) Ltd has a working capital deficiency of \$1,234,285 at 30 June 2007 (2006: \$4,342,533). However, the company has access to the Group's working capital of \$10,776,512 (2006: \$6,585,853). In addition the company is a party to the Deed of Cross Guarantee, refer note 32.

32. DEED OF CROSS GUARANTEE

Retravision (WA) Ltd, Retravision D.A.D. Ltd and Electcom Ltd are parties to a Deed of Cross Guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly owned entities have been relieved from the requirements to prepare a financial report and directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

The above companies represent a "Closed Group" for the purposes of the Class Order, and as there are no other parties to the Deed of Cross Guarantee that are controlled by Retravision (WA) Ltd, they also represent the "Extended Closed Group".

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

		CLOSED GROUP	
		2007	2006
		\$	\$
32. DEED OF CROSS GUARANTEE continued			
Set out below is a consolidated income statement and a summary of movements in consolidated retained profits for the year ended 30 June 2007 of the Closed Group consisting of Retravision (WA) Ltd, Retravision D.A.D. Ltd and Electcom Ltd.			
Income Statement			
Sale of goods		388,217,207	332,793,306
Cost of sale of goods		370,273,954	315,023,995
Gross profit from sale of goods		17,943,253	17,769,311
Other revenue			
Revenue from services		397,625	421,946
Other revenue		2,499,446	2,401,618
		2,897,071	2,823,564
Expenses			
Administration		4,469,908	6,072,424
Information systems		1,235,954	1,135,184
Marketing and store operations		988,969	1,097,418
Wholesale distribution		310,912	418,052
Retail		5,987,782	7,202,028
Finance operations		1,771,566	1,860,421
Borrowing costs		1,530,262	2,064,446
		16,295,353	19,849,973
Share of associate's net profit accounted for using the equity method		46,480	-
Profit before income tax		4,591,451	742,902
Income tax expense		1,198,931	358,007
Profit attributable to equity holders of Retravision (WA) Ltd		3,392,520	384,895
Summary of movements in consolidated retained profits			
Retained profits at the beginning of the financial year		951,194	566,299
Profit after income tax expense for the year		3,392,520	384,895
Retained profits at the end of the financial year		4,343,714	951,194

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

	CLOSED GROUP	
	2007 \$	2006 \$
32. DEED OF CROSS GUARANTEE continued		
Set out below is a consolidated balance sheet as at 30 June 2007 of the Closed Group consisting of Retravision (WA) Ltd, Retravision D.A.D. Ltd and Electcom Ltd.		
CURRENT ASSETS		
Cash and cash equivalents	4,118,610	2,705,238
Trade and other receivables	48,384,696	41,743,389
Inventories	19,043,123	15,897,894
Current tax assets	-	252,250
Other	2,823,066	2,753,559
TOTAL CURRENT ASSETS	74,369,495	63,352,330
NON - CURRENT ASSETS		
Trade and other receivables	1,057,151	1,674,102
Investments accounted for using the equity method	57,480	-
Other financial assets	650,000	655,500
Property, plant and equipment	1,066,806	1,298,531
Deferred tax assets	697,360	768,453
Intangible assets	330,445	330,445
TOTAL NON - CURRENT ASSETS	3,859,242	4,727,031
TOTAL ASSETS	78,228,737	68,079,361
CURRENT LIABILITIES		
Trade and other payables	54,961,073	51,320,378
Borrowings	7,862,974	5,850,309
Current tax liability	1,161,489	-
Provisions	650,320	583,556
TOTAL CURRENT LIABILITIES	64,635,856	57,754,243
NON - CURRENT LIABILITIES		
Borrowings	7,253,362	7,367,221
Provisions	695,513	706,411
TOTAL NON - CURRENT LIABILITIES	7,948,875	8,073,632
TOTAL LIABILITIES	72,584,731	65,827,875
NET ASSETS	5,644,006	2,251,486
EQUITY		
Contributed equity	1,297,192	1,297,192
Reserves	3,100	3,100
Retained profits	4,343,714	951,194
TOTAL EQUITY	5,644,006	2,251,486

33. EVENTS OCCURRING AFTER REPORTING DATE

The directors are not aware of any other matters or circumstances not otherwise dealt with in the financial statements that have significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in financial years subsequent to the financial year ended 30 June 2007.

34. SEGMENT INFORMATION

Description of segments

The principal activity of the Group is the buying, wholesaling and retailing of electrical goods.

As there is only one significant operating segment for the Group, separate business segment information is not provided.

The principal activities of the Group occur in one geographic segment being Australia. Therefore separate geographical segments are not provided.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$	\$	\$	\$
35. RECONCILIATION OF PROFIT AFTER TAX TO THE NET CASH FLOWS FROM OPERATING ACTIVITIES				
Profit after tax	3,468,264	460,965	3,138,715	1,347,532
Depreciation of property, plant and equipment	372,562	419,050	100,762	111,907
Impairment write down of investment in controlled entity	-	-	636,562	-
Impairment write-downs of property, plant and equipment and goodwill	-	53,547	-	-
Amortisation of other intangible assets	-	465	-	-
Loss on disposal of property, plant and equipment	1,788	624	4,247	5,359
Share of associates net profit	(46,480)	-	-	-
Non-cash interest on debentures	-	-	596	16,940
	3,796,134	934,651	3,880,882	1,481,738
Changes in operating assets and liabilities				
Increase in trade and other receivables	(4,866,633)	(626,223)	(5,380,939)	(1,001,126)
(Increase)/Decrease in inventories	(3,145,229)	3,949,613	(3,272,451)	(98,860)
Increase/(Decrease) in trade and other payables	2,138,927	(3,372,290)	3,478,163	(174,998)
Increase in provisions	55,866	376,515	54,315	355,474
Increase/(Decrease) in income tax balances	1,483,639	1,257,849	(1,042,484)	1,466,040
Net cash inflow/(outflow) from operating activities	(537,296)	2,520,115	(2,282,514)	2,028,268

36. NON-CASH FINANCING AND INVESTING ACTIVITIES

The Group acquired \$nil (2006: \$372,727) of property, plant and equipment by means of lease/hire purchase agreements.

37. CONTINGENT LIABILITIES

In December 2006, the Group made a payment of \$45,000 in full and final settlement of the claim by Mr Andrew Heard and Mr Mark Hall the Joint and Several Liquidators of C.T.O.H. Pty Ltd (In Liquidation) formerly trading as PZ electrical. This is recorded as an administration expense in the Income Statements.

The Group has the following contingent liabilities at 30 June 2007.

- (a) A claim by Evangelos Litis Nominees Pty Ltd. The claim was received on 28 July 2006 for amounts owing in respect of unpaid credit claims in the amount of \$118,470 during the period 14 January 2000 to 6 April 2005. The Group has disclaimed liability, has lodged a counterclaim in the amount of \$43,190 and is currently defending the claim.
- (b) Cross guarantees given by Retravision (WA) Ltd, Retravision D.A.D. Ltd and Electcom Ltd are described in note 32. There are deficiencies in net assets in Retravision D.A.D. Ltd. These guarantees may give rise to liabilities if either the parent or the subsidiaries do not meet their obligations under the terms of overdrafts, loans, leases or other liabilities subject to the guarantees. No material losses are anticipated in respect of any of the above contingent liabilities.

Other than the matters referred to above, in the normal course of its business the company and its controlled entities occasionally receive claims and other matters arising from its operations. In the opinion of the directors all such matters are without merit or are of such a kind or involved such amounts that would not have a material adverse effect on the operating results or financial position of the Group if disposed of unfavourably.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

38. DERIVATIVE FINANCIAL INSTRUMENTS

Instruments used by the Group

The Group is party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in interest rates in accordance with the Group's financial risk management policies (refer to note 2).

Interest rate swap contracts

It is policy to protect part of the Invoice Finance Facility from exposure to increasing interest rates. Accordingly, the Group has entered into interest rate swap contracts under which it is obliged to pay interest at fixed rates. Swaps currently in place cover \$7,000,000 of borrowings which is 39% (2006: 39%) of the total \$18,000,000 facility. The fixed interest rate is 6.34% (2006: 6.34%) and the variable rate is 6.39% (2006: 5.98%). At 30 June 2007, the notional principal amounts and periods of expiry of the interest rate swap contract is as follows:

	CONSOLIDATED		PARENT	
	2007 \$	2006 \$	2007 \$	2006 \$
Periods of expiry				
Under 1 year	21,183	-	21,183	-
1-2 years	-	20,775	-	20,775
	21,183	20,775	21,183	20,775

The contract requires settlement of net interest payable every month. The settlement dates are the last working day of each calendar month. The contract is settled on a net basis. At balance date for both the Group and the parent entity the fair value is not considered material.

Credit and interest rate risk exposures

Refer to notes 2 and 21 for the Group's policy and exposure to credit and interest rate risk.

39. LEASING ARRANGEMENTS

The Group leases Point of Sale computer equipment under operating leases with rentals payable monthly. Minimum lease payments receivable on leases of property, plant and equipment are as follows:

	CONSOLIDATED		PARENT	
	2007 \$	2006 \$	2007 \$	2006 \$
Minimum lease payments under non-cancellable operating leases of property, plant and equipment not recognised in the financial statements are receivable as follows:				
Within one year	18,304	10,169	-	-
Later than one year but not later than 5 years	30,507	-	-	-
	48,811	10,169	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

40. INVESTMENTS IN ASSOCIATES

(a) Carrying amounts

Information relating to unlisted associates incorporated in Australia is set out below.

Name of Company	Principal Activity	Ownership Interest	
		2007 %	2006 %
Retravis Pty Ltd	Electrical buying group	33	-

	CONSOLIDATED		PARENT	
	2007 \$	2006 \$	2007 \$	2006 \$
Retravis Pty Ltd	57,480	-	-	-
(b) Movements in carrying amounts				
Carrying amounts at the beginning of the year	-	-	-	-
Cost of shares	11,000	-	-	-
Share of profits after income tax	46,480	-	-	-
Carrying amounts at the end of the year	57,480	-	-	-
(c) Share of associate's net profits or losses				
Profit before income tax	63,595	-	-	-
Income tax expense	(17,115)	-	-	-
Profit after income tax	46,480	-	-	-

(d) Summarised financial information of associates

	Gross amounts of:			
	Assets \$	Liabilities \$	Revenues \$	Profit/(loss) \$
2007				
Retravis Pty Ltd	4,260,129	3,766,905	3,838,369	(13,530)
2006				
Retravis Pty Ltd	4,929,617	4,422,863	3,796,324	127,996

	CONSOLIDATED	
	2007 \$	2006 \$
(e) Share of associates' expenditure commitments, other than for the supply of inventories		
Lease commitments	13,962	-

DIRECTOR'S DECLARATION

In the directors' opinion:

- (a) the financial statements and notes set out on pages 10 to 57 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2007 and of their performance for the financial year ended 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) at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group identified in note 32 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 32.

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



W A Harries (Chairman)

Perth

Dated this 31st day of October 2007

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS



PricewaterhouseCoopers
ABN 52 780 433 757

QV1
250 St Georges Terrace
PERTH WA 6000
GPO Box D198
PERTH WA 6840
DX 77 Perth
Australia
www.pwc.com/au
Telephone +61 8 9238 3000
Facsimile +61 8 9238 3999

Independent auditors' report to the members of Retravision (WA) Ltd

Report on the financial report

We have audited the accompanying financial report of Retravision (WA) Ltd (the company), which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both Retravision (WA) Ltd and the Retravision (WA) Ltd Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) 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(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the consolidated financial statements and notes comply with International Financial Reporting Standards.

Auditors' 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.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

For further explanation of an audit, visit our website <http://www.pwc.com/au/financialstatementaudit>.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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*.

Auditors' opinion on the financial report

In our opinion:

- (a) the financial report of Retravision (WA) Ltd is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2007 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the consolidated financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1(a).



PricewaterhouseCoopers



Pierre Dreyer
Partner

Perth

31 October 2007