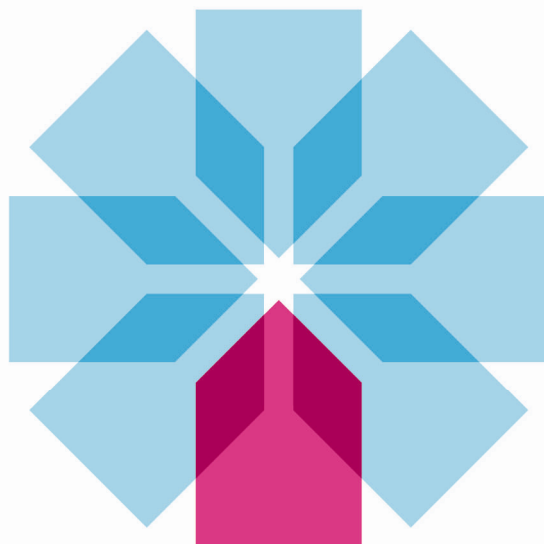


Wentworth Holdings Limited

ACN 080 167 264

Year ended 30 June 2008



wentworth™
leading the way home

2008 Annual Report

For personal use only

Corporate Directory

Registered Office and Principal Place of Business

Wentworth Holdings Limited
Level 1
4 - 7 Shakespeare Grove
St Kilda Victoria 3182

Correspondence Address

Level 1
4 - 7 Shakespeare Grove
St Kilda Victoria 3182
T 03 9848 0777
F 03 9848 0788
W www.wentworth.com.au

Stock Exchange Listings

Shares in Wentworth Holdings Limited are listed on the Australian Stock Exchange ("ASX")

Directors

Colin N Cowden, Non-Executive Chairman
Hugh W Robertson, Non-Executive Director
Jim J E Gardiner, Executive Managing Director

Company Secretary

Craig A Harris

Key Management Personnel

Jim J E Gardiner, Executive Managing Director
Charles Green, Group Operations Manager
Ron Hollands, Chief Financial Officer
Alex Zoumboulis, General Manager - Business Development
Joseph Gelati, Business Centre Manager
Rosemary McKechnie, Department Manager

Auditor

Deloitte Touche Tohmatsu
180 Lonsdale Street
Melbourne Victoria 3000

Solicitors

Deacons
485 Bourke Street
Melbourne
Victoria 3000

Norton Gledhill
459 Collins Street
Melbourne Victoria 3000

Financiers

National Australia Bank Limited
Level 3, 330 Collins Street
Melbourne Victoria 3000

Share Registry

Computershare Limited
GPO Box 3224
Melbourne Victoria 3001
T 03 9415 5000
F 03 9473 2500
W computershare.com.au

The Annual General Meeting of Wentworth Holdings Limited will be held on:

Monday 24 November 2008 commencing at 11am in the offices of:

Bell Potter Securities Limited
Level 29
101 Collins Street
Melbourne Vic 3000

For personal use only

Contents

Chairman's Report	4
Directors' Report	6
Auditors Independence Declaration.....	21
Corporate Governance Statement.....	22
Income Statement	25
Balance Sheet.....	26
Statement of Recognised Income and Expense	27
Cash Flow Statement	28
Notes to the Financial Statements.....	29
Directors' Declaration	89
Auditors Report	90
Shareholder Information	92

Chairman's Report

I report that Wentworth Holdings Limited (Wentworth) has dealt with a most difficult year. During the period, the downturn in the Australian economy adversely affected most Divisions of the Company. Many of our plans and objectives for the year were severely hindered as the downturn gathered momentum. As a consequence Wentworth financial results for the 12 months ending were unsatisfactory.

As previously announced, Wentworth had planned to complete the sale of its Management Letting Rights businesses by the 30 June 2008. Sales totaling \$22.1 million were completed by that date. Since 30 June 2008, a further two properties have since been completed totaling \$2.6 million. The four remaining properties are under contract and all sales will be completed by early in the second quarter realising a further \$6.9 million towards debt reduction.

Real Estate sales volumes fell sharply in early 2008 and are not expect to recover to pre-2008 levels in the foreseeable future. This impacted heavily on profit in the second-half and resulted in a number of offices recording losses. A number of corrective actions have been taken in the Division to reduce costs and close non-performing branches.

Our Rental Property Management portfolio performed well against budget and will continue to improve as rationalisation programmes take effect. Revenue generated per rental property is increasing with further improvement expected as the demand for rental properties is expected to remain very high with average rentals increasing at above inflation rates.

In January 2008, the Directors appointed Macquarie Bank to advise the Board on future growth strategies, improving returns and maximising shareholder value of the Company. After an internal review the Directors accepted the advice from Macquarie that further asset divestment was appropriate action and several agreements have been entered into subsequent to year end for the sale of rent rolls that will realise approximately \$6.9 million. These sales are expected to be completed by 31 October 2008.

In February 2008, the Board of Wentworth requested management to conduct a complete review of the organisation. The review was to focus on unprofitable offices or divisions, excess rental space, cost reductions and to assess the current staffing levels in each office. From this review, the following initiatives were undertaken;

- The Doncaster head office was closed and relocated to the St Kilda office saving in excess of \$250,000 annually;
- Underperforming sales offices at Bundall, Surfer Paradise and Helensvale (Queensland) were closed immediately. These offices contributed losses in excess of \$950,000 for the year ended 30 June 2008.
- Several underperforming offices at Ivanhoe, Cheltenham and Mt Eliza (Victoria) have been closed since year end. These offices contributed losses in excess of \$620,000 for the year ended 30 June 2008. The Eltham (Victoria) office will also be closed upon sale of its rent roll. This is expected to occur by 31 October 2008. The Eltham office recorded a loss of approximately \$240,000 in the year ended 30 June 2008.
- Sell rent roll assets where considered non strategic to reduce debt to acceptable levels (refer above) ;
- A complete staff review was undertaken resulting in several staff reductions across all divisions. The staff reductions identified will be complete by December 2008. The savings from these staff reduction will be in excess of \$2,500,000 on an annualised basis; and
- All other costs are currently being reviewed to see where they can be reduced either by efficiency gains generated by the use of technology, tighter controls on recoverable expenses and/or the cutting of unessential expenditure.

On 11 September 2008, Wentworth announced to the market that it had entered into a Heads of Agreement with Century 21 Australia with a view to merging the two businesses, creating an exciting new, major real estate franchise and property management company with truly national representation. The merger is subject to completion of due diligence, execution of a Share Purchase Agreement and the completion of a debt package to be completed by 15 October 2008. A meeting of Wentworth shareholders to consider the merger is planned for November 2008 and the merger is expected to be completed shortly thereafter.

During the year, staff numbers have reduced by 105 primarily as a result of the sale of businesses, streamlining of work practices in the rental property management units, a reduction in administrative staff at all levels and the closure of non-performing sales offices. This process is under constant review and further savings are expected on an ongoing basis, as mentioned above.

Overall our financial results were very disappointing. The changes implemented during the year and subsequently are aimed at eliminating losses. The Directors believe Wentworth has a bright future with the proposed merger with Century 21.

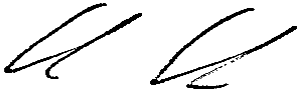
The very nature of acquiring businesses means that the culture of the organisation is constantly evolving. We have managed to attract high calibre people, some of whom were part of acquisitions whilst others have chosen to join us on what is an exciting and challenging journey.

SUMMARY

I would like to acknowledge the support of all our staff at Wentworth and particularly thank our Divisional Managers for the manner in which they have risen to the challenge of enhancing our existing business.

In closing, I would also like to thank my fellow Directors for their time, commitment and expertise. Their assistance has been invaluable and I look forward to our continued success as a team.

To my fellow Shareholders, we at Wentworth, the Board, the Management Team and our Staff are committed to ensuring the longevity and success of Wentworth Holdings Limited. We will continue to work toward our business objectives to benefit all involved with the Group and continue to enhance the financial position.



Colin N Cowden

Chairman

Melbourne 30th September 2008

Directors' Report

The directors of Wentworth Holdings Limited ('the Company') submit herewith the annual financial report of the Company for the financial year ended 30 June 2008. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

Directors

The following persons were directors of Wentworth Holdings Limited during the whole of the financial year and up to the date of this report:

- Colin N Cowden (Non-Executive Chairman)
- Hugh W Robertson (Non-Executive Director)
- Jim J E Gardiner (Executive Managing Director)

The following persons were directors of Wentworth Holdings Limited during a part of the financial year:

- Kingsley C Lamont (Executive Managing Director) - 1st July 2006 to 30th April 2007, (Non-Executive Director) - resigned 1st September 2007

Information on Directors

Details of the directors in office during the financial year and until the date of this report are set out below:

Colin N Cowden, Non-Executive Chairman

Colin Cowden is an Associate of the Institute of Chartered Secretaries, a Certified Practising Accountant and is a Fellow of the Australian and New Zealand Institute of Insurance and Finance.

Colin has over 40 years experience in the insurance industry and has been involved in the management of both private and public companies.

Colin is also a director of listed company Centamin Egypt Limited.

Interests in shares and options at the date of this report:

- 2,207,452 Ordinary shares in Wentworth Holdings Limited
- Nil Options

Hugh W Robertson, Non-Executive Director

Hugh Robertson has over 20 years experience in the stock broking industry and is a director of Bell Potter Securities Ltd.

Hugh is currently also a Director of NSX Ltd and Rattoon Holdings Ltd.

Interests in shares and options at the date of this report:

- 1,066,556 Ordinary shares in Wentworth Holdings Limited
- Nil Options

Jim J E Gardiner, Executive Managing Director

Jim Gardiner is a Certified Practising Accountant with over 35 years experience in the management of service based companies in both the private and public sector.

Interests in shares and options at the date of this report:

- 1,072,595 Ordinary shares in Wentworth Holdings Limited
- Nil Options

Kingsley C Lamont, Non-Executive Director (resigned 1st September 2007)

Kingsley Lamont is a qualified accountant. Kingsley has over 35 years experience in managing both public and private companies.

Since 1989 he has specialised in buying and selling General Insurance Brokerages. This involved valuation, negotiation and settling. He has successfully completed over 100 transactions.

No special responsibilities apply to the directors listed above as part of their services with the consolidated Group.

Directors' Report (continued)

Remuneration of Directors and Senior Management

Information about the remuneration of directors and senior management is set out in the remuneration report of this directors' report, on pages 12 to 19.

Company Secretary

Craig Harris

Craig Harris is a Certified Practising Accountant with over 15 years experience in both public and private companies. Mr. Harris was appointed as Company Secretary on 1 December 2005.

Interest in shares at the date of this report:

- 381,177 Ordinary shares in Wentworth Holdings Limited
- Nil Options

Attendance at Meetings by Directors

During the financial year, the following meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Committee Meetings					
	Directors' Meetings		Audit Committee		Remuneration Committee	
	E	A	E	A	E	A
Colin N Cowden *	3	3	2	2	1	1
Hugh W Robertson	3	3	2	2	1	1
Jim J E Gardiner	3	3	2	2	1	1
Kingsley C Lamont (resigned 1 September 2007)	-	-	2	2	1	1

E = number eligible to attend

A = number attended

* Chairman

Indemnification and Insurance of Directors, Officers and Auditors

The constitution of Wentworth Holdings Limited provides that the Company may indemnify each officer of the Company or a subsidiary of the Company against any liability for costs and expenses incurred in defending any proceedings against them and for any liability incurred, unless the liability arises out of a lack of good faith.

The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

During the financial year, the Company paid insurance premiums for directors' and officers' liability insurance in respect of all directors and Key Management Personnel of the Company. The Company elects, for commercial reasons, not to disclose the terms and conditions of the policy or disclosure of amounts of premium paid.

Principal Activities

The principal activities of the Wentworth Group during the financial year were:

- Real Estate Sales and Property Management in Western Australia, Victoria, New South Wales and Queensland; and
- Management Letting Rights in Queensland and New South Wales (currently being classified as non-current assets held for sale).

Directors' Report (continued)

Review of Operations

The loss for the 2008 financial year for the consolidated Group was \$23.822 million (2007: \$13.663 million) after income tax expense of \$1.670 million (2007: \$0.531 million benefit).

The Management Letting Rights business has been classified as a discontinued operation following the announcement to the market on 1 May 2007 to dispose of this business. The loss after tax for the discontinued operations in 2008 financial year was \$5.952 million (2007: \$7.075 million).

The consolidated loss comprises the following:

	Consolidated Group 30 June 2008	Consolidated Group 30 June 2007
	\$millions	\$millions
Consolidated loss after income tax	(23.822)	(13.663)
Income tax (expense) / benefit	(1.670)	0.531
Consolidated loss before income tax	(22.152)	(14.194)
Interest expense	3.192	1.962
Depreciation and amortisation expense	4.723	3.941
Impairment loss	9.521	9.365
(Loss) / Earnings before interest, tax, depreciation, amortisation and impairment	(4.716)	1.074
Includes the following non recurring items:		
Withdrawal from Century 21 franchise agreement including associated legal fees	0.464	-
Legal and consultancy fees concerning settlement of First Capital Group matter	0.236	-
Earnings before tax, depreciation, amortisation and impairment (as adjusted for the above non-recurring items)	(4.016)	1.074

- Revenues from property management increased from \$15.690 million to \$18.008 million.
- Revenues from real estate sales increased from \$12.670 million to \$12.809 million.
- Revenues from management rights decreased from \$6.454 million to \$5.319 million.
- Total revenues increased from \$36.299 million to \$36.744 million.

As at 30 June 2008:

- 13,607 properties were under management.
- Staff numbers had decreased from 421 to 316.
- Bank debt reduced by \$14.057 million to \$16.933 million.

During the financial year, Wentworth:

- Rolled out the Wentworth brand, including the rebranding of the St Kilda & Brighton (Victoria), Runaway Bay (Queensland) and Rockingham (Western Australia) offices.
- Established a real estate sales business in Subiaco, Western Australia.
- Adopted a Real Estate Sales and Property Management 'hub and spoke' model with Property Management the Hub and the Sales Offices, the spokes.

Directors' Report (continued)

Review of Operations (continued)

Resources and operations

Wentworth continued to increase its investment in technology during the 2008 financial year. The Board sees this area being critical to its staff in fulfilling their service obligations to our clients, who are provided with timely information 'on line'.

Wentworth continues to employ appropriately qualified personnel both through acquisitions and independently to ensure the consolidated Group retains the ability to service its growing business. Wentworth had 316 employees (421 in 2007) as at 30 June 2008.

Business strategy and outlook, likely developments and expected results of operations

As previously announced to the market in January 2008, Wentworth engaged Macquarie Bank to advise the Directors on future growth strategies, improving returns and maximising shareholder value of the company.

After Macquarie's initial review, the company decided to close down the underperforming sales offices and not establish any new offices in the short term.

Macquarie's advice to the Directors was that in order to maximise shareholder returns, it might consider divesting some of the rent roll businesses where Wentworth doesn't have the critical mass needed to achieve satisfactory returns. The Directors agreed with Macquarie's advice and engaged Macquarie to gain expressions of interest for these rent roll businesses. As a result of this process, Wentworth is currently in the final stages of contracts negotiations to sell some of its rent roll businesses to various parties. As at the date of this report, the value of the contracts either exchanged or in the process of being finalised is \$6.918 million. Wentworth expects all these sales to be completed by 31 October 2008.

As part of gaining expressions of interest for some of Wentworth's assets, Macquarie also received several highly conditional proposals for all parts of the business. These proposals include merging Wentworth and another business, entering into a joint venture arrangement or selling some of the assets of the company. These proposals are currently being considered by the Directors who will decide in due course which proposal results in the best outcome for all stakeholders, including shareholders, landlords and employees.

Over the last 12 months, the consolidated Group has incurred significant costs in the integration of the acquisitions and now has the size to benefit from this. The consolidated Group expects the results from all divisions to be significantly higher in the 2009 financial year due to cost reductions, rental increases, economies of scale of the acquisition program and the annualisation effect of acquisitions in the prior year.

Disclosure of other information regarding likely developments in the operations of the consolidated Group in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated Group. Accordingly, this information has not been disclosed in this report.

Dividends

No dividend was declared or paid for the year ended 30 June 2008 (2007: nil).

Future performance

Your directors have approved an operating and capital expenditure budget for the financial year to 30 June 2009. The budget is broken down at all levels so that all staff and branches may take ownership of their budgets in their areas of influence and control. The aim of this is to allow the consolidated Group to control costs more effectively.

Funding and capital structure

At 30 June 2008 the consolidated Group had a fully drawn bank facility of \$16.933 million. The Company also had \$3.500 million of director and shareholder related entity loans.

Significant Changes in the State of Affairs

During the financial year ended 30 June 2008, the consolidated Group continued to actively sell its Management Letting Rights division's assets. The selling of the division will enable the consolidated Group to retire majority of the current debt of the business and will enabled the Group to focus its efforts on the Real Estate Sales and Property Management divisions. Other than the above, there was no significant change in the state of affairs of the consolidated Group during the financial year.

Environmental Regulation

The consolidated Group is not involved in any activities that have a marked influence on the environment within its area of operation. As such, the directors are not aware of any material issues affecting the consolidated Group or its compliance with the relevant environmental agencies or regulatory authorities.

Directors' Report (continued)

Events Subsequent to Balance Date

On 11 September 2008, Wentworth Holdings Ltd ("Wentworth") and the business of Century 21 Australia, announced they had entered into a Heads of Agreement with a view to merging their businesses, creating a new major real estate franchise and rental management company with national representation.

A Heads of Agreement has been signed by both parties under which they have agreed to proceed with the merger by way of Wentworth acquiring Century 21 Australia from Mr Charles Tarbey in exchange for an issue of Wentworth shares to him with the approval of Wentworth shareholders under section 611 of the Corporations Act. Under the terms of the proposed merger Mr Charles Tarbey, the sole owner of Century 21 Australia, will receive shares representing up to approximately 60% of the aggregate of those shares and the shares currently on issue.

The merger is subject to completion of due diligence, execution of a Share Purchase Agreement and the completion of a debt package. It is expected that this will be completed by 15 October 2008.

A meeting of Wentworth shareholders to consider the merger is planned for November 2008 and the merger is expected to be completed shortly thereafter.

As at the date of this report, the following MLR businesses have been contracted for sale and expected completion dates are:

1.	Pelican Cove, Coolangatta	30 September 2008
2.	Trinity Links, Cairns	1 October 2008
3.	Windsor on Kent, Sydney	14 October 2008
4.	Bridgewater Terraces, Kangaroo Point, Brisbane	15 October 2008

As at the date of this report the following MLR business sales had been completed:

5.	Royal Pacific, Biggera Waters	3 September 2008
6.	Whitsundays Vista, Airlie Beach	11 September 2008

The proceeds from the sale of the above named 6 MLR businesses will realise \$9.485 million. The majority of the proceeds of the sales will go to repay the consolidated Group's debt facility of \$16.933 million at 30 June 2008. The sale of the above named 6 MLR business sites completes the sale of the MLR division as originally announced on 1 May 2007.

At 30 June 2008, all Management Letting Rights have been classified as 'non current assets classified as held for sale' and are carried at the lower of written down value and fair value less cost to sell. As a result, the directors do not expect any loss on sale.

As at the date of this report, the following Property Management business had been contracted for sale and the expected completion date is:

1.	Freshwater Place, Melbourne	31 October 2008
----	-----------------------------	-----------------

As at the date of this report, the consolidated Group is in the final stages of contracts negotiations to sell other Property Management and Real Estate sales businesses to various parties. These sales coupled, with the abovementioned Property Management business sale are expected to realise \$6.918 million. The majority of the proceeds of the sales will go to repay the consolidated Group's debt facility of \$16.933 million at 30 June 2008. The company expects all of these sales to be completed by 31 October 2008;

On 2 July 2008, the consolidated Groups' bankers agreed to extend the consolidated Groups' debt facility (totaling \$16.933 million at 30 June 2008) to 30 September 2008. Further, on 25 September 2008, the consolidated Groups' bankers agreed to extend the consolidated Groups' debt facility (totaling \$14.853 million at 25 September 2008) to 31 December 2008.

There has not been any other matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect the operations of the consolidated Group, the results of those operations, or the state of affairs of the consolidated Group in future financial years.

Directors' Report (continued)

Share Options

There have been no movements in options from 30 June 2008 to the date of this report.

Refer below for details regarding other share options on issue as at the date of this report as well as any movements during the year.

1. Employee share plan

Type of options	Exercise price (cents)	Trading lock expiry date	Options at beginning No.	Option issued during year No.	Options exercised No.	Options lapsed No.	Options on issue at end of year No.
1	1.26	13/05/2006	6,667	-	-	-	6,667
2	1.80	1/07/2006	50,000	-	-	-	50,000
3	2.62	19/02/2007	33,333	-	-	-	33,333
4	3.00	30/06/2007	11,916	-	-	-	11,916
5	2.37	31/12/2007	2,000	-	-	-	2,000
6	3.00	4/11/2008	166,667	-	-	-	166,667
7	3.00	12/12/2008	16,667	-	-	-	16,667
Total			287,250	-	-	-	287,250

2. Other plans

Type of options	Exercise price (cents)	Expiry date	Options at the beginning of year No.	Options issued during the year No.	Options exercised during the year No.	Options lapsed during the year No.	Options on issue at the end of the year No.	Exercisable at the end of the year No.
COP 8 (i)	variable	16/03/2008	86	-	-	(86)	-	-
COP 7 (i)	variable	28/10/2008	414	-	(188)	(38)	188	188
COP 6 (i)	variable	15/07/2008	198	-	(91)	(16)	91	91
COP 5 (iii)	variable	16/11/2007	18	-	(13)	(5)	-	-
COP 4 (ii)	variable	27/08/2007	64	-	(49)	(15)	-	-
Executive	105.00	30/11/2009	2,000,000	-	-	(2,000,000)	-	-
Total			2,000,780	-	(341)	(2,000,160)	279	279

"COP" options are options issued as part of the Company's Client Offer Prospectus ("COP") series that forms part of the Company's strategy to grow its property management portfolio organically.

- (i) Options convert at an exercise price which will be determined by reference to the greater of 3.20 cents per share or the weighted average share price for the Shares quoted by ASX for the three month period before the exercise date. The 279 (2007: 698) options issued under COP 6,7 and 8 entitle the holders to convert the options into 302,715 (2007: 737,239) fully paid ordinary shares in the Company based on an exercise price of 8.01 cents¹ (2007: 23.7 cents).
- (ii) Options convert at an exercise price which will be determined by reference to the greater of 3 cents per share or the weighted average share price for the Shares quoted by ASX for the three month period before the exercise date. There are nil (2007: 64) options issued under COP 4 entitling the holders to convert the options into nil (2007: 67,598) fully paid ordinary shares in the Company based on an exercise price of 8.01 cents¹ (2007: 23.7 cents).
- (iii) Options convert at an exercise price which will be determined by the reference to the greater of 3.1 cents per share or the weighted average share price for the Shares quoted by ASX for the three month period before the exercise date. There are nil (2007: 18) options issued under COP 5 entitling the holders to convert the options into nil (2007: 19,012) fully paid ordinary shares in the Company based on an exercise price of 8.01 cents¹ (2007: 23.7 cents).

¹ Represents the average share price for the last three months of the year

Directors' Report (continued)

Remuneration Report

The directors present the Remuneration Report for Wentworth Holdings Limited and the consolidated Group prepared in accordance with section 300A of the *Corporations Act 2001* for the year ended 30 June 2008.

Background

This report sets out the remuneration policies that apply to all directors and key management personnel of Wentworth Holdings Limited. The specific remuneration arrangements described in this report apply to the key management personnel as defined in AASB 124 "Related Party Disclosures" and to the five named Executive Directors as defined in section 300A of the *Corporations Act 2001*.

Key management personnel

Names and position held by key management personnel in office at any time during the 2008 financial year are:

Key Management Person	Position
Mr Colin Cowden	Non - Executive Director
Mr Hugh Robertson	Non - Executive Director
Mr Jim Gardiner	Executive Managing Officer
Mrs Rosemary McKechnie	Commercial Real Estate and Property Management Manager
Mr Alex Zoumboulis	General Manager - Business Development
Mr Joseph Gelati	Business Centre Manager
Mr Charles Green	Group Operations Manager
Mr Ron Hollands	Chief Financial Officer
Mr Eric Napoleone	General Manager - Real Estate Eltham Office (Resigned 4 July 2007) General Manager - Management Letting Rights (Resigned 7 September 2007)
Mr Howard Spry	Managing Director - Property Management Division (Resigned 19 September 2007)
Mr Tony Warren	

The five highest remunerated consolidated Group Executives for the 2008 financial year were:

Person	Position
Mr Jim Gardiner	Executive Managing Officer
Mr Alex Zoumboulis	General Manager - Business Development
Mr Joseph Gelati	Business Centre Manager
Mr Craig Harris	Company Secretary
Mr Ron Hollands	Chief Financial Officer

Remuneration - General

Wentworth's compensation policy for Executives

The Board, through the establishment of a Remuneration Committee, developed and approved the Remuneration Policy for the Company. The Company aims to pay market-competitive compensation packages made up of a base salary (fixed) - this includes cash, superannuation, leave loading, other salary sacrifice items and Fringe Benefits Tax (FBT) and performance based compensation. This is generally positioned at market median against comparable industry peers on the basis of annual benchmarking. The objective of the compensation policy is to ensure that reward for performance is market-competitive, appropriate to the results delivered and aligned with stakeholder interests. Base salaries are reviewed annually, although they may also be reviewed on promotion.

The Company does not currently have a policy concerning Key Management Personnel limiting their exposure to risk regarding the Company's securities.

Directors' Report (continued)

Remuneration Report (continued)

Remuneration – Non-Executive Directors

The Board has adopted a policy to ensure that remuneration packages for Non-Executive Directors are transparent and easily explained while at the same time enabling the Board to attract and retain the highest quality candidates, whilst incurring a cost which is acceptable to shareholders.

The maximum remuneration of Non-Executive Directors is to be determined by Shareholders at a General Meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. At present, the maximum aggregate remuneration of Non-Executive Directors is \$200,000 per annum, which is reviewed annually. The total remuneration paid to Non-Executive Directors was \$Nil (2007: \$Nil) based on the financial performance of the consolidated Group.

The Board may award additional remuneration to Non-Executive Directors called upon to perform extra services or make special exertions on behalf of the Company.

Service Agreements

Remuneration and other terms of employment for some Executives have been formalised in service agreements.

All contracts with executives may be terminated early by either party with various periods of notice, subject to termination payments as detailed below:

Mr. Jim Gardiner, Executive Managing Director

- Term of agreement – 1 year from 1 January 2008.
- His current annualised consulting fee, inclusive of superannuation, is \$275,000 per annum.
- A termination benefit of \$550,000 (inclusive of superannuation) is payable based on certain events¹ occurring.

Mr. Alex Zouboulis, General Manager – Business Development

- Term of agreement – 3 years from 1 May 2007.
- His current annualised base salary, inclusive of superannuation, is \$261,600 per annum.
- A Real Estate Division success based incentive of 3% of the net profit before corporate overhead and tax based on a full financial year is payable within 60 days of the end of the financial year (subject to completion of the financial year accounts).
- Payment of termination benefit on early termination by the employer, other than for gross misconduct, equal to three months' salary.
- A retention benefit of \$130,000 (inclusive of superannuation) is payable based on certain events¹ occurring.

Mr. Joseph Gelati - Business Centre Manager

- Term of agreement - 3 years from 1 July 2006.
- His current annualised base salary, inclusive of superannuation, is \$150,000 per annum.
- A bonus is payable of 0.5% of the net profit (before tax, amortisation and corporate overheads) of the consolidated Group Property Management Divisions, on an annual basis. The amount will be paid annually in arrears after audit but on or before 30 September in one year (inclusive of statutory superannuation) subject to continuing employment.
- Payment of termination benefit on early termination by the employer, other than for gross misconduct, equal to three months' salary.
- A retention benefit of \$135,000 (inclusive of superannuation) is payable based on certain events¹ occurring.

Mr. Ron Hollands - Chief Financial Officer

- Term of agreement commenced on 1 May 2008 to 30 April 2009, then month to month basis.
- His current annualised consulting fee, inclusive of superannuation, is \$234,000 per annum.
- Payment of termination benefit on early termination by the employer, other than for gross misconduct, equal to three months' salary.
- A retention benefit of \$70,000 (inclusive of superannuation) is payable based on certain events¹ occurring.

¹ Either the company transfers significant property, rights & liabilities to a third party or has a significant change in the party/parties who have majority control over the company's shares and/or its business.

Directors' Report (continued)

Remuneration Report (continued)

Service Agreements (continued)

Mr. Craig Harris – Company Secretary

- Term of agreement commenced on 1 December 2005 and will cease on 31 October 2008.
- His current annualised consulting fee, inclusive of superannuation, is \$180,000 per annum.
- A termination benefit of \$130,000 (inclusive of superannuation) will be paid on cessation of this service agreement.

Mrs. Rosemary McKechnie – Department Manager

- Term of agreement commenced on 7 February 1985 (under a previous employer taken over by the Company).
- Her current annualised base salary, inclusive of superannuation, is \$129,636 per annum.

Mr. Charles Green, Group Operations Manager

- Term of agreement – 3 years from 1 May 2006.
- His current annualised base salary, inclusive of superannuation, is \$150,000 per annum.
- Payment of termination benefit on early termination by the employer, other than for gross misconduct, equal to six months' salary.

No bonuses or performance incentives were paid to directors or key management personnel during the financial year.

Directors' Report (continued)

Remuneration Report (continued)

Details of Compensation

Details of the nature and amount of each element of the compensation of directors and key management personnel for the current year and for the comparative year are set out in Tables 1 and 2 below.

Table 1 Compensation details for 1 July 2007 to 30 June 2008

	Short term employee benefits		Post employment benefits	Termination benefits	Share – based payments	Total
	Base \$	Other (v) \$	Superannuation \$	\$	Equity settled options \$	\$
Directors						
Mr Colin Cowden	-	-	-	-	-	-
Mr Hugh Robertson	-	-	-	-	-	-
Mr Kingsley Lamont (i)	-	-	-	-	-	-
Mr Jim Gardiner	273,997	-	-	-	-	273,997
Mr Miles Hampton	-	-	-	-	-	-
	273,997	-	-	-	-	273,997
Executives						
<u>Key Management Personnel</u>						
Mr Tony Warren (iv)	102,234	19,115	10,922	18,614	-	150,885
Mr Eric Napoleone (ii)	-	-	-	-	-	-
Mr Charles Green	91,743	-	8,257	-	-	100,000
Mr Howard Spry (iii)	34,404	-	3,096	4,586	-	42,086
Mr Alex Zoumboulis	184,521	20,000	17,576	-	-	222,097
Mr Ron Hollands	239,500	-	-	-	-	239,500
Mrs Rosemary McKechnie	101,095	15,288	10,475	-	-	126,858
Mr Joseph Gelati	138,036	21,577	13,438	-	-	173,051
<u>Other Executives</u>						
Mr Craig Harris	195,000	-	-	-	-	195,000
	1,086,533	75,980	63,764	23,200	-	1,249,477
	1,360,530	75,980	63,764	23,200	-	1,523,474

- (i) Mr. Kingsley Lamont resigned on 1 September 2007.
- (ii) Mr. Eric Napoleone resigned on 4 July 2007.
- (iii) Mr. Howard Spry resigned on 7 September 2007.
- (iv) Mr. Tony Warren resigned on 19 September 2007.
- (v) Constitutes car allowance where applicable.

Directors' Report (continued)

Remuneration Report (continued)

Details of Compensation (continued)

Table 2 Compensation details for 1 July 2006 to 30 June 2007

	Short term employee benefits		Post employment benefits	Termination benefits	Share – based payments	Total
	Base \$	Other (iv) \$	Superannuation \$	\$	Equity settled options \$	
Directors						
Mr Glenn Wheeler	-	-	-	-	-	-
Mr Colin Cowden	-	-	-	-	-	-
Mr Hugh Robertson	-	-	-	-	-	-
Mr Kingsley Lamont	90,000	-	-	-	-	90,000
Mr Jim Gardiner	33,400	-	-	-	-	33,400
Mr Miles Hampton	14,212	-	1,279	-	-	15,491
	137,612	-	1,279	-	-	138,891
Executives						
Mr Tony Warren	218,000	16,073	21,067	-	-	255,140
Mr Eric Napoleone	90,000	32,362	11,013	-	-	133,375
Mr Charles Green	93,153	-	8,384	-	-	101,537
Mr Howard Spry (i)	61,926	-	5,573	-	-	67,499
Mr Quang Tran (iii)	18,513	-	3,668	22,246	-	44,427
Mr Alex Zoumboulis (ii)	31,432	-	2,829	-	-	34,261
	513,024	48,435	52,534	22,246	-	636,239
	650,636	48,435	53,813	22,246	-	775,130

- (i) Mr. Howard Spry commenced his role with the Company 1 January 2007.
- (ii) Mr. Alex Zoumboulis commenced his role with the Company 1 May 2007.
- (iii) Mr. Quang Tran resigned 27 September 2006.
- (iv) Bonuses paid to employees.

Directors' Report (continued)

Remuneration Report (continued)

Details of Compensation (continued)

Table 3 Options

Option details 1 July 2007 to 30 June 2008

	Balance 1 July 2007	Granted as Compensation	Exercised	Lapsed	Balance 30 June 2008	Balance vested at 30 June 2008	Vested but not exercisable	Vested and exercisable	Options vested during year
	No	no	no	no	no	no	no	no	no
Executives									
Mr Kingsley Lamont	2,000,000	-	-	(2,000,000)	-	-	-	-	-
Mr Tony Warren	100,000	-	-	-	100,000	100,000	100,000	-	-

Option details 1 July 2006 to 30 June 2007

	Balance 1 July 2006	Granted as Compensation	Exercised	Consolidation of shares	Balance 30 June 2007	Balance vested at 30 June 2007	Vested but not exercisable	Vested and exercisable	Options vested during year
	No	No	no	no	no	no	no	no	no
Executives									
Mr Kingsley Lamont	-	2,000,000	-	-	2,000,000	-	-	-	-
Mr Tony Warren	3,000,000	-	-	(2,900,000)	100,000	100,000	100,000	-	-

Mr Lamont's options were granted on 27 November 2006. The fair value at grant date was approximately \$0.10 per share option. The options had a vesting period ended 30 November 2007 and expire 30 November 2009 and may be exercised at any time between these dates. Mr Lamont must remain an employee or director of the company to exercise the options. There are no further performance conditions attached to these options.

The abovementioned options lapsed on 1 October 2007 when Mr Lamont ceased being a director. The market price of the company's shares on 1 October 2007 was \$0.22 per share. The value of the abovementioned options at lapsed date was \$nil.

Mr Warren's options were granted on 4 November 2005. The fair value at grant date was approximately \$0.01 per share option. The options were issued under the Employee Share Plan under a non-recourse loan arrangement and are subject to a trading lock of 3 years from the date the shares are issued. There are no further performance conditions attached to these options.

All share options issued to directors and executives are made in accordance with the provisions of either the Executive Share Option Plan or the Employee Share Plan.

Executive Share Option Plan

The Executive Share Option Plan is an ownership based remuneration scheme that covers persons who are employed by the consolidated Group or a Director of the consolidated group and who the board determines is eligible to participate in the Options Scheme.

The company issued nil (2007: 2,000,000) share options over shares under its Executive Share Option Plan during the year ended 30 June 2008. The fair value at grant date for options issued in the year ended 30 June 2007 was approximately \$0.10 per share option. 2,000,000 (2007: nil) share options lapsed during the year.

Employee Share Plan

The Employee Share Plan covers staff who are employed by the Company who are either permanent full-time or permanent part-time employees who have served the Company for a minimum aggregate period (whether continuous or otherwise) of six months, or otherwise determined by the Managing Director to be eligible to participate in the Plan.

Shares are issued to plan members under a non-recourse loan arrangement and are subject to a trading lock of three years from the date the shares are issued during which time the shares may not be sold or encumbered or otherwise dealt with. The shares vest after the expiry of the trading lock period and after agreement has been reached regarding the repayment of the associated loans.

Employee Share Plan shares are considered to be in substance options due to the existence of the trading lock and non-recourse loan features. The fair value of these shares is determined at grant date with reference to the Black and Scholes Option Pricing Formula and is expensed over the vesting period.

Directors' Report (continued)

Remuneration Report (continued)

Remuneration Policy and Company Performance

The following key management personnel have remuneration comprising a base salary including superannuation and bonuses payable based on profit contribution to the consolidated Group of their respective business units:

Key Management Personnel:	Basis for performance related compensation:
Mr Alex Zoumboulis	Real Estate Division success based incentive on 3% of the net profit before corporate overhead and tax based on a full financial year payable within 60 days of the end of the financial year (subject to completion of the financial year accounts).
Mr Joseph Gelati	0.5% of the net profit (before tax, amortisation and corporate overheads) of the consolidated Group Property Management Divisions, on an annual basis. The amount will be paid annually in arrears after audit but on or before 30 September in one year (inclusive of statutory superannuation) subject to continuing employment.
Mr Tony Warren	1.5% of the net profit (before tax, amortisation & corporate overheads) of the Property Management Division.
Mr Eric Napoleone	2% of the net profit (before tax, amortisation & corporate overheads) of the Real Estate Division.

The above mentioned performance based compensation policies were chosen to encourage behaviours and performance that will contribute to the consolidated Group's profits.

Annually within 60 days of the financial year (for Alex Zoumboulis) and on or before 30 September (Joseph Gelati, Eric Napoleone and Tony Warren), the above mentioned computations are prepared and bonuses paid, if applicable. Based on the profit contribution to the consolidated Group of these respective business units in the year to 30 June 2008, these bonuses have not been required to be paid.

Other Key Management Personnel are not given any performance based compensation as their roles do not have a direct influence on the financial performance of the Company (2007: \$48,435 bonuses were paid).

The Company is unable to quantify the maximum potential bonuses for the above named individuals for the next financial year as they require actual financial performance. The minimum potential bonuses for the next financial year are Nil.

Directors' Report (continued)

Remuneration Report (continued)

Remuneration Policy and Company Performance (continued)

	30 June 2008	30 June 2007	30 June 2006	30 June 2005	30 June 2004
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue (Continuing Operations)	31,412	29,845	9,175	1,416	5,985
Revenue (Discontinuing Operations)	5,332	6,507	-	-	-
Net Loss before Tax (Continuing Operations)	(16,200)	(7,459)	(1,508)	(2,488)	(794)
Net Loss before Tax (Discontinuing Operations)	(5,952)	(6,735)	-	-	-
Net Loss after Tax (Continuing Operations)	(17,870)	(6,588)	(364)	(2,488)	(794)
Net Loss after Tax (Discontinuing Operations)	(5,952)	(7,075)	-	-	-
	30 June 2008	30 June 2007	30 June 2006	30 June 2005	30 June 2004
Share Price start of year	\$0.205	\$0.870	\$0.029	\$0.032	\$0.033
Share Price at the end of the year	\$0.088	\$0.205	\$0.870	\$0.029	\$0.032
Interim Dividend	-	-	-	-	-
Final Dividend	-	-	-	-	-
Basic Earnings per share (Continuing Operations)	(22.01)	(13.11)	(0.02)	(0.84)	(0.39)
Diluted Earnings per share (Continuing Operations)	(22.01)	(13.11)	(0.02)	(0.84)	(0.39)
Basic Earnings per share (Discontinuing Operations)	(16.51)	(6.32)	-	-	-
Diluted Earnings per share (Discontinuing Operations)	(16.51)	(6.32)	-	-	-

The consolidated Group aims to pay market-competitive compensation packages made up of a base salary (fixed) – this includes cash, superannuation, leave loading, other salary sacrifice items and Fringe Benefits Tax (FBT) and bonuses. This is generally positioned at market median against comparable industry peers on the basis of annual benchmarking. Bonuses are paid to encourage behaviours and performance that will contribute to the consolidated Group's profits, and are congruent with the aim to maximise shareholder wealth.

The objective of the compensation policy is to ensure that reward for performance is market-competitive, appropriate to the results delivered and aligned with stakeholder interests. Base salaries are reviewed annually, although they may also be reviewed on promotion.

Directors' Report (continued)

Corporate Governance

The directors of Wentworth Holdings Limited support and adhere to the principles of good corporate governance. All directors, managers and employees are expected to act with integrity and objectivity, to enhance the reputation and performance of the consolidated Group. The Group's corporate governance statement is contained in the following section of this Annual Report.

Non-audit Services

The directors are satisfied that the provision of non-audit services, during the year, by the auditor is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 8 to the financial statements. The auditor's independence declaration is included on page 21 of the financial report.

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Rounding Off of Amounts

The Company is a Company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the director's report and the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of directors made pursuant to section 298 (2) of the *Corporations Act 2001*.

On behalf of the Directors



Jim J E Gardiner
Executive Managing Director
Melbourne 30 September 2008

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

180 Lonsdale Street
Melbourne VIC 3000
GPO Box 78
Melbourne VIC 3001 Australia

DX: 111
Tel: +61 (0) 3 9208 7000
Fax: +61 (0) 3 9208 7001
www.deloitte.com.au

The Directors
Wentworth Holdings Limited
Level 1, 4-7 Shakespeare Grove
ST KILDA VIC 3182

30 September 2008

Dear Board Members

Wentworth Holdings Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Wentworth Holdings Limited.

As lead audit partner for the audit of the financial statements of Wentworth Holdings Limited for the financial year ended 30 June 2008, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Mark Stretton
Partner
Chartered Accountants

Member of
Deloitte Touche Tohmatsu

Liability limited by a scheme approved under Professional Standards Legislation.

Corporate Governance Statement

The Australian Stock Exchange Listing Rule 4.10.3 requires listed companies to disclose the extent to which they complied with the best practice recommendations of the ASX Corporate Governance Council.

In the prior year Wentworth Holdings Limited (the 'Company') upgraded its corporate governance practices, systems of control and accountability to more closely align with the ASX Corporate Governance Council's best practice recommendations. These practices have been maintained in the year ended 30 June 2008 (the 'reporting period').

This report sets out the key corporate governance practices of the Company during the reporting period providing disclosure to the extent recommended by the Australian Stock Exchange (the 'ASX') in accordance with its Principles of Good Corporate Governance and Best Practice Recommendations (the 'ASX Guidelines'). Where the Company has adopted a practice that differs from the ASX Guidelines, disclosure is made of the Company's practice and how that practice embraces the ASX Guidelines.

Board of Directors

The Board of Directors (the 'Board') of the Company is responsible for the corporate governance of the Company and the Company's overall business performance. The Board sets the strategic direction of the Company and through the Managing Director and senior management has oversight of and monitors the implementation and progression by the Company of that strategic direction.

It is not possible for the Board to supervise the day to day operations of the business of the Company and so the Board has delegated to the Managing Director and senior management, responsibility for the management of the daily operations of the business of the Company and to report regularly on those operations to the Board.

In the prior year written formalisation of the functions reserved for the Board and those functions delegated to the Managing Director and management occurred. The Board adopted a Charter which set out the responsibilities of the Board, the Managing Director and those responsibilities specific to the Chairman.

Any authority that has not been expressly delegated by the Board to the Managing Director, senior management or another delegate is reserved for the Board. The Board reviews the distribution of authority between itself and management regularly to ensure that there is an appropriate balance of authority relevant to the requirements of the Company.

Composition of the Board of Directors

The Board is comprised of a Non-Executive Chairman, one Non-Executive Director and an Executive Managing Director. The Board considers that the Non-Executive Chairman and the one Non-Executive Director are independent of management and are able to manage any conflict arising from any external relationship that could, or could reasonably be perceived to materially interfere with their exercise of independent and unfettered judgment.

Election of Board members is achieved by the Company's shareholders at a General Meeting. However, subject thereto, the Company commits to the following principles:

- The Board is to comprise of directors with a blend of skills, experience and attributes appropriate for the Company and its business; and
- The principal criterion for the appointment of new directors being their ability to add value to the Company and its business.

The skills, experience and expertise relevant to the position of each director who is in office at the date of the annual report and their term of office are detailed in the directors' report.

The Board has established a Nomination Committee and approved the Charter for the Nomination Committee. The Nomination Committee also has a policy approved by the Board which sets out the processes and procedure for selecting and recommending to the Board the appointment of non-executive directors. The Nomination Committee includes Colin Cowden (Chairman), Hugh Robertson and Jim Gardiner. The attendance by members at meetings of the committee is included in the directors' report.

Each director may obtain independent professional advice at the expense of the Company on matters arising in the course of their Board duties. The payment for the cost of the advice by the Company is subject to the approval of the Chairman, which will not be unreasonably withheld.

Corporate Governance Statement (continued)

Code of Conduct

The Board is committed to the establishment and maintenance of an appropriate Code of Conduct to provide guidance to directors, senior management and all staff. The key purpose of the Code of Conduct is to maintain the Company's integrity, to set the responsibility and accountability of individuals for reporting and investigating unethical practices, and to achieve compliance with legal and other obligations and then report to legitimate stakeholders.

The Board adopts a formal Code of Conduct, Share Trading Rules and a Conflict of Interest Policy. These codes, rules and policies apply to each of the members of the Board and to the Company's key management personnel and prohibit directors or key management personnel from acquiring or disposing of shares in the Company whilst in the possession of information which is market sensitive and not publicly available.

Financial Reporting

The Managing Director and the Chief Financial Officer make the following certifications to the Board:

- that the Company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Company and the consolidated Group and are in accordance with relevant legislation and accounting standards; and
- that the above certification is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board, and that the Company's risk management and internal compliance and controls are operating efficiently and effectively in all material respects.

The Board has an established Audit Committee and approved Audit Committee Charter. The Audit Committee includes Hugh Robertson (Chairman) and Colin Cowden. The Audit Committee recommends candidates for appointment as the external auditor of the Company and from time to time will review the scope, performance and fees of the external auditor. The qualifications of those appointed to the Audit Committee and their attendance at meetings of the committee are included in the directors' report.

Continuous Disclosure

The Company acknowledges the importance of providing the market with timely, balanced and accurate information to ensure that the market remains efficient, competitive and fully informed. The Board is committed to the enhancement of investor confidence and promotes its commitment by complying with the continuous disclosure rules contained in the Listing Rules of the Australian Stock Exchange and with the requirements of the Corporations Act.

The Company adopts a Listing Rules Compliance Policy. This policy contains procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and accountability for compliance.

Shareholders

The Company keeps its shareholders and the market informed through Australian Stock Exchange (ASX) announcements regarding material developments and the annual and half yearly reports.

The shareholders of the Company elect directors at the Annual General Meeting in accordance with the Company's Constitution. All directors, apart from the Managing Director, are subject to re-election by rotation within three years.

The Annual General Meeting is held in Melbourne, Victoria. Shareholders have the opportunity to express their views, ask questions about Company business and vote on items of business for resolution by shareholders at the Annual General Meeting.

The Company adopts a Shareholders Communications Policy which aims to promote effective communication with shareholders and encourage their participation at General Meetings.

Identification and Management of Risk

The Company has a Risk Management Committee and approved Risk Management Committee Charter. The Risk Management Committee includes Colin Cowden (Chairman), Hugh Robertson and Jim Gardiner.

The collective experience of the Board and senior management enables accurate identification of the principal risks which may affect the Company's business and these risks will be considered by the Risk Management Committee. The risks identified will be discussed and methods for management of these risks will be agreed by the Committee. In addition, key operational risks and their management, will be advised to the Board and will be recurring items for deliberation at Board meetings.

Corporate Governance Statement (continued)

Board Process, Performance Review and Remuneration

The Board again carried out informal reviews during the year of its own performance in meeting its key responsibilities. The purpose of these reviews is to identify areas of weakness and mechanisms for improving the functioning and performance of the Board and its relationship with management, and to consider progress made towards attaining specific performance objectives. The Board developed and adopted a Performance Evaluation Policy to assist with this review process.

Non-Executive Directors are remunerated by a fixed director's fee including superannuation, as permitted by the Company's Constitution. The Executive Director and key management personnel of the Company receive salary, benefits and incentives as part of their remuneration package as detailed in the Directors' Report. The remuneration of an Executive Director will be decided by the Board, without the affected Executive Director participating in that decision making process.

The Board has an established Remuneration Committee and have approved a Remuneration Policy. The Remuneration Committee includes Colin Cowden (Chairman), Hugh Robertson and Jim Gardiner. The attendance at meetings of the committee is detailed in the directors' report.

The maximum remuneration of Non-Executive Directors is determined by Shareholders at a General Meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. At present the maximum aggregate remuneration of Non-Executive Directors is \$200,000 per annum. The apportionment of non-executive Director Remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each Non-Executive Director. The Board may award additional remuneration to Non-Executive Directors called upon to perform extra services or make special exertions on behalf of the Company. The amount of remuneration for all directors and the five highest paid executives, including all monetary and non-monetary components, are detailed in the directors' report under the heading Remuneration.

Income Statement

For the year ended 30 June 2008

	Notes	Consolidated Group		Company	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Continuing operations					
Revenue	4	31,412	29,845	-	414
Other income	4	450	-	-	-
Employee benefits expense	5	(23,896)	(19,239)	-	(18)
Depreciation and amortisation expense	5	(4,723)	(3,123)	(69)	(55)
Finance costs	5	(2,799)	(1,962)	(120)	(2)
Marketing & advertising expenses		(3,259)	(2,444)	-	-
Communication expenses		(2,605)	(2,427)	-	-
Occupancy expenses		(2,752)	(2,184)	-	-
Administration expenses		(3,838)	(3,119)	-	(719)
Impairment of assets	5	(3,318)	(2,091)	(22,246)	(13,097)
Other expenses		(872)	(715)	-	-
Loss before income tax		(16,200)	(7,459)	(22,435)	(13,477)
Income tax (expense) / benefit	6	(1,670)	871	(1,340)	114
Loss for the year from continuing operations		(17,870)	(6,588)	(23,775)	(13,363)
Discontinued operations					
Loss for the year from discontinued operations before income tax	9	(5,952)	(6,735)	-	-
Income tax expense	6	-	(340)	-	-
Loss for the year from discontinued operations	9	(5,952)	(7,075)	-	-
Loss attributable to members of the Company		(23,822)	(13,663)	(23,775)	(13,363)
Earnings per share					
From continuing and discontinued operations:					
Basic earnings per share (cents per share)	11a	(22.01)	(13.11)		
Diluted earnings per share (cents per share)	11b	(22.01)	(13.11)		
From continuing operations					
Basic earnings per share (cents per share)	11a	(16.51)	(6.32)		
Diluted earnings per share (cents per share)	11b	(16.51)	(6.32)		

The above Income Statement should be read in conjunction with the attached notes.

Balance Sheet

As at 30 June 2008

	Notes	Consolidated Group		Company	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Assets					
Current Assets					
Cash and cash equivalents	12	967	2,208	-	-
Trade and other receivables	13	2,076	4,221	-	-
Other current assets	14	1,088	648	-	-
		4,131	7,077	-	-
Non current assets classified as held for sale	15	9,260	34,743	-	-
Total Current Assets		13,391	41,820	-	-
Non Current Assets					
Trade and other receivables	13	-	250	20,808	42,701
Property, plant and equipment	16	2,342	2,794	-	137
Goodwill	17	15,770	18,504	-	-
Other intangible assets	18	17,888	20,650	-	-
Other financial assets	19	4	246	233	433
Deferred tax assets	21	-	1,674	-	1,340
Total Non Current Assets		36,004	44,118	21,041	44,611
Total Assets		49,395	85,938	21,041	44,611
Liabilities					
Current Liabilities					
Trade and other payables	22	6,688	4,371	-	-
Borrowings	23	20,571	33,584	-	-
Provisions	24	849	717	-	-
		28,108	38,672	-	-
Liabilities directly associated with non-current assets classified as held for sale	25	32	2,108	-	-
Total Current Liabilities		28,140	40,780	-	-
Non Current Liabilities					
Borrowings	23	83	170	-	-
Provisions	24	90	289	-	-
Total Non Current Liabilities		173	459	-	-
Total Liabilities		28,313	41,239	-	-
Net Assets		21,082	44,699	21,041	44,611
Equity					
Issued capital	26	72,281	72,076	72,281	72,076
Reserves	28	366	366	366	366
Accumulated losses	29	(51,565)	(27,743)	(51,606)	(27,831)
Total Equity		21,082	44,699	21,041	44,611

The above Balance Sheet should be read in conjunction with the attached notes.

Statement of Recognised Income and Expense

For the year ended 30 June 2008

	Consolidated Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Loss for the year	(23,822)	(13,663)	(23,775)	(13,363)
Net loss recognised directly in equity	-	-	-	-
Total recognised income and expense for the year	(23,822)	(13,663)	(23,775)	(13,363)
Attributable to:				
Equity holders of the parent	(23,822)	(13,663)	(23,775)	(13,363)
	(23,822)	(13,663)	(23,775)	(13,363)

The above Statement of Recognised Income and Expense should be read in conjunction with the attached notes.

For personal use only

Cash Flow Statement

For the year ended 30 June 2008

	Notes	Consolidated Group		Company	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Cash flows from operating activities					
Receipts from customers		42,662	38,467		288
Payments to suppliers and employees		(43,115)	(37,237)		(886)
Interest and other costs of finance paid		(2,921)	(1,962)	-	(2)
Interest received		62	98		-
Net cash used in operating activities	32(a)	(3,352)	(634)	-	(600)
Cash flows from investing activities					
Proceeds from disposal of non-current assets held for sale		21,396	-	-	-
Proceeds from disposal of investments		32	-	-	-
Payment for intangibles		(722)	(432)	-	-
Proceeds from disposal of intangibles		-	80	-	-
Payment for property, plant and equipment		(715)	(1,607)	-	-
Loans to related entities		-	-	-	(11,099)
Payment of amounts owing on acquisition		(684)	(1,074)	-	-
Payment for businesses and entities	32(b)	(169)	(36,765)	-	-
Net cash provided by / (used in) investing activities		19,138	(39,798)	-	(11,099)
Cash flows from financing activities					
Proceeds from issues of equity securities	26	-	12,325	-	12,325
Payment for share issue costs	26	-	(456)	-	(456)
Proceeds from borrowings		-	26,990	-	-
Loans from related parties		1,000	2,500	-	-
Repayment of borrowings		(18,027)	(171)	-	(171)
Net cash provided by / (used in) financing activities		(17,027)	41,118	-	11,698
Net (decrease) / increase in cash and cash equivalents		(1,241)	756	-	(1)
Cash and cash equivalents at the beginning of the financial year		2,208	1,452	-	1
Cash and cash equivalents at the end of the financial Year	12	967	2,208	-	-

The above Cash Flow Statement should be read in conjunction with the attached notes.

Notes to the Financial Statements

1. Significant accounting policies

a. Statement of compliance

The financial report is a general purpose financial report for the year ended 30 June 2008 and has been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and Interpretations and complies with other requirements of the law.

The financial report includes the separate financial statements of the Company and the consolidated financial statements of the Group.

Accounting Standards include Australian Equivalents to International Financial Reporting Standards ("AIFRS"). Compliance with AIFRS ensures that the financial statements and notes of the Company and the Group comply with International Financial Reporting Standards ("IFRS").

The financial statements were authorised for issue by the directors on 30 September 2008.

b. Basis of preparation

The financial report relates to Wentworth Holdings Limited and controlled entities as a consolidated Group. Wentworth Holdings Limited is a Company limited by shares, incorporated and domiciled in Australia. All amounts are presented in Australian dollars, unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified by the revaluation of selected assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied. Cost is based on the fair values of the consideration given in exchange for assets.

The Company is a Company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2008 and the comparative information presented.

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) (referred to as the consolidated Group in these financial statements).

A controlled entity is any entity Wentworth Holdings Limited has the power to govern the financial and operating policies to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the consolidated Group.

All inter-company balances and transactions between entities in the consolidated Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Notes to the Financial Statements

1. Significant accounting policies (continued)

d. Going concern

The consolidated Group recorded a net loss after tax for the year ended 30 June 2008 amounting to \$23.822 million. Further, as at 30 June 2008, current liabilities of \$28.140 million exceed current assets of \$13.391 million by \$14.749 million. Current assets include non-current assets held for sale of \$9.260 million (being management letting rights and associated property plant and equipment).

Current liabilities include \$16.933 million owed to the consolidated Group's bankers under a debt facility which expired 30 June 2008. On 2 July 2008, the consolidated Group's bankers agreed to extend the facility to 30 September 2008. Further, on 25 September 2008, the consolidated Group's bankers agreed to extend the facility (now totaling \$14.853 million) to 31 December 2008. During the year, the consolidated Group was in technical default of some of the debt facility agreement covenants.

As at 30 June 2008, the consolidated Group had cash of \$0.967 million and net assets of \$21.082 million.

The directors have prepared the financial statements on a going concern basis, which contemplates either (1) a merger with Century 21 Australia or (2) the continuity of business activities, through the realisation of further assets and settlement of liabilities in the normal course of business.

1. Century 21 Australia Merger

On 11 September 2008, Wentworth Holdings Ltd ("Wentworth") and the business of Century 21 Australia, announced they had entered into a Heads of Agreement with a view to merging their businesses, creating a new major real estate franchise and rental management company with national representation.

A Heads of Agreement has been signed by both parties under which they have agreed to proceed with the merger by way of Wentworth acquiring Century 21 Australia from Mr Charles Tarbey in exchange for an issue of Wentworth shares to him with the approval of Wentworth shareholders under section 611 of the Corporations Act. Under the terms of the proposed merger Mr Charles Tarbey, the sole owner of Century 21 Australia, will receive shares representing up to approximately 60% of the aggregate of those shares and the shares currently on issue.

The merger is subject to completion of due diligence, execution of a Share Purchase Agreement and the completion of a debt package. It is expected that this will be completed by 15 October 2008.

A meeting of Wentworth shareholders to consider the merger is planned for November 2008 and the merger is expected to be completed shortly thereafter.

2. Further realisation of Property Management and Real Estate Sales assets,

Subsequent to the year end, the consolidated Group finalised the sale of 2 MLR businesses realising \$2.600 million. In addition, a further 4 MLR businesses have been contracted for sale and are expected to be settled on or before 15 October 2008, realising a further \$6.885 million. The majority of the proceeds of these sales will be applied against the consolidated Group's debt facility. The sale of the 6 MLR business sites completes the sale of the MLR division as originally announced on 1 May 2007.

Subsequent to the year end, the consolidated Group had contracted for sale the Freshwater Place, Melbourne Property Management business. In addition, subsequent to the year end, the consolidated Group is in the final stages of contracts negotiations to sell other Property Management and Real Estate sales businesses to various parties. These sales, coupled with the abovementioned Property Management business sale are expected to realise \$6.918 million. The majority of the proceeds of the sales will go to repay the consolidated Group's debt facility. The company expects all of these sales to be completed by 31 October 2008.

The directors are confident that the Century 21 Australia merger will proceed. Should the Century 21 merger not proceed, the directors will continue the realisation of other Property Management and Real Estate Sales assets and will settle liabilities in the normal course of business.

The directors are confident that further realisation of Property Management and Real Estate Sales assets will enable the company to continue as a going concern.

In addition to the above options, profitability is expected to increase in the year ending 30 June 2009 in the property management and real estate sales business as a result of past acquisitions, organic growth and cost cutting measures already implemented as at the date of this report.

The directors are also confident that the consolidated Group has the full support of its bankers.

At the date of this report the directors are confident that they will be successful in achieving the strategies set out above and accordingly have prepared the financial statements on a going concern basis.

Notes to the Financial Statements

1. Significant accounting policies (continued)

e. Income tax

The current tax expense is based on the result for the year, adjusted for any non-assessable or disallowed items for income tax purposes for the period adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for the current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax is accounted for using the comprehensive balance sheet liability method. Temporary differences are differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred tax assets are recognised to the extent that it is probable that sufficient future taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised.

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 taxation legislation and the anticipation that the consolidated Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the consolidated Group 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.

As of 1 July 2003, Wentworth Holdings Limited (the head entity) and its 100% owned subsidiaries formed a consolidated Group for Australian taxation purposes. Wentworth Holdings Limited and the 100% owned subsidiaries in the tax consolidated Group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if the entity in the tax consolidated Group continues to be a stand-alone taxpayer in its own right.

As the head entity in the tax consolidated Group, Wentworth Holdings Limited, also recognised the current tax 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.

Wentworth Mutual Investment Management Pty Ltd and Wentworth Beach Houses and Country Homes Pty Ltd have also entered into a tax funding agreement. Under the terms of this agreement, the entities compensate Wentworth Holdings Limited for any current income tax payable assumed and are compensated by Wentworth Holdings Limited under the tax consolidation. 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 is due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax installments. The funding amounts are recognised as current inter company receivables or payables.

Amounts receivable or payable under tax funding agreements with the tax consolidated entities are recognised as amounts receivable or payable to other entities in the tax consolidated Group. 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 consolidated entities.

f. Borrowing costs

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

g. Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value and have a maturity of three months or less at the date of acquisition.

Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

Notes to the Financial Statements

1. Significant accounting policies (continued)

h. Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due to be settled in advance of the period to which they relate.

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off. A provision for impairment of receivables is established when there is objective evidence that the consolidated Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is recognised in the income statement.

i. Non-current assets held for sale

Non-current assets held for sale (and disposal groups) are classified as held for sale are measured at the lower of carrying amount and fair value less disposal costs.

Non-current assets and disposal groups are classified as held for sale as their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

j. Property, plant and equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item.

All property, plant and equipment, with the exception of land, are depreciated on a straight-line basis so as to write off the net cost of each asset over their estimated useful lives to the consolidated Group, commencing from the time the assets are held ready for use to its estimated residual value. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes recognised on a prospective basis.

The following estimated useful lives are used in the calculation of depreciation:

Plant and equipment	3 to 10 years
Leasehold improvements.....	10 years
Buildings.....	40 years
Equipment under finance	3 years

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

k. Intangibles

i. Goodwill

Goodwill represents the excess of cost of an acquisition over the fair value of the consolidated Group's share of identifiable assets, liabilities and contingent liabilities of the acquired subsidiary/business at the date of acquisition. Goodwill acquired in business combinations 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. Impairment losses concerning goodwill cannot be reversed in future years. Goodwill is allocated to cash-generating units (CGU) as listed in Note 17 for impairment testing purposes.

Notes to the Financial Statements

1. Significant accounting policies (continued)

k. Intangibles (continued)

ii. Property management rights (rent rolls)

Property management rights acquired as part of business combinations are capitalised at their fair value at the date of acquisition. Following initial recognition, the cost model is applied to the class of intangible assets. New business incentives, paid to property managers and business development managers, have been capitalised at cost as intangible assets where they directly relate to the establishment of new property management rights.

AASB 138 'Intangible Assets' requires intangible assets with finite lives to be amortised over their useful lives. The property management rights are expected to have a finite life and are therefore amortised over their useful life.

The useful lives of the property management (rent roll) intangible assets were reassessed in the current year and changed as follows:

Real Estate Business (rent roll and sales operation acquired)	7 years	(2007: 10 years)
Rent Rolls (stand alone rent rolls)	7 years	(2007: 8 years)

The useful life of each rent roll has been estimated based upon the expected attrition rates of the property management rights. These attrition rates are based on historical experience, future expectations and by reference to business models prepared by an independent valuer.

This change in estimated useful lives has been applied in the current year. The useful lives will be reassessed annually to ensure that they are consistent with the assets expected remaining life.

This change in accounting estimate resulted in an increase in the amortisation expense and associated accumulated amortisation of \$0.198 million in the current year. The impact of the change in accounting estimate on future periods has been estimated to increase amortisation expense by approximately \$0.198 million annually.

The property management rights are tested for impairment where an indicator of impairment exists, either individually or at the cash generating unit level.

iii. Management letting rights (management rights)

Management Letting Rights are tested for impairment where an indicator of impairment exists, either individually or at the cash generating unit level.

Pursuant to AASB 5 'Non-current assets held for sale and discontinued operations', each Management Letting Right has been recognised as a separate disposal group held for sale, effective from 1 May 2007. Accordingly, the Management Letting Rights ceased to be amortised from that date and measured at fair value less costs to sell.

iv. Derecognition of intangible assets

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Notes to the Financial Statements

1. Significant accounting policies (continued)

I. Financial instruments

Financial assets

i. Recognition

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit and loss which are initially measured at fair value.

Subsequent to initial recognition, investments in subsidiaries are measured at cost in the Company's financial statements.

Other financial assets are classified into the following categories depending on the nature and purpose of the financial assets at the time of recognition and are measured as set out below.

ii. Loans and receivables

Trade receivables, loans and other receivables which are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest rate method less impairment.

iii. Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are stated at fair value. Unrealised gains and losses arising from changes in fair value are recognised directly in the financial asset revaluation reserve with the exception of impairment losses and foreign exchange gains and losses on monetary assets which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the financial asset revaluation reserve is included in profit or loss for the period.

Dividends received from available-for-sale equity instruments are recognised in profit or loss when the consolidated Group's right to receive payment is established.

iv. Impairment

Financial assets, other than those classified as fair value through profit or loss, are assessed for indicators of impairment at each balance date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after initial recognition of the financial asset, the estimated future cash flows of the investment are expected to reduce. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of a separate provision for impairment account. When a trade receivable is uncollectible, it is written off against the provision account. Subsequent recoveries of amounts previously written off are credited against the provision account. Changes in the carrying amount of the provision account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed, does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in equity.

Notes to the Financial Statements

1. Significant accounting policies (continued)

I. Financial instruments (continued)

v. Valuation methods

Fair value

Fair value is determined based on current bid prices for all quoted investments. The following evidence is used to support the fair value of unlisted investments:

- the price of recent arm's length transactions;
- the price of transactions of similar instruments sold by a third party;
- discounted cash flow models; or
- option pricing models.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Equity instruments

Ordinary shares are classified as equity and recognised at the fair value of the consideration received by the consolidated Group.

Transaction costs directly attributable to the issue of new securities or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs relating to the issue of new shares or options that are directly attributable to the acquisition of a business are included in the cost of the acquisition as part of the purchase consideration.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation. Interest is recognised as an expense as incurred.

m. Payables

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

n. Leases

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all of the risks and benefits incidental to ownership of the leased property, without transferring the legal ownership, and operating leases under which the lessor effectively retains substantially all the risks and benefits.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the year.

Leased assets are depreciated over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the period in which they are incurred.

Notes to the Financial Statements

1. Significant accounting policies (continued)

o. Employee benefits

i. Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within twelve months of reporting date, are recognised in other payables concerning employees' services up to the reporting date and are measured at the amounts to be expected to be paid when the liabilities are settled. Non-accumulated sick leave is recognised when leave is taken and measured at the rates paid or payable.

ii. Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of estimated future cash flows to be made in respect of services provided by employees up to the reporting date. In determining the future cash flows, consideration is given to future wage and salary levels, experience of employee departures and periods of service. In calculating the present value, expected future cash outflows are discounted using market yields, as at the balance sheet date, on national government bonds, which have terms to maturity and currency that match, as closely as possible, the estimate future cash flows.

iii. Defined contribution plans

Contributions to defined contributions superannuation plans are expensed when employees have rendered service entitling them to the contributions.

p. Provisions

Provisions are recognised when the consolidated Group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation and that outflow can be reliably measured.

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

q. Revenue

Revenue from property management, real estate sales and management letting rights is recognised on an accrual basis when the service has been delivered and the right to receive the revenue is established, can be reliably measured and it is probable that the revenue will be received.

Interest revenue is accrued as it is earned.

Gains or losses arising from derecognition of an asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Dividend revenue is recognised when the right to receive a dividend has been established.

All revenue is stated net of the amount of goods and services tax (GST).

r. Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

Notes to the Financial Statements

1. Significant accounting policies (continued)

s. Acquisitions of assets and business combinations

The purchase method of accounting is used to account for all acquisition of assets (including business combinations) 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.

Identifiable assets acquired, 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 interest. The excess of the cost of acquisition over the fair value of the Company's share of the net identifiable assets acquired represents goodwill. If the cost of acquisition is less than the fair value of the 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 net assets acquired.

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

t. Impairment of assets

At each reporting date, the consolidated Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated Group estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs. Where the assets of a CGU include goodwill or intangibles which have an indefinite useful life, then the CGU is tested for impairment annually.

Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of (1) fair value less costs to sell and (2) value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. Where the value in use is not expected to be materially different from the fair value less selling costs the recoverable amount is based on the fair value less costs to sell.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately. Any impairment loss which is allocated to goodwill is not able to be reversed in a future period where the fair value of the asset (or CGU) increases.

u. Share-based payments

Share-based compensation benefits are provided to employees through the Employee Share Plan ('the Plan'). The plan is an opportunity for eligible employees to purchase shares in Wentworth Holdings Limited funded by an interest free, non-recourse loan. Employees, who were employed with the consolidated Group for specified periods at specified entitlement dates, are entitled to participate in the Plan. All shares issued pursuant to the Plan are restricted until the loan has been repaid. The employee also maintains full entitlement to voting, dividends and bonus issues.

Given the trading lock and non-recourse loan features the Plan is treated as an option under AASB 2 "Share-based Payment". As a result, the employee loans and shares issued to date are not recognised. The issued capital is recognised in contributed equity in the balance sheet when the employees repay the loans. Consequently the issued capital on the balance sheet of the consolidated Group differs from issued share capital as notified to the ASX.

Equity-settled share-based payments granted after 7 November 2002 that were unvested as of 1 July 2005, are measured at fair value at the date of the grant. Fair value is measured with reference to the Black Scholes Option Pricing Formula.

Notes to the Financial Statements

1. Significant accounting policies (continued)

u. Share-based payments (continued)

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the consolidated Group's estimate of shares that will eventually vest.

Share-based compensation benefits were provided to landlords through the Company's Client Offer Prospectus ("COP") series of options. The COP was an opportunity for eligible landlords to receive options in Wentworth Holdings Limited. Landlords, who transacted with the consolidated Group for specified periods at specified entitlement dates, were entitled to participate in the COP. All shares issued pursuant to the COP are restricted until the options have been exercised.

v. Comparative information

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

w. Critical accounting judgements and key sources of estimation uncertainty

In the application of the consolidated Group's accounting policies, which are described above, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis for making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of Australian AIFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements. Accounting policies are selected and applied in a manner that ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The following are the key assumptions concerning future, and other key sources or estimation uncertainty at the balance date that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year:

i. Impairment of goodwill and other intangible assets

Determining whether goodwill and other intangible assets are impaired requires an estimation of the recoverable amount of each cash-generating unit (CGU). The recoverable amount of each CGU is based on the fair value less selling costs on the basis that the value in use of each CGU is not materially different from its fair value less selling costs.

The carrying amount of Goodwill and Other Intangible Assets at balance date is \$15.770 million (2007: \$18.504 million) and \$17.888 million (2007: \$20.650 million) respectively. Details of the impairment testing and the results thereof are provided at Note 17.

ii. Non current assets classified as held for sale

Determining the carrying amount of the non current assets held for sale (being the Management Letting Rights - MLR's and associated property, plant and equipment) requires an estimation of the fair value less costs to sell of each disposal group. Fair value has been estimated based on:

- contracted selling prices for those MLR's sold after balance date; and
- estimates based on current sales negotiations and valuations performed for those disposal groups which have not been sold at balance date.

Selling costs include brokerage fees which have been estimated to be 3.40% (2007: 2.50%) of the sales proceeds based historical experience.

Notes to the Financial Statements

1. Significant accounting policies (continued)

w. Critical accounting judgements and key sources of estimation uncertainty (continued)

ii. Non current assets classified as held for sale (continued)

The carrying amount of the MLRs and the associated property, plant and equipment was \$9.260 million (2007: \$33.743 million) as at 30 June 2008 (refer Note 15). The estimated fair values for MLR's and associated property, plant and equipment not sold to date are subject to uncertainty.

iii. Amortisation of Other Intangible Assets

Determining the useful lives of the Other Intangible Assets with finite lives (comprising Property Management Rights) requires an estimate of the remaining useful life of each rent roll. The carrying amount of the Other Intangible Assets at balance date is \$17.888 million (2007: \$20.650 million). Details of the useful lives are provided at Notes 1 k (ii) and 18.

iv. Business combinations

There were no real estate businesses acquired in 2008. The balance of the purchase price of each real estate business acquired in 2007 (net of tangible assets) was allocated between the rent roll intangible asset and goodwill on the following basis:

	Rent Roll Asset	Goodwill
Rent Roll (stand-alone rent rolls)	64%	36%
Real Estate Business (rent roll and sales operation acquired)	22%	78%

These allocations are based on business models prepared by an independent valuer.

v. Recognition of deferred tax assets

As at 30 June 2008, the consolidated Group has derecognised deferred tax assets amounting to \$1.670 million (2007: \$1.670 recognised) brought forward from the previous financial year, on the basis that it is not probable for the realisation of this asset in the future.

Although these uncertainties exist, the Directors believe that the estimates used in the preparation of the financial statements are the most probable outcomes based upon the information available to us at the time.

Notes to the Financial Statements

2. Change in accounting estimates

i. Other Intangible Assets - Property management (rent roll) rights useful lives

AASB 138 'Intangible Assets' requires intangible assets with finite lives to be amortised over their useful lives. The property management rights are expected to have a finite life and are therefore amortised over their useful life.

The useful lives of the property management (rent roll) intangible assets were reassessed in the current year and changed as follows:

Real Estate Business (roll and sales operation acquired)	7 years	(2007: 10 years)
Rent Rolls (stand alone rent rolls)	7 years	(2007: 8 years)

This follows a revision in the prior year of the useful lives of the property management (rent roll) intangible assets from 13 years to 8 - 10 years. The useful lives have been reduced to align them with the expected attrition rates identified based on historical experience, future expectation and by reference to industry practices. This change in estimated useful lives has been applied in the current year. The useful lives will be reassessed annually to ensure that they are consistent with the assets expected remaining life.

This change in accounting estimate resulted in an increase in the amortisation expense and associated accumulated amortisation of \$0.198 million in the current year (2007: \$1.016 million). The impact of the change in accounting estimate on future periods has been estimated to increase amortisation expense by approximately \$0.198 million annually (2007: \$0.842 million).

Notes to the Financial Statements

3. Adoption of new and revised accounting standards

In the current year, the consolidated Group has adopted all of the new and revised Accounting Standard and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are relevant to its operations and effective for the current annual reporting period. Details of the impact of the adoption of these new accounting standards are set out in the individual accounting policy notes set out in Note 1 above. The consolidated Group has also adopted the following Standards as listed below which only impacted upon the consolidated Group's financial statements with respect to disclosure:

- AASB 101 'Presentation of Financial Statements' (revised October 2006)
- AASB 7 'Financial Instruments: Disclosure'

The adoption of these new and revised Standards and Interpretations has not resulted in changes to the consolidated Group's accounting policies reported for the current and prior years.

Standards and Interpretations on issue not yet adopted

At the date of authorisation of the financial report, a number of Standards and Interpretations had been issued but were not yet effective.

Initial application of the following Standards and Interpretations will not have a material effect on any of the amounts recognised in the financial report, but will change the disclosures presently made in relation to the consolidated Group's and the Company's financial report:

Standard / Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
1. AASB 8 'Operating Segments'	1 January 2009	30 June 2010
2. AASB 2007-3 'Amendments to Australian Accounting Standards arising from AASB 8'	1 January 2009	30 June 2010
3. AASB Interpretation 13 'Customer Loyalty Programmes'	1 July 2008	30 June 2009
4. AASB Interpretation 14 'AASB 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction'	1 January 2008	30 June 2009
5. AASB 123 'Borrowing Costs' - revised standard	1 January 2009	30 June 2010
6. AASB 2007-6 'Amendments to Australian Accounting Standards arising from AASB 123'	1 January 2009	30 June 2010
7. AASB 3 'Business Combinations'	1 July 2009	30 June 2010
8. AASB 101 'Presentation of Financial Statements'	1 January 2009	30 June 2010
9. AASB 127 'Consolidated and Separate Financial Statements'	1 July 2009	30 June 2010
10. AASB 2007-8 'Amendments to Australian Accounting Standards arising from AASB 101'	1 January 2009	30 June 2010
11. AASB 2008-1 'Amendments to Australian Accounting Standards - Share-based Payments: Vesting Conditions and Cancellations [AASB 2]'	1 January 2009	30 June 2010
12. AASB 2008-2 'Amendments to Australian Accounting Standards - Puttable Financial Instruments and Obligations arising on Liquidation [AASB 7, AASB 101, AASB 132, AASB 139 & Interpretations 2]'	1 January 2009	30 June 2010
13. AASB 2008-3 'Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 [AASBs 1, 2, 4, 5, 7, 101, 112, 114, 116, 121, 128, 131, 132, 133, 134, 136, 137, 138, 139 and Interpretations 9 & 107]'	1 July 2009	30 June 2010
14. Interpretation 4 'Determining whether an Arrangement Contains a Lease'	1 January 2008	30 June 2009

Notes to the Financial Statements

4. Revenue

	Consolidated Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Revenue:				
<u>Continuing operations</u>				
Rendering of service	31,364	29,800	-	414
Interest revenue at amortised cost - bank deposits	48	45	-	-
	31,412	29,845	-	414
<u>Discontinuing operations</u>				
Rendering of services	5,319	6,454	-	-
Interest revenue - bank deposits	13	53	-	-
	5,332	6,507	-	-
<u>Total operations</u>				
Rendering of services	36,683	36,254	-	414
Interest revenue - bank deposits	61	98	-	-
	36,744	36,352	-	414
Other income:				
<u>Continuing operations</u>				
Other income	450	-	-	-

For personal use only

Notes to the Financial Statements

5. Loss for the year before tax

Expenses

	Consolidated Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Loss for the year before income tax includes the following specific expenses:				
Depreciation				
<u>Continuing operations</u>				
Plant and equipment	848	376	64	51
Equipment under finance lease	227	5	-	-
Leasehold improvements	179	118	5	4
Total depreciation continuing operations	1,254	499	69	55
<u>Discontinuing operations</u>				
Buildings	-	162	-	-
Plant and equipment	-	43	-	-
Leasehold improvements	-	19	-	-
Total depreciation discontinuing operations	-	224	-	-
Total depreciation	1,254	723	69	55
Amortisation				
<u>Continuing operations</u>				
Property rights	3,469	2,624	-	-
Total amortisation continuing operations	3,469	2,624	-	-
<u>Discontinuing operations</u>				
Management rights	-	594	-	-
Total amortisation discontinuing operations	-	594	-	-
Total amortisation	3,469	3,218	-	-
Depreciation and amortization				
Continuing operations	4,723	3,123	69	55
Discontinuing operations	-	818	-	-
Total depreciation and amortisation	4,723	3,941	69	55

Notes to the Financial Statements

5. Loss for the year before tax (continued)

Expenses (continued)

	Consolidated Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Finance costs - at amortised cost				
<u>Continuing operations</u>				
Interest on convertible notes	-	2	-	2
Interest on loan's from director related entities	271	31	-	-
Interest on bank overdrafts and loans	2,528	1,929	120	-
Finance costs expensed	2,799	1,962	120	2
<u>Discontinuing operations</u>				
Interest on bank overdrafts and loans	393	-	-	-
Employee benefits expense				
<u>Continuing operations</u>				
Defined contribution plans	1,614	1,429	-	-
Employee share based payments expense	-	18	-	18
Other salary and wages	22,282	17,792	-	-
	23,896	19,239	-	18
<u>Discontinuing operations</u>				
Defined contribution plans	152	221	-	-
Employee share based payments expense	-	-	-	-
Other salary and wages	2,125	2,800	-	-
	2,277	3,021	-	-
Other expenses				
<u>Continuing operations</u>				
Operating lease rental expenses - minimum lease payments	536	206	-	-
Individually significant items included in expenses				
<u>Continuing operations</u>				
Impairment of loans to subsidiaries (Note 13)	-	-	22,046	13,097
Impairment of goodwill (note 17)	3,018	2,091	-	-
Impairment of other intangible assets (note 18)	100	-	-	-
Impairment of other financial assets (note 19)	200	-	200	-
	3,318	2,091	200	-
<u>Discontinuing operations</u>				
Impairment of non-current-assets classified as held for sale (Note 15)				
- management rights	4,292	5,938	-	-
- property, plant and equipment	1,911	1,336	-	-
	6,203	7,274	-	-
	9,521	9,365	22,246	13,097

Notes to the Financial Statements

6. Income tax (expense)/benefit

	Consolidated Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Income tax (expense) / benefit				
<u>Continuing operations</u>				
Current tax	-	712	-	155
Deferred tax	(1,670)	159	(1,340)	(41)
	(1,670)	871	(1,340)	114
<u>Discontinuing operations</u>				
Current tax	-	(340)	-	-
	-	(340)	-	-
Total income tax (expense)/benefit	(1,670)	531	(1,340)	114

	Consolidated Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
The prima facie income tax benefit on pre tax accounting loss from operations reconciles to the income tax benefit in the financial statement is as follows:				
Loss before income tax benefit - continuing operations	(16,200)	(7,459)	(22,435)	(13,477)
Loss before income tax benefit - discontinued operations	(5,952)	(6,735)	-	-
Loss before income tax benefit	(22,152)	(14,194)	(22,435)	(13,477)
Income tax (benefit) calculated at 30%	(6,646)	(4,258)	(6,731)	(4,043)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Impairment losses	2,856	2,809	6,674	3,929
Non deductible expenses	1,078	979	-	-
	(2,712)	(470)	(57)	(114)
Previously unrecognised temporary difference now recognised as deferred tax assets	-	(61)	-	-
Under/ (over) provision of previous year	-	-	-	-
Deferred tax assets not recognised for current year tax losses	2,712	-	57	-
Reversal of deferred tax asset	1,670	-	1,340	-
Income tax expense / (benefit)	1,670	(531)	1,340	(114)

The changes in accounting estimates referred to in Note 2 had no effect on the income tax expense of the consolidated Group.

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

Refer to Note 1(e) for Tax Consolidation accounting policy.

Tax losses of \$19.496 million (tax effect @ 30%: \$5.849 million) have not been brought to account. Temporary difference of \$1.072 million (tax effect @ 30%: \$0.322 million) have not been brought to account.

Notes to the Financial Statements

7. Key management personnel

Names and position held by key management personnel in office at any time during the financial year are:

Key Management Person	Position
Mr Colin Cowden	Non -Executive Director
Mr Hugh Robertson	Non -Executive Director
Mr Jim Gardiner	Executive Managing Officer
Mrs Rosemary McKechnie	Commercial Real Estate and Property Management Manager
Mr Alex Zoumboulis	General Manager – Business Development
Mr Joseph Gelati	Business Centre Manager
Mr Charles Green	Group Operations Manager
Mr Ron Hollands	Chief Financial Officer
Mr Eric Napoleone	General Manager - Real Estate Eltham Office (Resigned 4 July 2007)
Mr Howard Spry	General Manager - Management Letting Rights (Resigned 7 September 2007)
Mr Tony Warren	Managing Director – Property Management Division (Resigned 19 September 2007)

Key Management Personnel Compensation

	Consolidated Group		Company	
	2008 \$'000	2008 \$'000	2008 \$'000	2007 \$'000
Short Term Employee Benefits	1,241,510	978,876	-	-
Post Employment Benefits	63,764	63,340	-	-
Other Long Term Employment Benefits	-	-	-	-
Termination Benefits	23,200	22,246	-	-
Share based payment	-	-	-	-
	1,328,474	1,064,462	-	-

Key management personnel remuneration has been included in the Remuneration Report section of the Directors Report.

Notes to the Financial Statements

7. Key management personnel (continued)

Employee share plan options

Option details 1 July 2007 to 30 June 2008 for key management personnel

	Balance 1 July 2007	Granted as Compensation	Exercised	Lapsed	Balance 30 June 2008	Balance vested at 30 June 2008	Vested but not exercisable	Vested and exercisable	Options vested during year
	no	no	no	no	no	no	no	no	no
Executives									
Mr Kingsley Lamont	2,000,000	-	-	(2,000,000)	-	-	-	-	-
Mr Tony Warren	100,000	-	-	-	-	100,000	-	-	-

Option details 1 July 2006 to 30 June 2007 for key management personnel

	Balance 1 July 2006	Granted as compensation	Exercised	Consolidation of shares	Balance 30 June 2007	Balance vested at 30 June 2007	Vested but not exercisable	Vested and exercisable	Options vested during year
	no	no	no	no	No	no	no	no	no
Executives									
Mr Kingsley Lamont	-	2,000,000	-	-	2,000,000	-	-	-	-
Mr Tony Warren	3,000,000	-	(2,900,000)	(2,900,000)	100,000	100,000	100,000	-	-

All share options issued to directors and executives are made in accordance with the provisions of either the Executive Share Option Plan or the Employee Share Plan. During the financial year no options were exercised (2007: 2,000,000 issued, Nil exercised) by directors or executives. Further details of the option plans is contained in Note 27 to the financial statements.

Notes to the Financial Statements

7. Key management personnel (continued)

Directors and key management personnel equity holdings

Fully paid ordinary shares of Wentworth Holdings Limited - 2008

	Balance at 1 July No.	Granted as compensation No.	Received on exercise of options No.	Net other change No.	Balance at 30 June No.	Balance held nominally No.
Directors						
Mr Colin Cowden	965,334	-	-	1,242,118	2,207,452	-
Mr Hugh Robertson	866,556	-	-	-	866,556	-
Mr Jim Gardiner	1,072,595	-	-	-	1,072,595	-
Mr Kingsley Lamont	2,825,246	-	-	(2,825,246) ¹	-	-
Executives						
Mr Tony Warren	211,000	-	-	(211,000) ¹	-	-
Mr Eric Napoleone	66,667	-	-	(66,667) ¹	-	-
Mr Charles Green	-	-	-	500,000	500,000	-
Mr Howard Spry	-	-	-	-	-	-
Mr Alex Zoumboulis	-	-	-	-	-	-
Mr Ron Hollands	-	-	-	602,953	602,953	-
Mrs. Rosemary McKechnie	-	-	-	-	-	-
Mr. Joseph Gelati	172,667	-	-	-	172,667	-

Fully paid ordinary shares of Wentworth Holdings Limited - 2007

	Balance at 1 July No.	Granted as compensation No.	Received on exercise of options No.	Net other change No.	Balance at 30 June No.	Balance held nominally No.
Directors						
Mr Glenn Wheeler	1,613,615	-	-	(1,613,615) ¹	-	-
Mr Colin Cowden	905,333	-	-	60,001	965,556	-
Mr Hugh Robertson	799,889	-	-	66,667	866,556	-
Mr Kingsley Lamont	2,825,246	-	-	-	2,825,246	-
Mr Jim Gardiner	-	-	-	1,072,595	1,072,595	-
Mr Miles Hampton	-	-	-	-	-	-
Executives						
Mr Tony Warren	211,000	-	-	-	211,000	-
Mr Eric Napoleone	66,667	-	-	-	66,667	-
Mr Charles Green	1,700,000	-	-	(1,700,000)	-	-
Mr Howard Spry	-	-	-	-	-	-
Mr Quang Tran	733,233	-	-	(733,233) ¹	-	-
Mr Alex Zoumboulis	-	-	-	-	-	-

¹ These directors and executives resigned during the financial year. Accordingly their respective shareholdings have not been disclosed.

Notes to the Financial Statements

7. Key management personnel (continued)

Loans to and from directors and key management personnel

Details of aggregate of loans from director related entities and key management personnel as at reporting date are as follows:

2008	Balance at 30 June 2007	Amounts advanced / (paid)	Interest not charged	Interest charged	Balance 30 June 2008	Number in Group
	\$	\$	\$	\$	\$	no
Directors						
Director related entity (Mr Hugh Robertson)	500,000	-	-	47,500	500,000	1
Director related entity (Mr Colin Cowden)	1,000,000	-	-	95,000	1,000,000	1
Key management personnel	-	-	-	-	-	-
Total 2008	1,500,000	-	-	142,500	1,500,000	2
2007						
2007	Balance at 30 June 2006	Amounts advanced / (paid)	Interest not charged	Interest charged	Balance 30 June 2007	Number in Group
	\$	\$	\$	\$	\$	no
Directors						
Director related entity (Mr Hugh Robertson)	-	500,000	-	10,541	500,000	1
Director related entity (Mr Colin Cowden)	-	1,000,000	-	20,822	1,000,000	1
Key management personnel	90,000	(90,000)	-	-	-	1
Total 2007	90,000	1,410,000	-	31,363	1,500,000	3

Directors and key management personnel are not charged interest on loans provided by the Company pursuant to the Company's Employee Share Plan. Directors and key management personnel are required to repay these loans and the Company may sell the shares and apply the net proceeds in satisfaction of the loans after 28 days from the termination of the Director's and key management personnel's employment.

Directors - related entities advanced \$Nil million (2007: \$1.500 million) to the consolidated Group during the financial year. The loans are interest bearing at 9.50% (2007: 9.50%). Interest has been accrued for in current liabilities. The loans are secured by a fixed and floating charge agreement over the assets of the consolidated Group.

Other than named above, no key management personnel had loans above \$100,000 during the reporting period.

8. Auditors' remuneration

	Consolidated Group		Company	
	2008	2007	2008	2007
	\$	\$	\$	\$
Auditor of the parent entity				
Audit services				
Audit or review of the financial reports	185,550	180,000	185,550	180,000
Additional fee concerning prior years audit of the financial report	25,000	40,000	25,000	-
	205,550	220,000	205,550	180,000
Non-audit services				
Taxation services	105,504	17,500	105,504	17,500
Total remuneration for assurance and non-assurance services to the auditor of the entity	311,054	237,500	311,054	197,500

The auditor of the parent entity is Deloitte Touche Tohmatsu.

Notes to the Financial Statements

9. Discontinued operations

Plan to dispose management letting rights business

On 1 May 2007, the Board of Directors announced a plan to dispose the Management Letting Rights businesses in line with the consolidated Group's long-term goal to focus its activities on the Property Management and Real Estate Sales businesses.

The Management Letting Rights businesses have been classified as held for sale assets from 1 May 2007. As each Management Letting Rights site is being disposed of separately, each individual management right intangible asset has been combined with the associated property plant and equipment to form a disposal group held for sale.

The held for sale assets have ceased to be amortised and depreciated from 1 May 2007 and, as at balance date, have been measured at the lower of their carrying amount and their fair value less costs to sell. An impairment loss of \$6.203 million (2007: \$7.274 million) was recognised during the year.

The Management Rights businesses operate as a separate business segment and are considered to be a discontinuing operation as they are a separate major line of business for the Consolidated Group.

The results of the discontinued operations which have been included in the income statement are as follows. The comparative profit and cash flows from discontinued operations have been re-presented below to include those operations classified in the current year.

As at 30 June 2008 management is continuing to actively market and dispose of the remaining held for sale assets, hence as at 30 June 2008 they continue to be classified as non-current assets held for sale.

	Consolidated Group		Company	
	2008 \$	2007 \$	2008 \$	2007 \$
Profit / (loss) from discontinued operations				
Revenue	5,319	6,454	-	-
Interest	13	53	-	-
Expenses:				
Marketing and advertising expense	(211)	(146)	-	-
Employee benefits expense	(2,277)	(3,021)	-	-
Depreciation and amortization expense	-	(818)	-	-
Finance cost	(393)	-	-	-
Communication expenses	(431)	(345)	-	-
Occupancy expenses	(293)	(258)	-	-
Administration expenses	(328)	(469)	-	-
Other expenses	(1,148)	(911)	-	-
Profit / (Loss) before income tax	251	539	-	-
Attributable income tax expense	-	(340)	-	-
Profit / (loss) for the year from discontinued operations	251	199	-	-
Loss on remeasurement to Fair value less costs to sell	(6,203)	(7,274)	-	-
Total loss from discontinued operations	(5,952)	(7,075)	-	-
Cash flows from discontinued operations				
Net cash inflow / (outflow) from operating activities	(17,374)	1,356	-	-
Net cash inflow / (outflow) from investing activities	21,231	(10,432)	-	-
Net cash inflow / (outflow) from financing activities	(3,857)	2,018	-	-
Net cash flows	-	(7,058)	-	-
The major classes of assets and liabilities comprising operations classified as held for sale at balance date are:				
Assets				
Intangibles	6,657	26,235	-	-
Property, plant and equipment	2,603	8,508	-	-
Total assets classified as held for sale	9,260	34,743	-	-

Notes to the Financial Statements

9. Discontinued operations (continued)

Plan to dispose management letting rights business (continued)

	Consolidated Group		Company	
	2008	2007	2008	2007
	\$	\$	\$	\$
Liabilities				
Employee benefits	32	90	-	-
Borrowings – current	-	1,997	-	-
Borrowings – non current	-	21	-	-
Total liabilities associated with assets classified as held for sale	32	2,108	-	-
Net assets held for sale	9,228	32,635	-	-

10. Dividends

No dividends have been paid or declared during the year ended 30 June 2008 (2007: \$nil).

The adjusted franking account balance as at 30 June 2008 is \$nil (2007: \$nil).

11. Earnings per share

a. Basic earnings per share

	2008	2007
	Cents per share	Cents per share
From continuing operations	(16.51)	(6.32)
From discontinuing operations	(5.50)	(6.79)
Total basic earnings per share	(22.01)	(13.11)

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	2008	2007
	\$'000	\$'000
Earnings		
From continuing operations	(17,870)	(6,588)
From discontinuing operations	(5,952)	(7,075)
Total earnings	(23,822)	(13,663)
	No.	No.
Weighted average number of ordinary shares	108,210,509	104,178,220

Notes to the Financial Statements

11. Earnings per share (continued)

b. Diluted earnings per share

	2008	2007
	Cents per share	Cents per share
From continuing operations	(16.51)	(6.32)
From discontinuing operations	(5.50)	(6.79)
Total diluted earnings per share	(22.01)	(13.11)

The earnings and weighted average number of ordinary and potential ordinary shares used in the calculation of diluted earnings per share are as follows:

	2008	2007
	\$'000	\$'000
Earnings		
From continuing operations	(17,870)	(6,588)
From discontinuing operations	(5,952)	(7,075)
Total earnings	(23,822)	(13,663)
	No.	No.
Weighted average number of ordinary shares and potential ordinary shares	109,996,069	104,178,220

- i. Options are considered to be potential ordinary shares and are therefore excluded from the weighted average number of ordinary shares used in the calculation of basic earnings per share. Where dilutive, potential ordinary shares are included in the calculation of diluted earnings per share.
- ii. The following potential ordinary shares are not dilutive and are therefore excluded from the weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted earnings per share:

	2008	2007
	No.	No.
Options	287,529	2,288,030

12. Cash and cash equivalents

	Consolidated Group		Company	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Cash at bank	306	2,185	-	-
Cash on hand	11	17	-	-
Short term deposits	650	6	-	-
	967	2,208	-	-

Cash at bank has a weighted average effective interest rate of 6.50% (2007: 5.50%). Cash on hand is non interest bearing.

Notes to the Financial Statements

13. Trade and other receivables at amortised cost

Current

	Consolidated Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Trade receivables (i)	761	2,994	-	-
Allowance for doubtful debts	(20)	-	-	-
Other receivables	1,335	1,227	-	-
	2,076	4,221	-	-

Non-current

	Consolidated Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Loans to other entities	-	250	-	95
Loans to subsidiaries	-	-	57,352	57,218
Accumulated impairment losses (ii)	-	-	(36,544)	(14,612)
	-	-	20,808	42,606
	-	250	20,808	42,701

- i. The average credit period on rendering of services is approximately 30 days. No interest is charged on trade receivables. The Group has provided fully for amounts deemed non-recoverable.

Included in the Group's trade receivable balance are debtors with a carrying amount of \$0.045 million (2007: \$Nil million) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The average age of these receivables is 438 days (2007: nil days).

- ii. The company reviewed the net assets of each subsidiary in determining any impairment losses.

Ageing of past due but not impaired

	Consolidated Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
60 to 90 days	6	-	-	-
90 to 120 days	-	-	-	-
Over 120 days	39	-	-	-
Total	45	-	-	-

Movement in the allowance for doubtful debts

	Consolidated Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Balance at the beginning of the year	-	-	-	-
Impairment losses recognised on receivables	(20)	-	-	-
Balance at the end of the year	(20)	-	-	-

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

Notes to the Financial Statements

13. Trade and other receivables at amortised cost (continued)

Ageing of impaired trade receivable

	Consolidated Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
60 to 90 days	-	-	-	-
9 to 120 days	-	-	-	-
More than 120 days	20	-	-	-
Total	20	-	-	-

14. Other current assets

Current

	Consolidated Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Deposits	86	157	-	-
Prepayments	1,002	491	-	-
	1,088	648	-	-

15. Non – current assets classified as held for sale

Current

	Consolidated Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Intangibles – Management Rights	11,370	32,173	-	-
Impairment loss on re-measurement to fair value less costs to sell	(4,713)	(5,938)	-	-
	6,657	26,235	-	-
Property, plant and equipment	4,063	9,844	-	-
Impairment loss on re-measurement to fair value less costs to sell	(1,460)	(1,336)	-	-
	2,603	8,508	-	-
Total non-current assets classified as held for sale	9,260	34,743	-	-

	Management Rights \$'000	Property, Plant and Equipment \$'000	Total \$'000
Total reconciliation			
Opening balance at 1 July 2007	26,235	8,508	34,743
Recognition of assets held for sale	1,449	650	2,099
Disposal during the year	(16,735)	(4,644)	(21,379)
Impairment loss on re-measurement to fair value less costs to sell	(4,292)	(1,911)	(6,203)
Closing balance at 30 June 2008	6,657	2,603	9,260

Refer to Note 1(i) and Note 9 for further information.

Notes to the Financial Statements

16. Property, plant and equipment

	Consolidated Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Plant and equipment				
At cost	2,899	2,690	-	256
Accumulated depreciation	(1,222)	(636)	-	(124)
Written down value	1,677	2,054	-	132
Equipment under finance lease				
At cost	319	262	-	-
Accumulated depreciation	(232)	(5)	-	-
Written down value	87	257	-	-
Leasehold improvements				
At cost	895	621	-	9
Accumulated depreciation	(317)	(138)	-	(4)
Written down value	578	483	-	5
Total				
At cost	4,113	3,573	-	265
Accumulated depreciation	(1,771)	(779)	-	(128)
Written down value	2,342	2,794	-	137

Notes to the Financial Statements

16. Property, plant and equipment (continued)

	Consolidated Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Buildings reconciliation				
Carrying amount at beginning of financial year	-	6,999	-	-
Acquisitions through business combinations	-	2,688	-	-
Depreciation expense	-	(162)	-	-
Classified as held for sale	-	(9,525)	-	-
Carrying amount at end of financial year	-	-	-	-
Plant and equipment reconciliation				
Carrying amount at beginning of financial year	2,038	552	132	183
Additions	487	1,429	-	-
Acquisitions through business combinations	-	755	-	-
Disposals	-	(42)	(68)	-
Depreciation expense	(848)	(419)	(64)	(51)
Classified as held for sale	-	(237)	-	-
Carrying amount at end of financial year	1,677	2,038	-	132
Equipment under finance lease				
Carrying amount at beginning of financial year	273	278	-	-
Additions	41	-	-	-
Depreciation expense	(227)	(5)	-	-
Classified as held for sale	-	-	-	-
Carrying amount at end of financial year	87	273	-	-
Leasehold improvements reconciliation				
Carrying amount at beginning of financial year	483	262	5	9
Additions	274	442	-	-
Acquisitions through business combinations	-	-	-	-
Disposals	-	(2)	-	-
Depreciation expense	(179)	(137)	(5)	(4)
Classified as held for sale	-	(82)	-	-
Carrying amount at end of financial year	578	483	-	5
Total reconciliation				
Carrying amount at beginning of financial year	2,794	8,091	137	192
Additions	802	1,871	-	-
Acquisitions through business combinations	-	3,443	-	-
Disposals	-	(44)	(68)	-
Depreciation expense	(1,254)	(723)	(69)	(55)
Classified as held for sale	-	(9,844)	-	-
Carrying amount at end of financial year	2,342	2,794	-	137
Aggregate depreciation expensed during the year				
Buildings	-	162	-	-
Plant and equipment	848	419	64	51
Equipment under finance lease	227	5	-	-
Leasehold improvements	179	137	5	4
Total depreciation	1,254	723	69	55

Notes to the Financial Statements

16. Property, plant and equipment (continued)

Contractual commitments to acquire property, plant and equipment

There were no contractual commitments to acquire any property, plant and equipment as at 30 June 2008.

21. Goodwill

	Consolidated Group		Company	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Goodwill	20,878	20,595	-	-
Less accumulated impairment losses	(5,108)	(2,091)	-	-
	15,770	18,504	-	-
Reconciliation				
Carrying amount at beginning of financial year	18,504	1,687	-	-
Impairment expense charged to profit or loss (i)	(3,018)	(2,091)	-	-
Acquisitions through business combinations	284	18,908	-	-
Carrying amount at end of financial year	15,770	18,504	-	-

(i) Impairment testing of Goodwill (and Other Intangible Assets)

During the financial year, the consolidated Group assessed the recoverable amount of goodwill (and Other Intangible Assets), and determined that goodwill, which is wholly associated with the Group's real estate business, was impaired by \$3.018 million (2007: \$2.091 million). The impairment loss is included as an expense in the income statement in line item 'Impairment of assets'.

The recoverable amount of the real estate operations was assessed by reference to the fair value less costs of sale for each cash-generating unit (CGU). The fair value of the real estate businesses (sales and property management) has been estimated using:

- annualised commission income as at 30 June 2008; and
- a multiple for each business.

Annualised commission income was used to estimate the fair value of each CGU as it reflects the expected future commission income as at balance date based on the conditions of the market and the CGU at the time of impairment testing.

The multiples used to calculate fair value were obtained from the following sources:

- The independent valuation prepared by an independent valuer for the Groups financiers; and
- Management estimates (determined based on the multiples used to originally acquire the respective businesses, allowing for any changes that have occurred in each business and/or the market subsequently); and
- Management's knowledge of potential offers received for the assets of WHL, and the multiples being offered.

Estimated selling costs include brokerage fees of 2.5% of the sales proceeds, based on industry standards and historical experience.

None of the other assets in the CGUs subject to impairment were impaired. Goodwill is included in the "Property Management and Sales" reportable segment disclosed in Note 31.

Allocation of goodwill to Cash-Generating Units (CGU)

Compared to the CGUs used in the previous financial year, a change has been made in the current year as follows:

30 June 2007:	30 June 2008:
Bayside / St Kilda	Bayside
Eltham	Eltham / St Kilda

The reason for this is justified by management's decision to monitor its operations by regional Hubs. This required the re-grouping of St Kilda to the Eltham / St Kilda Hub.

Notes to the Financial Statements

17. Goodwill (continued)

Goodwill has been allocated to each CGU for impairment testing purposes on the following bases:

	Goodwill allocation post impairment
	2008
Cash-Generating Unit	\$'000
Bayside (Victoria)	3,507
Eltham/St Kilda (Victoria)	3,783
Frankston (Victoria)	2,542
New South Wales	1,316
Queensland	1,661
Western Australia	2,961
	15,770

	Goodwill allocation post impairment
	2007
Cash-Generating Unit	\$'000
Bayside/St Kilda (Victoria)	7,881
Eltham (Victoria)	686
Frankston (Victoria)	3,167
New South Wales	1,365
Queensland	2,445
Western Australia	2,960
	18,504

Notes to the Financial Statements

18. Other intangible assets

	Consolidated Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Property rights				
At cost	24,548	23,867	-	-
Accumulated amortisation	(6,660)	(3,217)	-	-
	17,888	20,650	-	-
Management rights				
At cost	-	-	-	-
Accumulated amortisation	-	-	-	-
	-	-	-	-
Total				
At cost	24,548	23,867	-	-
Accumulated amortisation	(6,660)	(3,217)	-	-
	17,888	20,650	-	-
Property rights reconciliation				
Carrying amounts at beginning of financial year	20,650	11,651	-	-
Additions	807	431	-	-
Acquisitions through business combinations:				
- current year acquisitions	-	11,671	-	-
- finalisation of prior year acquisition retentions	-	(293)	-	-
Disposals	-	(186)	-	-
Impairment	(100)	-	-	-
Amortisation expense (i)	(3,469)	(2,624)	-	-
Carrying amount at end of financial year	17,888	20,650	-	-
Management rights reconciliation				
Carrying amounts at beginning of financial year	-	25,255	-	-
Acquisitions through business combinations	-	7,512	-	-
Amortisation expense (i)	-	(594)	-	-
Classified as held for sale	-	(32,173)	-	-
Carrying amount at end of financial year	-	-	-	-
Total reconciliation				
Carrying amounts at beginning of financial year	20,650	36,906	-	-
Additions	807	431	-	-
Acquisitions through business combinations:				
- current year acquisitions	-	19,183	-	-
- finalisation of prior year acquisition retentions	-	(293)	-	-
Disposals	-	(186)	-	-
Impairment	(100)	-	-	-
Amortisation expense (i)	(3,469)	(3,218)	-	-
Classified as held for sale	-	(32,173)	-	-
Carrying amount at end of financial year	17,888	20,650	-	-

Notes to the Financial Statements

21. Other intangible assets (continued)

i. Amortisation

Amortisation expense is included in the line item 'depreciation and amortisation expense' in the income statement. The following useful lives are used in the calculation of amortisation:

Property Management Rights (stand alone rent rolls)	7 years	(2007: 8 years)
Property Management Rights (rent rolls and sales operations acquired)	7 years	(2007:10 years)

The intangible assets are amortised on a straight line basis over their useful lives.

The useful life of each rent roll has been estimated based upon the expected attrition rates of the property management rights. These attrition rates are based on historical experience, future expectations and by reference to business models prepared by an independent valuer.

ii. Intangible assets pledged as security for liabilities

All property management rights have been pledged as security against borrowings of the consolidated Group.

iii. Significant intangible assets

The consolidated Group holds property management rights for 13,607 properties as at 30 June 2008 (2007: 15,394). A large portion of these property management rights were acquired as part of business combinations. The carrying amount of these property management rights after amortisation was \$17.888 million (2007: \$20.650 million). Based on the current amortisation rates it is expected that these property management rights will be fully amortised in approximately 5 years (2007: 7 years).

iv. Contractual commitments to acquire intangible assets

There were no contractual commitments to acquire any intangible assets as at 30 June 2008.

v. Impairment testing of Other Intangible Assets

Details of impairment testing are provided at Note 17.

21. Other financial assets

	Consolidated Group		Company	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Non-current				
Available-for-sale financial assets (i)				
Unlisted investments at cost				
Shares in other corporations				
Opening balance	246	246	200	200
Impairment losses	(200)	-	(200)	-
Sale of investments	(42)	-	-	-
	4	246	-	200
Unlisted investments at recoverable amount				
Investments in controlled entities (Refer to Note 20a)	-	-	233	233
	4	246	233	433

(i) Available-for-sale financial assets

Available-for-sale financial assets comprise investments in the ordinary issued capital of various entities. There are no fixed returns or fixed maturity dates attached to these investments.

The fair value of unlisted available-for-sale financial assets cannot be reliably measured as variability in the range of reasonable fair value estimates is significant. As a result, all unlisted investments are reflected at cost.

Notes to the Financial Statements

21. Controlled entities

a. Investments in subsidiaries

	Country	Class of share	2008		2007	
			Holding %	Book Value \$'000	Holding %	Book Value \$'000
Parent entity						
Wentworth Holdings Limited	Australia					
Subsidiary						
Wentworth Services Pty Ltd	Australia	Ord	100	150	100	150
Wentworth Mutual Investment Management Pty Ltd	Australia	Ord	100	83	100	83
Aliquot Property Management Pty Ltd	Australia	Ord	100	-	100	-
Key 2 Rental Management Limited	Australia	Ord	100	-	100	-
PPRE Pty Ltd	Australia	Ord	100	-	100	-
Compliance Admin Services Pty Ltd	Australia	Ord	100	-	100	-
Wentworth Beach Houses and Country Homes Pty Ltd	Australia	Ord	100	-	100	-
Grandview Asset Pty Limited	Australia	Ord	100	-	100	-
Wentworth Property Management Pty Ltd	Australia	Ord	100	-	100	-
Wentworth Property Management QLD Pty Ltd	Australia	Ord	100	-	100	-
Wentworth Property Management Vic Pty Ltd	Australia	Ord	100	-	100	-
Wentworth Management Services (Vic) Pty Ltd	Australia	Ord	100	-	100	-
Wentworth Management Services (NSW) Pty Ltd	Australia	Ord	100	-	100	-
Wentworth Management Rights Pty Ltd	Australia	Ord	100	-	100	-
Wentworth Group Properties Pty Ltd	Australia	Ord	100	-	100	-
Amrites Pty Ltd	Australia	Ord	100	-	100	-
NSW Rights Operators Pty Ltd	Australia	Ord	100	-	100	-
QLD Rights Operators Pty Ltd	Australia	Ord	100	-	100	-
Wentworth Trinity Links Pty Ltd	Australia	Ord	100	-	100	-
Wentworth Bridgewater Pty Ltd	Australia	Ord	100	-	100	-
Wentworth Regal Pty Ltd	Australia	Ord	100	-	100	-
Wentworth Horton Pty Ltd	Australia	Ord	100	-	100	-
Wentworth Real Estate Pty Ltd	Australia	Ord	100	-	100	-
Wentworth Real Estate QLD (SE) Pty Ltd	Australia	Ord	100	-	100	-
Fanbridge Pty Ltd	Australia	Ord	100	-	100	-
Ansham Holdings Pty Ltd	Australia	Ord	100	-	100	-
Wentworth Real Estate VIC Pty Ltd	Australia	Ord	100	-	100	-
Ward Trew & Laver Pty Ltd	Australia	Ord	100	-	100	-
Budster Pty Ltd	Australia	Ord	100	-	100	-
Flannagan's Real Estate Pty Ltd	Australia	Ord	100	-	100	-
Wilson Pride Ellison Hearnden Pty Ltd	Australia	Ord	100	-	100	-
John Crowders & Sons Pty Ltd	Australia	Ord	100	-	100	-
Pabfram Pty Ltd	Australia	Ord	100	-	100	-
Wentworth Franchisors Pty Ltd	Australia	Ord	100	-	100	-
Well Worth It Pty Ltd	Australia	Ord	100	-	100	-
Wentworth Holidays Pty Ltd	Australia	Ord	100	-	100	-
Wentworth Cruise & Travel Pty Ltd	Australia	Ord	-	-	100	-
				233		233

All the above entities are part of the tax consolidated Group.

Notes to the Financial Statements

20. Controlled entities (continued)

b. Subsidiaries

- a) Wentworth Holdings Limited is the head entity within the tax consolidated Group.
- b) As of 1 July 2003, Wentworth Holdings Limited (the head entity) and its 100% owned subsidiaries have formed a consolidated Group for Australian taxation purposes. Wentworth Holdings Limited and the 100% owned subsidiaries in the tax consolidated Group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if the entity in the tax consolidated Group continues to be a stand-alone taxpayer in its own right.

21. Deferred tax assets

	Consolidated Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Deferred tax assets comprise:				
Tax losses - revenue	-	1,340	-	1,340
Temporary differences	-	334	-	-
	-	1,674	-	1,340
Movements				
Opening balance at beginning of the financial year	1,674	1,143	1,340	1,009
Credited/(charged) to the income statement	(1,674)	531	(1,340)	331
Closing balance at end of the financial year	-	1,674	-	1,340

Deferred tax balances

Consolidated Group

Deferred tax assets/(liabilities) as presented in the balance sheet arise from the following:

	2008			
	Opening balance \$'000	Charged to income statement \$'000	Acquisitions/ Disposals \$'000	Closing balance \$'000
Temporary differences:				
Employee benefits	329	(329)	-	-
Accruals	143	(143)	-	-
Provision for impairment of receivables	26	(26)	-	-
Borrowing costs	-	-	-	-
Business related costs	25	(25)	-	-
Intangible assets	(189)	189	-	-
	334	(334)	-	-
Unused tax losses and credits:				
Tax losses - revenue	1,340	(1,340)	-	-
	1,340	(1,340)	-	-
Total deferred tax assets/(liabilities)	1,674	(1,674)	-	-

Notes to the Financial Statements

21. Deferred tax assets (continued)

2007

	Opening balance \$'000	Charged to income statement \$'000	Acquisitions/ Disposals \$'000	Closing balance \$'000
Temporary differences:				
Employee benefits	47	282	-	329
Accruals	57	86	-	143
Provision for impairment of receivables	-	26	-	26
Borrowing costs	5	(5)	-	-
Business related costs	66	(41)	-	25
Intangible assets	-	(189)	-	(189)
	175	159	-	334
Unused tax losses and credits:				
Tax losses – revenue	968	372	-	1,340
	968	372	-	1,340
Total deferred tax assets/(liabilities)	1,143	531	-	1,674

Company

Deferred tax assets/(liabilities) as presented in the balance sheet arise from the following:

2008

	Opening balance \$'000	Charged to income statement \$'000	Acquisitions/ Disposals \$'000	Closing balance \$'000
Temporary differences:				
Accrued expenses	-	-	-	-
Other	-	-	-	-
Employee benefits	-	-	-	-
	-	-	-	-
Unused tax losses and credits:				
Tax losses – revenue	1,340	(1,340)	-	-
	1,340	(1,340)	-	-
Total deferred tax assets/(liabilities)	1,340	(1,340)	-	-

2007

	Opening balance \$'000	Charged to income statement \$'000	Acquisitions/ Disposals \$'000	Closing balance \$'000
Temporary differences:				
Accrued expenses	23	(23)	-	-
Other	16	(16)	-	-
Employee benefits	2	(2)	-	-
	41	(41)	-	-
Unused tax losses and credits:				
Tax losses – revenue	968	155	217	1,340
	968	155	217	1,340
Total deferred tax assets/(liabilities)	1,009	114	217	1,340

Notes to the Financial Statements

22. Trade and other payables at amortised cost

	Consolidated Group		Company	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Trade payables (i)	2,972	1,128	-	-
Accrued expenses	1,833	1,503	-	-
Amounts owing on acquisitions	-	400	-	-
Other payables	1,883	1,340	-	-
	6,688	4,371	-	-

- (i) The average credit period on purchases of certain goods and services from the Group's suppliers is 30 days (2007: 30 days). The consolidated Group has financial risk management policies in place to ensure that all payables are paid within the commercially accepted terms.

23. Borrowings at amortised cost

	Consolidated Group		Company	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Current liabilities				
<u>Secured:</u>				
Hire purchase (i)	138	94	-	-
Bank bills (ii)	16,933	30,990	-	-
Loan - shareholder related entities (iii)	2,000	1,000	-	-
Loan - director related entities (iii)	1,500	1,500	-	-
Total current borrowings	20,571	33,584	-	-
Non-current liabilities				
<u>Secured:</u>				
Hire purchase (i)	83	170	-	-
Total non-current borrowings	83	170	-	-

a. Notes to borrowings

- (i) Hire purchase

Hire purchase liabilities are secured by the assets leased. Hire purchases have a fixed average rate of 11.84% (2007: 10.31%)

- (ii) Bank bills

The consolidated Group has a bill facility of \$16.933 million (2007: \$31.334 million). The facility is secured by fixed and floating charge over the assets of the consolidated Group. The current weighted average interest rate on the bills is 7.21% (2007: 6.31%).

- (iii) Loans - directors and shareholder related entities

Loans totaling \$1.000 million (2007: \$2.500 million) were obtained from director and shareholders related entities in the financial year, secured by fixed and floating charge over the assets of the consolidated Group. Interest is chargeable on \$2.500 million (2007: \$2.500 million) of this total at a fixed interest rate of 9.50% (2007: 9.50%).

Interest is not chargeable on \$1.000 million of these loans (2007: \$nil). The non interest bearing loan is repayable by 30 September 2008. If the loan is not repaid, interest of 10,000 shares/day in the company is to be issued to the lender.

Notes to the Financial Statements

23. Borrowings at amortised cost (continued)

b. Finance arrangements

	Consolidated Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Credit standby arrangements				
Total facilities:				
Secured bill acceptance facility	16,933	31,334	-	-
Used at balance date:				
Secured bill accepted facility	16,933	30,990	-	-
Unused at balance date:				
Secured bill acceptance facility	-	344	-	-

24. Provisions

Current

	Consolidated Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Employee benefits	849	717	-	-
	849	717	-	-

Non-current

	Consolidated Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Employee benefits	90	289	-	-
	90	289	-	-

Provision analysis

	Consolidated Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Opening balance at 1 July 2007	1,006		-	
Additional provisions	758		-	
Amounts used	(825)		-	
Balance at 30 June 2008	939		-	

A provision has been recognised for employee entitlements relating to annual leave and long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criterion relating to employee benefits has been included in Note 1 (o).

Notes to the Financial Statements

25. Liabilities associated with non-current assets classified as held for sale

	Consolidated Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Employee benefits	32	90	-	-
Borrowings - current	-	1,997	-	-
Borrowings - non current	-	21	-	-
Total liabilities associated with non-current assets classified as held for sale (refer Note 9)	32	2,108	-	-

26. Issued capital

a. Issued capital

	Consolidated Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
109,512,497 fully paid ordinary shares (2007:107,642,512)	72,281	72,076	72,281	72,076

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. These shares have no par value. Ordinary shares entitle their holder to one vote, either in person or by proxy, at meetings of the Company.

b. Movements in issued capital

Details	2008		2007	
	No.	\$'000	No.	\$'000
Balance at beginning of the financial year	107,642,512	72,076	2,718,054,473	59,407
Shares Issued:				
Pursuant to share consolidation (i)	-	-	(2,627,452,657)	-
Pursuant to share placements/raisings	-	-	15,716,667	12,259
Business combinations (refer note 30)	-	-	1,226,656	800
Client offer prospectus (iii)	369,985	85	66,556	48
Consultant share plan (refer note 27(c))	-	-	30,167	18
Other (iv)	1,500,000	120	650	-
Share issues cost	-	-	-	(456)
Balance at the end of the financial year	109,512,497	72,281	107,642,512	72,076
Treasury shares - employee share plan (ii)	287,250		287,250	
Total shares on issue	109,799,747		107,929,762	

- (i) At the Annual General Meeting held on 27 November 2006, the shareholders of Wentworth Holdings Limited passed a resolution for a 30:1 share consolidation with effect from 4 December 2006.
- (ii) Shares are issued to plan members under a non-recourse loan arrangement and are subject to a trading lock of three years from the date the shares are issued during which time the shares may not be sold or encumbered or otherwise dealt with. The shares vest after the expiry of the trading lock period and after agreement has been reached regarding the repayment of the associated loans. Employee Share Plan shares are considered to be in substance options due to the existence of the trading lock and non-recourse loan features (refer note 27(e)).
- (iii) During the year, 369,985 (2007: 66,556) shares were issued under the Group's Client Offer Prospectus Option Scheme for consideration of \$85 thousand (2007: \$48 thousand). Refer to note 27 (e).
- (iv) During the year, 1,500,000 (2007: nil) shares were issued to a shareholder related entity in consideration of this entity lending the consolidated Group \$1.000 million (2007: \$nil). Refer to Note 23.

Notes to the Financial Statements

26. Issued capital (continued)

c. Movement in issued capital since 30 June 2008

There has been no movement in issued capital since 30 June 2008.

d. Share options

1. Employee share plan

The movement in share options on issue during the year ended 30 June 2008:

Type of options	Exercise price (cents)	Trading lock expiry date	Options at beginning No.	Option issued during year No.	Options exercised No.	Options lapsed No.	Options on issue at end of year No.
1	1.26	13/05/2006	6,667	-	-	-	6,667
2	1.80	1/07/2006	50,000	-	-	-	50,000
3	2.62	19/02/2007	33,333	-	-	-	33,333
4	3.00	30/06/2007	11,916	-	-	-	11,916
5	2.37	31/12/2007	2,000	-	-	-	2,000
6	3.00	4/11/2008	166,667	-	-	-	166,667
7	3.00	12/12/2008	16,667	-	-	-	16,667
Total			287,250	-	-	-	287,250

The movement in share options on issue during the year ended 30 June 2007:

Type of options	Exercise price (cents)	Trading lock expiry date	Options at beginning No.	Option issued during year No.	Consolidation 30 : 1 No.	Options exercised No.	Options lapsed No.	Options on issue at end of year No.
1	1.26	13/05/2006	200,000	-	(193,333)	-	-	6,667
2	1.80	1/07/2006	1,500,000	-	(1,450,000)	-	-	50,000
3	2.62	19/02/2007	1,000,000	-	(966,667)	-	-	33,333
4	3.00	30/06/2007	357,500	-	(345,584)	-	-	11,916
5	2.37	31/12/2007	60,000	-	(58,000)	-	-	2,000
6	3.00	4/11/2008	5,000,000	-	(4,833,333)	-	-	166,667
7	3.00	12/12/2008	500,000	-	(483,333)	-	-	16,667
Total			8,617,500	-	(8,330,250)	-	-	287,250

The abovementioned shares issued to employees are subject to a trading lock and a non-recourse loan arrangement but are treated as options for accounting purposes. Refer Notes 1(u) and 27(e) for further details.

2. Other plans

The movement in share options on issue during the year ended 30 June 2008

Type of options	Exercise price (cents)	Expiry date	Options at beginning of year No.	Option issued during year No.	Options exercised during the year No.	Options lapsed during the year No.	Options on issue at the end of the year No.	Exercisable at the end of the year No.
COP 8(i)	Variable	16/03/2008	86	-	-	(86)	-	-
COP 7(i)	Variable	28/10/2008	414	-	(188)	(38)	188	188
COP 6(i)	Variable	15/07/2008	198	-	(91)	(16)	91	91
COP 5(iii)	Variable	16/11/2007	18	-	(13)	(5)	-	-
COP 4(ii)	Variable	27/08/2007	64	-	(49)	(15)	-	-
COP 3(iv)	Variable	27/02/2007	-	-	-	-	-	-
COP 2(iv)	Variable	25/08/2007	-	-	-	-	-	-
COP 1(iv)	Variable	17/03/2007	-	-	-	-	-	-
Consultant	Variable	10/10/2008	-	-	-	-	-	-
Consultant	Variable	10/10/2008	-	-	-	-	-	-
Executive	105.00	30/11/2009	2,000,000	-	-	(2,000,000)	-	-
Total			2,000,780	-	(341)	(2,000,160)	279	279

Notes to the Financial Statements

26. Issued capital (continued)

d. Share options (continued)

The movement in share options on issue during the year ended 30 June 2007

Type of options	Exercise price (cents)	Expiry date	Options at beginning of year No.	Option issued during year No.	Options exercised during the year No.	Options lapsed during the year No.	Options on issue at the end of the year No.	Exercisable at the end of the year No.
COP 8(i)	Variable	16/03/2008	120	-	-	(34)	86	-
COP 7(i)	Variable	28/10/2008	546	-	-	(132)	414	-
COP 6(i)	Variable	15/07/2008	300	-	-	(102)	198	-
COP 5(iii)	Variable	16/11/2007	50	-	(18)	(14)	18	-
COP 4(ii)	Variable	27/08/2007	174	-	(64)	(46)	64	-
COP 3(iv)	Variable	27/02/2007	1,157,400	-	(1,157,400)	-	-	-
COP 2(iv)	Variable	25/08/2007	160,260	-	(160,260)	-	-	-
COP 1(iv)	Variable	17/03/2007	-	-	-	-	-	-
Consultant	Variable	10/10/2008	250,000	-	(250,000)	-	-	-
Consultant	Variable	10/10/2008	655,000	-	(655,000)	-	-	-
Executive	105.00	30/11/2009	-	2,000,000	-	-	2,000,000	-
Total			2,223,850	2,000,000	(2,222,742)	(328)	2,000,780	-

Refer to note 27 for details of the share option plans.

27. Executive, consultant, employee and other share option plans

The consolidated Group has two Share Option Plans for executives and consultants, a Share Plan for employees and options issued pursuant to the Company's "Client Offer Prospectus" ("COP") which were approved by shareholders at an annual general meeting. Issues of shares or options under the plans is at the discretion of the Board to reward staff and consultants for services to the consolidated Group based on the weighted average share price over the five trading days prior to the issue date subject to regulatory requirements. The main features of the plans are set out below.

a. Client Offer Prospectus ("COP") series of options

"COP" options are options issued as part of the Company's Client Offer Prospectus ("COP") series that forms part of the Company's strategy to grow its property management portfolio organically.

- (i) Options convert at an exercise price which will be determined by reference to the greater of 3.20 cents per share or the weighted average share price for the Shares quoted by ASX for the three month period before the exercise date. The 279 (2007: 698) options issued under COP 6, 7 and 8 entitle the holders to convert the options into 302,715 (2007: 737,239) fully paid ordinary shares in the Company based on an exercise price of 8.01 cents¹ (2007: 23.7 cents).
- (ii) Options convert at an exercise price which will be determined by reference to the greater of 3.00 cents per share or the weighted average share price for the Shares quoted by ASX for the three month period before the exercise date. There are nil (2007: 64) options issued under COP 4 entitling the holders to convert the options into nil (2007: 67,598) fully paid ordinary shares in the Company based on an exercise price of 8.01 cents¹ (2007: 23.7 cents).
- (iii) Options convert at an exercise price which will be determined by the reference to the greater of 3.10 cents per share or the weighted average share price for the Shares quoted by ASX for the three month period before the exercise date. There are nil (2007: 18) options issued under COP 5 entitling the holders to convert the options into nil (2007: 19,012) fully paid ordinary shares in the Company based on an exercise price of 8.01 cents¹ (2007: 23.7 cents).
- (iv) Options issued under these prospectuses entitle the holder to convert each option into one fully paid ordinary share in the Company.

¹ Represents the average share price for the last three months of the year

Notes to the Financial Statements

27. Executive, consultant, employee and other share option plans (continued)

b. Executive share option plan

The Executive Share Option Plan is an ownership based remuneration scheme that covers persons who are employed by the consolidated Group or a Director of the consolidated group and who the board determines is eligible to participate in the Options Scheme.

The company issued nil (2007: 2,000,000) share options over shares under its Executive Share Option Plan during the year ended 30 June 2008. The fair value at grant date for options issued in the year ended 30 June 2007 was approximately \$0.10 per share option. 2,000,000 (2007: nil) share options lapsed during the year.

c. Consultant share option plan

The Consultant Share Option Plan covers persons who have a contract with the Company including contracts for short periods of time and whom the Board determines is eligible to participate in the Option Scheme. All such options were exercised during the previous financial year. No options remain outstanding in relation to the Consultant Share Plan as at 30 June 2008, (30 June 2007: nil).

d. Other executive and consultant share option plan terms

All options must be exercised as follows:

- up to 40% of the options granted to the option holder may be exercised in the 1 year period beginning 2 years after the date of issue of options.
- up to 60% of the options granted to the option holder may be exercised in the 1 year period beginning 3 years after the date of issue of the options.
- up to 80% of the options granted to the option holder may be exercised in the 1 year period beginning 4 years after the date of issue of the options and ending on the day before the final exercise period (which in most cases will be a year)
- all options may be exercised in the final exercise period which will end on the day of expiry of the options.

All options granted expire on the earlier of:

- 5 years from the date of issue; or
- the date on which the option holder ceases to be an employee of the Company or any of its subsidiaries other than as a result of the death of the option holder; or
- such later day as the directors in their absolute discretion determine.

The total number of options on issue at any time must not exceed 5% of the total number of shares in the Company on issue at that time. All options carry no voting rights or rights to dividends. No options in relation to these plans were issued in the year ended 30 June 2008 (30 June 2007: nil)

e. Employee share plan

The Employee Share Plan covers staff who are employed by the Company who are either permanent full-time or permanent part-time employees who have served the Company for a minimum aggregate period (whether continuous or otherwise) of six months, or otherwise determined by the Managing Director to be eligible to participate in the Plan.

Shares are issued to plan members under a non-recourse loan arrangement and are subject to a trading lock of three years from the date the shares are issued during which time the shares may not be sold or encumbered or otherwise dealt with. The shares vest after the expiry of the trading lock period and after agreement has been reached regarding the repayment of the associated loans.

Employee Share Plan shares are considered to be in substance options due to the existence of the trading lock and non-recourse loan features. The fair value of these shares is determined at grant date with reference to the Black and Scholes Option Pricing Formula and is expensed over the vesting period.

Notes to the Financial Statements

27. Executive, consultant, employee and other share option plans (continued)

e. Employee share plan (continued)

Details	2008		2007	
	No.	\$'000	No.	\$'000
Balance at beginning of the financial year	287,250	233	8,617,500	233
Pursuant to share consolidation (i)	-	-	(8,330,250)	-
Share issued	-	-	-	-
Loans paid out	-	-	-	-
Balance at end of the financial year	287,250	233	287,250	233

(i) At the Annual General Meeting held on 27 November 2006, the shareholders of Wentworth Holdings Limited passed a resolution for a 30:1 share consolidation with effect from 4 December 2006.

28. Reserves

	Consolidated Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Share option reserve	366	366	366	366
Movements				
Balance at the beginning of the financial year	366	348	366	348
Employee share-based payments	-	18	-	18
Balance at the end of the financial year	366	366	366	366

The share option reserve arises on the grant of shares to employees under the employee share plan (refer Note 27(e) for additional information).

29. Accumulated losses

Movements in accumulated losses were as follows:

	Consolidated Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Balance at the beginning of the financial year	(27,743)	(14,080)	(27,831)	(14,468)
Net loss for the year	(23,822)	(13,663)	(23,775)	(13,363)
Balance at the end of the financial year	(51,565)	(27,743)	(51,606)	(27,831)

Notes to the Financial Statements

30. Acquisition and disposal of businesses

a. Current year acquisitions – 2008

(i) Acquisition of entities

During the year ended 30 June 2008, there were no entities acquired.

The fair value adjustments of certain acquisitions provisionally accounted for at 30 June 2007 were finalised during the current year. This resulted in the following adjustments:

	Consolidated Group	Company
	Fair value adjustment	
	\$'000	\$'000
<u>Trading Name of Entity Acquired</u>		
Mermaid Beach Real Estate:		
- Goodwill	(15)	-
- Other intangible asset (rent roll)	(4)	-
	(19)	-
John Crowder (Crowder Real Estate):		
- Goodwill	300	-
	300	-
Total adjustment in current year	281	-

(ii) Acquisition of Management Letting Rights

Date	Trading Name of Asset
25 July 2007	Aqua Vista

At the date of acquisition, the Management Letting Right was in Queensland. The net profit/ (loss) for the year cannot be reliably determined as the business was immediately amalgamated into the Group. It is impractical to disclose the effect of the net profit for the period as if the business were acquired at 1 July 2007 due to the businesses being amalgamated into the Group.

Details of the assets and liabilities arising from the acquisition are as follows:

	Consolidated Group	Company
	Fair value	
	\$'000	\$'000
Non current assets classified as held for sale	2,099	-

Notes to the Financial Statements

30. Acquisition and disposal of businesses (continued)

a. Current year acquisitions – 2008

(ii) Acquisition of Management Letting Rights (continued)

Details of purchase consideration are as follows:

	Consolidated Group	Company
	\$'000	\$'000
Purchase consideration		
Cash paid in current year	120	-
Deposits paid in prior year	102	-
Total cash paid	222	-
Secured loan	1,828	-
Direct costs relating to the acquisition	49	-
Total purchase consideration	2,099	-

Summary of total cash payments for businesses and entities in current year:

	Consolidated Group	Company
	\$'000	\$'000
Cash payments		
Total cash paid	120	-
Total direct costs relating to the acquisition	49	-
Less: cash equivalent balances acquired	-	-
Total cash payment for businesses and entities in current year	169	-

(iii) Disposals of Management Letting Rights

The following disposals of Management Letting Rights and associated property, plant and equipment took place during the year ended 30 June 2008:

Date of disposal	Trading Name of Asset
1 November 2007	Willhara Towers – Queensland
8 November 2007	Landmark Resorts – New South Wales
1 November 2007	The Regent – Queensland
11 October 2007	The Ridge on Leichardt - Queensland
21 November 2007	Regal on Macrossan - Queensland
31 March 2008	W4 Apartments – Queensland
30 April 2008	Aqua Vista
30 April 2008	Horton Apartments
15 May 2008	Surfside on the Beach
10 June 2008	Banyandah Towers
30 June 2008	Pelican Sands

Notes to the Financial Statements

30. Acquisition and disposal of businesses (continued)

(a) Current year acquisitions – 2008

(iii) Disposals of Management Letting Rights (continued)

The sales consideration associated with the above disposals were as follows:

	Consolidated Group	Company
	\$'000	\$'000
Total sales proceeds	22,140	-
Total selling costs	(744)	-
Net proceeds from sales	21,396	-
Written down fair value of Management Letting Rights and associated property, plant and equipment	(21,379)	-
Gain on disposal	17	-

(iv) Disposals of Other Entities

The following disposals of other entities and associated property, plant and equipment took place during the year ended 30 June 2008:

Date of disposal	Trading Name of Asset
31 March 2008	Wentworth Cruise and Travel Pty Ltd
31 March 2008	Surfers Paradise (Real Estate business)

The sales consideration associated with the disposal of Wentworth Cruise and Travel Pty Ltd was as follows:

	Consolidated Group	Company
	\$'000	\$'000
Total sales proceeds	20	-
Total selling costs	-	-
Net proceeds from sales	20	-
Written down fair value of cost of investment	-	-
Gain on disposal	20	-

Notes to the Financial Statements

30. Acquisition and disposal of businesses (continued)

(a) Current year acquisitions – 2008 (continued)

(v) Accounting for business combinations

Under AASB 3 Business Combinations, the fair value of Property Management and Management Letting Rights are treated as identifiable intangible assets. The excess of the cost of acquisition over the fair value of identifiable assets and liabilities is recorded as goodwill.

Property Management and Management Letting Rights are measured at fair value as at the date of acquisition. Fair value is determined on the basis of discounted future net cash flows that are forecast to be derived from the Property Management or Management Letting Rights. This takes into account the forecast attrition of property rights of approximately 14% (2007: 12%) but does not take into account organic growth in the rent roll.

The magnitude of the goodwill reflects the situation that the market value of rent rolls reflects an appreciating asset with anticipated organic growth in excess of forecast attrition. Intangible assets created within the business through organic growth are not able to be capitalised. This includes rent rolls sourced through strategic alliance partner agencies who have committed to long term contracts to refer new property management opportunities to Wentworth Holdings Limited. In addition, further properties will be obtained from current and new landlords directly through targeted marketing and a dedicated new business leasing team.

The initial accounting for the business combinations can be determined only provisionally by the end of the period in which the combination is effected because either the fair values to be assigned to the vendor's identifiable assets, liabilities or contingent liabilities or the cost of the combination can only be determined provisionally. This is due to retention period clauses in the terms of the sale contracts.

(b) Comparative information - 2007

During the previous financial year, the consolidated Group and its subsidiaries acquired Property Management and /or Management Letting Rights businesses or 100% of the shares in entities which owned Property Management, Management Letting Rights or Real Estate Sales businesses.

(i) Acquisition of entities

The following 100% acquisitions of entities were made during the year the consolidated Group:

Date	Entity	Trading Name
3 July 2006	Fanbridge Pty Ltd	Century 21 - Runaway Bay, Qld
4 July 2006	Wilson Pride Ellison Hearnden Pty Ltd	Century 21 Wilson Pride - St Kilda, Vic
17 August 2006	Budster Pty Ltd	LJ Hooker - Cheltenham, VIC
31 August 2006	Ansham Holdings Pty Ltd	Mermaid Beach Real Estate - Qld
1 September 2006	John Crowder & Sons Pty Ltd	Crowder Real Estate - Frankston, Vic
3 October 2006	Australand Management Services (NSW) Pty Ltd	Australand
3 October 2006	Australand Management Services (Vic) Pty Ltd	Australand
1 November 2006	Flannagans Real Estate Pty Ltd	Flannagans Real Estate - Eltham, Vic
11 December 2006	Grandview Asset Pty Ltd	Raine & Horne - Rockingham - WA
3 January 2007	Pabfram Pty Ltd	LJ Hooker Frankston

At the date of acquisition, the acquired entities were involved in Property Management, Management Letting and/or Real Estate Sales. It is impractical to disclose the effect on the net profit for the year as if the businesses were acquired at 1 July 2006 due to the businesses being directly amalgamated into the consolidated Group.

Notes to the Financial Statements

30. Acquisition and disposal of businesses (continued)

(b) Comparative information – 2007 (continued)

(i) Acquisition of entities (continued)

Details of the fair value of the assets and liabilities acquired and goodwill are as follows:

	\$'000
Purchase consideration	
Cash paid in current year	19,565
Deposits paid in prior year	400
Total cash paid	<u>19,965</u>
Equity in Wentworth Holdings Limited issued (509,684 shares at quoted price on 28 August 2006 equating to an average share price of \$0.02616 and 716,972 shares at quoted price on 14 March 2007 equating to an average share price of \$0.5579)	800
Retention liability payable	160
Direct costs relating to the acquisition	825
Total purchase consideration	<u>21,750</u>
Fair value of net identifiable assets acquired (see below)	<u>7,036</u>
Goodwill	<u>14,714</u>

The assets and liabilities arising from the acquisition are as follows:

	Acquiree's carrying amount \$'000	Wentworth's Fair value \$'000
Cash	528	528
Trade and other receivables	1,242	1,171
Other current assets	6	6
Other financial assets	49	49
Plant and equipment	513	500
Property rights	-	6,766
Trade and other payables	(1,233)	(1,325)
Employee benefits	(651)	(659)
Net identifiable assets acquired	<u>454</u>	<u>7,036</u>

Notes to the Financial Statements

30. Acquisition of and disposal businesses (continued)

(b) Comparative information – 2007 (continued)

(ii) Acquisition of Property Management and/or Management Letting Rights

Date	Trading Name of Asset
1 July 2006	Peter Fletcher Realty – Victoria Park – WA
3 July 2006	Royal Pacific Management Rights – Qld
3 July 2006	Signet Realty – Kenwick – WA
3 July 2006	Vision Equity Real Estate – West Perth – WA
1 August 2006	Tony Grbic Real Estate – Southport – Qld
24 August 2006	CB Chateaux Realty – Bundall – Qld
31 August 2006	First National Mermaid Beach – Qld
31 August 2006	PRD – Runaway Bay – Qld
1 September 2006	Chevron Village Realty – Qld
22 September 2006	Windsor on Kent Management Rights – NSW
27 September 2006	Century 21 – Frankston – Vic
27 September 2006	Century 21 Wilson Pride – Mt Eliza – Vic
6 November 2006	Harrison First National – Heathbridge – WA
21 November 2006	Des McLean Real Estate – Victoria Park – WA
30 November 2006	W4 Apartments Management Rights – Qld
2 January 2007	Century 21 – Brighton – Vic **
2 January 2007	Key Asset Management – NSW
1 March 2007	Beachside Realty – QLD
1 March 2007	Remax Advantage-Leeming – WA
1 May 2007	Joe Farr Real Estate – QLD
25 June 2007	Horton Apartments – QLD **

At the date of acquisition, Property Management entities were in Victoria, New South Wales, Western Australia and Queensland and the Management Letting Rights entities were in Queensland and New South Wales.

** The business combinations above were provisionally accounted as at 30 June 2007 as their retention period had not terminated at 30 June 2007. As a result the purchase has not been finalised for these acquisitions. Refer to Note 30 (a) (i) for details of finalisation during the current year.

For the acquisitions above it is impractical to disclose the pre-acquisition carrying amounts because some of the assets acquired were internally generated by the acquirer and therefore not previously recognised. Furthermore most of the acquisitions were from small businesses that were not required to adopt Australian Accounting Standards when preparing their financial statements.

Notes to the Financial Statements

30. Acquisition and disposal of businesses (continued)

(b) Comparative information – 2007 (continued)

(ii) Acquisition of Property Management and/or Management Letting Rights (continued)

The acquired businesses were involved in Property Management and/or Management Letting Rights. The net profit/ (loss) for the period is unidentifiable as the businesses were immediately amalgamated into the consolidated Group. It is impractical to disclose the effect on the net profit for the period as if the business was acquired at 1 July 2006 due to the businesses being directly amalgamated into the consolidated Group.

Details of purchase consideration are as follows:

Purchase consideration	\$'000
Cash paid in current year	16,010
Deposits paid in prior year	380
Total cash paid	<u>16,390</u>
Retention liability payable	240
Secured loan	1,987
Direct costs relating to the acquisition	893
Total purchase consideration	<u>19,510</u>

The assets and liabilities arising from the acquisitions are as follows:

	Wentworth's Fair value \$'000
Property rights	4,904
Goodwill	4,148
Management rights	7,513
Other current assets	2
Plant and equipment	255
Building – management rights units	2,688
	<u>19,510</u>

(iii) Summary of total cash payments for businesses and entities in current year

Purchase consideration	\$'000
Total cash paid	35,575
Total direct costs relating to the acquisition	1,718
Less: cash equivalent balances acquired	(528)
Total cash payment for businesses and entities in current year	<u>36,765</u>

(iv) Accounting for business combinations

Under AASB 3 'Business Combinations', the fair value of Property Management and Management Letting Rights are treated as identifiable intangible assets. The excess of the cost of acquisition over the fair value of identifiable assets and liabilities is recorded as goodwill.

Property Management and Management Letting Rights are measured at fair value as at the date of acquisition. Fair value is determined on the basis of discounted future net cash flows that are forecast to be derived from the Property Management or Management Letting Rights. This takes into account the forecast attrition of property rights of approximately 12% but does not take into account organic growth in the rent roll.

The magnitude of the goodwill reflects the situation that the market value of rent rolls reflects an appreciating asset with anticipated organic growth in excess of forecast attrition. Intangible assets created within the business through organic growth are not able to be capitalised. This includes rent rolls sourced through strategic alliance partner agencies who have committed to long term contracts to refer new property management opportunities to Wentworth Holdings Limited. In addition, further properties will be obtained from current and new landlords directly through targeted marketing and a dedicated new business leasing team.

The initial accounting for the business combinations can be determined only provisionally by the end of the period in which the combination is effected because either the fair values to be assigned to the vendor's identifiable assets, liabilities or contingent liabilities or the cost of the combination can only be determined provisionally. This is due to retention period clauses in the terms of the sale contracts.

For personal use only

Notes to the Financial Statements

31. Business and geographical segments

a. Geographical segments

The consolidated Group operates within one geographical segment being Australia.

b. Business segments

The consolidated Group has two business segments. They have been disclosed separately because they provide services that are subject to risks and returns that are different to those of other business segments.

i. Management Letting Rights

The activity of the Management Letting Rights segment involved the management of holiday and permanent premises.

On 1 May 2007, the Board of Directors announced a plan to dispose the Management Letting Rights businesses, in line with the Company's long term objective to focus its activities on Property Management and Real Estate Sales businesses. A loss on remeasurement of held for sale assets to fair value less costs to sell of \$6.203 million (2007: \$7.274 million) was recognised as an expense in the year ended 30 June 2008 in this business segment.

ii. Property Management and Real Estate Sales

The Property Management and Real Estate Sales segment provides property management services and sales to residential and commercial customers.

c. Segment accounting policies

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash, receivables, intangibles and property, plant and equipment, net of allowances and accumulated depreciation and amortisation. While most such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities consist principally of payables, employee benefits, accrued expenses, provisions and borrowings. Segment assets and liabilities do not include deferred income taxes.

d. Inter-segment transfers

Segment revenues, expenses and results include transfers between segments. The prices charged on inter-segment transactions are the same as those charged for similar goods to parties outside of the consolidated Group at an arm's length. These transfers are eliminated on consolidation.

Notes to the Financial Statements

31. Business and geographical segments (continued)

	Management Rights (Discontinued operation)	Property Management and Sales (Continuing operations)	Eliminations	Unallocated	Total Consolidated
Business Segments - 2008	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue					
Rendering of services	5,319	31,364	-		36,683
Results					
(Loss) before income tax	(5,952)	(8,679)	-	(7,521)	(22,152)
Income tax expense	-	(1,670)			(1,670)
(Loss) for the period					(23,822)
Assets					
Segment assets	9,260	127,720	(87,897)	312	49,395
Liabilities					
Segment liabilities	32	21,232	(87,923)	94,972	28,313
Other segment information					
Depreciation and amortisation	-	4,723	-	-	4,723
Acquisition of segment assets	2,099	1,819	-	-	3,918
Impairment expense charged to Profit or loss	-	3,318	-	-	3,318
Loss on re-measurement of assets held for sale	6,203	-	-	-	6,203

	Management Rights (Discontinued operation)	Property Management and Sales (Continuing operations)	Eliminations	Unallocated	Total Consolidated
Business Segments - 2007	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue					
Rendering of services	6,454	28,691	-	1,109	36,254
Results					
(Loss) before income tax	(6,787)	(1,869)	-	(5,537)	(14,193)
Income tax benefit					530
(Loss) for the year					(13,663)
Assets					
Segment assets	60,949	47,152	(19,003)	(3,160)	85,938
Liabilities					
Segment liabilities	47,988	45,370	(89,766)	37,647	41,239
Other segment information					
Depreciation and amortisation	818	3,123	-	-	3,941
Acquisition of segment assets	10,300	16,966	-	781	28,047
Impairment expense charged to Profit or loss	-	2,091	-	-	2,091
Loss on re-measurement of assets held for sale	7,274	-	-	-	7,274

Notes to the Financial Statements

32. Notes to the Cash Flow Statement

a. Reconciliation of operating loss to cash flows from operating activities

	Consolidated Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Loss for the year	(23,822)	(13,663)	(23,775)	(13,363)
Non-cash profit and loss items:				
Shares received for no cash consideration (revenue)	-	(200)	-	(200)
Depreciation and amortisation expense	4,723	3,941	69	55
Loss / (gain) on disposal	34	50	-	-
Impairment on assets	9,521	9,365	22,246	13,097
Employee share-based payments	-	18	-	18
Interest expense	120	-	120	-
Changes in net assets and liabilities net of effects from acquisitions:				
(Increase) / decrease in assets:				
Trade and other receivables	2,353	(1,119)	-	50
Other assets	(535)	(138)	-	57
Deferred tax asset	1,674	(531)	1,340	(114)
Increase / (decrease) in liabilities:				
Trade and other payables	2,705	1,363	-	(197)
Provisions	(125)	280	-	(3)
Net cash used in operating activities	(3,352)	(634)	-	(600)

Notes to the Financial Statements

32. Notes to the Cash Flow Statement (continued)

b. Business combinations

Acquisition of Property Rights and Management Rights

Details of the purchase consideration are as follows:

	Consolidated Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Cash	-	528	-	-
Receivables	-	1,171	-	-
Other current assets	-	8	-	-
Other financial assets	-	49	-	-
Non-current assets classified as held for sale	2,099	-	-	-
Buildings – management rights units	-	2,688	-	-
Plant and equipment	-	755	-	-
Property rights	-	11,670	-	-
Management rights	-	7,513	-	-
Goodwill	-	18,862	-	-
Trade and other payables	-	(1,325)	-	-
Employee benefits	-	(659)	-	-
	2,099	41,260	-	-
Purchase consideration				
Cash paid in current period	120	35,575	-	-
Deposits paid in prior periods	102	780	-	-
Equity in Wentworth Holdings Limited issued	-	800	-	-
Retention liability payable	-	400	-	-
Secured loan	1,828	1,987	-	-
Direct costs relating to the acquisition	49	1,718	-	-
Total purchase consideration	2,099	41,260	-	-

Notes to the Financial Statements

33. Related party transactions

a. Ultimate entity

The ultimate parent Company in the consolidated Group is Wentworth Holdings Limited.

b. Wholly-owned Group transactions

Wentworth Holdings Limited has advanced loans to subsidiaries in the consolidated Group of \$87.362 million (2007: \$57.218 million). There is no fixed term for the repayment of principal on loans between Wentworth Holdings Limited and subsidiaries in the consolidated Group.

Details of the percentage of ordinary shares held in subsidiaries are disclosed in Note 20(a) to the financial statements.

c. Loan disclosures

There are Director and shareholder related entity loans in existence as at reporting date. Refer to Note 7 for further details.

d. Transactions with key management personnel

Other related parties include:

Carnegie Capital Pty. Ltd. (Glenn Wheeler)

During the financial year, the consolidated Group paid for acquisition advice and introduction fees to Carnegie Capital Pty. Ltd. totaling \$228,591 (2007: \$143,857).

Bell Potter Securities Limited (Hugh Robertson)

During the financial year, the consolidated Group paid underwriting fees to Bell Potter Securities Limited totaling \$Nil (2007: \$431,071).

First United Network Pty Ltd (Kingsley Lamont)

During the financial year, the consolidated Group paid disposal introduction fees to First United Network Pty Ltd totaling \$352,900 (2007: \$752,383 - acquisition introduction fees).

Maintenance Australia Network Ltd - 'MAN' (Jim Gardiner & Kingsley Lamont)

During the financial year, the consolidated Group paid maintenance fees to Maintenance Australia Network Ltd First United Network Pty Ltd totaling \$205,914 (2007: \$nil).

During the previous financial year Wentworth Holdings Limited ("the Company") entered into a contract with Maintenance Australia Network Ltd ("MAN") for the provision of real estate and corporate maintenance services for a period of 5 years, commencing 1 December 2006.

Under the agreement, the Company, inter alia, agreed to engage MAN' '... as the principal contractor of maintenance services to the Company and clients of the Company... '. In consideration for signing the agreement, MAN issued 200,000 ordinary shares to the Company at an issue price of \$1.00 per share as a sign on fee.

Marsea Pty. Ltd. (Jim Gardiner)

During the financial year, the consolidated Group paid consulting fees to Marsea Pty. Ltd. totaling \$273,997 (2007: \$33,400).

New Hollands Services Pty Limited (Ron Hollands)

During the financial year, the consolidated Group paid consulting fees to New Hollands Services Pty. Ltd. totaling \$239,500 (2007: \$nil).

The above transactions occurred on normal terms and conditions.

Notes to the Financial Statements

34. Financial instruments

a. Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect to each category of financial asset and financial liability are disclosed in Note 1 to the financial statement.

The consolidated Group's principal financial instruments comprise cash, receivables, payables, bank loans, leases and loans to subsidiaries.

b. Capital risk management

The consolidated Group manages its capital to ensure that entities in the consolidated Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the consolidated Group consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated losses as disclosed in Notes 26, 28 and 29 respectively. The consolidated Group operates throughout Australia and none of the consolidated Group's entities are subject to externally imposed capital requirements.

In addition, the consolidated Group uses debt, comprising the borrowings disclosed in Note 23, to fund capital expenditure and working capital requirements

c. Categories of financial instruments

The carrying amount of each category of financial asset and financial liability is as follows:

	Consolidated Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Financial assets				
Receivables	2,076	4,771	20,808	42,701
Cash and cash equivalents	967	2,208	-	-
Available for sale financial assets	4	246	233	433
	3,047	6,925	21,041	43,134
Financial liabilities				
Amortised cost	27,342	37,725	-	-
	27,342	37,725	-	-

d. Financial risk management objectives

The consolidated Group's Corporate division monitors and manages the financial risks relating to the operations of the consolidated Group. These risks include: market risk (including interest rate risk and price risk), credit risk and liquidity risk. The consolidated Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The use of financial derivatives is governed by the consolidated Group's policies approved by the Board of Directors, and at this point no approval has been given for the consolidated Group to use financial derivatives.

e. Interest rate risk management

The consolidated Group is exposed to interest rate risk as entities in the consolidated Group borrow funds at fixed and floating interest rates. The risk is managed by a maintaining an appropriate mix between fixed and floating rate borrowings. The company and the consolidated Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Notes to the Financial Statements

34. Financial instruments (continued)

f. Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure for interest rates of non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

At reporting date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the consolidated Group's, net profit would decrease by \$0.093 million and increase by \$0.093 million (2007: decrease by \$0.158 million and increase by \$0.158 million).

The consolidated Group's sensitivity to interest rates has decreased during the current year mainly due to the decrease in variable rate debt instruments.

The Company is not exposed to any interest rate movements (2007: Nil).

g. Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the consolidated Group. The consolidated Group has a policy of only dealing with credit worthy counterparties as a means of mitigating the risk of financial loss from defaults.

Trade receivables consist of a large number of customers and are spread across diverse geographical areas. Credit risk is limited because real estate sales commissions, property management commissions and management letting rights commissions are received from monies held in trust after settlement to the respective customer. In addition, body corporate fees are received concerning management letting right sites managed. Part of this role involves the timely issue and collection of body corporate fees to unit holders in management letting right sites. Credit terms of 15-30 days are specified on these invoices and are rigorously monitored.

The consolidated Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the consolidated Group's maximum exposure to credit risk.

h. Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of Directors, who have built an appropriate liquidity risk management framework for the management of the consolidated Group's short, medium and long-term funding and liquidity management requirements.

The consolidated Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturing profiles of financial assets and liabilities.

Liquidity and interest risk tables

Liquidity risk management refers to the risk that the consolidated Group will encounter difficulties in meeting obligations associated with its financial liabilities.

The following table details the consolidated Group's remaining contractual maturity for its non-derivative financial liabilities. The company does not have any financial liabilities as at 30 June 2008 (2007: \$nil).

The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the consolidated Group can be required to pay. The table includes both interest and principal cash flows.

Notes to the Financial Statements

34. Financial instruments (continued)

Financial liabilities

Consolidated Group

	Weighted average effective interest rate %	At call \$'000's	Less than 1 month \$'000	1-3 months \$'000	3 months to 1 year \$'000	1-5 years \$'000	Total \$'000
2008							
Non-interest bearing Finance lease liability	-	-	6,688	1,000	-	-	7,688
Variable interest rate instruments	11.84%	-	10	20	100	151	281
Fixed interest rate instruments	7.21%	-	-	-	17,238	-	17,238
	9.50%	2,771	-	-	-	-	2,771
Total		2,771	6,698	1,020	17,338	151	27,978
2007							
Non-interest bearing Finance lease liability	-	-	3,971	-	-	-	3,971
Variable interest rate instruments	10.31%	-	7	14	73	261	355
Fixed interest rate instruments	6.31%	-	-	-	31,479	-	31,479
	9.50%	2,532	-	-	-	-	2,532
Total		2,532	3,978	14	31,552	261	38,337

Notes to the Financial Statements

34. Financial instruments (continued)

i. Fair value of financial instruments

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

The fair value of financial assets and financial liabilities are determined with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.

j. Market risk

The consolidated Group's activities expose it primarily to the financial risks of change in interest rates (refer note 34(f)). The consolidated Group is not exposed to foreign exchange risk.

Foreign currency and market prices and are pervasive in nature. The consolidated Group does not hold any securities or notes that are traded in a financial market.

35. Capital and leasing commitments

Lease expenditure commitments

(i) Operating leases (non-cancellable)

	Consolidated Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Minimum future lease payments payable:				
Not later than one year	2,057	2,152	86	607
Later than one year and not later than five years	2,907	3,329	111	1,112
Later than five years	-	84	-	-
Aggregate lease expenditure contracted at reporting date	4,964	5,565	197	1,719

The operating leases relate to office facilities around Australia with variable lease terms of 1 to 7 years. The leases have varying review clause and renewal options.

Notes to the Financial Statements

35. Capital and leasing commitments (continued)

(ii) Finance leases

	Consolidated Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Minimum future lease payments payable:				
Not later than one year	122	92	122	94
Later than one year and not later than five years	100	172	100	170
Later than five years	-	-	-	-
Aggregate lease expenditure contracted at reporting date	222	264	222	264

Leasing arrangements

The finance leases relate to office equipment and software licences with variable lease terms of 1 to 3 years and applicable interest rates of 9.22% to 15.59%. The majority of these will expire by 30 June 2010.

(iii) Capital commitments

The consolidated Group has not entered into any significant capital commitments contracts as at 30 June 2008.

36. Contingent assets and liabilities

The directors are not aware of any material contingent assets or liabilities which may exist at 30 June 2008.

37. Events after balance date

The financial statements were authorised for issue by the directors on 30 September 2008.

Heads of Agreement to merge with the business of Century 21 Australia

On 11 September 2008, Wentworth Holdings Ltd ("Wentworth") and the business of Century 21 Australia, announced they had entered into a Heads of Agreement with a view to merging their businesses, creating a new major real estate franchise and rental management company with national representation.

A Heads of Agreement has been signed by both parties under which they have agreed to proceed with the merger by way of Wentworth acquiring Century 21 Australia from Mr Charles Tarbey in exchange for an issue of Wentworth shares to him with the approval of Wentworth shareholders under section 611 of the Corporations Act. Under the terms of the proposed merger Mr Charles Tarbey, the sole owner of Century 21 Australia, will receive shares representing up to approximately 60% of the aggregate of those shares and the shares currently on issue.

The merger is subject to completion of due diligence, execution of a Share Purchase Agreement and the completion of a debt package. It is expected that this will be completed by 15 October 2008.

A meeting of Wentworth shareholders to consider the merger is planned for November 2008 and the merger is expected to be completed shortly thereafter.

Disposal of Management Letting Rights (MLR)

As at the date of this report, the following businesses have been contracted for sale and expected completion dates are:

1.	Pelican Cove, Coolangatta	30 September 2008
2.	Trinity Links, Cairns	1 October 2008
3.	Windsor on Kent, Sydney	14 October 2008
4.	Bridgewater Terraces, Kangaroo Point, Brisbane	15 October 2008

As at the date of this report the following business sales have completed:

5.	Royal Pacific, Biggera Waters	3 September 2008
6.	Whitsunday Vista, Airlie Beach	11 September 2008

Notes to the Financial Statements

37. Events after balance date (continued)

Disposal of Management Letting Rights (MLR) (continued)

The proceeds from the sale of the above named 6 MLR businesses will realise \$9.485 million. The majority of the proceeds of the sales will go to repay the consolidated Group's debt facility of \$16.933 million at 30 June 2008. The sale of the above named 6 MLR business sites completes the sale of the MLR division as originally announced on 1 May 2007.

At 30 June 2008, all Management Letting Rights have been classified as 'non current assets classified as held for sale' and are carried at the lower of written down value and fair value less cost to sell. As a result, the directors do not expect any loss on sale.

Disposal of Property Management (PM) and Real Estate Sales (RES) businesses

As at the date of this report, the following PM business had been contracted for sale and the expected completion date is:

1.	Freshwater Place, Melbourne	31 October 2008
----	-----------------------------	-----------------

As at the date of this report, the consolidated Group is in the final stages of contracts negotiations to sell other PM and RES businesses to various parties. These sales, coupled with the abovementioned PM Management business sale are expected to realise \$6.918 million. The majority of the proceeds of the sales will go to repay the consolidated Group's debt facility of \$16.933 million at 30 June 2008. The company expects all of these sales to be completed by 31 October 2008.

Renewal of consolidated Group's bankers' debt facility

On 2 July 2008, the consolidated Groups' bankers agreed to extend the consolidated Groups' debt facility (totaling \$16.933 million at 30 June 2008) to 30 September 2008. Further, on 25 September 2008, the consolidated Groups' bankers agreed to extend the consolidated Groups' debt facility (totaling \$14.853 million at 25 September 2008) to 31 December 2008.

Directors' Declaration

The directors of the Company declare that:

1. the financial statements and notes thereto, as set out on pages 25 to 88 are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards and the Corporations Regulations 2001; and
 - b. give a true and fair view of the financial position as at 30 June 2008 and of the performance for the year ended on that date of the Company and consolidated Group;
2. the directors have been given the declarations required by section 295A of the *Corporations Act 2001*.
3. in the directors' opinion 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 made pursuant to section 295 (5) of the *Corporations Act 2001*.

On behalf of the directors



Jim J E Gardiner
Executive Managing Director

Wentworth Holdings Limited
Melbourne 30 September 2008

Independent Auditor's Report to the Members of Wentworth Holdings Limited

Report on the Financial Report

We have audited the accompanying financial report of Wentworth Holdings Limited, which comprises the balance sheet as at 30 June 2008, and the income statement, cash flow statement and statement of recognised income and expense for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 25 to 89.

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.

Member of
Deloitte Touche Tohmatsu

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

Auditor's Independence Declaration

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

Auditor's Opinion

In our opinion:

- (a) the financial report of Wentworth Holdings Limited 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 2008 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 financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 19 of the directors' report for the year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Wentworth Holdings Limited for the year ended 30 June 2008, complies with section 300A of the *Corporations Act 2001*.



DELOITTE TOUCHE TOHMATSU



Mark Stretton
Partner
Chartered Accountants

Melbourne, 30 September 2008

Shareholder Information

As at 31 August 2008

Annual General Meeting

The annual general meeting of the Company will be held at Level 29, 101 Collins Street, Melbourne at 11.00am on Monday 24 November 2008. Shareholders who are unable to attend the meeting are encouraged to complete and return their proxy form that will Company the notice of meeting.

Share Registry Contact Details:

Computershare Limited
GPO Box 3224
Melbourne Victoria 3001
T 03 9415 5000
F 03 9473 2500
W Computershare.com.au

Shareholder Analysis

As at 31 August 2008 there were 2053 ordinary shareholders in the Company. The voting rights are one vote for each ordinary share. The distribution of ordinary shareholders was as follows:

Distribution of Equity Securities

The number of shareholders, by size of holding in each class of share is:

	Number of Holders	Number of ordinary shares
1-1,000	495	277,328
1,001 -- 5,000	815	1,561,595
5,001 – 10,000	218	1,624,459
10,001 – 100,000	916	14,277,207
100,001 and over	109	92,059,157
Total	2,053	109,799,747
The number of shareholders holding less than a marketable parcel of shares are:	1,366	2,172,255

Shareholder Information

As at 31 August 2008

Twenty Largest Shareholders

The names of the twenty largest holders of quoted shares are:

		Listed Ordinary Shares	
		Number of shares	Percentage of Ordinary Shares
1	FADMOOR PTY LTD	11,496,0984	10.47%
2	INVIA CUSTODIAN PTY LTD	7,620,694	6.94%
3	THORNEY HOLDINGS PTY :TD	6,633,468	6.04%
4	BELL POTTER NOMINEES LTD	6,090,711	5.55%
5	AUSTIN SUPERANNUATION PTY LTD	5,684,199	5.18%
6	EQUITY TRUSTEES LTD	5,372,353	4.89%
7	INVIA CUSTODIAN PTY LTD	4,107,494	3.74%
8	DEASIL TRADING PTY LTD	2,500,000	2.28%
9	HSBC CUSTODY NOMINEES (AUSTRALIA) LTD	2,425,594	2.21%
10	R J CUSTODIANS PTY LTD	2,233,223	2.03%
11	INVIA CUSTODIAN PTY LTD	2,173,390	1.98%
12	THIRTY-FIFTH CELEBRATIONS P/L	2,150,879	1.96%
13	MDC (VIC) PTY LTD	1,443,334	1.31%
14	MR NIGEL SHARP AND MRS ROSEMARY ETHELTON	1,144,873	1.04%
15	MR FRANK VILLANTE	1,096,976	1.00%
16	KINGSLYNN DEVELOPMENTS PTY LTD	1,000,000	0.91%
17	JOEFIELD INVESTMENT (AUST) PTY LTD	993,345	0.90%
18	GARDINER SUPER FUND PTY LTD	989,261	0.90%
19	KINCARDINE PTY LTD	967,218	0.88%
20	BUNGEELTAP PTY LTD	866,556	0.79%

Substantial Shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the *Corporations Act 2001* are:

Name	Number of Shares	Percentage of Ordinary Shares
Thorney Holdings Pty Ltd	20,594,879	18.75%

Voting Rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

Registered Office and Principal Place of Business

Wentworth Holdings Limited
Level 1

4 - 7 Shakespeare Grove
St Kilda Victoria 3182

T 03 9848 0777

F 03 9848 0788

W www.wentworth.com.au

Company Secretary

Craig A Harris

Share Registry

Computershare Limited
GPO Box 3224

Melbourne Victoria 3001

T 03 9415 5000

F 03 9473 2500

W computershare.com.au