

GLOBAL PROPERTIES LIMITED
ACN 094 384 273

FINANCIAL REPORT FOR THE YEAR ENDED
30 JUNE 2005

GLOBAL PROPERTIES LIMITED

ACN 094 384 273

CORPORATE DIRECTORY

Directors

Fred Bart (Chairman)
Ian Alistair Dennis
Cheryl Sarah Bart

Company Secretary

Ian Alistair Dennis

Registered Office

Suite 2, Level 12
75 Elizabeth Street
SYDNEY NSW 2000
Australia

Telephone:- 612 9233 3915
Facsimile:- 612 9232 3411
E-Mail:- gloprop@bigpond.net.au

Web site

www.gloprop.com.au

Auditor

Lowy Wilcock & Company
Chartered Accountants
Level 16
33 Bligh Street
Sydney NSW 2000

Share Registry

Computershare Investor Services Pty Limited
Level 3
60 Carrington Street
Sydney NSW 2000

GPO Box 7045
Sydney NSW 1115
Australia

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 +613 9415 5000 outside Australia

Facsimile 1300 137 341

GLOBAL PROPERTIES LIMITED
ACN 094 384 273

DIRECTORS' REPORT

The Directors of Global Properties Limited submit herewith the annual financial report of the company for the financial year ended 30 June 2005. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The names and particulars of the directors of the company during or since the end of the financial year are:

Name	Particulars
Frederick Bart	Chairman and Chief Executive Officer. A director since 5 September 2000. He has been Chairman and Managing Director of numerous private companies since 1980, specialising in manufacturing, property and marketable securities. He is a member of the Australian Institute of Company Directors.
Ian Alistair Dennis	Non executive director and Company Secretary is a chartered accountant with experience as secretary and director in various public listed mining companies and trusts. He has been involved in the investment banking industry and stockbroking industry for the past ten years. Prior to that, Ian was with KPMG, Chartered Accountants in Sydney. Appointed to the Board on 5 September 2000. He is a member of the Australian Institute of Company Directors.
Cheryl Sarah Bart	Non executive director. Appointed to the Board on 26 November 2001. Cheryl Bart is a lawyer and company director. She is a non-executive director of ETSA Utilities, the Alcohol Education and Rehabilitation Foundation, Defence Industry Advisory Board, South Australian Film Corporation, Adelaide Film Festival, Economic Development Board of South Australia and APP Corporation Pty Limited.

Directorships of other listed companies

Directorships of other listed companies held by directors in the 3 years immediately before the end of the financial year are as follows:

Name	Company	Period of directorship
Fred Bart	Genetic Technologies Limited	Since May 1996
	Electro Optic Systems Holdings Limited	Since May 2000
Ian Dennis	Genetic Technologies Limited	1994 -2004
	Electro Optic Systems Holdings Limited	Since May 2000
Cheryl Bart	Electro Optic Systems Holdings Limited	Since September 2001

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DIRECTORS' REPORT (CONTINUED)

Principal activities

The principal activities of the Company are property and other investment activities.

Results

The net loss for the financial year ended to 30 June 2005 was \$29,980 (2004 – Nil).

Dividends

The directors recommend that no dividend be paid and no amount has been paid or declared by way of dividend since the end of the previous financial year and up to the date of this report.

Review of operations

The Company issued a Prospectus dated 29 November 2004 to issue 16,000,000 new ordinary shares at 20 cents each raising \$3,200,000. The issue closed oversubscribed and the Company listed on the Australian Stock Exchange (ASX) on 24 December 2004. On 21 December 2004, the Company settled the purchase of the investment property known as Lots 3, 4, 25 and 45 at 360 Pacific Highway, Crows Nest.

The Company continues to seek good quality property investments and other investments to maximise value for all shareholders.

Changes in state of affairs

During the financial year there was no significant change in the state of affairs of the company other than that referred to in the financial statements or notes thereto.

Significant events after balance date

There has not been any matter or circumstance that has arisen since the end of the financial year which is not otherwise dealt with in this report or in the financial statements, that has significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in subsequent financial years.

Future developments

The company will continue to assess new investment opportunities.

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DIRECTORS' REPORT (CONTINUED)

Indemnification of officers and auditors

During or since the financial year, the company has not indemnified or made a relevant agreement to indemnify an officer or auditor of the company against a liability incurred as such an officer or auditor. In addition, the company has not paid, or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an officer or auditor.

Directors' interests and benefits

The relevant interest of each director in the share capital of the Company as notified by the directors to the Australian Stock Exchange in accordance with Section 205G(1) of the Corporations Law as at the date of this report are:

Name	Ordinary Shares
Fred Bart	5,000,075
Ian Dennis	500,050
Cheryl Bart	500,000

Since the end of the previous financial year no director of the company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors as shown in the accounts) because of a contract made by the company or related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest. There are no employment contracts for any of the directors.

Directors' and senior executive emoluments

The Directors are responsible for remuneration policies and packages applicable to the Board members and senior executives of the Company. The broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities.

There are currently no performance based incentive to directors and senior executives based on the performance of the Company.

Details of the nature and amount of each major element of the emoluments of each director of the Company and the named officers of the Company receiving the highest emoluments are as follows:

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DIRECTORS' REPORT (CONTINUED)

Director	Directors Fees
Fred Bart - Chairman	\$7,500
Ian Dennis – Non-executive	\$7,500
Cheryl Bart – Non-executive	\$7,500

The only income of directors from the Company is directors fees.

Audit Committee

Due to the limitations imposed by size, the Company does not have a formally constituted audit committee.

Directors' meetings

During the year the company held four meetings of directors. The attendances of the directors at meetings of the Board were:

	Attended	Maximum possible attended
Frederick Bart	4	4
Ian Dennis	4	4
Cheryl Bart	4	4

Non-audit services

There were no non- audit services provided by the auditors.

Auditor's independence declaration

The auditor's independence declaration is included on page 6 of the financial report.

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

On behalf of the Directors



I A Dennis
Director

Dated at Sydney this 19 day of July 2005

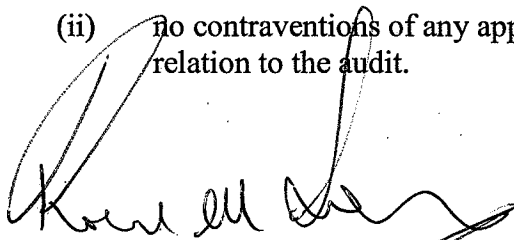


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AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF GLOBAL PROPERTIES LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2005 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



Lowy Wilcock & Co
Chartered Accountants
ROBERT M LOWY

Sydney

Date 19th July, 2005



GLOBAL PROPERTIES LIMITED
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INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF GLOBAL PROPERTIES LIMITED

Scope

We have audited the Financial Statements of Growth Properties Limited for the financial year ended 30 June 2005 as set out on pages 9 to 25.

The company's directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the Company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with our understanding of the company's financial position, and performance as represented by the results of its operations and cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Independence

In accordance with ASIC Class Order 05/83, we declare to the best of our knowledge and belief that the auditor's independence declaration set out on page 6 of the financial report has not changed as at the date of providing our audit opinion.

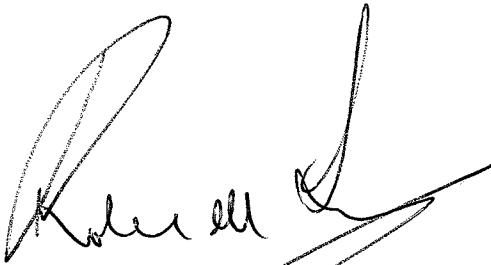
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INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF GLOBAL PROPERTIES LIMITED
(Continued)

Audit Opinion

In our opinion the financial report of Global Properties Limited is in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's position as at 30th June, 2005 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.



Lowy Wilcock & Co
Chartered Accountants
ROBERT M LOWY

Sydney

Date 19th July, 2005

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DIRECTORS' DECLARATION

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe the company will be able to pay its debts as and when they become due and payable;
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and give a true and fair view of the financial position and performance of the company; and
- (c) the directors have been given the declarations required by s.259A of the Corporations Act.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors



I A Dennis
Director

Dated at Sydney this 19 day of July 2005.

GLOBAL PROPERTIES LIMITED
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STATEMENT OF FINANCIAL PERFORMANCE
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2005

	Note	2005	2004 \$
Revenue from ordinary activities	2	<u>144,065</u>	<u>-</u>
Borrowing expenses		8,324	-
Directors fees		22,500	
Interest paid		35,911	
Property expenses		21,820	
Other expenses from ordinary activities		<u>85,490</u>	<u>-</u>
Profit /(loss) from ordinary activities before income tax	2	(29,980)	-
Income tax expense relating to ordinary activities	3	<u>-</u>	<u>-</u>
Profit /(loss) from ordinary activities after related income tax		(29,980)	-
Total changes in equity other than those resulting from transactions with owners as owners		<u>(29,980)</u>	<u>-</u>
Earnings per share			
Basic and diluted (cents per share)	4	(0.004)	-

The statements of financial performance are to be read in conjunction with the notes to the financial statements on pages 13 to 25.

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STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2005

	Note	2005	2004 \$
CURRENT ASSETS			
Cash	6	2,067,875	25
Receivables	7	17,061	
Other financial assets	8	<u>2,000</u>	<u>-</u>
TOTAL CURRENT ASSETS		<u>2,086,936</u>	<u>25</u>
NON CURRENT ASSETS			
Investment property	9	1,996,737	-
Intangible asset	10	<u>-</u>	<u>2,000</u>
TOTAL NON CURRENT ASSETS		<u>1,996,737</u>	<u>2,000</u>
TOTAL ASSETS		<u>4,083,673</u>	<u>2,025</u>
CURRENT LIABILITIES			
Payables	11	13,628	2,000
Interest bearing liabilities	12	<u>900,000</u>	<u>-</u>
TOTAL CURRENT LIABILITIES		<u>913,628</u>	<u>2,000</u>
TOTAL LIABILITIES		<u>913,628</u>	<u>2,000</u>
NET ASSETS		<u>3,170,045</u>	<u>25</u>
EQUITY			
Contributed equity	13	3,200,025	25
Accumulated losses	14	<u>(29,980)</u>	<u>-</u>
TOTAL EQUITY		<u>3,170,045</u>	<u>25</u>

The statements of financial position are to be read in conjunction with the notes to the financial statements set out on pages 13 to 25.

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STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED FOR THE YEAR ENDED 30 JUNE 2005

	Notes	2005	2004 \$
Cash flows from operating activities			
Receipts from customers		73,109	-
Payments to suppliers and employees		(167,904)	-
Interest received		<u>63,382</u>	<u>-</u>
Net cash outflows from operating activities	15	<u>(31,413)</u>	<u>-</u>
Cash flows from investing activities			
Payment for property, plant and equipment		(1,996,737)	-
Payment for investments		<u>(2,000)</u>	<u>-</u>
Net cash outflows from investing activities		<u>(1,998,737)</u>	<u>-</u>
Cash flows from financing activities			
Proceeds from issue of equity securities		3,200,000	-
Proceeds from borrowings		1,033,000	-
Repayment of borrowings		<u>(135,000)</u>	<u>-</u>
Net cash provided by financing activities		<u>4,098,000</u>	<u>-</u>
Net increase in cash held		2,067,850	-
Cash at the beginning of the financial year		<u>25</u>	<u>25</u>
Cash at the end of the financial year	6	<u><u>2,067,875</u></u>	<u><u>25</u></u>

The statement of cash flows are to be read in conjunction with the notes to the financial statements set out on pages 13 to 25.

GLOBAL PROPERTIES LIMITED
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2005**

1. Summary of Significant Accounting Policies

The principal accounting policies adopted by Global Properties Limited are stated in order to assist in the understanding of the financial report. These policies have been consistently applied except as otherwise indicated.

The financial report is a general purpose financial report which has been prepared in accordance with applicable Accounting Standards, other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) and the Corporations Act 2001. The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets. Except where indicated, the accounting policies have been consistently applied.

(a) Income Tax

The company adopts the income statement liability method of tax effect accounting.

Income tax expense is calculated on pre-tax accounting profit adjusted for permanent differences. The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is carried forward in the statement of financial position as a deferred tax asset or a provision for deferred tax liability.

Deferred tax assets are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Deferred tax assets relating to tax losses are only brought to account when their realisation is virtually certain.

The Company is not taxed as a private company.

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2005 (Continued)**

(b) Property Plant and Equipment

Items of property, plant and equipment are carried at cost less, where applicable, any accumulated depreciation or amortisation. The carrying amount of property, plant and equipment is reviewed at each reporting date by directors to ensure it is not in excess of the recoverable amount of those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal.

The expected net cash flows have not been discounted to present values in determining recoverable amounts.

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, are depreciated over their estimated useful lives commencing from the time the asset is held ready for use. Properties held for investment purposes are not subject to a depreciation charge.

(c) Non – Current Assets

The carrying amounts of all non-current assets are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of a non-current asset exceeds the recoverable amount, the asset is written down to the lower amount. In assessing recoverable amounts the relevant cash flows have not been discounted to their present value.

(d) Cash Flows

For the purposes of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions, investments in money market instruments maturing within less than two months and net of bank overdrafts.

(e) Investments

Other Companies

Shares in unlisted companies are carried at the lower of cost, and recoverable amount, being a Directors' valuation based on market values at the time of valuation. Dividends are brought to account as they are received.

Shares in listed companies are carried at the lower of cost and market value. Cost is allocated on an average basis.

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2005 (Continued)**

(f) **Accounts Payable**

Liabilities are recognised for amounts to be paid in the future for goods purchased or services rendered, whether or not billed to the company. Trade accounts are normally settled within 30 days.

(g) **Revenue Recognition**

Rental revenue comprises revenue earned from the rental of the premises at 360 Pacific Highway, Crows Nest, New South Wales. Rental revenue is recognised when the rent in respect of the premises is receivable.

Interest income is recognised as it accrues.

(h) **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 statement of cash flows 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 as operating cash flows.

(i) **Acquisition of Assets**

Assets acquired are recorded at the cost of acquisition, being the purchase consideration determined as at the date of acquisition plus costs incidental to the acquisition.

(j) **Interest-Bearing Liabilities**

Bills of exchange are recorded at an amount equal to the net proceeds received, with the premium or discount amortised over the period until maturity. Interest expense is recognised on an effective yield basis.

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2005 (Continued)**

(j) Interest-Bearing Liabilities (Cont)

Bank loans and other loans are recorded at an amount equal to the net proceeds received. Interest expense is recognised on an accrual basis. Ancillary costs incurred in connection with the arrangement of borrowings are expensed as incurred.

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2005 (Continued)**

	2005	2004
	\$	\$
2. Profit/(Loss) from Ordinary Activities		
Profit/(loss) from Ordinary Activities before income tax includes the following items of revenue and expense:		
(a) Operating Revenue		
Rental income	80,683	-
Interest received – other entities	<u>63,382</u>	<u>-</u>
Total revenue	<u>144,065</u>	<u>-</u>
(a) Operating expenses	-	-
Directors fees	22,500	-
Borrowing costs	8,324	-
Formation expenses	2,000	-
Interest paid – other entities	<u>35,911</u>	<u>-</u>
3. Income tax		
(a) The prima facie income tax expense on pre-tax accounting profit /(loss) reconciles to the income tax expense in the financial statements as follows:		
Profit /(loss) from ordinary activities	<u>(29,980)</u>	-
Income tax expense calculated at 30%	<u>(8,994)</u>	-
Future income tax benefit of tax loss and timing differences not brought to account – refer Note 3(b)	<u>8,994</u>	<u>-</u>
Income tax attributable to operating loss	<u>-</u>	<u>-</u>
Future income tax benefit of tax losses not brought to account – refer Note 3(b)	<u>431</u>	<u>-</u>

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2005 (Continued)**

	2005	2004
	\$	\$
3. Income tax (Cont)		
(b) The taxation benefits of tax losses not brought to account will only be obtainable if:		
(i) assessable income is derived of a nature and of an amount sufficient to enable the benefit from the deductions to be realised;		
(ii) conditions for deductibility imposed by the law are complied with; and		
(iii) no changes in tax legislation adversely affect the realisation of the benefits from the deductions.		
4. Earnings per Share		
Basic earnings (loss) per share	(0.004)	—
Weighted average number of ordinary shares	<u>8,416,563</u>	<u>125</u>
(a) Earnings used in the calculation of basic earnings per share are the same as the net profit (loss) in the statement of financial performance.		
5. Remuneration of auditors		
Audit or review of the financial report – Lowy Wilcock & Company	4,000	—
6. Cash		
Cash on hand and at bank	<u>2,000,000</u>	<u>25</u>
7. Receivables		
Prepayments	8,729	-
Trade debtors	<u>8,332</u>	—
	<u>17,061</u>	—

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2005 (Continued)**

	2005	2004
	\$	\$
8. Other financial assets		
Current		
Shares in listed entities – at lower of cost and net realisable value	<u>2,000</u>	—
Quoted market value of shares in listed companies	<u>3,600</u>	—
 9. Investment Property		
Strata Title commercial property		
Balance at 30 June 2004	-	-
Additions	<u>1,996,737</u>	—
Balance at 30 June 2005	<u>1,996,737</u>	—
Current value of Strata Title Commercial Property	<u>2,000,000</u>	—
Value of the strata title commercial property determined in accordance with a directors valuation at balance date.		
 10. Intangible Asset		
Formation expenses – at cost	—	<u>2,000</u>
 11. Payables		
Current		
Trade payables and accruals	13,628	-
Unsecured loan – director related entity	—	<u>2,000</u>
	<u>13,628</u>	<u>2,000</u>

The payables are non interest bearing

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2005 (Continued)**

	2005	2004
	\$	\$
12. Interest-bearing liabilities		
Current		
Commercial bill facility – secured	900,000	-
Financing arrangements		
Total facilities available	900,000	-
Facilities utilised at balance date	<u>900,000</u>	<u>-</u>
Facilities not used at balance date	<u>-</u>	<u>-</u>

The commercial bills are denominated in Australian dollars. The commercial bill facility of \$900,000 is a committed facility secured by a registered first mortgage against the strata title property. The \$900,000 commercial bill facility expires on 21 December 2007. The average weighted interest rate on the interest bearing liabilities was 7.26% (2004 – Nil)

13. Contributed Equity

Issued and paid up Capital

Balance at the beginning of the financial year		
Fully paid Ordinary shares	25	25
Add		
Prospectus issue at 20 cents each for cash	<u>3,200,000</u>	<u>-</u>
Balance at the end of the financial year	<u>3,200,025</u>	<u>25</u>

Fully paid Ordinary Shares	<u>Number</u>	<u>Number</u>
Balance at the beginning of the financial year	125	125
Prospectus issue at 20 cents each for cash	<u>16,000,000</u>	<u>-</u>
Balance at the end of the financial year	<u>16,000,125</u>	<u>125</u>

Fully paid ordinary shares carry one vote per share and carry the rights to dividends.

14. Accumulated losses

Balance at the beginning of the financial year	-	-
Net loss for the year	<u>(29,980)</u>	<u>-</u>
Balance at the end of the financial year	<u>(29,980)</u>	<u>-</u>

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2005 (Continued)**

	2005	2004
	\$	\$
15. Notes to the Statement of Cash Flows		
(a) Reconciliation of cash		
<p>For the purposes of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions, investments in money market instruments maturing within less than 2 months. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:</p>		
Cash	<u>2,067,875</u>	<u>25</u>
(b) Reconciliation of loss from ordinary activities after related income tax to net cash flows from operating activities		
Operating loss from ordinary activities after related income tax	(29,980)	-
Changes in assets and liabilities		
(Increase)/ decrease in assets		
Current receivables	(17,061)	-
Intangible assets	2,000	-
Increase /(decrease) in liabilities		
Current trade payables	<u>13,628</u>	<u>-</u>
Net cash (used) in operating activities	<u>(31,413)</u>	<u>-</u>
16. Related Party Transactions		
(a) Directors		
<p>The Directors of Global Properties Limited in office during the year were Fred Bart, Ian Dennis and Cheryl Bart</p>		
(b) Directors' Shareholdings		
Fred Bart		5,000,075
Ian Dennis		500,050
Cheryl Bart		500,000

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2005 (Continued)**

2005 **2004**
\$ \$

16. Related Party Transactions (Cont)

(c) Transactions with related entities

4F Investments Pty Limited is a company associated with Mr Fred Bart, a director, and provided a loan of \$2,000 to pay for the incorporation of the Company and \$133,000 for the deposit on the Crows Nest property as disclosed in the Prospectus. The loans were repaid on 20 December 2004 following the close of the capital raising. The loans were interest free and the maximum amount outstanding during the year was \$135,000.

17. Directors Remuneration

The specified directors of Global Properties Limited during the year were:

Mr Fred Bart (Chairman, Non-executive)
Mr Ian Dennis (Non-executive)
Ms Cheryl Bart (Non executive)

There were no specified executives of Global Properties Limited during the year.

Specified directors' remuneration

Directors	Primary	Post	Equity	Total
2005	Directors fees	Employment	Options	
	\$	\$	\$	\$
Mr Fred Bart	7,500	-	-	7,500
Mr Ian Dennis	7,500	-	-	7,500
Ms Cheryl Bart	<u>7,500</u>	<u>-</u>	<u>-</u>	<u>7,500</u>
	<u>22,500</u>	<u>-</u>	<u>-</u>	<u>22,500</u>

Directors	Primary	Post	Equity	Total
2004	Directors fees	Employment	Options	
	\$	\$	\$	\$
Mr Fred Bart	-	-	-	-
Mr Ian Dennis	-	-	-	-
Ms Cheryl Bart	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2005 (Continued)**

	2005	2004
	\$	\$

18. **Segment Information**

The company operates within the one geographic segment being Australia and has all its assets in the investment sector.

19. **Impact of adopting AASB equivalents to IASB Standards**

Global Properties Limited has commenced transitioning its accounting policies and financial reporting from current Australian Standards to Australian equivalents of International Financial Reporting Standards (IFRS). The company has allocated internal resources and engaged expert consultants to perform diagnostics and conduct impact assessments to isolate key areas that will be impacted by the transition to IFRS. As Global Properties has a 30 June year end, priority has been given to considering the preparation of an opening balance sheet in accordance with AASB equivalents to IFRS as at 1 July 2004. This will form the basis of accounting for Australian equivalents of IFRS in the future, and is required when Global Properties prepare its first fully IFRS compliant financial report for the year ended 30 June 2006. As the company was not operating at the 1 July 2004, there will be no changes to the comparative financial figures as a result of the adoption of IFRS. Set out below are the key areas where accounting policies will change and may have an impact on the financial report of Global Properties Limited. At this stage the company has not been able to reliably quantify the impacts on the financial report.

(a) Investment property

Global Properties Limited has a property qualifying as an investment property which is shown as a non current asset. Under A-IFRS the directors have elected to measure the investment property at fair value with any changes in fair value recognised in profit and loss.

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2005 (Continued)**

	2005	2004
	\$	\$

20. **Financial Instruments**

(a) Interest Rate Risk

The company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial asset and financial liabilities, is as follows:

Cash assets totalling \$2,067,875 (2004 - \$25) have a weighted floating interest rate of 5.70% (2004 - Nil%). Bank loans totalling \$900,000 (2004 - Nil) have a weighted average floating interest rate of 7.26% (2004 - Nil)

Other receivables, investments, accounts payable, provisions and other financial items are non-interest bearing.

(b) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts of those assets, as disclosed in the statement of financial position and notes to the financial statements.

Credit risk for derivative financial instruments arises from the potential failure of counterparties to the contract to meet their obligations. The consolidated entity measures credit risk on a fair value basis.

The consolidated entity does not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

(c) Net Fair Values

The net fair value approximates their carrying value.

No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed equity investments.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position or in the notes to the financial statements.

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2005 (Continued)**

20. Financial Instruments (Cont)

	2005 Carrying amount	2005 Net fair value	2004 Carrying amount	2004 Net fair value
Financial assets				
Cash	2,067,875	2,067,875	25	25
Receivables	<u>17,061</u>	<u>17,061</u>	-	-
Financial liabilities				
Accounts payable	13,628	13,628	2,000	2,000
Interest bearing liabilities	<u>900,000</u>	<u>900,000</u>	-	-

21. Additional company information

Global Properties Limited is a listed public company, incorporated and operating in Australia.

Registered Office and Principal place of business

Suite 2, Level 12
75 Elizabeth Street
Sydney NSW 2000
Australia
Tel: (02) 9233 3915

The company has no employees.

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ASX ADDITIONAL INFORMATION

Additional information required by the Australian Stock Exchange Listing Rules and not disclosed elsewhere in this report.

HOME EXCHANGE

The Company's ordinary shares are quoted on the Australian Stock Exchange Limited under the trading symbol "GPB". The Home Exchange is Sydney.

SUBSTANTIAL SHAREHOLDERS

At 13 July 2005 the following substantial shareholders were registered:

	Ordinary Shares	Percentage of total Ordinary shares
Fred Bart Group	5,000,075	31.25%

VOTING RIGHTS

At 13 July 2005 there were 634 holders of fully paid ordinary shares.

Rule 74 of the Company's Constitution stipulates the voting rights of members as follows:

"Subject to any rights or restrictions for the time being attached to any class or classes of shares and to this Constitution:

- (a) on a show of hands every person present in the capacity of a Member or a proxy, attorney or representative (or in more than one of these capacities) has one vote; and

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ASX ADDITIONAL INFORMATION (Cont)

- (b) On a poll every person present who is a Member or proxy, attorney or Representative has member present has:
- (i) For each fully paid share that the person holds or represents – one vote; and
 - (ii) For each share other than a fully paid share that the person holds or represents – that proportion of one vote that the amount paid (not credited) on the shares bears to the total amount paid and payable on the share (excluding amounts credited).”

OTHER INFORMATION

In accordance with Listing Rule 4.10.19, the Company has used the cash and assets in a form readily convertible to cash that it had at the time of admission in a way consistent with its business objectives.

DISTRIBUTION OF SHAREHOLDINGS

At 13 July 2005 the distribution of share and option holdings were:

Range	Ordinary Shareholders	Number of Shares
1-1,000	18	8,364
1,001 – 5,000	49	190,200
5,001 – 10,000	449	4,420,750
10,001 – 100,000	105	3,660,447
100,001 and over	<u>13</u>	<u>7,720,364</u>
	<u>634</u>	<u>16,000,125</u>

There were 10 ordinary shareholders with less than a marketable parcel.

There is no current on-market buy-back.

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TWENTY LARGEST ORDINARY SHAREHOLDERS - QUOTED

At 13 July 2005 the 20 largest ordinary shareholders held 52.89 % of the total issued fully paid quoted ordinary shares of 16,000,125.

Shareholder	Fully Paid Ordinary Shares	Percentage of Total
1. AWC Nominees Pty Limited	3,615,000	22.59%
2. Fred Bart	1,250,000	7.81%
3. Cheryl Bart	500,000	3.12%
4. Matthew James Sachr	360,000	2.25%
5. Brent McCarty, Yvonne McCarty and Zeljko Unkovich	300,000	1.87%
6. Fodiro Pty Limited	272,250	1.70%
7. Dennis Corporate Services Pty Limited	265,000	1.66%
8. James Bart	250,000	1.56%
9. Nicole Bart	250,000	1.56%
10. Ian Dennis and Caroline Dennis	235,000	1.47%
11. Dr Joshua Ehrlich	182,250	1.20%
12. Zolly Palmay	150,000	0.94%
13. JP Morgan Nominees Australia Limited	138,114	0.86%
14. 4F Investments Pty Limited	135,000	0.84%
15. ANZ Nominees Limited	100,000	0.62%
16. Kale Capital Corporation Limited	100,000	0.62%
17. The Plastics Centre Pty Limited	100,000	0.62%
18. Schlederer Nominees Pty Limited	100,000	0.62%
19. Daniel Trevor Cohen	80,000	0.49%
20. Leonard Peter Shore	79,753	0.49%
	<u>8,462,867</u>	<u>52.89%</u>

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CORPORATE GOVERNANCE STATEMENT

Corporate Governance Statement

The Board of Directors of Global Properties Limited is responsible for the corporate governance of the consolidated entity. The Board guides and monitors the business and affairs of Global Properties Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

The format of the Corporate Governance Statement has changed in comparison to the previous year due to the introduction of the Australian Stock Exchange Corporate Governance Council's (the "Council's") "Principles of Good Corporate Governance and Best Practice Recommendations". In accordance with the Council's recommendations, the Corporate Governance Statement must now contain certain specific information and must disclose the extent to which the Company has followed the guidelines during the period. Where a recommendation has not been followed, that fact must be disclosed, together with the reasons for the departure. Global Properties Limited's Corporate Governance Statement is now structured with reference to the Corporate Governance Council's principles and recommendations, which are as follows:

- Principle 1. Lay solid foundations for management and oversight
- Principle 2. Structure the Board to add value
- Principle 3. Promote ethical and responsible decision making
- Principle 4. Safeguard integrity in financial reporting
- Principle 5. Make timely and balanced disclosure
- Principle 6. Respect the rights of shareholders
- Principle 7. Recognise and manage risk
- Principle 8. Encourage enhanced performance
- Principle 9. Remunerate fairly and responsibly
- Principle 10. Recognise the legitimate interests of stakeholders

Global Properties Limited's corporate governance practices were in place throughout the year ended 30 June 2005 and embrace the Council's best practice recommendations which are being put in place as appropriate.

Due to the limitations imposed by size, the Company does not meet Recommendation 4.2 of the Guidelines as the Company does not have a formally constituted audit committee. All Directors of the Company act as the audit committee.

During the current year the Directors will establish a formal risk assessment plan in order to comply with Principle 7.

Additional information regarding the Company's corporate governance policies, its Directors and other relevant information can be found on the Company's website:

www.gloprop.com.au

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CORPORATE GOVERNANCE STATEMENT

Structure of the Board

The skills, experience and expertise relevant to the position of director held by each Director in office at the date of this Annual Report is included in the Directors' Report on page 2. Directors of Global Properties Limited are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement.

In the context of director independence, "materiality" is considered from both the Company and individual director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal or less than 5 percent of the appropriate base amount. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10 percent of the appropriate base amount. Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors which point to the actual ability of the director in question to shape the direction of the Company's loyalty.

In accordance with the definition of independence above, and the materiality thresholds set, the following Directors of Global Properties Limited are considered to be independent:

Name	Position
Mr. Ian Dennis	Non-executive Director

There are procedures in place, agreed by the Board, to enable directors, in furtherance of their duties, to seek independent professional advice at the Company's expense.

The term in office held by each Director in office at the date of this report is as follows:

Name	Position	Term in Office
Mr Fred Bart	Non-Executive Chairman	4 years
Mr. Ian Dennis	Non-Executive Director	4 years
Ms Cheryl Bart	Non-Executive Director	3 years

For additional details regarding board appointments, please refer to the Company's website.

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CORPORATE GOVERNANCE STATEMENT

Nomination Committee

The Board does not currently have a formal Nomination Committee. However, the Board continues to operate within the established guidelines, including when necessary, selecting candidates for the position of Director and, where appropriate, seeking the services of an independent consultant who is not a director of the Company to provide assistance in the recruitment of potential Directors. It is envisaged that a Nomination and Remuneration Committee will be established during the coming financial year.

Performance

The performance of the Board and key executives is reviewed regularly against both measurable and qualitative indicators. During the reporting period, an assessment of the performance of each Board member and key executive against specific and measurable qualitative and quantitative performance criteria was undertaken. The performance criteria against which directors and executives are assessed is aligned with the financial and non-financial objectives of Global Properties Limited. Directors whose performance is consistently unsatisfactory may be asked to retire.

Remuneration

One of the Company's key objectives is to provide maximum stakeholder benefits from the retention of a high quality Board and executive team by remunerating Directors and key executives fairly and appropriately with reference to relevant employment market conditions. Whilst the Company does not currently have a formal Remuneration Committee, the nature and amount of Executive Directors' and Officers' emoluments are linked to the Company's financial and operational performance. Further, it is envisaged that a Nomination and Remuneration Committee will be established during the coming financial year. The expected outcomes of the remuneration structure are:

- Retention and motivation of key executives;
- Attraction of quality management to the Company; and
- Performance incentives which allow executives to share the rewards of the success of Global Properties Limited.

For details regarding the amount of remuneration and all monetary and non-monetary components for each of the five highest-paid (non-director) executives during the year and for all Directors, refer to Note 17 of the Notes to the Financial Statements. In relation to the payment of bonuses, options and other incentive payments, discretion is exercised by the Board, having regard to the overall performance of Global Properties Limited and the performance of the individual during the period.

There is no scheme to provide retirement benefits, other than statutory superannuation, to non-executive directors.

The Board is responsible for determining and reviewing compensation arrangements for the Directors themselves.