

Appendix 4E

Preliminary final report

Name of entity

CPI Limited

ABN or equivalent company
reference

40 099 945 516

Financial year ended ('current period')

30 June 2005

Results for announcement to the market

Revenues from ordinary activities	up	5,882.31%	to	71,351,495
Profit (loss) from ordinary activities after tax attributable to members	up	1,463.60%	to	19,245,646
Net profit (loss) for the period attributable to members	up	1,463.60%	to	19,245,646
Dividends (distributions)				
The Company does not propose to pay a dividend for the period ended 30 June 2005.				
Previous corresponding period (year ended 30 June 2004)		Amount per security		Franked amount per security
Final dividend	Paid: 30 September 2004	4.0¢		4.0¢
Brief explanation of any of the figures reported above and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:				
NTA backing		Current period		Previous corresponding period
Net tangible asset backing per ordinary security		\$1.55		54.45¢

Annual meeting

The annual meeting will be held as follows:

Place, date and time

Australian Stock Exchange Auditorium 123 Eagle Street Riverside Centre Brisbane
24 October 2005
10 am
September 2005

Date

Time

Approximate date the annual report will be available

Compliance statement

- 1 This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views or other standards acceptable to ASX.
- 2 This report, and the accounts upon which the report is based (if separate), use the same accounting policies.
- 3 This report does give a true and fair view of the matters disclosed.
- 4 This report is based on accounts to which one of the following applies.
(Cross one)
 The +accounts have been audited. The +accounts have been subject to review.
 The +accounts are in the process of being audited or subject to review. The +accounts have *not* yet been audited or reviewed.
- 5 The accounts are in the process of being audited, no audit report is attached.
- 6 The entity has a formally constituted audit committee.

Sign here:
(Director/Company Secretary)

Date: 25 August 2005

Print name: Stephen Mackay

CP1 Limited

ACN 099 945 516

STATEMENTS OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2005

	Note	Consolidated		Company	
		2005	2004	2005	2004
		\$	\$	\$	\$
Revenue from rendering of services – hotel operations	2	9,903,551	-	-	-
Revenue from rendering of services – other		-	60,000	-	60,000
Revenue from sale of property	2	61,040,203	-	-	-
Proceeds from sale of shares		-	49,200	-	49,200
Other revenue from ordinary activities	2	407,741	1,083,508	436,047	1,167,424
Total revenue		71,351,495	1,192,708	436,047	1,276,624
Expenses from ordinary activities:					
Directors fees		-	(25,000)	-	(25,000)
Depreciation and amortisation	3	(38,988)	(296)	(253)	(296)
Professional fees		(302,525)	(36,422)	(142,800)	(36,422)
Cost of sales – property	3	(34,492,026)	-	-	-
Cost of sales – hotel operations	3	(1,436,742)	-	-	-
Cost of shares in listed company sold		-	(46,500)	-	(46,500)
Borrowing Costs	3	(503,516)	-	(2,477,810)	-
Employee expenses		(4,282,008)	-	-	-
Provision for doubtful debts		(145,129)	-	(102,707)	-
Write-off of investment		-	(50,000)	-	(50,000)
Other expenses from ordinary activities		(2,943,618)	(51,082)	(81,483)	(51,082)
Share of net profits/(losses) of associates accounted for using the equity method	11	106,193	547,748	-	-
Profit from ordinary activities before related income tax expense		27,313,136	1,531,156	(2,369,006)	1,067,324
Income tax expense relating to ordinary activities	5 (a)	(8,067,490)	(300,303)	75,440	(300,303)
Net profit / (loss) after related income tax expense		19,245,646	1,230,853	(2,293,566)	767,021
Basic earnings per share	6	<u>102.49 cents</u>	<u>6.78 cents</u>		
Diluted earnings per share	6	<u>74.97 cents</u>	<u>5.05 cents</u>		

The statements of financial performance are to be read in conjunction with the notes to and forming part of the financial statements.

CP1 Limited

ACN 099 945 516

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2005

	Note	Consolidated		Company	
		2005	2004	2005	2004
		\$	\$	\$	\$
Current assets					
Cash assets	7	3,180,178	389,427	365,230	389,426
Receivables	8	105,290,763	493,577	20,914	493,576
Inventories	9	279,787	-	-	-
Income tax receivable	5(b)	4,086,707	-	1,898,360	-
Other financial assets	10	11,255	3,995,809	-	3,995,809
Total current assets		112,848,690	4,878,813	2,284,504	4,878,811
Non-current assets					
Receivables	8	8,882,740	4,675,184	6,966,244	4,675,184
Inventories	9	178,926,296	-	2,509,807	-
Property, plant and equipment	12	480,880	845	592	845
Investments accounted for using the equity method	11	-	545,500	-	-
Other financial assets	10	281,901	127,437	48,051,913	300,772
Inter-company loans - deferred tax assets		-	-	10,024,242	-
Deferred tax assets	5(c)	17,658	5,100	19,158	5,100
Total non-current assets		188,589,475	5,354,066	67,571,956	4,981,901
Total assets		301,438,165	10,232,879	69,856,460	9,860,712
Current liabilities					
Payables	13	39,191,104	12,240	20,426,833	12,240
Interest-bearing liabilities	14	94,590,909	-	5,000,000	-
Non interest-bearing liabilities	16	870,073	-	617,300	-
Provisions	15	260,680	-	-	-
Current tax liabilities	5(b)	-	145,717	-	145,717
Total current liabilities		134,912,766	157,957	26,044,133	157,957
Non-current liabilities					
Interest-bearing liabilities	14	124,350,265	-	-	-
Provisions	15	141,089	-	-	-
Non interest-bearing liabilities	16	-	-	24,382,602	-
Deferred tax liabilities	5(c)	12,492,087	103,811	11,799,146	103,811
Total non-current liabilities		136,983,441	103,811	36,181,748	103,811
Total liabilities		271,896,207	261,768	62,225,881	261,768
Net assets		29,541,958	9,971,111	7,630,579	9,598,944
Equity					
Contributed equity	18	9,691,443	8,620,173	9,691,443	8,620,173
Retained profits	17	19,850,515	1,350,938	(2,060,864)	978,771
Total equity		29,541,958	9,971,111	7,630,579	9,598,944

The statements of financial position are to be read in conjunction with the notes to and forming part of the financial statements.

CP1 Limited

ACN 099 945 516

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2005

	Note	Consolidated		Company	
		2005	2004	2005	2004
		\$	\$	\$	\$
Cash flows from operating activities					
Cash receipts in the course of operations		23,010,233	60,000	-	60,000
Dividends and distributions received		666,692	555,883	666,692	555,883
Interest received		156,355	255,727	142,665	255,727
Interest paid		(274,817)	-	(953,185)	-
Cash payments in the course of operations		(6,685,540)	(133,379)	(214,888)	(133,379)
Income tax paid		(2,436,209)	(114,727)	(275,969)	(114,727)
Net cash provided by/(used in) operating activities	20 (b)	<u>14,436,714</u>	<u>623,504</u>	<u>(634,685)</u>	<u>623,504</u>
Cash flows from investing activities					
Loans to related parties		(1,754,643)	(695,184)	(2,291,060)	(3,745,184)
Repayment of loans by related parties		-	2,680,535	-	2,680,535
Payment for development property		(59,148,031)	(3,050,000)	-	-
Proceeds on disposal of shares in listed company		-	49,200	-	49,200
Payments for property, plant and equipment		(118,974)	(1,141)	-	(1,141)
Payment for inventories		(79,608,990)	-	(2,509,806)	-
Payments for investment in associate		-	(1)	-	(1)
Payments for investment in controlled entities		-	-	(28,909,557)	-
Redemption of investment in Managed Investment Schemes		6,048,014	1,733,042	6,048,014	1,733,042
Investments in Managed Investment Schemes		(2,052,409)	(1,711,417)	(2,052,205)	(1,711,417)
Net cash used in investing activities		<u>(136,635,033)</u>	<u>(994,966)</u>	<u>(29,714,614)</u>	<u>(994,967)</u>
Cash flows from financing activities					
Loans from related parties		109,160,857	-	29,999,902	-
Repayment of loans from related parties		(14,496,988)	-	-	-
Loans from other parties		30,000,000	-	-	-
Proceeds from issue of shares		1,071,270	567,543	1,071,270	567,543
Dividends paid		(746,069)	-	(746,069)	-
Net cash provided by financing activities		<u>124,989,070</u>	<u>567,543</u>	<u>30,325,103</u>	<u>567,543</u>
Net increase/(decrease) in cash held		2,790,751	196,081	(24,196)	196,080
Cash at beginning of the financial period		389,427	193,346	389,426	193,346
Cash at the end of the financial period	20 (a)	<u>3,180,178</u>	<u>389,427</u>	<u>365,230</u>	<u>389,426</u>

The statements of cash flows are to be read in conjunction with the notes to and forming part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2005

1. STATEMENT OF ACCOUNTING POLICIES

The significant policies which have been adopted in the preparation of this financial report are:

a) Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with Accounting Standards, Urgent Issues Consensus Views, other authoritative pronouncements of the Australian Accounting Standard Board and the Corporations Act 2001.

It has been prepared on the basis of historical costs and, except where stated, does not take into account changing money values or fair values of non-current assets.

These accounting policies have been consistently applied and, except where there is a change in accounting policy, are consistent with those of the previous year.

b) Principles of consolidation

Controlled entities

The financial statements of controlled entities are included from the date control commences until the date control ceases.

Outside interests in the equity and results of the entities that are controlled by the company are shown as a separate item in the consolidated financial statements.

Associates

Associates are those entities, other than partnerships, over which the consolidated entity exercises significant influence and which are not intended for sale in the near future.

In the consolidated financial statements, investments in associates are accounted for using equity accounting principles. Investments in associates are carried at the lower of the equity accounted amount and recoverable amount. The consolidated entity's equity accounted share of the associates' net profit or loss is recognised in the consolidated statement of financial performance from the date significant influence commences until the date significant influence ceases. Other movements in reserves are recognised directly in consolidated reserves.

Transactions eliminated on consolidation

Unrealised gains and losses and inter-entity balances resulting from transactions with or between controlled entities are eliminated in full on consolidation.

Unrealised gains resulting from transactions with associates, including those relating to contributions of non-monetary assets on establishment, are eliminated to the extent of the consolidated entity's interest. Unrealised gains relating to associates are eliminated against the carrying amount of the investment. Unrealised losses are eliminated in the same way as unrealised gains, unless they evidence a recoverable amount impairment.

Loss of control

When control ceases, a gain or loss is recognised as the difference between net sales proceeds, if any, and the consolidated carrying amount (including post-acquisition share of profits, goodwill and equity). Any remaining investment is then accounted for at cost if unlisted, or fair value if listed.

c) Revenue recognition

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax ("GST") payable to the taxation authority. Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenues.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2005

1. STATEMENT OF ACCOUNTING POLICIES (CONT)

c) Revenue recognition (cont)

Rendering of services

Revenue from the rendering of services is recognised in the period in which the services are provided and where it is probable that the compensation will flow to the consolidated entity, the amount to be received can be reliably measured and the state of completion of the contract can be reliably measured.

Dividends and distributions

Revenue from dividends and distributions are recognised when the consolidated entity's right to receive payment is established. Dividend revenue is recognised net of franking credits.

Sale of non-current assets

The gross proceeds of non-current asset sales are included as revenue at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed.

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

Interest revenue

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

Land held for resale

Revenue and expenses from sales of land held for resale is recognised when unconditional contracts are exchanged and a significant non-refundable deposit is received on an individual basis using the percentage of completion method when the stage of contract completion can be reliably determined, costs to date can be clearly identified and total contract revenue and costs to complete can be reliably estimated.

d) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office ("ATO"). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

e) Taxation

The consolidated entity adopts the income statement liability method of tax effect accounting. Income tax expense is calculated on operating profit adjusted for permanent differences between taxable and accounting income.

The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is carried forward in the statement of financial position as a future income tax benefit or a provision for deferred income tax.

Future income tax benefits are not brought to account unless the realisation of the asset is assured beyond reasonable doubt. Future income tax benefits relating to tax losses are only brought to account where their realisation is virtually certain. The tax effects of capital losses are not recorded unless realisation is virtually certain.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2005

1. STATEMENT OF ACCOUNTING POLICIES (CONT)

e) Taxation (cont)

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income tax legislation, and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

f) Acquisition of assets

All assets acquired including property, plant and equipment and intangibles other than goodwill are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition. When equity instruments are issued as consideration, their market price at the date of acquisition is used as fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity subject to the extent of proceeds received, otherwise expensed.

Expenditure is only recognised as an asset when the entity controls future economic benefits as a result of the costs incurred, it is probable that those future economic benefits will eventuate, and the costs can be measured reliably. Costs attributable to feasibility and alternative approach assessments are expensed as incurred.

Subsequent additional costs

Costs incurred on assets subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to the consolidated entity in future years.

Costs that do not meet the criteria for capitalisation are expensed as incurred.

g) Inventory

Raw materials and stores are carried at the lower of cost and net realisable value. Net realisable value is determined on the basis of each inventory line's normal selling pattern.

Land held for development and resale

Development properties are carried at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, and holding costs such as borrowing costs, rates and taxes. Borrowing costs and other holding costs incurred after completion of development are expensed.

h) Receivables

Debtors

Debtors which are normally settled within 30 days are carried at amounts due. The collectibility of debts is assessed at balance date and specific provision is made for any doubtful debts.

Unconditional contracts for sale of property

Unconditional contracts for the sale of property are recognised as debtors when unconditional contracts are exchanged and a significant non-refundable deposit is received.

i) Investments

Controlled entities

Investments in controlled entities are carried in the company's financial statements at the lower of cost and recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2005

1. STATEMENT OF ACCOUNTING POLICIES (CONT)

i) Investments (cont)

Associates

In the company's financial statements, investments in unlisted shares of associates are carried at the lower of cost and recoverable amount.

Other entities

Investments in managed investment schemes are carried in the company's and consolidated entity's financial statements at the lower of cost and recoverable amount.

j) Recoverable amount of non-current assets valued on cost basis

The carrying amounts of non-current assets valued on the cost basis are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of a non-current asset exceeds its recoverable amount, the asset is written down to the lower amount. The write-down is recognised as an expense in the net profit or loss in the reporting period in which it occurs.

Where a group of assets working together supports the generation of cash inflows, recoverable amount is assessed in relation to that group of assets.

In assessing recoverable amounts of non-current assets the relevant cash flows have not been discounted to their present value, except where specifically stated.

k) Depreciation and amortisation

Useful lives

All assets, including intangibles, have limited useful lives and are depreciated/amortised using the diminishing value method over their estimated useful lives, taking into account estimated residual values, and finance lease assets which are amortised over the term of the relevant lease, or where it is likely the consolidated entity will obtain ownership of the asset, the life of the asset.

Assets are depreciated or amortised from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use. Intangible assets are amortised from the time the benefits are provided by the intangible assets.

Depreciation and amortisation rates and methods are reviewed annually for appropriateness. When changes are made, adjustments are reflected prospectively in current and future periods only.

The depreciation/amortisation rates used for each class of asset are as follows:

	Note	2005	2004
<i>Property, plant and equipment</i>			
Plant and equipment	12	10-40%	15%

l) Payables

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the consolidated entity. Trade accounts payable are normally settled within 30 days.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2005

1. STATEMENT OF ACCOUNTING POLICIES (CONT)

m) Interest bearing liabilities

Bank loans are recognised at their principal amount, subject to set-off arrangements. Interest expense is accrued at the contracted rate and included in "Other creditors and accruals".

Debentures, bills of exchange and notes payable are recognised when issued at the net proceeds received, with the premium or discount on issue amortised over the period to maturity. Interest expense is recognised on an effective yield basis.

n) Employee benefits

Wages, salaries, annual leave and sick leave

Liabilities for employee benefits for wages, salaries, annual leave and sick leave expected to be settled within 12 months of the year end represent present obligations resulting from employees' services provided to reporting date, calculated at undiscounted amounts based on remuneration wage and salary rates that the consolidated entity expects to pay as at reporting date including related on-costs.

Long service leave

The provision for employee benefits to long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided to reporting date.

The provision is calculated using estimated future increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history and is discounted using the rates attaching to national government bonds at reporting date which most closely match the terms of maturity of the related liabilities.

Superannuation plan

The consolidated entity contributes to several defined contribution superannuation plans. Contributions are charged against income as they are made.

o) Goodwill

Goodwill represents the excess of the purchase consideration plus incidental costs over the fair value of the identifiable net assets acquired.

For associates, the consolidated financial statements include the carrying amount of goodwill in the equity accounted investment carrying amounts.

p) Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the net profit attributable to members of the parent entity for the reporting period, after excluding any costs of servicing equity (other than ordinary shares for EPS calculation purposes), by the weighted number of ordinary shares of the company, adjusted for any bonus issue.

Diluted EPS is calculated by dividing the basic EPS earnings, adjusted by the after tax effect of financing costs associated with dilutive potential ordinary shares, by the weighted average number of ordinary shares and dilutive potential ordinary shares adjusted for any bonus issue.

q) Borrowing costs

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings and finance charges in respect of finance leases.

Interest payments in respect of financial instruments classified as liabilities are included in borrowing costs.

Ancillary costs incurred in connection with the arrangement of borrowings are netted against the relevant borrowings and amortised over their life.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2005

1. STATEMENT OF ACCOUNTING POLICIES (CONT)

q) Borrowing costs (cont)

Borrowing costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets which take more than 12 months to get ready for their intended use or sale. In these circumstances, borrowing costs are capitalized to the cost of the assets. Where funds are borrowed specifically for the acquisition, construction or production of a qualifying asset, the amount of borrowing costs capitalised is those incurred in relation to that borrowing, net of any interest earned on those borrowings. Where funds are borrowed generally, borrowing costs are capitalised using a weighted average capitalisation rate.

2 REVENUE FROM ORDINARY ACTIVITIES	Consolidated		Company	
	2005	2004	2005	2004
	\$	\$	\$	\$
Rendering of services revenue:				
Hotel operations	9,903,551	-	-	-
Other	-	60,000	-	60,000
Revenue from sale of property	61,040,203	-	-	-
Proceeds from the sale of investments in listed company	-	49,200	-	49,200
Other revenues				
<i>From operating activities</i>				
Dividends from associates	-	-	41,996	83,916
Dividends from other entities	76,778	6,146	76,778	6,146
Distributions	203,122	811,857	203,122	811,857
Interest - other parties	127,841	265,505	114,151	265,505
Total other revenues	407,741	1,083,508	436,047	1,167,424
Total revenue from ordinary activities	71,351,495	1,192,708	436,047	1,276,624

CP1 Limited

ACN 099 945 516

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2005

3 PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE	Consolidated		Company	
	2005	2004	2005	2004
(a) Profit from ordinary activities before income tax expense has been arrived at after charging/(crediting) the following items:	\$	\$	\$	\$
Depreciation of property, plant and equipment	38,988	296	253	296
Profit on the sale of shares	-	2,700	-	2,700
Cost of sales – property	(34,492,026)	-	-	-
Cost of sales – hotel operations	(1,436,742)	-	-	-
Borrowing costs:				
Related parties	22,040,974	-	228,699	-
Bank loans	2,409,386	-	-	-
Deferred purchase consideration	2,249,111	-	2,249,111	-
Other	797	-	-	-
	<u>26,700,268</u>	<u>-</u>	<u>2,477,810</u>	<u>-</u>
Less:				
Borrowing costs capitalised	(26,196,752)	-	-	-
	<u>503,516</u>	<u>-</u>	<u>2,477,810</u>	<u>-</u>
4 AUDITORS' REMUNERATION				
<i>Audit services</i>				
Auditors of the company – KPMG				
Audit and review of financial reports	<u>105,000</u>	<u>30,100</u>	<u>40,000</u>	<u>30,100</u>
<i>Other services</i>				
Auditors of the company - KPMG				
Risk management services	12,100	-	12,100	-
Taxation compliance services	4,400	-	4,400	-
	<u>16,500</u>	<u>-</u>	<u>16,500</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2005

5 TAXATION	Consolidated		Company	
	2005	2004	2005	2004
	\$	\$	\$	\$
(a) Income tax expense				
Prima facie income tax expense calculated at 30% on the profit from ordinary activities	8,193,941	459,347	(710,702)	320,198
<i>Increase/(decrease) in income tax due to:</i>				
Depreciation of buildings	(246,940)	-	-	-
Franking credits on dividends received	15,271	-	15,271	-
Share of associate entities net (profit)/loss	(31,858)	(164,324)	-	-
Write-off of investment	-	15,000	-	15,000
Interest on purchase of Marina Cove share	674,733	-	674,733	-
Other	(537,657)	(9,720)	(54,742)	(34,895)
Income tax expense/(benefit) attributable to operating profit	<u>8,067,490</u>	<u>300,303</u>	<u>(75,440)</u>	<u>300,303</u>
(b) Current tax liabilities/(assets)				
<i>Provision for current income tax</i>				
Movements during the year:				
Balance at the beginning of period	145,717	62,752	145,717	62,752
Income tax paid	(2,436,209)	(114,727)	(311,600)	(114,727)
Under/(over) provision	39,262	(4,847)	103,000	(4,847)
Net deferred tax balances recognised by head entity in relation to wholly-owned subsidiaries within the tax consolidated group upon implementation of tax consolidation	(1,835,477)	-	(1,835,477)	-
Current year's income tax expense on profit from ordinary activities	-	202,539	-	202,539
	<u>(4,086,707)</u>	<u>145,717</u>	<u>(1,898,360)</u>	<u>145,717</u>
(c) Deferred tax assets and liabilities				
<i>Provision for deferred income tax</i>				
Provision for deferred income tax comprises the estimated expense at the applicable rate of 30% on the following items:				
Interest receivable	-	103,811	-	103,811
Marina Cove adjustment	2,587,287	-	-	-
Inter company	11,873,776	-	11,873,776	-
WIP adjustment	(1,894,346)	-	-	-
Sundry items	(74,630)	-	(74,630)	-
	<u>12,492,087</u>	<u>103,811</u>	<u>11,799,146</u>	<u>103,811</u>

CP1 Limited

ACN 099 945 516

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2005

	Consolidated		Company	
	2005	2004	2005	2004
5 TAXATION (CONT)				
(c) Deferred tax assets and liabilities (cont)	\$	\$	\$	\$
Future income tax benefit				
Future income tax benefit comprises the estimated future benefit at the applicable rate of 30% on the following items:				
Sundry items	17,658	5,100	19,158	5,100
(d) Future income tax benefit not taken to account				
The potential future income tax benefit, arising from tax losses and timing differences has not been recognised as an asset because recovery of tax losses is not virtually certain and recovery of timing differences is not assured beyond any reasonable doubt:				
Capital losses	5,130	5,130	5,130	5,130

The potential future income tax benefit will only be obtained if:

- (i) the relevant company derives future assessable income of a nature and an amount sufficient to enable the benefit to be realised;
- (ii) the relevant company continues to comply with the conditions for deductibility imposed by the law; and
- (iii) no changes in tax legislation adversely affect the relevant company in realising the benefit.

6. EARNINGS PER SHARE

The following securities have been classified as ordinary shares and included in basic earnings per share:

- Ordinary shares

The following securities have been classified as potential ordinary shares and included in diluted earnings per share only:

- Options outstanding, exercisable at \$1.50 per option with an expiry date of 3 April 2006.

	Consolidated	
	2005	2004
Earnings reconciliation	\$	\$
Net profit	19,245,646	1,230,853
Net loss attributable to outside equity interest	-	-
Basic earnings	19,245,646	1,230,853
After-tax effect of costs of options	-	-
Diluted earnings	19,245,646	1,230,853
Weighted average number of shares used as the denominator		
Number for basic earnings per ordinary share	18,778,871	18,153,947
Effect of share options on issue	6,893,469	6,238,020
Number for diluted earnings per share	25,672,340	24,391,967

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2005

6. EARNINGS PER SHARE (CONT)

During the year options were converted to ordinary shares. The diluted EPS calculation includes that portion of these options assumed to be issued for nil consideration, weighted with reference to the date of conversion. The weighted average number included is 448,810.

	Consolidated		Company	
	2005	2004	2005	2004
	\$	\$	\$	\$
7 CASH ASSETS				
Cash	3,180,178	389,427	365,230	389,426
8 RECEIVABLES				
Current				
Trade debtors	1,135,761	147,541	119,027	147,540
Provision for doubtful debts	(145,129)	-	(102,707)	-
	990,632	147,541	16,320	147,540
Unconditional contracts for sale of property	89,590,909	-	-	-
Interest receivable	3,444	346,036	1,240	346,036
Prepayments	82,291	-	-	-
Other receivables	14,623,487	-	3,354	-
	105,290,763	493,577	20,914	493,576
Non current				
Loans to controlled entity - secured	-	-	3,586,417	3,050,000
Loans to associated entities – secured	-	695,184	-	695,184
Loans to associated entities - unsecured	2,449,827	-	2,449,827	-
Other receivables	4,198,806	-	-	-
Other loans	930,000	930,000	930,000	930,000
Other deposits	1,304,107	3,050,000	-	-
	8,882,740	4,675,184	6,966,244	4,675,184

Other receivables include deposits securing bank guarantees in relation to a property development being undertaken by Marina Cove Pty Ltd.

Other loans comprise a loan to Oxenford Parkland Pty Ltd, \$930,000. This loan has a term of 10 years, a fixed interest rate of 10.5% per annum and a profit share arrangement.

9 INVENTORIES

Current

Raw materials and stores	279,787	-	-	-
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Non-current

Land held for development and resale	178,926,296	-	2,509,807	-
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2005

	Consolidated		Company	
	2005	2004	2005	2004
	\$	\$	\$	\$
9 INVENTORIES (CONT)				
<i>Land held for development and resale comprises:</i>				
Cost of land acquisition	95,548,497	-	2,509,807	-
Development costs capitalised	59,869,489	-	-	-
Other costs (borrowing costs, rates, taxes and other amounts) capitalised	113,099,219	-	-	-
	268,517,205			
Less: Unconditional contracts for sale of property	(89,590,909)			
	178,926,296	-	2,509,807	-
10 OTHER FINANCIAL ASSETS				
Current				
Investments in managed investment schemes: (note 21)				
- City Pacific Mortgage Trust - at cost	11,255	2,995,809	-	2,995,809
- City Pacific Private Fund - at cost	-	1,000,000	-	1,000,000
	11,255	3,995,809	-	3,995,809
Non-current				
Investment in associates:				
- unlisted shares at cost (note 21)	-	-	1	173,334
Investment in controlled entities:				
- unlisted shares at cost (note 21)	-	-	47,771,142	1
Investments in other entities:				
- unlisted shares at cost	155,130	666	153,999	666
- listed shares at cost	126,771	126,771	126,771	126,771
	281,901	127,437	48,051,913	300,772

The investments in managed investment schemes are represented by investments in the City Pacific Private Fund and the City Pacific Mortgage Trust for which the ultimate parent entity is the responsible entity.

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FOR THE YEAR ENDED 30 JUNE 2005

11. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD	Consolidated		Company	
	2005	2004	2005	2004
	\$	\$	\$	\$
Associates	-	545,500	-	-

During the year the consolidated entity received fully franked dividends of \$41,996 from its 33.3% holding of Eastcoast Capital Pty Ltd. Subsequent to ceasing accounting for its investment in Eastcoast Capital Pty Ltd using the equity method, the consolidated entity received additional fully franked dividends of \$69,993.

	Consolidated	
	2005	2004
	\$	\$
Results of associates		
Share of associates profit/(loss) from ordinary activities before income tax expense	219,442	931,015
Share of associates income tax expense relating to profit from ordinary activities	(65,833)	(328,137)
Share of associates net profit/(loss) - as disclosed by associates	153,609	602,878

Adjustments

Increase cost of sales	(22,416)	(25,130)
Others	(10,000)	-
Amortisation of goodwill arising from investment	(15,000)	(30,000)
Share of associates net profit/(loss) accounted for using the equity method	106,193	547,748

Share of post acquisition retained profits and reserves attributable to associates

Retained profits

Share of associates retained profits at beginning of period	372,167	(91,665)
Share of associates net profit/(loss) accounted for using the equity method	106,193	547,748
Dividends from associates	(41,996)	(83,916)
Ceasing of accounting for investments using the equity method	(436,364)	-
Share of associates retained profits at end of period	-	372,167

Movements in carrying amount of investments

Carrying amount of investments in associates at beginning of period	545,500	81,668
Investments in associates acquired during the period	-	-
Share of associates net profit/(loss)	106,193	547,748
Dividends from associates	(41,996)	(83,916)
Ceasing of accounting for investments using the equity method	(609,697)	-
Carrying amount of investments in associates at end of period	-	545,500

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NOTES TO THE FINANCIAL STATEMENTS

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11. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (cont)

	Consolidated	
	2005	2004
	\$	\$
Summary financial position of associates		
The consolidated entity's share of aggregate assets and liabilities of associates is as follows:		
Current assets	2,998	17,979,827
Non-current assets	10,641,333	19,337,036
Total assets	10,644,331	37,316,863
Current liabilities	511,353	6,274,120
Non-current liabilities	10,144,692	32,947,324
Total liabilities	10,656,045	39,221,444
Net assets - as reported by associates	(11,714)	(1,904,581)
Adjustments arising from equity accounting:		
Goodwill – at written down value	-	90,000
Adjustment to Marina Cove work in progress	-	2,360,081
Others	11,714	-
Net assets equity adjusted	-	545,500
Share of net profits accounted for using the equity method included in the statement of financial performance:		
- Associates	106,193	547,748

Name	Principal activities	Balance date	2005 %	2005 \$	2004 %	2004 \$
Marina Cove Pty Ltd	Property development	30 June 2005	(i)	-	50%	397,481
Eastcoast Capital Pty Ltd	Short-term lending	30 June 2005	(ii)	-	33.3%	148,019
Lake Views Estates Pty Ltd	Property investment	30 June 2005	50%	-	50%	-
				-		545,500

- (i) During the year the consolidated entity increased its shareholding in Marina Cove Pty Ltd, from 50% to 100% and accordingly has consolidated the result of Marina Cove Pty Ltd from the date of acquisition of the additional 50% shareholding.
- (ii) During the year the consolidated entity ceased accounting for its investment in Eastcoast Capital Pty Ltd using the equity method as the directors of the consolidated entity considers that it no longer has significant influence over the company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2005

11. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (cont)

During the year, the Australian Securities and Investments Commission (“ASIC”) queried CP1 in relation to its equity accounting treatment adopted in respect of the company’s associate, Marina Cove Pty Ltd, in the 30 June 2004 financial report. ASIC has made enquiries in relation to the company’s accounting treatment adopted upon the acquisition of an additional 10% interest in Marina Cove Pty Ltd (achieved by a share buyback completed by Marina Cove Pty Ltd) and has expressed preliminary concerns that the treatment may not comply with Australian Accounting Standards.

The directors, in consultation with the company’s auditors, have considered the method of equity accounting applied in relation to Marina Cove Pty Ltd and consider it appropriate and in accordance with Australian Accounting Standards. Accordingly, the directors consider that no change to the method of equity accounting applied in relation to Marina Cove Pty Ltd is required at 30 June 2004 or 30 June 2005.

The following table summarises the financial impact on the 30 June 2005 annual financial statements of the CP1 consolidated entity had the method of equity accounting suggested by ASIC been adopted.

Summarised financial information	Based on equity accounting as adopted in CP1 annual financial report	Adjusted, if alternative accounting treatment applied to CP1 annual financial report
Net profit after income tax for the year ended 30 June 2004	1,230,853	833,372
Net profit after income tax for the year ended 30 June 2005	19,245,646	19,187,894
Net assets as at 30 June 2004	9,971,111	9,573,630
Net assets as at 30 June 2005	29,541,958	29,086,926

Subsequent to the acquisition of the additional 10% interest in Marina Cove Pty Ltd, the company acquired the remaining 50% interest in Marina Cove Pty Ltd by purchasing the shares of the remaining shareholder. CP1 ceased to equity account its interest in Marina Cove Pty Ltd and consolidated Marina Cove Pty Ltd and from the date of acquisition of the remaining 50% interest.

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FOR THE YEAR ENDED 30 JUNE 2005

12 PROPERTY, PLANT AND EQUIPMENT	Consolidated		Company	
	2005	2004	2005	2004
	\$	\$	\$	\$
Plant and equipment - at cost	520,164	1,141	1,141	1,141
Accumulated depreciation	(39,284)	(296)	(549)	(296)
	<u>480,880</u>	<u>845</u>	<u>592</u>	<u>845</u>
Reconciliation				
Carrying amount at beginning of period	845	-	845	-
Acquisition of Mercure resort	444,960	-	-	-
Additions	74,063	1,141	-	1,141
Disposals	-	-	-	-
Depreciation	(38,988)	(296)	(253)	(296)
Carrying amount at end of period	<u>480,880</u>	<u>845</u>	<u>592</u>	<u>845</u>
13 PAYABLES				
Trade creditors	13,076,078	12,240	251,458	12,240
Accruals	2,756,534	-	37,865	-
Purchase consideration payable	20,137,510	-	20,137,510	-
Other payables	3,220,982	-	-	-
	<u>39,191,104</u>	<u>12,240</u>	<u>20,426,833</u>	<u>12,240</u>
14 INTEREST-BEARING LIABILITITES				
Current				
Loan – City Pacific Mortgage Trust (note 21)	89,590,909	-	-	-
Loan from parent entity (note 21)	5,000,000	-	5,000,000	-
	<u>94,590,909</u>	<u>-</u>	<u>5,000,000</u>	<u>-</u>
Non-current				
Bank loan – secured	30,000,000	-	-	-
Loan – City Pacific Mortgage Trust (note 21)	61,850,265	-	-	-
Loan – City Pacific Private Fund (note 21)	32,500,000	-	-	-
	<u>124,350,265</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financing arrangements				
The consolidated entity has access to the following lines of credit:				
Total facilities available:				
Bank loan	30,000,000	-	-	-
City Pacific Mortgage Trust	151,441,174	-	-	-
City Pacific Private Fund	32,500,000	-	-	-
	<u>213,941,174</u>	<u>-</u>	<u>-</u>	<u>-</u>

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FOR THE YEAR ENDED 30 JUNE 2005

14 INTEREST-BEARING LIABILITITES (cont)	Consolidated		Company	
	2005	2004	2005	2004
	\$	\$	\$	\$
Financing arrangements (cont)				
Facilities utilised at reporting date:				
Bank loan	30,000,000	-	-	-
City Pacific Mortgage Trust	151,441,174	-	-	-
City Pacific Private Fund	32,500,000	-	-	-
	<u>213,941,174</u>	<u>-</u>	<u>-</u>	<u>-</u>
Facilities not utilised at reporting date:				
Bank loan	-	-	-	-
City Pacific Mortgage Trust	-	-	-	-
City Pacific Private Fund	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<p>The bank loan of a controlled entity is secured by a development property. Interest is charged at prevailing market rates.</p> <p>The City Pacific Mortgage Trust facility of a controlled entity is secured by a development property. Interest is charged at prevailing market rates.</p> <p>The City Pacific Private Fund facility of a controlled entity is secured by a development property. Interest is charged at prevailing market rates.</p> <p>The loan from the parent entity is unsecured. Interest is charged at prevailing market rates. The loan was repaid subsequent to the year ended 30 June 2005.</p>				
15 PROVISIONS				
Current				
Employee benefits	<u>260,680</u>	<u>-</u>	<u>-</u>	<u>-</u>
Non-current				
Employee benefits	<u>141,089</u>	<u>-</u>	<u>-</u>	<u>-</u>
Number of employees at year end	<u>206</u>	<u>-</u>	<u>-</u>	<u>-</u>
16 NON INTEREST BEARING LIABILITES				
Current				
Loan from parent entity (note 21)	<u>870,073</u>	<u>-</u>	<u>617,300</u>	<u>-</u>
Non-Current				
Loan from controlled entity (note 21)	<u>-</u>	<u>-</u>	<u>24,382,602</u>	<u>-</u>

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NOTES TO THE FINANCIAL STATEMENTS

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19. DIVIDENDS

Dividends paid or provided for in the current year by the company:

	Cents per share	Total Amount	Date of Payment	Franked / Unfranked
2005				
Final 2004 ordinary	4.0	746,069	30 September 2004	Franked

Franked dividends declared during the year were franked at the tax rate of 30%.

No dividends were paid or provided for during the previous year.

20. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of cash

For the purpose of the statements of cash flow, cash includes cash on hand and at bank and short term deposits at call. Cash as at the end of the financial year as shown in the statement of cash flows is reconciled in the statements of financial position as follows:

Cash assets	3,180,178	389,427	365,230	389,426
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(b) Reconciliation of cash flow from operations with operating profit after income tax:

Operating profit/(loss) after income tax	19,245,646	1,230,853	(2,293,566)	767,021
Add/(less) items classified as investing/financing activities				
Add/(less) non-cash items:				
Profit on sale of shares in listed company	-	(2,700)	-	(2,700)
Provision for doubtful debts	145,129	-	102,707	-
Write-off of investment	-	50,000	-	50,000
Shares of associates' net (profit)/loss	(106,193)	(547,748)	-	-
Dividend from associate	41,996	83,916	-	-
Depreciation and amortisation	38,988	296	253	296
Amounts transferred to provisions				
- employee entitlements	92,587	-	-	-
Increase/(decrease) in deferred tax assets/liabilities	11,982,128	102,611	1,657,035	102,611
Increase/(decrease) in income taxes payable	(6,350,847)	82,965	(2,044,075)	82,965
Net cash provided by operating activities before changes in assets and liabilities	25,089,434	1,000,193	(2,577,646)	1,000,193
(Increase)/decrease in receivables	1,770,370	(355,814)	373,310	(355,814)
Increase/(decrease) in creditors and accruals	(12,423,090)	(20,875)	1,569,651	(20,875)
Net cash provided by/(used in) operating activities	14,436,714	623,504	(634,685)	623,504

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2005

21. RELATED PARTIES

Investments in related entities

The consolidated entity has investments in City Pacific Mortgage Trust and City Pacific Private Fund for which the ultimate parent entity is also responsible entity (refer note 10). These investments are on normal commercial terms and conditions.

During the financial year, distributions of \$75,478 (2004: \$348,897) were received from City Pacific Private Fund and \$109,726 (2004: \$111,022) from City Pacific Mortgage Trust. Loans with City Pacific Mortgage Trust and

Controlled entity

During the year the consolidated entity advanced loan funds of \$536,417 (2004: \$3,050,000) to a controlled entity, Danimel Pty Ltd. The loan is secured by a registered first mortgage over an investment property in South East Queensland. The loan has a term of 3 years and interest is capitalised at a rate of 10.5% per annum.

On 4 January 2005 the consolidated entity purchased the remaining 50% of Marina Cove Pty Ltd to make it a controlled entity of CP1 Limited (refer note 27). During the year Marina Cove Pty Ltd repaid loan funds of \$34,862,490 (2004: \$462,122). The consolidated entity received no fees or interest during the year from Marina Cove Pty Ltd. Marina Cove Pty Ltd has a loan of \$146,027,605 (2004: \$65,894,648) from City Pacific Mortgage Trust a registered scheme for which CP1's ultimate parent entity, City Pacific, is the responsible entity.

Associates

Eastcoast Capital Pty Ltd ceased to be an associate of the CP1 Limited from the 1st January 2005 as the parent entity owns 33.3% of Eastcoast Capital Pty Ltd. During the year the consolidated entity received fully franked dividends of \$111,989 (2004:\$83,916), of which \$45,210 has been accounted as dividend received from an associate in the consolidated group.

The consolidated entity paid accounting fees of \$9,250 to an entity associated with director Tom Swan for accounting services rendered during the year.

During the prior year an associate entity, Eastcoast Capital Pty Ltd and its controlled entities repaid a loan of \$2,218,413. Interest received for the prior year was \$145,204.

During the prior year, a director, Mr Stephen Mackay, and an entity associated with a director, Mr Phil Sullivan, entered into an agreement to provide loan funds to Eastcoast Capital Pty Ltd and its controlled entities on commercial terms and conditions, which resulted in the advance by the consolidated entity, as noted above, being repaid.

During the prior year the consolidated entity acquired 50% of Lake Views Estates Pty Ltd. Lake Views Estates Pty Ltd will hold and develop property on the Mornington Peninsula. The company advanced funds of \$1,750,642 (2004: \$695,184) to Lake Views Estates Pty Ltd these funds have been advanced as purchases on properties acquired for future development on the Mornington Peninsula. The loan has a term of 2 years and interest will be capitalised at a rate of 10.5% per annum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2005

21. RELATED PARTIES (cont)

Ultimate parent entity

The immediate and ultimate parent entity of the company is City Pacific, a company incorporated in Australia.

During the year City Pacific advanced loan funds of \$5,000,000 to CP1 to cover part of the acquisition costs of Marina Cove Pty Ltd, this loan was repaid in full subsequent to year end. The interest rate on the loan was 10.5% and total interest of \$30,205 was paid on the loan.

City Pacific advanced loan funds of \$1,168,133 to cover other acquisition related costs and CP1 repaid \$550,833 of this loan during the year.

During the financial period, City Pacific provided administrative services to the company and consolidated entity for which no service charge was made.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

22. SEGMENT REPORTING

There is no inter-segment pricing. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise income-earning assets and revenue, interest bearing loans, borrowings and expenses, and corporate assets and expenses.

Business segments

The consolidated entity comprises the following main business segments, based on the consolidated entity's management reporting system.

Investment	passive investment activities
Development	property development
Other	hotel operations

Geographical segments

The consolidated entity operates predominantly in Australia where its operations and customers are located.

22. SEGMENT REPORTING (cont)	Investment		Property development		Other		Consolidated	
	2005	2004	2005	2004	2005	2004	2005	2004
Primary reporting	\$	\$	\$	\$	\$	\$	\$	\$
Business segments								
Total segment revenue	394,051	1,132,708	61,053,893	-	9,903,551	-	71,351,495	1,132,708
Other unallocated revenue							-	60,000
Total revenue							<u>71,351,495</u>	<u>1,192,708</u>
Result								
Segment result	118,863	1,084,490	25,073,944	-	4,262,713	-	29,455,520	1,084,490
Share of net profit or loss/result of equity accounted investments	48,441	-	57,752	375,638	-	172,110	106,193	547,748
Unallocated corporate (expenses)/profit							<u>(2,248,577)</u>	<u>(101,082)</u>
Profit from ordinary activities							27,313,136	1,531,156
Income tax expense							<u>(8,067,490)</u>	<u>(300,303)</u>
Net profit/(loss)							<u>19,245,646</u>	<u>1,230,853</u>
Depreciation and amortisation	253	-	4,957	-	33,778	-	38,988	296
Non-cash expenses other than depreciation and amortisation	102,707	-	-	-	-	-	102,707	-
Assets								
Segment assets	6,558,270	9,145,313	287,337,629	-	7,524,608	147,540	301,420,507	9,292,853
Equity accounted investments	-	-	-	397,481	-	148,019	-	545,500
Unallocated corporate assets							17,658	394,526
Consolidated total assets							<u>301,438,165</u>	<u>10,232,879</u>
Liabilities								
Segment liabilities	17,513,794	-	240,504,013	-	1,386,313	-	259,404,120	-
Unallocated corporate liabilities							12,492,087	261,768
Consolidated total liabilities							<u>271,896,207</u>	<u>261,768</u>
Acquisitions of non-current assets	-	-	74,324	-	444,699	1,141	519,023	1,141

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2005

23. CONTROLLED ENTITIES

(a) Particulars in relation to controlled entities

Name

Parent entity

CP1 Limited

Ordinary shares consolidated entity interest

Controlled entities

	2005	2004
Danimel Pty Ltd (i) (ii)	100%	100%
Marina Cove Pty Ltd (i) (ii) (iii)	100%	-
Leminad Pty Ltd (i) (ii)	100%	-
CP2 Pty Ltd (i) (ii)	100%	-

(i) Incorporated in Australia

(ii) Controlled entity of CP1 Limited

(iii) In accordance with the share purchase agreement, beneficial ownership of the shares passed to CP1 Ltd on 4 January 2005, although the shares continue to be held by the vendor as security until final payment of the purchase consideration.

(b) Acquisition of controlled entities

2005

2004

\$

\$

During the financial year, the consolidated entity acquired 50% of the voting shares of Marina Cove Pty Ltd, and 100% of Leminad Pty Ltd and CP2 Pty Ltd (2004: 100% of the voting shares of Danimel Pty Ltd). Details of the acquisitions are as follows:

Consideration (cash)	27,613,392	1
Consideration payable	20,137,510	
	<hr/> 47,750,902	
Cash acquired	(511,837)	(1)
Outflow of cash	<hr/> 47,239,065	<hr/> -
Fair value of net assets of entity acquired:		
Cash assets	511,837	
Receivables	13,573,047	
Inventories	133,853,328	
Other financial assets	11,051	
Property, plant and equipment	45,809	
Payables	(4,703,201)	
Interest-bearing liabilities	(95,147,379)	
Deferred tax liability	(393,590)	
	<hr/> 47,750,902	
Goodwill on acquisition	<hr/> -	<hr/> -
Consideration (cash)	<hr/> 47,750,902	<hr/> 1

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2005

23. CONTROLLED ENTITIES (CONT)

(b) Acquisition of controlled entities (cont)

Marina Cove Pty Ltd is a controlled entity of CP1 Ltd, was acquired on 4 January 2005 and the operating results of the entity from that date have been included in consolidated operating profit Marina Cove Pty Ltd was previously accounted for as an investment in an associate as CP1 Ltd held a 50% interest prior to 4 January 2005.

CP2 Pty Ltd was established to secure the name CP2. The company has not yet commenced operations.

Leminad Pty Ltd was established to act as a participant in a property development joint venture in South East Queensland. The company has not yet commenced operations.