



**CLUB CROCODILE HOLDINGS LIMITED**

**ABN 68 010 715 901**

**ANNUAL REPORT**

**2002/2003**



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**COMPANY INFORMATION  
 CLUB CROCODILE HOLDINGS LIMITED (ACN 010 715 901)  
 AND SUBSIDIARIES**

**DIRECTORS**

David Ronald Kingston  
 [Chairman]

Phillip Dickinson  
 [Managing Director]

Mustafa Shail

Email: headoffice@clubcroc.com.au  
 Website: www.clubcroc.com.au

**AUDITORS**

PKF Chartered Accountants  
 Level 6  
 120 Edward Street, Brisbane Qld 4000  
 Phone: (07) 3226 3555  
 Fax: (07) 3226 3500

**COMPANY SECRETARY**

Kevin Joseph Sheppard

**REGISTERED OFFICE**

Sheppard & Associates  
 Shop D 1181 Wynnum Road,  
 Cannon Hill Qld 4170  
 Phone: (07) 3390 4333  
 Fax: (07) 3390 7444

**SHARE REGISTRY**

Computershare Investor Services Pty Ltd  
 Level 27 Central Plaza One  
 345 Queen Street  
 Brisbane Qld 4000  
 Phone: (07) 3237 2100  
 Fax: (07) 3229 9860

**STOCK EXCHANGE LISTING**

The Australian Stock Exchange Ltd has granted  
 quotation for all fully paid ordinary shares in the  
 company.

<p style="text-align: center;"><b><u>WHITSUNDAY RESORT –          MAINLAND</u></b></p> <p style="text-align: center;">Club Crocodile Airlie Beach          Shute Harbour Road          WHITSUNDAY QLD 4802          Phone: (0749) 467155          Fax: (0749) 466007          Reservations: 1800 075 151</p>	<p style="text-align: center;"><b><u>CAIRNS HOTEL/MOTEL</u></b></p> <p style="text-align: center;">Club Crocodile Hides          City Square          87 Lake Street          CAIRNS QLD 4870          Phone: (0740) 511 266          Fax: (0740) 312276          Reservations: 1800 079 266</p>	<p style="text-align: center;"><b><u>CLUB CROCODILE          TOOWONG VILLAS</u></b></p> <p style="text-align: center;">9-11 Ascog Street          TOOWONG QLD 4066          Phone: (07) 3371 4855          Fax: (07) 3371 4661          Reservations: 1800 777 092</p>
<p style="text-align: center;"><b><u>WHITSUNDAY RESORT – ISLAND</u></b></p> <p style="text-align: center;">Club Crocodile Long Island          WHITSUNDAY QLD 4802          Phone: (0749) 469400          Fax: (0749) 469555          Reservations: 1800 075 125</p>	<p style="text-align: center;"><b><u>CAIRNS MOTEL</u></b></p> <p style="text-align: center;">Club Crocodile Lake Street          183 Lake Street          CAIRNS QLD 4870          Phone: (0740) 514988          Fax: (0740) 516047</p>	<p style="text-align: center;"><b><u>CLUB CROCODILE TRAINING &amp;          EMPLOYMENT</u></b></p> <p style="text-align: center;">203 Given Terrace          PADDINGTON QLD 4064          Phone: (07) 3367 3268          Fax: (07) 3367 2706</p>

## **MANAGING DIRECTORS REVIEW**

Welcome to this year's review of our business.

As indicated in last year's report, among our immediate goals for the company was a return to profit this year. Happily we are able to declare a profit of \$482,014 to which is added a non recurring profit of \$392,253 resulting from profit on sale of the Kookaburra River Queens, delivering an overall profit result to the company of \$874,267 for the year ending 30 June 2003.

The year was not without its challenges. We all know about the SARS crisis and the war in Iraq. In addition to those events, we restructured several areas of the organisation. This resulted in a downsizing of our Board, the closure of Head Office in Brisbane, the sale of the Kookaburra River Queens and many management changes. We have become focused on our core business of being providers of leisure accommodation and have concentrated our efforts on the key businesses in the Whitsundays and Cairns.

The results from operations are encouraging and we envisage further improvement this year. Long Island Resort saw an improvement in turnover of 13% and Airlie Beach 6% whilst Hides Hotel declined 7% and Lake Street 8%. The differing performances from the Whitsundays to Cairns reflect the fact that SARS and Iraq had a much greater impact on Cairns as a market highly dependent on international tourism, than on the Whitsundays where we are more domestic tourism dependent.

While the Brisbane businesses of Toowong Villas and Training & Employment each performed satisfactorily, we consider these businesses as non core and have recently entered a new conditional sale agreement at a premium to book value regarding Toowong and we intend to wind down Training. The Training business relies heavily on Government contracts for its continued success and has recently engaged in dispute with the government regarding return of profits made on contracts.

The Balance Sheet of the company is very strong with total liabilities of \$3.694m supported by assets of \$15.198m. Issued shares increased by 4,456,800 shares to 56,130,278 shares following a placement in August 2002 at 14 cents. Net tangible asset backing per share has increased from 18.2 cents per share at the commencement of the year to 19.4 cents per share at year end.

Shareholder accommodation discounts at our properties remain a benefit to shareholders, however our format for claim is now different. Please phone the Club Crocodile property where you wish to stay, quote your shareholder status and you will receive accommodation priced at the discounted standby rate of the property without the restrictions normally applied to standby rates. This benefit is available to all shareholders irrespective of the number of shares held.

We take this opportunity to acknowledge the contribution of two directors who resigned during the year. Mr Peter Thynne was a founding Director of the Company and was for many years its Chairman and Managing Director. He was responsible for the company's creation and development and he has left us after 15 years of service. Mr Kevin Sheppard has served in the area of finance and administration and has left the Board after 7 years of service, but remains as company secretary and continues to provide accountancy services to the company. On behalf of all shareholders, I thank both Peter and Kevin for their outstanding contributions.

Finally, I take this opportunity to thank the management and staff of the company for their hard work and commitment to providing an enjoyable holiday experience to our guests. I also congratulate them for their part in helping to deliver the encouraging financial results we have achieved for this year.



**PHIL DICKINSON**  
**MANAGING DIRECTOR**

**DIRECTORS' REPORT  
YEAR ENDED 30 JUNE 2003**

Your directors present the following report of the parent entity and its controlled entities for the year ended 30 June 2003.

1. OPERATING RESULTS

The profit of the Consolidated Entity for the year ended 30 June 2003 after providing for income tax amounted to \$874,267 (2001/2002 loss \$674,603).

2. DIVIDENDS

Directors have recommended that no dividend be paid for the current reporting period.

As recommended in last year's report, no dividend was paid out of profits of the previous reporting period.

3. PRINCIPAL ACTIVITIES

The principal activities of the parent entity are the operation of a resort at Airlie Beach, accommodation and motel operations in Cairns and Brisbane and the investment in group entities. The principal activities of the Consolidated Entity involve the operation of a mainland tourism resort, an island resort, motel accommodation, and hospitality training.

There were no significant changes in the nature of the Consolidated Entity's principal activities during the reporting period other than the sale of the leased out river cruise boats in October 2002.

4. DIRECTORS' INFORMATION

The names and particulars of the directors of the company in office at any time during the year or since the end of the year of this report are:

Name of Director	Qualifications and Experience	Number of Directors' Meetings Eligible to Attend	Number of Directors' Meetings Attended
David R Kingston	Investment Banker B.Com., LL.B. Appointed 12 August 2002 Non Executive Chairman since 27 November 2002 Responsibilities include Finance, Acquisitions and Divestments.	4	4
Phillip Dickinson	B.Eng(Mining), A.S.I.A. Executive Director from September 1987 until July 2002 and Managing Director since August 2002 Special responsibilities: Operations.	4	4
Mustafa Shail	Accountant F.N.I.A. Non Executive Director since May 2001 Member of the Audit Committee.	4	4
Peter T Thynne	Chairman October 1988 to November 2002 Resigned 27 November 2002.	2	2
Kevin J Sheppard	B Bus (Acctcy) CPA Director December 1995 to November 2002 Resigned 27 November 2002	2	2
Murray A Charlton	Director October 1988 to August 2002 Resigned 12 August 2002	-	-

**DIRECTORS' REPORT**  
**YEAR ENDED 30 JUNE 2003**

4. DIRECTORS' INFORMATION (continued)

David Ronald Kingston and his associate, Granite Ridge Pty Ltd, have a relevant interest within the meaning of the Corporation Act 2001 in 14,430,650 shares in the company.

Phillip Dickinson is personally entitled to 1,910,243 shares in the company. Subject to performance criteria he has entitlement to options to acquire a further 2 million shares in the company.

Mustafa Shail has a relevant interest within the meanings of the Corporations Act 2001 in 10,987,242 shares in the company held by Shail Investments Pty Ltd of which he is a director and the Shail Superannuation Fund of which he is trustee.

5. REVIEW OF OPERATIONS

The group was affected by both the war in Iraq and the SARS crisis. These issues arose just as recovery was being experienced following the failure of Ansett Airlines and the terrorist attacks on the World Trade Centre. There was some improvement in the domestic market compensating for the loss in international visitor numbers, and this was assisted by the growth of Virgin Blue. Keenly priced airfares into the Whitsundays were available via Mackay, which is a 2 hour drive away.

The Whitsunday resorts had improved revenues and profits. Marketing success was enjoyed from new telemarketing and direct mail initiatives. Travel industry support is widespread for these two well known and highly regarded businesses. Long Island Resort was successful in the Queensland Tourism Awards, taking out the award for Best 3½ Star Accommodation in the state. Airlie Beach Resort was a finalist in the same category.

The Cairns businesses experienced lesser revenues than previously. These two leasehold businesses have been loss makers in recent years and incurred increased losses last year. In the latter part of the year, management strategies were introduced and, with the commencement of the recovery after SARS and Iraq, indications of improved trading conditions were noticed.

The Brisbane businesses Toowong Villas and Training & Employment performed above expectations. They are each considered non core as they are not able to support and add value to the predominantly holiday accommodation businesses in the Whitsundays and Cairns. They helped support and justify the Head Office in Brisbane but this was closed in December and Airlie Beach is now the centre of operations. Their continued ownership is unlikely.

The company sold the Brisbane based Kookaburra Queen Paddlewheelers in October 2002 for \$1.96m. All sale proceeds were applied to the reduction of debt. A profit on sale of \$392,253 was derived.

6. RESULTS OF OPERATIONS

The Consolidated Entity achieved profit from normal business trading activities before interest and depreciation of \$1,388,154, which is an improvement of 273% on the previous year. Profit from sale of assets during this year was \$392,253 (last year \$1,128,107). Interest charges were \$186,486 (last year \$370,786) and depreciation and amortisation expenses were \$719,654 (last year \$1,480,924)

7. SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The following significant changes in the state of affairs of the group occurred during the financial year:

In October 2002 one of the subsidiary companies settled the sale of the Kookaburra River Paddlewheelers and proceeds were applied to reduction of group bank debt.

There have been no significant changes in controlled entities.

**DIRECTORS' REPORT**  
**YEAR ENDED 30 JUNE 2003**

8. AFTER BALANCE DATE EVENTS

On 5 August 2003 one of the subsidiary companies received an invoice from the Commonwealth Government claiming the repayment of \$241,798 (including GST of \$12,732) of contract fees for the provision of contracted training services to school students.

The company is in process of defending the claim which covers the period from August 1999 to December 2002 and no adjustment has been made to reflect the claim in the accounts to 30 June 2003.

On 3 September 2003, the parent company entered into a contract for the sale of its Toowong Villas business for a price of \$1.2m. The contract is scheduled for settlement around 31 December 2003 and is subject to certain conditions which had not been met at the date of this report.

Except for the above no other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the economic entity, the results of those operations, or the state of affairs of the economic entity in future financial years.

9. LIKELY DEVELOPMENTS AND EXPECTED RESULTS

During 2004, the Directors expect to continue to drive increased revenues and improved efficiencies. The focus will shift this year from cost reduction to revenue generation. An improved bottom line will result. Several new marketing initiatives are being pursued, including a push to attract the seniors market and an improved internet presence.

Expenditure in capital investment items and in repairs, maintenance and refurbishment will be continued to keep the properties up to standard. The desirable outcomes from these investments are not only guest satisfaction and industry accolades but also the protection of our investments.

The company will continue to divest non core assets and pursue debt reduction. An improved bottom line is expected to result.

10. DIRECTORS' AND EXECUTIVE OFFICERS' EMOLUMENTS

The company's policy for determining the nature and amount of emoluments of board members and senior executives of the company is as follows:

The remuneration structure for executive directors seeks to emphasise payment for results through providing various reward schemes, for example the incorporation of incentive payments based on the achievement of sales and profit targets. The objective of the reward schemes is to both reinforce the short and long-term goals of the company and to provide a common interest between management and shareholders. No performance based incentives were paid for the year ended 30 June 2003 apart from a \$10,000 performance bonus payable to managing director Phillip Dickinson.

The consolidated and parent entities have no executive officers other than executive directors.

Emoluments of non executive directors comprise fees determined having regard to industry practice and the need to obtain appropriately qualified independent persons. Fees do not include any non monetary elements.

Emoluments of executive directors are determined by a remuneration committee comprising non executive directors. In this respect, consideration is given to normal commercial rates of remuneration for similar levels of responsibility.

**DIRECTORS' REPORT  
YEAR ENDED 30 JUNE 2003**

9. DIRECTORS' AND EXECUTIVE OFFICERS' EMOLUMENTS (continued)

The emoluments of each director are as follows:

DIRECTORS

Parent Entity	Salary	Director's Fees	Superannuation Contributions	Total
Peter T Thynne	13,462	2,873	13,002	29,337
Phillip Dickinson	77,615	3,461	24,538	105,614
Murray A Charlton	-	2,200	-	2,200
Mustafa Shail	-	7,500	-	7,500
Kevin J Sheppard	-	4,038	-	4,038
David R Kingston	-	7,500	-	7,500

11. SHARE OPTIONS

Since the close of the financial year 1,000,000 options were granted to a director, Mr P Dickinson, at an exercise price of 15 cents. The options are exercisable on or before 30 September 2005 and were approved by shareholders on 27 November 2002.

In a previous period 2,000,000 options were granted to a director, Mr A J Haythorpe, at an exercise price of 15 cents. The options granted were exercisable on or before 27 November 2002 and were approved by shareholders on 27 November 2000. No options were exercised prior to their expiration date.

No shares have been issued by virtue of the exercise of an option during the year or to the date of this report and unissued ordinary shares for which options are outstanding at the date of this report are as follows:

Grant Date	Date of Expiry	Exercise Price	Number Under Option
3 September 2003	30 September 2005	15 cents	1,000,000

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of any other body corporate.

12. INDEMNIFICATION OF OFFICERS

During or since the end of the reporting period, the parent entity has paid premiums in respect of a contract insuring all the directors of Club Crocodile Holdings Limited against all claims, proceedings, liabilities and expenses incurred in their job as directors of the company except where the liability arises out of conduct involving a wilful breach of duty or where the liabilities have been imposed by law or for any legal action or litigation outside the jurisdiction of the contract. The total amount of the insurance contract premiums paid was \$10,935 (2002 - \$11,550).

13. AUDIT COMMITTEE

At the date of this report the consolidated entity had an audit committee consisting of directors Mustafa Shail (Non-executive) and David Kingston (Non-Executive) as well as external accountant Kevin Sheppard. The committee's responsibilities are to oversee the existence and maintenance of internal controls and accounting systems, oversee the financial reporting process, nominate external auditors and review the existing external audit arrangements.

**DIRECTORS' REPORT**  
**YEAR ENDED 30 JUNE 2003**

14. CORPORATE GOVERNANCE

The non executive Chairman of the Board, Mr David R Kingston, is responsible for the overall direction of the group. Mr P Thynne and Mr P Dickinson are, or have been, executive directors and other directors Mr M Shail, Mr M Charlton and Mr K Sheppard are, or have been, non-executive directors. It is the chairman's responsibility in consultation with existing Board members to establish criteria for Board membership and to select appropriate members of the Board. Shareholders approval is required on the composition of the Board of Directors on a regular basis in accordance with the Company's Constitution.

The remuneration and terms and conditions of employment of Senior Management are reviewed and approved by the Board. Non executive directors have the right to seek independent professional advice in relation to their directors' duties at the company's expense. The chairman's prior approval of such expenditure is required.

All directors pursue the identification of significant areas of business risk, implement procedures to manage such risks and to develop policies regarding the establishment and maintenance of appropriate ethical standards, including the appointment of external auditors and reviewing the adequacy of existing audit arrangements. The company's policy restricts directors from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the security's prices.

15. PERFORMANCE IN RELATION TO ENVIRONMENTAL REGULATION

The consolidated entity's operations are subject to significant environmental regulation under the law of the Commonwealth and State. There has been no matter either during or since the end of the reporting period which, in the opinion of the directors, would give rise to any conflict with the provisions of the existing environmental regulations.

16. ROUNDING OF AMOUNTS

The company is an entity to which ASIC Class Order 98/100 applies. Accordingly, amounts in the financial statements have been rounded to the nearest thousand dollars.

Signed in accordance with a resolution of the Directors. Dated at Brisbane this 24th day of September 2003



**PHILLIP DICKINSON**  
**DIRECTOR**

**STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 30 JUNE 2003**

	Notes	Consolidated Entity		Parent Entity	
		2003 \$000	2002 \$000	2003 \$000	2002 \$000
Revenues from ordinary activities	2	20,133	21,774	8,682	12,009
Borrowing costs expense		(186)	(371)	(186)	(294)
Advertising & promotions		(880)	(928)	(314)	(495)
Amortisation		(42)	(530)	(42)	(291)
Bad & doubtful debts		(1)	(160)	(1)	(32)
Carrying amount of net assets sold		(1,557)	(2,224)	-	(2,224)
Cost of sales		(4,486)	(4,609)	(1,559)	(2,087)
Depreciation		(677)	(951)	(220)	(386)
Directors costs		(99)	(395)	(74)	(395)
Employee related expenses		(6,336)	(6,687)	(2,446)	(2,972)
Insurance		(318)	(219)	(128)	(115)
Rental expense on operating leases		(1,677)	(1,881)	(1,656)	(1,519)
Repairs & replacements		(688)	(794)	(339)	(398)
Telephone, electricity, gas & rates		(907)	(941)	(469)	(501)
Other expenses from ordinary activities		(1,405)	(1,759)	(634)	(743)
		874	(675)	614	(443)
Profit/(loss) from ordinary activities before income tax		874	(675)	614	(443)
Income tax expense relating to ordinary activities	4	-	-	-	-
		874	(675)	614	(443)
Net profit/(loss) attributable to members of the Parent Entity		874	(675)	614	(443)
Costs associated with issue of shares		(26)	-	(26)	-
		848	(675)	588	(443)
Total changes in equity other than those resulting from transactions with owners as owners		848	(675)	588	(443)
Basic earnings per share (cents per share)	20	1.572	(1.299)		
Diluted earnings per share (cents per share)	20	1.572	(1.299)		
Dividends per share (cents per share)		-	-	-	-

The above Statement of Financial Performance is to be read in conjunction with the attached Notes.

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2003**

	Notes	Consolidated Entity		Parent Entity	
		2003 \$000	2002 \$000	2003 \$000	2002 \$000
<b>CURRENT ASSETS</b>					
Cash assets	5	557	350	382	90
Receivables	6	780	858	3,583	3,599
Inventories	7	251	285	74	85
Interests in Joint Ventures	8	151	-	-	-
Other	9	96	54	44	48
<b>TOTAL CURRENT ASSETS</b>		<b>1,835</b>	<b>1,547</b>	<b>4,083</b>	<b>3,822</b>
<b>NON CURRENT ASSETS</b>					
Property, plant & equipment	10	12,776	14,442	4,828	4,902
Other financial assets	11	-	-	-	-
Intangibles	12	587	629	587	629
<b>TOTAL NON CURRENT ASSETS</b>		<b>13,363</b>	<b>15,071</b>	<b>5,415</b>	<b>5,531</b>
<b>TOTAL ASSETS</b>		<b>15,198</b>	<b>16,618</b>	<b>9,498</b>	<b>9,353</b>
<b>CURRENT LIABILITIES</b>					
Payables	13	1,373	1,527	2,377	920
Interest bearing liabilities	14	673	1,245	473	864
Provisions	15	123	207	47	106
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,169</b>	<b>2,979</b>	<b>2,897</b>	<b>1,890</b>
<b>NON CURRENT LIABILITIES</b>					
Interest bearing liabilities	14	1,495	3,565	1,495	3,565
Provisions	15	30	42	18	22
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>1,525</b>	<b>3,607</b>	<b>1,513</b>	<b>3,587</b>
<b>TOTAL LIABILITIES</b>		<b>3,694</b>	<b>6,586</b>	<b>4,410</b>	<b>5,477</b>
<b>NET ASSETS</b>		<b>11,504</b>	<b>10,032</b>	<b>5,088</b>	<b>3,876</b>
<b>EQUITY</b>					
Contributed equity	16 (a)	13,348	12,750	13,348	12,750
Accumulated losses	16 (b)	(1,844)	(2,718)	(8,260)	(8,874)
<b>TOTAL EQUITY</b>	16 (c)	<b>11,504</b>	<b>10,032</b>	<b>5,088</b>	<b>3,876</b>

The above Statement of Financial Position is to be read in conjunction with the attached Notes.

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2003**

	Note	Consolidated Entity		Parent Entity	
		2003 \$000	2002 \$000	2003 \$000	2002 \$000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
Receipts from customers and others		19,946	20,651	9,593	7,124
Payments to suppliers, employees and others		(17,875)	(19,474)	(6,692)	(10,517)
Interest received		3	3	2	1
Borrowing costs		(174)	(311)	(174)	(255)
GST paid		(1,030)	(929)	(429)	(385)
<b>Net Cash provided by (used in) operating activities</b>	2C	870	(60)	2,300	(4,032)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
Payments for property plant & equipment		(568)	(211)	(145)	(62)
Proceeds from sale of property plant & equipment		1,949	3,016	-	3,016
Proceeds from sale of intangibles		-	336	-	336
<b>Net cash provided by (used in) investing activities</b>		1,381	3,141	(145)	3,290
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
Share buy back payment		-	(37)	-	(37)
Repayment of borrowings		(2,380)	(769)	(2,380)	855
Proceeds from issue of shares		624	-	624	-
Capital raising costs		(26)	-	(26)	-
<b>Net cash provided by (used in) financing activities</b>		(1,782)	(806)	(1,782)	818
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>		469	2,275	373	76
Cash at beginning of year		(385)	(2,660)	(264)	(340)
<b>CASH AT END OF YEAR</b>	1C	84	(385)	109	(264)

The above statements are to be read in conjunction with the attached notes.

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2003**

**NOTES TO STATEMENT OF CASH FLOWS**

1C Reconciliation of cash.

For the purposes of this statement of cash flows, cash includes -

- (i) cash on hand and in at call deposits with banks or financial institutions, net of bank overdrafts; and,
- (ii) investments in money market instruments with less than 14 days to maturity.

Cash at the end of the year is shown in the Statement of Financial Position as: -

	<b>Consolidated Entity</b>		<b>Parent Entity</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Cash on hand and in banks	557	350	382	90
Bank overdraft	(473)	(735)	(273)	(354)
	<u>84</u>	<u>(385)</u>	<u>109</u>	<u>(264)</u>

2C Reconciliation of cash flow from operations with profit from ordinary activities after abnormal items and income tax:

Profit from ordinary activities				
After abnormal items and income tax	874	(675)	614	(443)
	<u>874</u>	<u>(675)</u>	<u>614</u>	<u>(443)</u>
(a) Non cash flows in profit from ordinary activities:				
Amortisation	42	530	42	291
Depreciation	677	951	220	386
(Gain)/loss on sale of fixed assets	(392)	(1,074)	-	(1,074)
Increase/(decrease) in provision – doubtful debts	(6)	(30)	1	(2)
Increase/(decrease) in interest payable	12	59	12	39
(Gain)/loss on sale of intangibles	-	(54)	-	(54)
	<u>333</u>	<u>382</u>	<u>275</u>	<u>(414)</u>
(b) Changes in assets and liabilities:				
) (Increase)/decrease in trade debtors	(67)	425	(23)	106
(Increase)/decrease in receivables – related entities	-	-	151	(2,467)
(Increase)/decrease in inventories	34	23	11	19
(Increase)/decrease in prepayments	(51)	16	(8)	(29)
(Increase)/decrease in short term security deposits	(3)	5	-	5
Increase/(decrease) in trade creditors	(29)	(265)	(181)	(20)
Increase/(decrease) in loans from related entities	-	-	1,652	(793)
Increase/(decrease) in GST payable	2	46	11	29
Increase/(decrease) in unearned income	22	(15)	5	(28)
Increase/(decrease) in other creditors	(19)	18	(14)	14
Increase/(decrease) in provisions	(96)	(150)	(63)	(141)
Increase/(decrease) in amount payable to directors	(130)	130	(130)	130
	<u>(337)</u>	<u>233</u>	<u>1,411</u>	<u>(3,175)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>870</u>	<u>(60)</u>	<u>2,300</u>	<u>(4,032)</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2003**

1. STATEMENT OF ACCOUNTING POLICIES

The principal accounting policies adopted by Club Crocodile Holdings Limited are stated in order to assist in general understanding of the financial statements.

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

The financial report covers the Consolidated Entity of Club Crocodile Holdings Limited and controlled entities, and Club Crocodile Holdings Limited as an individual parent entity. Club Crocodile Holdings Limited is a listed public company, incorporated and domiciled in Australia.

The financial report has been prepared on an accrual 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.

**(a) Principles of Consolidation**

The consolidated financial statements comprise the financial statements of Club Crocodile Holdings Limited and all of its controlled entities as disclosed in Note 23 to the financial statements.

All inter-company balances and transactions between entities in the Consolidated Entity, including any unrealised profits or losses, have been eliminated on consolidation.

**(b) Property, Plant and Equipment**

Property, plant and equipment are carried at cost less, where applicable, any accumulated depreciation or amortisation.

The depreciable amount of all fixed assets including building and capitalised leased assets, but excluding freehold land, are depreciated over the useful lives to the Consolidated Entity on a straight line method and commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. The average depreciation rates used for each class of depreciable assets are: -

<i>Class of Fixed Asset</i>	<i>Depreciation Rate</i>
Buildings	2.5%
Vessels	5%
General Plant & Equipment	10-20%
Computer Equipment	20-40%
Motor Vehicles	15%

The gain or loss on disposal of all fixed assets, including any revalued assets, is determined as the difference between the carrying amount of the asset at the time of disposal and the proceeds of disposal, and is recognised as income or expense of the Consolidated Entity in the year of disposal and included in profit from ordinary activities before income tax of the Consolidated Entity in the year of disposal.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2003**

1. STATEMENT OF ACCOUNTING POLICIES (continued)

**(c) Leases**

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to entities within the Consolidated Entity, are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

Leased assets are depreciated over their estimated useful lives where it is likely that the Consolidated Entity will obtain ownership of the asset over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

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

**(d) Income Tax**

The Consolidated Entity adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit from ordinary activities before income tax adjusted for any permanent differences.

Timing differences, which arise due to the different accounting periods in which items of revenue and expense are included in the determination of accounting profit and taxable income, are brought to account as either provision for deferred income tax or an asset described as future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

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, the anticipation that the Consolidated Entity will derive sufficient future assessable income to enable the benefit to be realised and will continue to comply with the conditions of deductibility imposed by the law.

**(e) Inventories**

Goods for resale are valued at the lower of cost and net realisable value. Costs have been assigned to inventory quantities on hand at balance date using the weighted average method.

**(f) Intangible Assets - Goodwill**

Goodwill is initially recorded at the amount by which the purchase price for a business exceeds the fair value attributed to its net assets at date of acquisition. Purchased goodwill is amortised on a straight line basis over the period of twenty years. The balances are reviewed annually and any balance representing future benefits for which the realisation is considered to be no longer probable are written off.

**(g) Employee Benefits**

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled, plus related on costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Liabilities are determined after taking into consideration estimated future increases in wages and salaries and past experience regarding staff departures. Related on costs are included.

Contributions are made by the Consolidated Entity to employee superannuation funds and are charged as expenses when incurred.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2003**

1. STATEMENT OF ACCOUNTING POLICIES (continued)

**(h) Other Financial Assets**

**Non Current**

Investments are carried at cost. Investments in wholly owned subsidiary companies are shown at cost.

**(i) Receivables**

Trade debtors are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection of the full amount is no longer probable. Trade debts are usually settled on thirty day terms.

**(j) Payables**

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Consolidated Entity. Trade creditors are unsecured and are normally settled on thirty day terms.

**(k) Interest Bearing Liabilities**

Secured and unsecured interest bearing liabilities are carried at their principal amount plus any accrued interest.

Commercial bills are recognised as a liability at the face value of the bill. The difference between the face value and the net proceeds is brought to account as prepaid interest and expensed as incurred. Commercial bills are wholly secured.

**(l) Revenue**

Revenue from the sale of goods is recognised upon the delivery of goods to customers. Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. Rental revenue is recognised in accordance with the terms of the respective rental agreements.

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

**(m) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

**(n) Comparative figures**

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current reporting period.

**(o) Rounding of Amounts**

The parent entity has applied the relief available under ASIC Class Order 98/100 and accordingly, amounts in the financial report have been rounded off to the nearest \$1,000.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2003**

	<b>Consolidated Entity</b>		<b>Parent Entity</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>2. REVENUE</b>				
Operating activities				
Sales of goods	17,409	17,306	7,779	8,506
Services revenue	672	706	-	142
Other revenue	2	31	1	1
Interest revenue from other persons	3	3	2	2
Rental revenue	98	376	900	6
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenue from operating activities	18,184	18,422	8,682	8,657
	<hr/>	<hr/>	<hr/>	<hr/>
Non operating activities				
Proceeds from sale of non current assets	1,949	3,016	-	3,016
Proceeds from sale of intangibles	-	336	-	336
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenue from non operating activities	1,949	3,352	-	3,352
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenue from Ordinary activities	20,133	21,774	8,682	12,009
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Revenue from exchange of goods included in sale of goods above	84	102	44	57
<b>3. PROFIT FROM ORDINARY ACTIVITIES</b>				
Profit (loss) from ordinary activities before Income tax includes:				
Net gain on disposal of non current assets				
- Property plant & equipment	392	1,074	-	1,074
- Intangible goodwill	-	54	-	54
	<hr/>	<hr/>	<hr/>	<hr/>
	392	1,128	-	1,128
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2003**

	<b>Consolidated Entity</b>		<b>Parent Entity</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>4. INCOME TAX</b>				
The amount provided in respect of income tax differs from the amount of prima facie tax payable on profit from ordinary activities and is reconciled as follows:				
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2002 – 30%)	262	(206)	184	(133)
Add tax effect of				
- non deductible depreciation & amortisation	13	112	13	87
- other non allowable items	2	3	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	277	(91)	197	(46)
Less tax effect of				
- additional other items allowable as deductions	(33)	(60)	(18)	(93)
- additional building construction cost write off	(47)	(48)	-	-
recoupment of prior year tax losses not previously brought to account	(197)	-	(179)	-
FITB not brought to account	-	199	-	139
	<hr/>	<hr/>	<hr/>	<hr/>
Income Tax expense attributable to profit from ordinary activities	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>FUTURE INCOME TAX BENEFIT</b>	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

Potential future income tax benefits to the Consolidated Entity of \$3,632,975 (2001/2002 \$3,825,967) attributable to tax losses carried forward have not been brought to account at 30 June 2003 because Directors do not believe it is appropriate to regard realisation of the future income tax benefit as virtually certain.

These benefits will only be obtained if -

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

<b>5. CASH</b>				
Cash on hand	34	35	7	7
Cash at bank	523	315	375	83
	<hr/>	<hr/>	<hr/>	<hr/>
	557	350	382	90
	<hr/>	<hr/>	<hr/>	<hr/>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2003**

	<b>Consolidated Entity</b>		<b>Parent Entity</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
6. RECEIVABLES (CURRENT)				
Trade debtors	967	900	341	318
Provision for doubtful debts	(36)	(42)	(17)	(16)
	931	858	324	302
Sundry debtors – wholly owned subsidiaries	-	-	3,259	3,297
	931	858	3,583	3,599
Loans to wholly owned subsidiaries are due and payable on demand.				
7. INVENTORIES (CURRENT)				
Finished goods held for resale or use at cost	251	285	74	85
	251	285	74	85
8. INTERESTS IN JOINT VENTURES				
Interests in Joint Venture Entities:				
Youth Access Program, a training and employment Joint Venture				
Percentage interest in output	50%	50%	-	-
Retained profits / (Accumulated losses) attributed to interest in joint venture entities:				
Beginning of year	(8)	-	-	-
End of year	16	(8)	-	-
Movements in the carrying amount of investments in joint venture entities:				
Beginning of year	-	-	-	-
Capital contribution during year	142	8	-	-
Share of results	24	(8)	-	-
Drawings	(15)	-	-	-
End of year	151	-	-	-
Total interest in Joint Ventures	151	-	-	-
Share of Joint Venture entities:				
Current assets	77	-	-	-
Non-current assets	5	3	-	-
Current liabilities	(1)	(7)	-	-
	81	(4)	-	-
Revenues	104	-	-	-
Expenses	(80)	(8)	-	-
Operating results before income tax	24	(8)	-	-
Income tax attributable to operating results	-	-	-	-

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2003**

	<b>Consolidated Entity</b>		<b>Parent Entity</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>9. OTHER ASSETS (CURRENT)</b>				
Short term security deposits	11	8	5	5
Prepayments	85	46	39	43
	<hr/>	<hr/>	<hr/>	<hr/>
	96	54	44	48
	<hr/>	<hr/>	<hr/>	<hr/>
<b>10. PROPERTY, PLANT AND EQUIPMENT</b>				
Freehold land, at cost	1,190	1,190	1,190	1,190
Leasehold land and lease, at cost	2,612	2,612	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Land	3,802	3,802	1,190	1,190
	<hr/>	<hr/>	<hr/>	<hr/>
Buildings on freehold land, at cost	5,289	5,289	5,289	5,289
Buildings on leasehold land, at cost	9,456	9,456	-	-
Vessels, at cost	-	1,994	-	-
Less accumulated depreciation	(7,260)	(7,449)	(1,928)	(1,796)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Buildings	7,485	9,290	3,361	3,493
	<hr/>	<hr/>	<hr/>	<hr/>
Total Land and Buildings	11,287	13,092	4,551	4,683
	<hr/>	<hr/>	<hr/>	<hr/>
Plant and equipment:				
At cost	9,170	8,879	2,454	2,365
Accumulated Depreciation	(7,681)	(7,529)	(2,177)	(2,146)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Plant & Equipment	1,489	1,350	277	219
	<hr/>	<hr/>	<hr/>	<hr/>
Total Property, Plant & Equipment	12,776	14,442	4,828	4,902
	<hr/>	<hr/>	<hr/>	<hr/>

**NOTE: VALUATION**

A valuation of Club Crocodile Airlie Beach property plant and equipment was obtained in September 2002 from Herron Todd White, registered valuers. This valuation stated the current market value on a going concern basis of resort property plant and equipment at \$6 million at that date. A valuation of Long Island Resort property plant and equipment by Herron Todd White, registered valuers, in September 2002 stated the value of land and improvements based on current market value to be \$9 million. These valuations were not made with a regular policy of revaluing property plant and equipment. The directors have not made any upward revaluation of property plant and equipment in these accounts.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2003**

10. PROPERTY, PLANT AND EQUIPMENT (continued)

(a) Movement in Carrying Amounts

	Freehold Land	Leasehold Land	Buildings on Freehold Land	Buildings on Leasehold Land	Vessels	Plant and Equipment
<b>Consolidated Entity:</b>						
Opening Balance	1,190	2,612	3,493	4,262	1,535	1,350
Additions	-	-	-	-	-	568
Less Disposals	-	-	-	-	(1,508)	(49)
Less Depreciation Expense	-	-	(132)	(138)	(27)	(380)
Closing Balance	1,190	2,612	3,361	4,124	-	1,489
<b>Parent Entity:</b>						
Opening Balance	1,190	-	3,493	-	-	219
Additions	-	-	-	-	-	146
Less Disposals	-	-	-	-	-	-
Less Depreciation Expense	-	-	(132)	-	-	(88)
Closing Balance	1,190	-	3,361	-	-	277

<b>Consolidated Entity</b>		<b>Parent Entity</b>	
<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>

11. OTHER FINANCIAL ASSETS – UNLISTED

Shares in wholly owned controlled entities at cost of \$112 and shown as nil after rounding as less than \$500

-	-	-	-
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12. INTANGIBLES

Purchased goodwill Lake Street	609	609	-	-
Purchased goodwill Hides Hotel	578	578	578	578
Purchased goodwill Toowong Villas	845	845	845	845
Purchased goodwill Hospitality School	133	133	-	-
	<u>2,165</u>	<u>2,165</u>	<u>1,423</u>	<u>1,423</u>
Accumulated amortisation	(1,578)	(1,536)	(836)	(794)
	<u>587</u>	<u>629</u>	<u>587</u>	<u>629</u>
Net carrying amount of intangibles	<u><u>587</u></u>	<u><u>629</u></u>	<u><u>587</u></u>	<u><u>629</u></u>

13. PAYABLES (CURRENT)

Trade creditors	1,044	1,073	475	656
Amounts payable to				
- wholly owned subsidiaries	-	-	1,766	1
- directors	-	*130	-	*130
- other	329	324	136	133
	<u>1,373</u>	<u>1,527</u>	<u>2,377</u>	<u>920</u>
	<u><u>1,373</u></u>	<u><u>1,527</u></u>	<u><u>2,377</u></u>	<u><u>920</u></u>

\* Amounts payable to Mr P Dickinson in relation to termination as an executive employee of the company

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2003**

	<b>Consolidated Entity</b>		<b>Parent Entity</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>14. INTEREST BEARING LIABILITIES</b>				
<b>CURRENT (Secured)</b>				
Bank overdrafts	473	735	273	354
Bank loans	200	510	200	510
	673	1,245	473	864
<b>NON CURRENT (Secured)</b>				
Bank loans	1,495	3,565	1,495	3,565
	1,495	3,565	1,495	3,565
(1) The carrying amounts of non-current assets pledged as security are:				
- Freehold land	1,190	1,190	1,190	1,190
- Leasehold land	2,612	2,612	-	-
- Buildings on freehold land	3,361	3,493	3,361	3,493
- Buildings on Leasehold land	4,124	5,797	-	-
- Plant & equipment	1,489	1,350	277	219
(2) The bank overdrafts of the Parent Entity and subsidiaries are fully secured by first mortgages over freehold and leasehold properties of controlled entities.				
(3) The bank mortgage loans are fully secured by registered first mortgage over certain freehold and leasehold properties of controlled entities.				
(4) Information about terms and conditions of borrowings are included at Note 21.				
<b>15. PROVISIONS</b>				
<b>CURRENT</b>				
Employee entitlements	123	167	47	66
Director's retirement	-	40	-	40
	123	207	47	106
<b>NON CURRENT</b>				
Employee entitlements	30	42	18	22
	30	42	18	22

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2003**

	<b>Consolidated Entity</b>		<b>Parent Entity</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
15. PROVISIONS (continued)				
(a) Aggregate employee benefits liability				
Current	263	324	102	138
Non-current	30	43	18	22
	293	367	120	160
	No.	No.	No.	No.
(b) Number of employees at year end	162	217	79	104
16. CONTRIBUTED EQUITY, ACCUMULATED LOSSES AND TOTAL EQUITY				
(a) Contributed Equity				
		<b>Number of shares</b>	<b>\$000</b>	<b>\$000</b>
Ordinary shares (fully paid)	51,673,478	51,974,478	12,750	12,787
At the beginning of the reporting period	51,673,478	51,974,478	12,750	12,787
Share buy back	-	(301,000)	-	(37)
Shares issued during the year (4,456,800 @ 14 cents)	4,456,800	-	624	-
Transaction costs relating to share issues			(26)	-
	56,130,278	51,673,478	13,348	12,750
There were 2,000,000 share options over unissued shares which expired on 27 November 2002 and conferred a right to acquire ordinary shares at 15 cents per share.				
		<b>Number of options</b>		
On issue at beginning of financial year	2,000,000	2,000,000		
Issued during the financial year	-	-		
Expired during the financial year	(2,000,000)	-		
On issue at end of financial year	-	2,000,000		

Fully paid ordinary shares carry the right to one vote at a meeting of the company. Shareholders also have the right to receive dividends as declared and to participate in the proceeds from the sale of all surplus assets in proportion to the total shares issued in the event of the company winding up.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2003**

	<b>Consolidated Entity</b>		<b>Parent Entity</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
16. CONTRIBUTED EQUITY, ACCUMULATED LOSSES AND TOTAL EQUITY (continued)				
(b) Accumulated Losses				
Accumulated losses at the Beginning of the financial year	(2,718)	(2,043)	(8,874)	(8,431)
Net profit/(loss) attributable to members of the Parent Entity	874	(675)	614	(443)
	<hr/>	<hr/>	<hr/>	<hr/>
Total available for appropriation	(1,844)	(2,718)	(8,260)	(8,874)
Dividends provided for or paid	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Accumulated losses at the end of the financial year	(1,844)	(2,718)	(8,260)	(8,874)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
(c) Total Equity				
Total Equity at the beginning of the financial year	10,032	10,744	3,876	4,356
Total changes in equity recognised in the statement of financial performance	848	(675)	588	(443)
Transactions with owners as owners:				
Share buy back	-	(37)	-	(37)
Share issues	624	-	624	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Equity at the end of the financial year	11,504	10,032	5,088	3,876
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2003**

	<b>Consolidated Entity</b>		<b>Parent Entity</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>17. CAPITAL AND LEASING COMMITMENTS</b>				
(a) Operating Lease Commitments				
Non cancellable operating leases contracted for but not capitalised in the financial statements.				
Payable:				
Not later than one year	1,689	1,635	1,307	1,260
Later than one year but not later than five Years	1,950	3,526	1,440	2,649
Later than five years	-	-	-	-
	3,639	5,161	2,747	3,909

Two non cancellable property leases are in place with differing commencement dates and terms up to ten years and with rent payable monthly in advance. Contingent rental provisions within these lease agreements require the minimum lease payments to be increased by the lower of CPI or 3% per annum while the Hides Hotel lease included fixed annual rental increases until 1 January 2003 and thereafter CPI increases. Options exist to renew the leases at the end of the terms for additional terms of up to five years.

(b) Capital Expenditure Commitments:				
Capital expenditure contracted for at year end but not provided for				
Payable:				
Not later than one year	15	15	-	-
Later than one year but not later than five years	21	35	-	-
Later than five years	-	-	-	-
	36	50	-	-

In addition to the above, a wholly owned subsidiary holds a perpetual lease over crown land which commenced on 1 October 1961. The current annual commitment for this lease is \$55,120 (2002 - \$48,726).

<b>18. AUDITORS' REMUNERATION</b>				
Remuneration of the auditor of the parent entity for:				
auditing or reviewing the financial report	29	23	27	22
other services	4	-	4	-
	33	23	31	22

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2003**

	<b>Consolidated Entity</b>		<b>Parent Entity</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
19. REMUNERATION AND RETIREMENT BENEFITS				
(a) Directors remuneration:				
- Income paid or payable to all directors of each entity by the entities of which they are directors and any related parties	156	395	-	-
- Income paid or payable to all directors of the parent entity by the parent entity and any related parties	-	-	156	395
- Number of parent entity directors whose income from the parent entity and any related parties was within the following bands:				
0 - 9,999			4	2
10,000 - 10,999			-	1
20,000 - 29,999			1	-
30,000 - 39,999			-	1
100,000 - 109,999			1	-
120,000 - 129,999			-	1
210,000 - 219,999			-	1
- Directors of the parent entity who have held office at any time during the year are:- David Ronald Kingston (appointed 12 August 2002), Phillip Dickinson, Mustafa Shail, Peter Thomas Thynne (resigned 27 November 2002), Murray Andrew Charlton (resigned 12 August 2002), Kevin Joseph Sheppard (resigned 27 November 2002)				
b) Executive remuneration:				
Remuneration paid or payable by executive officers of the Consolidated Entity, from entities in the Consolidated Entity and any related entities for management of the affairs of the Consolidated Entity, whose remuneration is \$100,000 or more	106	347	-	-
Remuneration received or due and receivable by executive officers of the parent entity, from the parent entity and any related parties for management of the affairs of the parent entity and its subsidiaries, whose income is \$100,000 or more	-	-	106	347
The number of executives whose income is within the following bands:				
\$100,000 - \$109,999	1	-	-	-
\$120,000 - \$129,999	-	1	-	1
\$210,000 - \$219,999	-	1	-	1

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2003**

	<b>Consolidated Entity</b>	
	<b>2003</b>	<b>2002</b>
	<b>\$000</b>	<b>\$000</b>
20. EARNINGS PER SHARE		
Net profit used in calculating basic earnings per share	874	(675)
Net profit used in calculating diluted earnings per share	874	(675)
Weighted average number of ordinary shares used in Calculating basic earnings per share	55,605,230	51,896,135
Weighted average number of ordinary shares and potential ordinary shares used in calculating diluted Earnings per share	55,605,230	51,896,135
Potential ordinary shares that are not dilutive and not used in the calculation of diluted earnings per share	-	2,000,000
Basic earnings per share (cents per share)	1.572 cents	(1.299) cents
Diluted earnings per share (cents per share)	1.572 cents	(1.299) cents

21. FINANCING ARRANGEMENTS

Credit Standby Arrangements:

The group has a combined overdraft facility of \$600,000 (2002 - \$600,000), including a seasonal facility of \$200,000 which can be used by either the parent or subsidiary companies provided there is no default on its existing bank loans.

Other Financing Arrangements:

(a) Loans provided by the Consolidated Entity's bankers to the parent entity -

- Fixed commercial bill facility of nil (2002 - \$875,000). Fully drawn, repayable \$40,000 per quarter from June 2000. Interest payable quarterly at 6.52% p.a. and renegotiable in June 2003. Loan fully repaid 16 June 2003.
- Fixed rate fully drawn advance \$1,695,000 (2002 - \$3,200,000). Fully drawn, repayable \$50,000 per quarter from June 2003. Interest payable quarterly at variable rate, currently 7.1% p.a. and renegotiable in April 2004.

(b) There are no additional loan arrangements for subsidiary companies.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2003**

22. RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties. Apart from normal trading activities between the parent entity and its subsidiary because of their proximity of operations in the Whitsunday, Brisbane and Cairns areas there are no business transactions between companies within the Consolidated Entity.

	<b>Consolidated Entity</b>		<b>Parent Entity</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Transactions with related parties:				
(a) Director related entities:				
Accounting staff and facility hire paid to Chatdale Pty Ltd a related party of director K J Sheppard	89	95	89	95
Equipment hire paid to a relative of director P Dickinson	2	5	2	5
Wages paid to a relative of director P Thynne	12	16	5	16
Wages paid to a relative of director P Dickinson	-	15	-	15
Staff hire and administration service fees paid to Falconridge Pty Ltd a related party of director P Thynne	14	15	14	15
Rental payments made to Rifon Pty Ltd a related party of director D Kingston in respect of the lease of Hides Hotel in Cairns. The company entered a 10 year lease on the property on 30 May 1996 with Shearwater Pty Ltd. Rifon Pty Ltd purchased the freehold of this property from Shearwater Pty Ltd, prior to D Kingston becoming a director of the company in August 2002.	605	-	605	-
(b) Wholly owned controlled group -				
During the year the Parent Entity loaned amounts to wholly owned controlled entities and received repayments of advances from those entities. Interest is not payable on the loans and there is no fixed term of repayment. Balances owed to the parent entity at year end were:				
	<b>2003</b>	<b>2002</b>		
	<b>\$000</b>	<b>\$000</b>		
Mytarc Pty Ltd	2,903	2,645		
KQ Investments Pty Ltd	114	114		
Long Island Resorts Pty Ltd	(1,766)	223		
Club Crocodile Training & Employment Pty Ltd	242	310		
	<u>1,493</u>	<u>3,292</u>		

Directors and director related entities hold directly, indirectly or beneficially as at 30 June 2003 the following aggregate number of shares in the parent entity:

	<b>2003</b>	<b>2002</b>
	<b>No. of shares</b>	<b>No. of shares</b>
Club Crocodile Holdings Limited ordinary shares	25,792,184	25,618,736
Club Crocodile Holdings Limited options	-	2,000,000

One million options were issued to managing director Phillip Dickinson in September 2003. Option exercise price is 15 cents. These options expire on 30 September 2005. Two million options were issued to former director Andrew Haythorpe on 27 November 2000 – option exercise price was 15 cents, and expired on 27 November 2002. No options were exercised.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2003**

23. CONTROLLED ENTITIES

Investment in controlled entities –

	Country of Incorporation	Percentage owned		Investment at cost	
		2003 %	2002 %	2003 \$	2002 \$
Parent Entity:					
Club Crocodile Holdings Ltd	Australia				
Controlled Entities of Club Crocodile Holdings Limited:					
Mytarc Pty Ltd	Australia	100	100	10	10
Long Island Resorts Pty Ltd	Australia	100	100	-	-
KQ Investments Pty Ltd	Australia	100	100	2	2
Club Crocodile Training and Employment Pty Ltd	Australia	100	100	100	100

24. CONTINGENT LIABILITIES

The parent entity and three of its wholly owned subsidiaries, Mytarc Pty Ltd, Long Island Resorts Pty Ltd and KQ Investments Pty Ltd, have entered into a Deed of Indemnity under which the parent entity and its subsidiaries cross guarantee the finance debt of each other.

	Parent Entity	
	2003 \$000	2002 \$000
Mytarc Pty Ltd	93	283
K Q Investments Pty Ltd	-	-
Long Island Resorts Pty Ltd	107	99
	200	382

25. AFTER BALANCE DATE EVENTS

On 5 August 2003, one of the subsidiary companies received an invoice from the Commonwealth Government claiming the repayment of \$241,798 (including GST of \$12,732) of contract fees for the provision of contracted training services to school students. The company is in process of defending the claim which covers the period from August 1999 to December 2002. No adjustment has been made to reflect the claim in these financial statements.

On 3 September 2003, the parent company entered into a conditional contract for the sale of the Toowong Villas property for a price of \$1.2m. The sale is scheduled to settle around 31 December 2003 and, at the date of this report, all conditions required for the sale to proceed to completion had not been met.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the economic entity, the results of those operations, or the state of affairs of the economic entity in future financial years.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2003**

26. COMPANY DETAILS

The registered office of the company is:

Shop D, 1181 Wynnum Road,  
CANNON HILL QLD 4170

The principal place of business of the company is:

Club Crocodile Airlie Beach Resort  
Shute Harbour Road,  
WHITSUNDAY QLD 4802

The principal activity of the company is that of resort and motel operation.

27. SEGMENT INFORMATION

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, inventories, 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 accounts payable, employee entitlements, accrued expenses, provisions and entitlements. Segment assets and liabilities do not include deferred income taxes.

The consolidated entity has the following three business segments:

- 1 Tourism and Hospitality
- 2 Leasing and Rentals
- 3 Training and Employment

All business segments are geographically located in Queensland, Australia. Segment information is reported separately as per schedule 1 – Segment reporting.

28. FINANCIAL INSTRUMENTS

(a) *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 disclosed in the statement of financial position and notes to the financial statements. The Consolidated Entity had no significant concentrations of credit risk from any party or group.

(b) *Net Fair Values*

The net fair values of financial assets and liabilities approximates their carrying value.

(c) *Interest Rate Risk*

The Consolidated Entity'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 assets and financial liabilities, is as per schedule 2 – Financial instruments.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH JUNE 2003**

**Schedule 1.**

**SEGMENT REPORTING**

	Tourism & Hospitality		Leasing & Rents		Training		Eliminations		Economic Entity	
	\$000		\$000		\$000		\$000		\$000	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
<b>REVENUE</b>										
External Sales	17,411	17,337	98	376	672	706	-	-	18,181	18,419
Sales to other segments	-	142	900	-	-	-	(900)	(142)	-	-
Total Segment Revenue	<u>17,411</u>	<u>17,479</u>	<u>998</u>	<u>376</u>	<u>672</u>	<u>706</u>	<u>(900)</u>	<u>(142)</u>	<u>18,181</u>	<u>18,419</u>
Unallocated Revenue									1,952	3,355
Total Revenue from ordinary activities									<u>20,133</u>	<u>21,774</u>
<b>RESULT</b>										
Segment Result	437	(1,638)	60	170	168	33	-	-	665	(1,435)
Unallocated expenses net of unallocated revenue									209	760
Profit from ordinary activities before income tax									874	(675)
Income tax expense									-	-
NET PROFIT									<u>874</u>	<u>(675)</u>
<b>ASSETS</b>										
Segment Assets	14,885	14,755	-	1,653	313	210	-	-	15,198	16,618
Unallocated Assets									-	-
Total Assets									<u>15,198</u>	<u>16,618</u>
<b>LIABILITIES</b>										
Segment Liabilities	3,391	5,238	-	980	303	368	-	-	3,694	6,586
Unallocated Liabilities									-	-
Total Liabilities									<u>3,694</u>	<u>6,586</u>
<b>OTHER</b>										
Acquisition of non current segment assets	558	211	-	-	10	-	-	-	568	211
Depreciation & Amortisation of segment assets	688	1,338	37	134	5	20	(11)	(11)	719	1,481
Other non cash segment expenses	(100)	(186)	-	-	(3)	6	-	-	(103)	(180)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH JUNE 2003**

**Schedule 2.  
FINANCIAL INSTRUMENTS**

	Weighted Average		Floating		Within Year		Fixed Interest Rate Maturing				Non-Interest Bearing		Total	
	Effective		Interest Rate		\$000		1 to 5 Years		Over 5 Years		\$000		\$000	
	Interest Rate	Interest Rate	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
<b>Financial Assets</b>														
Cash	2.87	3.49	523	315	-	-	-	-	-	-	34	35	557	350
Receivables	-	-	-	-	-	-	-	-	-	-	931	858	931	858
Other	-	-	-	-	-	-	-	-	-	-	11	8	11	8
<b>TOTAL FINANCIAL ASSETS</b>			<b>523</b>	<b>315</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>976</b>	<b>901</b>	<b>1,499</b>	<b>1,216</b>
<b>Financial Liabilities</b>														
Trade & sundry creditors	-	-	-	-	-	-	-	-	-	-	686	767	686	767
Bank overdraft	8.60	8.60	473	735	-	-	-	-	-	-	-	-	473	735
Bank loans FDA	7.10	7.14	-	-	200	350	1,495	2,850	-	-	-	-	1,695	3,200
Bank bills	-	6.52	-	-	-	160	-	715	-	-	-	-	-	875
<b>TOTAL FINANCIAL LIABILITIES</b>			<b>473</b>	<b>735</b>	<b>200</b>	<b>510</b>	<b>1,495</b>	<b>3,565</b>	<b>-</b>	<b>-</b>	<b>686</b>	<b>767</b>	<b>2,854</b>	<b>5,577</b>
<b>NET FINANCIAL ASSETS/(LIABILITIES)</b>			<b>50</b>	<b>(420)</b>	<b>(200)</b>	<b>(510)</b>	<b>(1,495)</b>	<b>(3,565)</b>	<b>-</b>	<b>-</b>	<b>290</b>	<b>134</b>	<b>(1,355)</b>	<b>(4,361)</b>

## DIRECTORS' DECLARATION

The directors of Club Crocodile Holdings Limited declare that:

1. the financial statements and accompanying notes are in accordance with the Corporations Act 2001:
  - (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<sup>th</sup> June 2003 and of the performance for the year ended on that date of the company and the Consolidated Entity;
2. 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 Board of Directors and is signed for and on behalf of the Directors by:



**PHILLIP DICKINSON**  
**DIRECTOR**

Dated at Brisbane this 24th day of September 2003

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CLUB CROCODILE HOLDINGS LIMITED**

### **SCOPE:**

#### *The financial report and directors' responsibility*

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for both Club Crocodile Holdings Ltd (the company) and the consolidated entity, for the year ended 30 June 2003. The consolidated entity comprises both the company and the entities it controlled during that year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

#### *Audit approach*

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

### **INDEPENDENCE**

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
CLUB CROCODILE HOLDINGS LIMITED**

**AUDIT OPINION:**

In our opinion, the financial report of Club Crocodile Holdings Ltd is in accordance with:

- (a) the Corporations Act 2001, including:
  - (i) giving a true and fair view of Club Crocodile Holdings Ltd and the consolidated entity's financial position as at 30 June 2003 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.

**PKF**

**J.E.F. FRAYNE  
PARTNER**

Dated at Brisbane this 26th day of September 2003

## SHAREHOLDERS' INFORMATION

### LIST OF LARGEST 20 SHAREHOLDERS AT 26 SEPTEMBER 2003

Name	No. of Shares	Percentage of Contributed equity
1. David R Kingston	11,226,037	20.00
2. Mustafa & Nuriye Shail (Shail Super Fund A/c)	9,737,242	17.35
3. R T Technologies Pty Ltd	3,400,000	6.06
4. Granite Ridge Pty Ltd	3,204,613	5.71
5. Phillip Dickinson	1,910,243	3.40
6. Elcos (Qld) Pty Ltd	1,850,000	3.30
7. Movilli Pty Ltd	1,715,000	3.06
8. Kevin J Sheppard (Sheppard & Wells Super Fund A/c)	1,535,000	2.73
9. Baraline Pty Ltd	1,344,000	2.39
10. Rana Shail	750,000	1.34
11. William A Pursche	725,848	1.27
12. The Elcos (Qld) Unit Account	688,500	1.23
13. Tappak Nominees Pty Ltd	642,000	1.14
14. Rowe Street Investments Pty Ltd	500,000	0.89
15. Shail Investments Pty Ltd	500,000	0.89
16. Peter J Hayman	500,000	0.89
17. Micawber Pty Ltd	499,993	0.89
18. Barchester Pty Ltd	400,000	0.71
19. Zurcas Coolstore & Packing Co Pty Ltd	392,935	0.70
20. Kathryn A Groves & Nea Der Sarkissian	356,196	0.63
Total holdings of top 20 shareholders		41,877,607
Total shares on register		56,130,278
Percentage held by top 20 shareholders		74.61%

### DISTRIBUTION OF SHAREHOLDER NUMBERS

Size of Holding	Number of Holders	Number Held Ordinary
1-1000	148	83,101
1001-5000	274	803,256
5001-10000	108	885,432
10001-100000	390	9,400,395
100001 and over	41	44,958,094

Number of holders with less than marketable parcels (5000 shares or \$500) is 422.

Names of substantial shareholders listed in the Parent Entity's register at 26 September 2003 are:

Shareholder Name	Ordinary Holding
1. David R Kingston and Granite Ridge Pty Ltd	14,430,650
2. Mustafa & Nuriye Shail (Shail Super Fund A/c)	9,737,242
3. R T Technologies Pty Ltd	3,400,000

There is no current on market buy back in respect of the company shares

### AUSTRALIAN STOCK EXCHANGE REPORT

The results reported to the Australian Stock Exchange in the preliminary final report are the same as those reported in these accounts.