robe AUSTRALIA LIMITED

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31 August 2010

Company Announcements Office
ASX Limited
Level 4
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PRELIMINARY FINAL REPORT

- **Results reflects maintenance of the Group following the wind-up of operations; and**
- **Company now in position to explore alternative investment options.**

The Group's FY 2010 loss after tax was **$563,650** (2009: loss after tax $41.1M)

Total gross revenue for Robe was **$608,532** for FY 2010 (2009: $38.6M). This represented a wind down of all operations after the disposal of the operating businesses in FY 2009.

The Group's results in FY 2010 reflect costs of sustaining the Group following the sale of the underlying operations of Robe and its subsidiaries in FY 2009. In part, this has included recovery of outstanding debtors, the sale of existing assets and negotiation with existing creditors.

The Company has faced extensive difficulties in finalizing legacy obligations in respect to the Business Sale Agreement pertaining to the stock broking business. This has resulted in significant administrative costs relating to resolution of issues. At present, a number of issues still remain unresolved particularly in respect the Australian Financial Services License (**AFSL**) obligations that Robe has, despite ongoing discussions with the purchaser. As a consequence, a number of advisors who transferred from Tolhurst Pty Ltd are finding their clients disadvantaged as a result of the impasse.

During the year, the Group sold its investments in Henderson Gregory Forrest and Tolhurst Waverley & Staff Pty Ltd and in both instances was able to generate returns in excess of the carrying value of the assets.

The Company over the past 12 months continued to invest in the recovery of contingent assets which it believes are likely to be resolved over the next 12 months. This has necessitated additional administrative time however the Board is confident that the costs incurred in this pursuit will be rewarded in due course.

The Company has reviewed a number of potential investment opportunities during the year however has noted, that whilst the existing AFSL's and any attendant contingent liabilities pertaining to the previous operations exist, it is unlikely that the current Robe structure can be utilized for further investment options. As a consequence, the Board has been in discussions with a number of groups and advisors in relation to how this matter can be resolved and believes that the issues that have arisen are likely to be resolved over the next 3 months.

During the year a rights issue was undertaken however it was significantly undersubscribed with minimal monies raised. The Board acknowledges that this may in part be a consequence of both the existing economic circumstances but moreover the uncertainty in relation to the shell of Robe as it currently exists. The Board notes that shareholders may be inclined to support a defined investment initiative undertaken by the Board and will be advised accordingly, should such an investment initiative be pursued.

Finally, the Board would like to thank those executives and staff for their contribution to the wind-up of the legacy issues pertaining to the various sale agreements and maintenance of the structure in a manner which will provide shareholders with the best potential future outcome.

Enquiries contact:

Robe Australia Limited
Peter Reilly
Non Executive Chairman

robe
AUSTRALIA
LIMITED

ROBE AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES

ABN 50 007 870 760

Appendix 4E
Preliminary Final Report

For the Year Ended 30 June 2010
(Previous corresponding period: year ended 30 June 2009)

Information given to ASX under listing rule 4.2A.3

RESULTS FOR ANNOUNCEMENT TO THE MARKET

YEAR ENDED 30 JUNE 2010

				A$
Revenues from ordinary activities	Down	98.4%	to	**608,439**
Profit/(Loss) from ordinary activities before tax attributable to members	Up	98.5%	to	**(641,573)**
Profit/(Loss) from ordinary activities after tax attributable to members	Up	98.6%	to	**(563,650)**

Dividends
No dividends were paid or declared during FY2010 (2009: $420,370).

Earnings per share (cents per share)	**2010**	2009
Basic earnings per share (cents)	(0.33)	(21.08)
Diluted earnings per share (cents)	(0.33)	(20.37)

Net tangible asset backing

Net tangible asset backing per ordinary share (cents)	0.01	0.01

Selected Financial Information

	2010 A$	2009 A$	Change %
Revenue	**608,439**	38,580,472	-98.4%
Profit/ (loss) before interest, tax, depreciation, amortisation and impairment (EBITDA)	**(635,366)**	(8,187,104)	92.2%
Profit/ (loss) before tax	**(641,573)**	(43,165,111)	98.5%
Profit/ (loss) after tax	**(563,650)**	(41,137,896)	98.6%

1. Financial Performance

The Group's FY 2010 loss before tax was **$641,572** (2009: $43.2M)

Total gross revenue for Robe was **$608,532** for FY 2010 (2009: $38.6M). This represents a wind down of all operations after the disposal of the operating businesses in FY 2009.

Robe also realized proceeds through the sale of its interest in Henderson Gregory Forrest (**HGF**) and its 15% interest in Tolhurst Waverley & Staff Pty Ltd (**TWS**), together with the recovery of bad debts, outstanding debtors and ongoing trail income.

Robe's expenses for the period included statutory costs including audit and legal fees, ASX fees, AFSL expenses incurred in maintaining obligations pursuant to the Licences held by the Group (including insurances) and administrative costs associated with the orderly wind down of Robe and its subsidiaries, together with costs incurred in funding the potential recovery of contingent assets.

2. Balance Sheet

Over the past 12 months, a number of the assets within the Group that have been previously written down have been realized through sale. The Board notes, that in respect to HGF and TWS that these assets have been disposed of in a manner that have achieved gains against the carrying value in the balance sheet

The other remaining core assets of the Group at present are its cash at bank together with contingent assets which the Board has expended monies and administrative time on in order to maintain the opportunity to recover future funds.

The Board can provide no assurance in respect to the likely conversion of these contingent assets to cash however believes that it is prudent on behalf of shareholders to continue to spend monies as required to provide the Group with the maximum opportunity to realize these assets in due course.

The Board notes, that in any sale of subsidiaries in order to allow Robe to be recapitalized and seek alternate investment opportunities, it is likely that funds will be required to support the provisions within the Balance Sheets relating to the existing subsidiaries that hold AFSL's. This will reduce the cash on hand within Robe Australia Limited which is likely to impinge upon the capability of the Company to assess, in detail, investment opportunities put to it.

3. Acquisition and Investments

The Board reviewed a number of investment opportunities during the year however concluded that it was not in a position to pursue these opportunities as a result of the existing structure within Robe imputing greater contingent liabilities than would otherwise be acceptable to investors or alternatively, investment opportunities were heavily skewed against the existing shareholders of Robe to such an extent that there was little value in pursuing such a strategy.

4. Operations

The Company wound back its operations in FY 2009 and incurred significant costs in respect to finalizing a number of outstanding matters relating to the Business Sale Agreements with both MMC Contrarian Limited and Patersons Securities Limited. In addition, the Company is required to meet ongoing costs associated with its existing AFSL obligations and to manage a wind down of the business in an orderly manner to allow shareholders the maximum opportunity to realize value from the existing structure.

5. Outlook

The Board is focused on finalizing activities that will allow Robe Australia Limited to utilize the shell and realize value from the existing subsidiary companies. To this end, the Board is actively pursuing options in respect to the sale of the subsidiary assets as announced to the ASX on 25 August 2010, in order to free Robe of its existing contingent risk and to this end has been in discussion with a number of investors and advisors in order to realize this strategy.

The Board anticipates, that if this strategy can realized, the opportunity will exist for shareholders to participate in both a further capital raising and future investment opportunity where the Board sees additional value to shareholders from the identification of investments that would seek to utilize the Robe shell as a vehicle to become listed on the ASX. Such strategies would be subject to Regulatory approval and shareholder approval.

Statement of comprehensive income
For the year ended 30 June 2010

	Note	Consolidated 2010 $	2009 $
Continuing operations			
Revenue	3(a)	**608,439**	1,009,621
		608,439	1,009,621
Gain from sale of available for sale financial assets		**219,886**	-
Loss from sale of business		**-**	(546,247)
Other income	3(b)	**318,112**	-
Dealers rebates		**(100,882)**	(88,781)
Administrative expenses		**(1,394,933)**	(3,668,646)
Employee benefits income/ (expense)		**(271,869)**	748,407
Communication costs		**(14,118)**	(51,835)
Depreciation, amortisation and impairment expense		**-**	(34,303,963)
Finance costs		**(6,207)**	(674,043)
Loss from continuing operations before income tax		**(641,572)**	(37,575,487)
Income tax (expense)/ benefit		**77,922**	2,027,215
Loss from continuing operations after income tax		**(563,650)**	(35,548,272)
Discontinued operations			
Profit/ (loss) from discontinued operations after income tax		**-**	(5,589,624)
Net Loss for the period		**(563,650)**	(41,137,896)
Other comprehensive income			
Net fair value gains / (losses) on available-for-sale financial assets		**(50,631)**	(610,028)
Other comprehensive income for the period, net of tax		**(50,631)**	(610,028)
Total comprehensive income for the period		**(614,281)**	(41,747,924)
Loss for the period attributable to members		**(563,650)**	(41,137,896)
Total comprehensive income/ (losses) for the period attributable to members		**(614,281)**	(41,747,924)

	2010	2009
Earnings per share (cents per share) from continuing operations		
Basic earnings per share (cents)	**(0.33)**	(21.08)
Diluted earnings per share (cents)	**(0.33)**	(20.37)
Earnings per share (cents per share) from discontinued operations		
Basic earnings per share (cents)	**0.00**	(3.30)
Diluted earnings per share (cents)	**0.00**	(3.19)
Total earnings per share (cents per share)		
Basic earnings per share (cents)	**(0.33)**	(24.27)
Diluted earnings per share (cents)	**(0.33)**	(23.47)

Statement of financial position
As at 30 June 2010

		Consolidated	
		30 June 2010	30 June 2009
	Note	$	$
ASSETS			
Current assets			
Cash and cash equivalents	4	760,934	389,678
Trade and other receivables		61,735	1,366,548
Other current assets		53,539	435,064
Financial assets		34,586	1,436,924
Total current assets		910,794	3,628,214
Non-current assets			
Available for sale financial assets		-	131,516
Total non-current assets		-	131,516
TOTAL ASSETS		910,794	3,759,730
LIABILITIES			
Current liabilities			
Trade and other payables		690,051	2,361,966
Provisions		5,000	346,397
Current tax liabilities		9,719	821
Total current liabilities		704,770	2,709,184
Non-current liabilities			
Deferred tax liabilities		-	85,219
Provisions		190,458	380,914
Total non-current liabilities		190,458	466,133
TOTAL LIABILITIES		895,228	3,175,317
NET ASSETS		15,566	584,414
EQUITY			
Contributed equity	5	50,949,463	50,904,030
Accumulated losses		(51,301,104)	(50,737,454)
Reserves		367,207	417,838
TOTAL EQUITY		15,566	584,414

Statement of changes in equity
For the year ended 30 June 2010

	Consolidated				
	Issued capital $	**Retained earnings $**	**Option reserve $**	**Asset revaluation reserve $**	**Total equity $**
As at 1 July 2009	**50,904,030**	**(50,737,454)**	**367,207**	**50,631**	**584,414**
Loss for the period	-	(563,650)	-	-	(563,650)
Other comprehensive income	-	-	-	(50,631)	(50,631)
Total comprehensive income for the period	**-**	**(563,650)**	**-**	**(50,631)**	**(614,281)**
Transaction with owners in their capacity as owners					
Rights issue during the year	45,433	-	-	-	45,433
Balance at 30 June 2010	**50,949,463**	**(51,301,104)**	**367,207**	**-**	**15,566**
				-	
As at 1 July 2008	**50,904,030**	**(9,179,189)**	**991,568**	**660,659**	**43,377,068**
Loss for the period	-	(41,137,895)	-	-	(41,137,895)
Other comprehensive income	-	-	-	(610,028)	(610,028)
Total comprehensive income for the period	**-**	**(41,137,895)**	**-**	**(610,028)**	**(41,747,923)**
Transaction with owners in their capacity as owners					
Dividends paid	-	(420,370)	-	-	(420,370)
Write-back of options	-	-	(874,860)	-	(874,860)
Options issued	-	-	126,453	-	126,453
Shared based payments	-	-	124,046	-	124,046
Balance at 30 June 2009	**50,904,030**	**(50,737,454)**	**367,207**	**50,631**	**584,414**

Statement of cash flows
For the year ended 30 June 2010

	Note	Consolidated 2010 $	2009 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**615,295**	87,158,451
Payments to suppliers and employees		**(1,922,113)**	(95,879,461)
Dividends received		**32,400**	79,276
Interest received		**29,594**	861,472
Interest paid		**(6,207)**	(782,860)
Income tax paid		**-**	(5,917,476)
Net cash provided by operating activities		**(1,251,031)**	(14,480,598)
Net Trust bank account movements		**(50,048)**	(1,440,783)
Net cash (used in) / provided by operating activities		**(1,301,079)**	(15,921,381)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of available for sale financial assets		**1,654,924**	-
Proceeds from sale of business		**-**	7,517,000
Net cash acquired from purchase / sale of investments		**-**	38,921
Proceeds from sale/purchase of property, plant &		**-**	(570,310)
Purchase of investments		**(51,965)**	(1,241,243)
Net cash provided by / (used in) investing activities		**1,602,959**	5,744,368
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		**(46,397)**	(13,601,406)
Proceeds from rights issue		**45,433**	-
Reclassification of cash held in respect to unpresented dividend payments		**70,340**	-
Dividends paid by parent entity		**-**	(420,370)
Net cash provided by / (used in) financing activities		**69,376**	(14,021,776)
Net (decrease) / increase in cash held		**371,256**	(24,198,789)
Cash at beginning of the year		**389,678**	24,588,468
Cash at the end of the year	**4**	**760,934**	389,678

Notes to the financial statements
For the year ended 30 June 2010

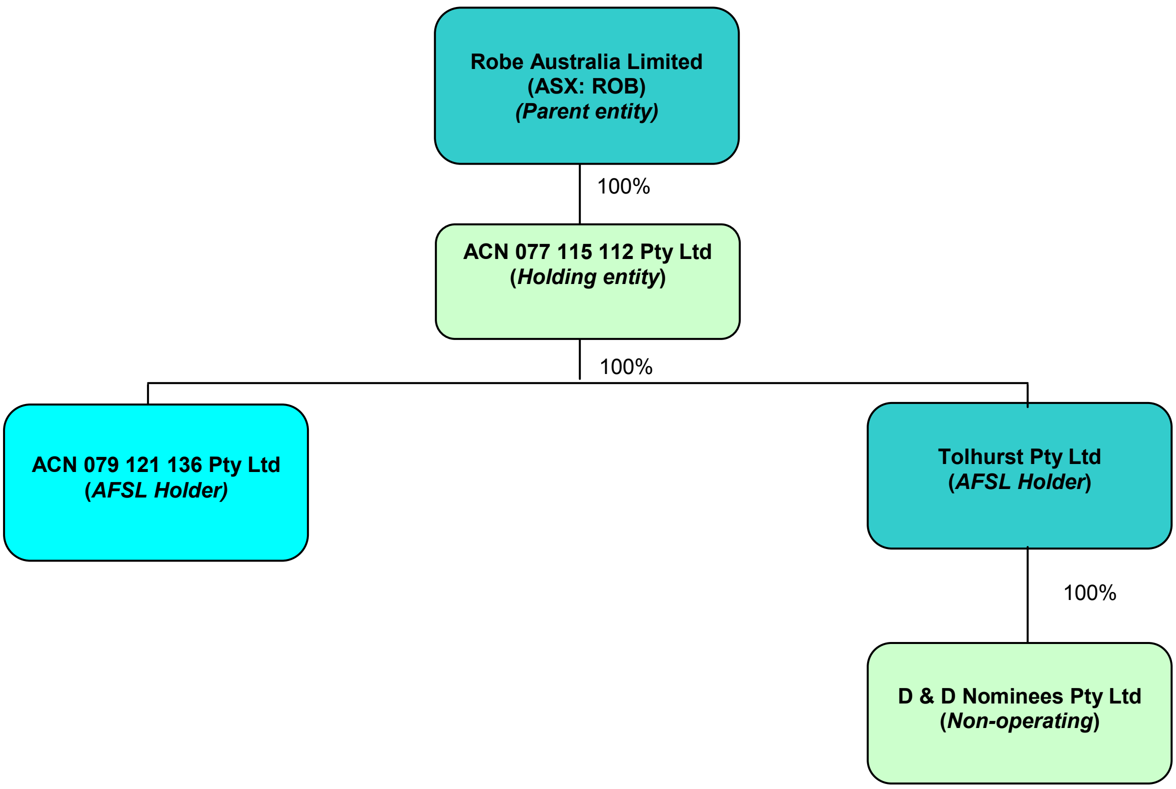
Note 1: Basis of preparation and Accounting Policies

Basis of preparation

This preliminary final report has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The preliminary final report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

Robe Australia Limited (**Group** or **Company**) is a Company limited by shares and is incorporated and domiciled in Australia. This report covers the consolidated group of Robe Australia Limited and the entities that it controlled during the financial year, which are outlined in the following illustration of the group's corporate structure:



During the year, a number of non-operating entities within the corporate structure were deregistered.

The preliminary final report is presented in Australian dollars and all values are rounded to the nearest dollar unless otherwise stated.

This report has been prepared on an accruals basis and is based on historical costs. The fair value basis of accounting has been applied to financial assets and financial liabilities.

Notes to the financial statements
For the year ended 30 June 2010 (continued)

Going concern assumption

The preliminary final report for the year ended 30 June 2010 has been prepared on a going concern basis. The directors believe that the Group can continue as a going concern as steps have been taken and continue to be taken to ensure the Group can minimise expenditure and seek alternative businesses to backdoor list given the Group has no current activities.

Changes in accounting policy

The following amending Standards have been adopted from 1 July 2009. Adoption of these standards did not have any effect on the financial position or performance of the group.

AASB 8 Operating Segments

AASB 8 replaced AASB 114 Segment Reporting upon its effective date. The Group concluded that the operating segments determined in accordance with AASB 8 are the same as the business segments previously identified under AASB 114.

AASB 101 Presentation of Financial Statements

The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity and included in the new statement of comprehensive income. The statement of comprehensive income presents all items of recognised income and expense either in one single statement, or in two linked statements. The Group has elected to present one statement.

Comparatives

Where necessary the comparative information has been reclassified and repositioned for consistency with current period disclosures.

Notes to the financial statements
For the year ended 30 June 2010 (continued)

Note 2: Operating segments

Identification of reportable segments

The Group has identified its operating segments base on the internal reports that are reviewed and used by the executive management team and the Board (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The existing operating segments are identified by management based on the manner in which the Group's operations were carried in the ensuing period following the disposal of the Group's businesses during the previous financial year. Discrete financial information about each of these operating businesses is reported to the Board on at least a monthly basis.

The reportable segments are based on aggregated operating segments determined by the similarity of the asset base and revenue or income streams, as these are the sources of the Group's major risks and have the most effect on the rates of return. The Group's segment information for the current reporting period is reported based on the following segments:

Funds and wealth management
The Group is in receipt of passive financial planning and money market trail income associated with funds investment services provided to domestic and international clients which have not been transferred to the purchasers of the Group's businesses. The Group does not provide any active services in relation to funds and wealth management and the revenue received is purely in relation to historical services provided by the Group.

Unallocated
Unallocated expenses and assets relate to expenses incurred and assets held by the parent company which is a non-operating entity holding existing investment assets and which provides management expertise in respect to corporate and ASX compliance and assessment of future investment opportunities. Profit or loss relating to discontinued segments or deregistered entities during the year have not been allocated to any particular segment.

The Group's segment information for the previous corresponding period has been re-stated to conform to AASB 8 and is reported based on the following segments:

Funds and wealth management
This segment provides investment services to domestic and international clients; and

Unallocated
This includes segments in discontinued operations during the previous year covering:

- Stock broking - reflects principal trading activities, execution and clearing services and expert advice based on extensive knowledge of overseas and Australian equity markets to a mix of institutional and private client; and
- Corporate finance - This segment provides advisory services to equity capital markets, mergers and acquisitions and corporate advice to domestic and international clients.

As Robe Australia Limited sold the businesses undertaken in Tolhurst Pty Ltd (stock broking), Community & Corporate Financial Services Pty Ltd (funds and wealth management) and InterFinancial Limited (corporate) during the year ended 30 June 2009, it is no longer carrying any operating entities.

Accounting policies and inter-segment transactions

The accounting policies used by the Group in reporting segments internally are the same as those contained in Note 1 to the accounts and in the prior period except as detailed below:

Corporate charges

There are no intra group charges within the Group.

Notes to the financial statements
For the year ended 30 June 2010 (continued)

Note 2: Operating segments (continued)

Year ended 30 June 2010	Operating Segments: Funds & Wealth Management	Unallocated	Total
	$	$	$
Revenue			
Sales to external customers	608,439	-	608,439
Other revenue from external customers	-	-	-
Inter-segment revenue	-	-	-
Total segment revenue	**608,439**	**-**	**608,439**
Segment net operating profit/ (loss) after tax	**(689,718)**	**126,068**	**(563,650)**
Discontinued operations after income tax	-	-	-
Interest expense	(6,207)	-	(6,207)
Income tax benefit	77,922	-	77,922
Segment assets	**90,860**	**819,934**	**910,794**
Segment liabilities	**394,744**	**500,484**	**895,228**

Year ended 30 June 2009	Operating Segments: Funds & Wealth Management	Unallocated	Total
	$	$	$
Revenue			
Sales to external customers	1,009,621	-	1,009,621
Other revenue from external customers	(546,247)	-	(546,247)
Inter-segment revenue	-	-	-
Total segment revenue	**463,374**	**-**	**463,374**
Segment net operating profit after tax	**782,907**	**(36,331,178)**	**(35,548,271)**
Discontinued operations after income tax	-	(5,589,624)	(5,589,624)
Interest expense	(674,043)	-	(674,043)
Income tax benefit	2,027,215	-	2,027,215
Segment assets	**3,759,730**	**-**	**3,759,730**
Segment liabilities	**3,175,317**	**-**	**3,175,317**

Notes to the financial statements
For the year ended 30 June 2010 (continued)

Note 2: Operating segments (continued)

	Consolidated	
	2010	2009
	$	$
i) Segment revenue reconciliation to the statement of comprehensive income		
Total segment revenue	**608,439**	463,374
Total revenue	**608,439**	463,374

ii) Segment net operating profit after tax reconciliation to the statement of comprehensive income

The Board meets on a monthly basis to assess the performance of each segment by analysing the segment's net operating profit after tax. The Other segment's net operating profit after tax includes non operating income and expense such as dividends received, fair value gains and losses, gains and losses on disposal of assets and impairment charges. Income tax expenses are calculated as 30% (2009:30%) of the segment's net operating profit.

Reconciliation of segment net operating loss after tax to net loss before tax.

	2010	2009
	$	$
Segment net operating loss after tax	**(563,650)**	(35,548,271)
Income tax expense /(benefit) at 30% (2009: 30%)	**(77,922)**	(2,027,215)
Total net loss before tax per the statement of comprehensive income	**(641,572)**	**(37,575,486)**

iii) Segment assets reconciliation to the statement of financial position

In assessing the segment performance on a monthly basis, the Board analyses the segment result as described above and its relation to segment assets. Segment assets are those operating assets of the entity that the Board views as directly attributing to the performance of the segment. These assets include receivables and exclude available-for-sale financial assets and deferred tax assets.

Reconciliation of segment operating assets to total assets :

	2010	2009
	$	$
Segment operating assets	**910,794**	3,759,730
Total assets per statement of financial position	**910,794**	3,759,730

The analysis of the location of non-current assets other than financial instruments and deferred tax assets is as follows:

	2010	2009
Australia	**-**	-
Total assets	**-**	**-**

Notes to the financial statements
For the year ended 30 June 2010 (continued)

Note 2: Operating segments (continued)

iv) Segment liabilities reconciliation to the statement of financial position

Segment liabilities includes trade and other payables and debt. The Group has a centralised finance function that is responsible for raising debt and capital for the entire operations. Each entity or business uses this central function to invest excess cash or obtain funding for its operations. The executive management committee reviews the level of debt each segment in the monthly meetings.

Reconciliation of segment operating liabilities to total liabilities:

	Consolidated	
	2010	2009
	$	$
Segment operating liabilities	**895,228**	3,175,317
Total liabilities per the statement of financial position	**895,228**	3,175,317

Note 3: Revenue, Income and Expenses

	Consolidated	
	2010	2009
	$	$
(a) Revenue		
Broking and commission	**163,861**	824,547
Financial planning	**-**	20,194
Management fee	**325,000**	-
Dividends	**32,400**	71,407
Interest	**29,501**	76,176
Debt recovery (previously written off)	**57,677**	17,297
	608,439	1,009,621
(b) Other income		
Write-back of provision for contingencies	**190,090**	-
Other	**128,022**	-
	318,112	-

Note 4: Cash and cash equivalents

	2010	2009
	$	$
Cash at bank and in hand	**700,197**	157,914
Short-term deposits	**32,022**	153,000
Cash held on behalf of others	**28,716**	78,764
Cash at bank and in hand	**760,934**	389,678

Reconciliation to Cash Flow Statement

For the purposes of the Cash Flow Statement, cash and cash equivalents are comprised of the following at 30 June:

Cash at bank and in hand	**760,934**	389,678
	760,934	389,678

Notes to the financial statements
For the year ended 30 June 2010 (continued)

Note 5: Contributed Equity

(a) Ordinary shares	2010	2009
	$	$
Issued and fully paid	**50,949,463**	50,904,030
Movement in shares on issue	**Unit**	Unit
At the beginning of the reporting period	**169,498,410**	168,147,814
Rights issue acceptances - 1.1 cents	**4,130,292**	-
Deferred consideration - Comcorp acquisition	**-**	1,350,596
At reporting date	**173,628,702**	169,498,410

Basic earnings per share for profit attributable to the ordinary equity holders of the parent is calculated by dividing net profit / (loss) after income tax for the year ended 30 June 2010 attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

The following reflects the information used in the basic earnings per share computations:

	2010	2009
	$	$
Net profit/ (loss) after income tax attributable to the ordinary equity holders of the parent	**(563,650)**	(41,137,896)
	Unit	Unit
Weighted average number of ordinary shares for basic earnings per share	**170,360,779**	150,960,736
Weighted average number of ordinary shares for diluted earnings per share	**170,360,779**	156,765,291

Notes to the financial statements
For the year ended 30 June 2010 (continued)

Note 6: Contingencies

Contingent assets

The Group holds contingent assets of approximately $700,000 (30 June 2009: $1,000,000) relating to outstanding client debts. The Group is undertaking proceedings against debtors and the amount may be realised over the next 6 - 12 months.

Contingent liabilities

The Group currently has claims lodged against it in respect to its prior financial services operating businesses. Outstanding claims against the Group as at 30 June 2010 mainly relate to claims existing before 30 June 2009. However a number of new claims were made against the Group during the year.

The Group, through its insurer will vigorously challenge all claims made against the Group. However, the directors based on advice received from the Group's insurer and after taking into account the respective age and status of each claim, have assessed the likelihood of each claim being successful and the potential pay out by the Group, if any. Based on this assessment, the directors are satisfied that adequate provision for claims has been made as at 30 June 2010.

At period end, any such claims by their nature are uncertain due to the assessment, insurance and legal processes required to be undertaken by all parties concerned and cannot be reliably measured other than the estimate currently recognised within the financial statements. Notwithstanding this, the directors do not believe it is probable that the claims against the Group will be successful except for those for which a provision has been raised.

These claims are also covered by the Group's insurance with the exception of any insurance excess payable by the Group. The measurement of the provision does not include an offset for expected insurance recoveries. The insurance is also capped at a maximum pay out for each claim, which if exceeded, will be required to be paid by the Group and could provide significant uncertainty in respect to the Group's capacity to continue as a going concern.

Note 7: Events after Balance Sheet Date

As announced to the ASX on 25 August 2010, the Group has entered into negotiations with a potential investor who is seeking to acquire the underlying subsidiaries of the Company and assume the existing liabilities (contingent or otherwise) of the subsidiaries. The Board provides no assurances as to when or whether the transaction will complete.

Notes to the financial statements

For the year ended 30 June 2010 (continued)

Note 8: Information on Audit or Review

This preliminary final report is in based on accounts to which one of the following applies:

☐ The accounts have been audited

☐ The accounts have been subject to review

☑ The accounts are in the process of being audited or reviewed

☐ The accounts have not yet been audited or reviewed

Description of likely dispute or qualification if the accounts have not yet been audited or subject to review or are in the process of being audited or subject to review.

The Group expects a qualification of a similar nature in respect to comparative balances as provided in the FY 2009 accounts and an ongoing emphasis of matter in relation to the Group continuing to operate as a going concern.

Description of dispute or qualification if the accounts have been audited or subject to review.

Not Applicable