

JDV LIMITED

ABN 67 009 136 029

AND ITS CONTROLLED ENTITIES

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2005**

JDV Limited and its controlled entities

Contents

Company Directory	1
Chairman's Report	2
Directors' Report	4
Corporate Governance Statement	25
Statement of Financial Performance	32
Statement of Financial Position	33
Statement of Cash Flows	34
Notes to the Financial Statements	35
Directors' Declaration	67
Independent Audit Report	68
ASX Additional Information	70
5 Year Overview	72

JDV Limited and its controlled entities

Company Directory

Directors

P J Mansell
Chairman

P S Horne
Managing Director

I R Atlas

F D Campbell

P M Payn

J Placido

C M Winograd

Company Secretary

G H Berg

Registered Office

Level 5
141 St George's Terrace
Perth WA 6000
Australia
Telephone: +61 8 9266 0222

Auditors

Ernst & Young

Solicitors

Freehills

Bankers

National Australia Bank Limited

Stock Exchange Listing

JDV Limited shares are listed on the Australian Stock Exchange (ASX: JDV)

Share Registry

Computershare
GPO Box D182
Perth WA 6840
Australia
Telephone: +61 8 9323 2000

Internet Address

www.jdv.com

JDV Limited and its controlled entities

Chairman's Report

In the less than two years since JDV was established as a stand alone business, JDV has successfully established itself as a specialist provider of equities trading and portfolio platforms and services to the Australian Wealth Management Industry. Since January 2004, JDV has increased its:

- Online market share of ASX trades processed from 12.5% to 13.3%;
- Funds under administration from \$526m to \$3.1b;
- Average EBITDA per month from losses in 2002/2003 to \$526,000 per month in 2005;
- Annual dividend payments to JDV shareholders from nil to 5.2 cents per share; and
- Market capitalisation from \$53.9m to \$76.3m (pre IWL's first takeover offer for JDV announced on 22 February 2005). JDV's market capitalisation at the time of the Wealth Management Business divestment in October 2003 was \$42.2m.

The JDV strategy has clearly achieved its objectives to date and JDV is well positioned to continue to do so in the future. The board of JDV has also always been aware of JDV's relatively small size, highly specialised service offering, and the clear trend of consolidation in the financial services sector. Therefore, JDV has actively sought consolidation options to deliver further value to JDV shareholders. Conscious of this activity by JDV, IWL made an unsolicited takeover offer for JDV in February 2005. JDV's Directors recommended that JDV shareholders reject this initial offer.

IWL acquired a 37% shareholding in JDV through this initial offer which closed in late May 2005. This offer left JDV with three major shareholders, Westpac and RBC, each with a 28.66% shareholding, and IWL, with a further 700 other shareholders ("Minority Shareholders") holding the remaining 5.8% of JDV's issued shares.

IWL has now made a second offer for JDV, offering each JDV shareholder either:

- one IWL Share for every 3 JDV Shares that you hold ("IWL Share Alternative"); or
- 80 cents cash for each JDV Share that you hold ("Cash Alternative"); or
- a combination of the IWL Share Alternative and the Cash Alternative.

Shareholders should note that IWL has structured the IWL Share Alternative so that JDV shareholders cannot participate in the IWL final dividend which IWL has indicated will be 9 cents per share and will be declared in late August 2005 and paid in September 2005 if they accept the IWL Share Alternative.

On 4 August 2005, in accordance with a determination by the Board of Directors in June 2005, JDV declared a final dividend of 2.1 cents (fully franked) per JDV Share which will be paid to JDV Shareholders who are registered as shareholders at 16 August 2005 ("the JDV Record Date"). On 4 August 2005, IWL announced that JDV Shareholders who accept the IWL Offers will be entitled to retain this dividend without any reduction to the consideration offered. JDV shareholders must accept the IWL Offers after the JDV Record Date to receive this dividend. The benefit of the franking credit attaching to this dividend for a JDV shareholder on the top personal marginal tax rate will be 0.9 cents per JDV Share.

Westpac and RBC have indicated they will accept the Cash Alternative post the JDV Record Date on 18 August 2005, in the absence of a superior offer. Therefore if there is no superior offer, Minority Shareholders will have their JDV Shares compulsorily acquired and will be required to choose either the IWL Share Alternative or the Cash Alternative or a combination of both.

For further information on the current takeover offer from IWL Limited, please refer to JDV Limited's Target's Statement dated 9 August 2005.

**JDV Limited
and its controlled entities**

Chairman's Report (continued)

Finally, I would like to thank the whole JDV team for their energy, creativity and commitment to JDV and wish them well for the future.

A handwritten signature in black ink, appearing to read 'Peter Mansell', written over a large, stylized circular mark.

Peter Mansell
Chairman

Perth
18 August 2005

JDV Limited and its controlled entities

Directors' Report

Your directors submit their report for the year ended 30 June 2005.

DIRECTORS

The names and details of the company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

P J Mansell, B.Com, LLB, H.Dip Tax, F.A.I.C.D. (Chairman)

JDV independent non-executive director
Appointed 6 December 2001. Age 58.

Peter has 35 years experience as a commercial lawyer.

During the past three years, Peter has also served as a director of the following listed companies:

- Bunnings Property Management Ltd (Non-executive director) – appointed 1998*
- Foodland Associated Ltd (Non-executive director) – appointed October 2003*
- Tethyan Copper Company Ltd (Non-executive director) – appointed January 2005*
- Western Australian Newspapers Holdings Ltd (Non-executive director) – appointed 2001*
- Zinifex Ltd (Chairman) – appointed 5 April 2004*

During the past three years, Peter has also served as a director of the following other companies:

- Alocit Group Ltd (Chairman)*
- Ferngrove Vineyards Ltd (Chairman)*
- The Hoyts Corporation Pty Ltd (Non-executive director)*

* denotes current directorship

Special responsibilities include:

- Chairman
 - Chairman – Remuneration and Nomination Committee
 - Member – Audit and Risk Committee
-

I R Atlas, B.Juris, LLB, LLM

JDV non-executive director
Appointed 31 October 2001. Age 50.

Ilana is currently the Group Executive, People and Performance at Westpac and is responsible for managing Human Resources at Westpac.

Ilana was formerly a Managing Partner of Mallesons Stephen Jaques.

During the past three years, Ilana has also served as a director of the following other companies:

- Adail Pty Ltd*
- Kareela Investment Enterprises*
- Remorne Pty Ltd*
- Senell Investments Pty Ltd*
- Westpac Custodian Nominees Limited*
- Bell Shakespeare Company*

JDV Limited and its controlled entities

Directors' Report (continued)

* denotes current directorship

Special responsibilities include:

- Member – Audit and Risk Committee (resigned 29 June 2005)
- Member – Remuneration and Nomination Committee (appointed 29 June 2005)

F D Campbell, MA (Hons), MSc, FCIBS

JDV independent non-executive director
Appointed 30 April 2001. Age 61.

Fraser was formerly the General Manager Australasia for the Bank of Scotland Group.

During the past three years, Fraser has also served as a director of the following listed companies:

- Antares Energy Limited (Non-executive director) – appointed 26 March 2002*

During the past three years, Fraser has also served as a director of the following other companies:

- Empired Limited*

* denotes current directorship

Special responsibilities include:

- Chairman – Audit and Risk Committee
- Member – Remuneration and Nomination Committee

D C Clarke, B Law (Resigned 18 February 2005)

JDV non-executive director from 31 October 2001 to 18 February 2005.

During the past three years, David has also served as a director of the following other companies:

- The Bluestone Group Pty Ltd*
- Ascham School Limited*
- Tiwhaite Pty Ltd*
- Visa International (Asia Pacific) Board
- Westpac Financial Services Group Limited
- Westpac Life Insurance Services Limited
- Westpac Securities Administration Limited
- BT Funds Management Limited
- BT Funds Management No. 2 Limited
- BT Life Limited
- BT Financial Group (NZ) Limited
- BT Funds Management (NZ) Limited
- Westpac Financial Services Group (NZ) Limited
- Westpac Nominees (NZ) Limited
- Westpac Life (NZ) Limited
- Westpac Superannuation Nominees (NZ) Limited

* denotes current directorship

JDV Limited and its controlled entities

Directors' Report (continued)

P M Payn, BA (Hons) ACA

JDV non-executive director

Appointed 18 February 2005. Age 45.

Margaret is currently the General Manager, Group Finance for Westpac.

Margaret was formerly the Chief Financial Officer and Chief Administrative Officer of Salomon Smith Barney in Australia and New Zealand. Prior to that, she held various senior executive positions at Schrodgers in the UK, Australia and Asia.

Special responsibilities include:

- Member – Audit and Risk Committee (appointed 29 June 2005)
-

J Placido, BA (Political Science)

JDV non-executive director

Appointed 2 October 2003. Age 45.

Jose is currently the Executive Vice President of RBC Global Services, Royal Bank of Canada.

Jose was formerly the Vice President and Director of Global Custody for Royal Trust, Global Securities Services in London.

Special responsibilities include:

- Member – Remuneration and Nomination Committee
-

C M Winograd, BA (Economics), MBA

JDV non-executive director

Appointed 26 March 1998. Age 57.

Charles is currently the President and Chief Executive Officer of RBC Capital Markets, and Group Head, Global Capital Markets of the Royal Bank of Canada, in Canada.

Charles was formerly the Chairman, President and Chief Executive Officer of Richardson Greenshields.

During the past three years, Charles has also served as a director of the following listed companies:

- Royal Bank of Canada – appointed 23 February 2001*

JDV Limited and its controlled entities

Directors' Report (continued)

During the past three years, Charles has also served as a director of the following other companies:

- RBC Dominion Securities Inc*
- 3051362 Nova Scotia Company*
- 3098577 Nova Scotia Company*
- 3442942 Canada Inc*
- 3868010 Canada Inc*
- 4018869 Canada Inc*
- Calumet Investment Limited*
- Municipal Bond Acquisition Corporation*
- Partners Fund Limited Partnership*
- RBC Capital Markets Corporation*
- RBC Capital Partners Limited*
- RBC Dominion Securities (Japan) Ltd*
- RBC Dominion Securities Limited*
- RBC Foundation*
- Royal Bank of Canada Europe Limited*

* denotes current directorship

P S Horne, BSc (Hons) (Managing Director)

JDV executive director

Appointed 2 July 2003. Age 37.

Peter was formerly the Director, Product Innovation, at BT Financial Group and has held various senior executive positions over his 10 years of service at BT.

Special responsibilities include:

- Managing Director
-

JDV Limited and its controlled entities

Directors' Report (continued)

Note 23(a) sets out those persons who held the position of director of JDV during the financial year. Unless indicated otherwise, all directors held their position as a director throughout the entire financial year and up to the date of this report.

COMPANY SECRETARY

G H Berg, FCII

Appointed as Company Secretary on 25 March 2002

Garth is a solicitor admitted to practice in a number of international jurisdictions, including Australia. He was formerly General Counsel and Company Secretary at Bank of Western Australia Limited.

Interests in the shares and options of the company and related bodies corporate

As at the date of this report, the interests of the directors in the shares and options of JDV Limited were:

Director	Direct	Ordinary shares		Options Total
		Indirect	Total	
P J Mansell	-	100,000	100,000	-
P S Horne	-	-	-	1,000,000
I R Atlas ¹	}	25,745,737	25,745,737	-
P M Payn ¹				
D C Clarke ¹				
F D Campbell	-	-	-	-
J Placido ²	}	25,745,737	25,745,737	-
C M Winograd ²				

Notes:

- 1 Ms Atlas and Ms Payn are nominees of Westpac Banking Corporation, which holds 25,745,737 shares in JDV through Westpac Custodian Nominees Limited. Mr Clarke was previously a nominee of Westpac Banking Corporation.
- 2 Mr Placido and Mr Winograd are nominees of the Royal Bank of Canada, which holds 25,745,737 shares in JDV through RBC Dominion Securities, Inc.

EARNINGS PER SHARE

Cents

Basic earnings per share	5.2
Diluted earnings per share	5.2

DIVIDENDS

Cents

\$'000

Final dividends recommended:

■ on ordinary shares	2.1	1,918
----------------------	-----	-------

Dividends paid in the year:

Interim for the year

■ on ordinary shares	3.1	2,762
----------------------	-----	-------

Final for 2004 shown as recommended in the 2004 report

■ on ordinary shares	2.0	1,821
----------------------	-----	-------

JDV Limited and its controlled entities

Directors' Report (continued)

CORPORATE INFORMATION

Corporate Structure

JDV Limited is a company limited by shares that is incorporated and domiciled in Australia. JDV Limited has prepared a consolidated financial report incorporating the entities that it controlled during the financial year, which are outlined in the following diagram:



Nature of operations and principal activities

JDV is a specialist provider of the business processes and technology required to trade and administer portfolios of shares and options traded on the ASX.

JDV was established as a stand alone business in October 2003 from the technology and services businesses that remained in Hartleys Limited after it had divested its Wealth Management and Corporate Finance Businesses.

JDV's two platforms are the "JDV Share Trading Platform", and the "JDV Portfolio Platform".

The JDV Share Trading Platform

Feature Overview

The JDV Share Trading Platform provides the business processes, administration and client access technology or services required by its clients and their customers to trade shares and options on the ASX.

The features of the JDV Share Trading Platform include:

- straight through processing (STP) trading services;
- settlement and clearing services for equities and exchange traded options;
- licence, compliance and credit management services;
- scrip and client accounts administration services;
- call centre and designated trading representative services;
- integration to margin lending providers; and
- integration to third party services such as research.

JDV Limited and its controlled entities

Directors' Report (continued)

Users of the JDV Share Trading Platform

The users of the JDV Share Trading Platform fall into 4 categories:

Retail clients	Individuals who wish to use an online share trading platform.
Financial / wealth planners	Registered planners / advisers who offer advice to their clients, and need access to the ASX to buy and sell securities and derivatives on behalf of their clients.
Full service brokers	Brokers working for ASX participants that have outsourced their technology and business process requirements to JDV.
Wealth platforms	Wealth platforms such as wraps and master trusts that wish to add share trading services to their platform offerings.

Charging Model

Clients are charged for access to the JDV Share Trading Platform on a per-trade, per-confirmation or per settlement message basis.

Technology

The JDV Share Trading Platform is supported by a comprehensive set of systems that have been developed or integrated into a sophisticated technology platform.

The key components of the trading platform are the client interface systems, the application servers that manage the STP trading and market information processes and the business to business (B2B) interfaces that enable client systems to access JDV's business systems and processes.

These key systems are owned, operated and maintained by JDV.

Readily available systems such as back office settlement and clearing software and institutional order routing technology are sourced from specialist providers and integrated by JDV into the JDV platform.

The JDV Portfolio Platform

Feature Overview

The JDV Portfolio Platform provides the business processes, administration and client access technology and services required by JDV's clients to administer portfolios that primarily contain equities, options and cash professionally. The JDV Portfolio Platform can also support reporting of other assets such as managed funds, fixed interest, international equities and other client assets.

The features of the JDV Portfolio Platform include:

- account opening and management;
- tax lot accounting;
- corporate action management;
- mail administration;
- dividend and distribution processing;
- call centre support; and
- integration to the JDV Share Trading Platform.

JDV Limited and its controlled entities

Directors' Report (continued)

Users of the JDV Portfolio Platform

The users of the JDV Portfolio Platform fall into 3 categories:

Financial / wealth planners	Registered planners / advisers who offer advice to their clients and require equities portfolio services for those clients that have a significant portion of their portfolios invested in direct equities.
Full service brokers	Brokers working for ASX participants that wish to offer portfolio and tax reporting services as value added services to their clients.
Wealth platforms	Wealth platforms such as wraps and master trusts that do not have the expertise to manage the specialist portfolio and tax reporting requirements of equities portfolios.

Charging Model

Clients are charged for access to the JDV Portfolio Platform on an asset fee basis that is calculated on the amount of money administered in each end client portfolio.

Technology

The JDV Portfolio Platform is supported by a comprehensive set of systems that have been developed and integrated by JDV into a sophisticated technology platform.

The key components of the JDV Portfolio Platform are the client reporting systems, the Network tax and accounting engine, and the business to business (B2B) interfaces that enable client systems to access JDV's business systems and processes.

All of these systems are owned and maintained by JDV.

Employees

The consolidated entity employed 140 employees as at 30 June 2005 (2004: 147 employees).

OPERATING AND FINANCIAL REVIEW

Performance indicators

Management and the Board monitor the group's overall performance, from its strategic plan through to the results of the company against operating plans and financial budgets.

The Board, together with management, have identified key performance indicators (KPIs) that are used to monitor performance. Key management monitor KPIs on a regular basis. Directors receive the KPIs for review prior to each board meeting allowing all directors to actively monitor the consolidated entity's performance.

JDV Limited and its controlled entities

Directors' Report (continued)

Operating results for the year

The consolidated profit of the consolidated entity for the financial year was \$4,680,000 (2004: \$1,821,000) after income tax.

JDV continues to improve its operating performance and has produced earnings before interest, tax and depreciation/amortisation (EBITDA) of \$6.313m off income of \$28.528m from normal business activities. This represents a 17.8% increase in EBITDA in the six months ended 30 June 2005 over the results for the first six months of this financial year, and a 43.9% increase on the 2004 financial year. Earnings before tax (EBT) taking into account interest income, corporate costs and depreciation/amortisation was \$4.680m. This equates to full year earnings per share of 5.2 cents. Corporate costs were significantly impacted by the costs associated with the takeover offer made by IWL Limited.

A summary of financial performance is shown in the following table.

	6 months to 30 June 2005 \$'000	6 months to 31 Dec 2004 \$'000	Change %	Year ended 30 June 2005 \$'000	Year ended 30 June 2004 \$'000
Income	14,661	13,867	5.7%	28,528	24,967
Expenses	11,247	10,968	2.5%	22,215	20,580
EBITDA	3,414	2,899	17.8%	6,313	4,387
Depreciation/ amortisation	738	649	13.7%	1,387	1,589
Operating result	2,676	2,250	18.9%	4,926	2,798
Corporate costs	1,465	227	545.4%	1,692	-
Discontinued Operations	-	-	-	-	2,303
EBIT	1,211	2,023	(40.1%)	3,234	495
Interest	707	739	(4.3%)	1,446	1,326
EBT	1,918	2,762	(30.6%)	4,680	1,821
Income tax expense	-	-	-	-	-
NPAT	1,918	2,762	(30.6%)	4,680	1,821
EPS	2.1	3.1	(32.2%)	5.2	2.0

The JDV Limited Board has declared a final dividend of 2.1 cents per share fully franked, payable on 22 August 2005, with a record date of 16 August 2005.

Shareholder returns

In the less than two years since JDV was established as a stand alone business, JDV has successfully established itself as a specialist provider of equities trading and portfolio platforms and services to the Australian Wealth Management Industry. Since January 2004, JDV has increased its:

- Online market share of ASX trades processed from 12.5% to 13.3%;
- Annual dividend payments to JDV shareholders from nil to 5.2 cents per share; and
- Market capitalisation from \$53.9m to \$76.3m (pre IWL's first takeover offer for JDV announced on 22 February 2005). JDV's market capitalisation at the time of the Wealth Management Business divestment in October 2003 was \$42.2m.

On 8 April 2005, JDV paid an interim dividend of 3.1 cents per share, fully franked at 30%.

On 4 August 2005, JDV declared a final dividend of 2.1 cents per share fully franked, with a record date of 16 August 2005. This dividend is payable on 22 August 2005.

JDV Limited and its controlled entities

Directors' Report (continued)

	2005	2004
Basic earnings per share (cents)	5.2	2.0
Return on assets (%)	6.3	3.2
Return on equity (%)	17.5	6.8
Dividend payout ratio (%)	100.0	100.0
Available franking credits (\$'000)	7,079	9,085

A dividend reinvestment plan had been in operation for a number of years, allowing shareholders to have dividends fully or partly contribute to the purchase of new ordinary shares. The plan was suspended on 30 August 2004, following a review of JDV's dividend policy.

Investments for future performance

As a result of the current corporate activity, it is not appropriate to disclose the future business strategies of the consolidated entity.

Please refer to significant events after the balance date on page 14.

Review of financial condition

Capital structure

During the period, no new ordinary JDV shares were issued, and no additional capital was raised.

On 18 February 2005, a capital return of \$19 million, or 21 cents per share, was proposed after a comprehensive review of JDV's capital requirements. IWL Limited announced an unsolicited takeover offer for the company prior to this being carried out, and stated their intention not to support this initiative. The capital return was subsequently cancelled, as the required shareholder approval to complete this would not be obtained.

Cash from operations

Net cash flows from operating activities are \$4.075m for the current year, up from net cash used in operating activities of \$2.191m in the previous year. This increase in cash from operating activities was largely due to the improved operating performance for the year and the fact that significant restructuring costs were incurred in the 2004 financial year from the divestment of the Wealth Management business.

Liquidity and funding

The consolidated entity has an overdraft facility of \$5m, which is not currently being used. As noted above, the consolidated entity currently has surplus capital available to it.

Risk management

The consolidated entity takes a proactive approach to risk management. The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the consolidated entity's objectives and activities are aligned with the risks and opportunities identified by the Board.

In addition to its financial reporting obligations, the Audit and Risk Committee is responsible for reviewing the risk management framework and policies of JDV. The structure of the Audit and Risk Committee and its responsibilities reflect the requirements of ASX Principle 7.

In performing this function the Committee receives periodic reports from the external auditor, senior management and (from time to time) regulators, detailing compliance with statutory requirements and the adequacy of the risk management programmes and systems in place.

JDV Limited and its controlled entities

Directors' Report (continued)

In addition, the Committee reviews the adequacy of the risk management programmes and systems in place, as well as the adequacy of JDV's insurance programme. This year, in line with ASX Principle 7, JDV adopted the policy requiring the Managing Director and Chief Financial Officer to confirm in writing that, to the best of their knowledge, the integrity of the financial statements is founded on a sound system of risk management and internal compliance and control which operates efficiently and effectively in all material respects.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

IWL Broking Solutions Limited made an unsolicited takeover offer for JDV on 22 February 2005, which expired on 27 May 2005.

The offer was for one new IWL share for every three JDV shares held (scrip consideration.)

Major shareholders Westpac Banking Corporation and Royal Bank of Canada rejected this initial offer, and when the offer closed, IWL had achieved a shareholding and voting power in JDV of 37%. Between them, Westpac Banking Corporation and Royal Bank of Canada held 57.32% of the shares and voting power in JDV shares.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

IWL takeover bid

IWL made an unsolicited takeover offer for JDV in February 2005. IWL acquired a 37% shareholding in JDV through this initial offer which closed in late May 2005. This offer left JDV with three major shareholders, Westpac and RBC, each with a 28.66% shareholding, and IWL, with a further 700 other shareholders ("Minority Shareholders") holding the remaining 5.8% of JDV's issued shares.

IWL has now made a second offer for JDV, offering each JDV shareholder either:

- one IWL Share for every 3 JDV Shares ("IWL Share Alternative"); or
- 80 cents cash for each JDV Share ("Cash Alternative"); or
- a combination of the IWL Share Alternative and the Cash Alternative.

On 4 August 2005, JDV declared a final dividend of 2.1 cents (fully franked) per JDV Share which will be paid to JDV Shareholders who are registered as shareholders at 16 August 2005 ("the JDV Record Date"). On 4 August 2005, IWL announced that JDV Shareholders who accept the IWL Offers will be entitled to retain this dividend without any reduction to the consideration offered. JDV shareholders must accept the IWL Offers after the JDV Record Date to receive this dividend. The benefit of the franking credit attaching to this dividend for a JDV shareholder on the top personal marginal tax rate will be 0.9 cents per JDV share.

Westpac and RBC have indicated they will accept the Cash Alternative post the JDV Record Date on 18 August 2005, in the absence of a superior offer. Therefore if there is no superior offer, Minority Shareholders will have their JDV Shares compulsorily acquired and will be required to choose either the IWL Share Alternative or the Cash Alternative or a combination of both.

Share options

JDV shareholders approved the terms of JDV's Executive Share Option Plan on 20 November 2003.

JDV Limited and its controlled entities

Directors' Report (continued)

Under the rules of the Executive Share Option Plan, in the event of a successful takeover, the board of JDV must by notice to the holder of JDV Options under the Executive Share Option Plan, waive any exercise condition attaching to the JDV Options. Optionholders then have 30 days in which to exercise their Options to acquire JDV Shares which they can sell on-market or accept the Offer in respect of those JDV Shares. The JDV board has determined to declare that the vesting conditions attaching to those options be waived.

On 8 August 2005, the 1,750,000 Options on issue under the Executive Share Option Plan were exercised. Details of these Options are set out below:

Number of Options	Exercise Price	Expiry Date
950,000	\$0.30	30 June 2009
300,000	\$0.67	30 June 2009
500,000	\$0.63	30 June 2010

On 8 August 2005, the 50,000 JDV Options on issue under the old Hartleys Limited Option Scheme were cancelled.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Major shareholders Westpac Banking Corporation and Royal Bank of Canada have indicated they will accept the cash offer on 18 August 2005, in the absence of a superior offer. Therefore, if there is no superior offer, minority shareholders will have their JDV shares compulsorily acquired and will be required to choose one of the available acceptance options.

SHARE OPTIONS

Unissued shares

As at the date of this report, there were no unissued ordinary shares under options (1,800,000 at reporting date.)

Shares issued as a result of the exercise of options

On 8 August 2005, the 1,750,000 Options on issue under the Executive Share Option Plan were exercised at a total consideration of \$801,000 and the 50,000 JDV Options on issue under the old Hartleys Limited Option Scheme were cancelled.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, the company paid an insurance premium of \$55,662 (2004: \$127,514) indemnifying each of the officers of the consolidated entity against all liabilities to another person that may arise from their position as officers of the company and its controlled entities, except where the liability arises out of criminal or dishonest conduct or behaviour involving a lack of good faith. The agreement stipulates that the company will meet the full amount of such liabilities, including costs and expenses.

JDV Limited and its controlled entities

Directors' Report (continued)

REMUNERATION REPORT

This report outlines the remuneration arrangements in place for directors and executives of JDV Limited (the company.)

Remuneration policy

A Remuneration and Nomination Committee of the Board of Directors is responsible for determining and reviewing compensation arrangements for the directors, the chief executive officer and the executive team. The committee assesses the appropriateness of the nature and amount of emoluments and recommends to the board the remuneration policies and packages for the directors and executive officers. Executive directors and senior executives may receive bonuses either in addition to the base emolument or as the sole form of remuneration based upon the company's and their performance. Executives are also provided with longer-term incentives through the employee share ownership and options schemes, which act to align the executive's actions with the interests of the shareholders. Further details on the remuneration of directors and executives are also provided in note 23 to the financial statements.

Executives' remuneration packages are made up of fixed and performance linked components, with base remuneration fixed at levels competitive with market rates. Incentive payments and salary increases are determined at the completion of annual performance reviews and are measurable against clear performance and assessment criteria. As a result, the Remuneration and Nomination Committee links the nature and amount of directors' and other officers' emoluments to the company's financial and operational performance.

Details of the nature and amount of each major element of the emolument of each director of the company and each of the five officers of the company and the consolidated entity receiving the highest emoluments for the financial year are as shown in Tables 1 and 2, on pages 20 and 21 of this report.

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

Non-executive director remuneration

Objective

The Board seeks to set director remuneration at a level which provides the company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Structure

The independent directors, Peter Mansell and Fraser Campbell, receive a fee for being directors of the company. Additional fees were paid to these directors as they were members of a Takeover Committee, which was set up to review the unsolicited bid received from IWL in February 2005. The payment of additional fees for serving on this sub committee recognised the additional time commitment required by the directors.

Ilana Atlas, Margaret Payn, Jose Placido and Charles Winograd are not considered by JDV to be independent directors of JDV due to, in the case of Ms Atlas and Ms Payn, their holding positions as senior executive officers of Westpac and in respect of Mr Placido and Mr Winograd, their holding positions as senior executive officers of the Royal Bank of Canada. As a result of these associations, none of these directors receive any fees from JDV for their services as directors of the company.

JDV Limited and its controlled entities

Directors' Report (continued)

The remuneration of non-executive directors for the period ending 30 June 2005 is detailed in Table 1 on page 20 of this report.

Managing Director and Executive remuneration

Objective

The company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the company and so as to:

- reward executives for company and individual performance against targets set by reference to appropriate benchmarks;
- align the interests of executives with those of shareholders;
- link reward with the strategic goals and performance of the company; and
- ensure total remuneration is competitive by market standards.

Structure

Remuneration consists of the following key elements:

- Fixed remuneration
- Variable remuneration
 - Short Term Incentive ('STI'); and
 - Long Term Incentive ('LTI').

The proportion of fixed remuneration and variable remuneration (potential short term and long term incentives) is established for each executive by the Remuneration and Nomination Committee. Table 2 on page 21 of this report details the variable component (%) of the five most highly remunerated executives.

Executives are employed by the parent company, so there was no remuneration paid by controlled entities for the financial year.

Fixed remuneration

Objective

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market.

Fixed remuneration is reviewed annually by the Remuneration and Nomination Committee and the process consists of a review of companywide and individual performance, relevant comparative remuneration in the market and external advice on policies and practices.

Structure

The fixed remuneration component of the five most highly remunerated executives is detailed in Table 2 on page 21 of this report.

JDV Limited and its controlled entities

Directors' Report (continued)

Variable remuneration – Short Term Incentive (STI)

Objective

The objective of the STI program is to link the achievement of the company's operational targets with the remuneration received by the executives charged with meeting those targets. The total potential STI available is set at a level so as to provide sufficient incentive to the executive to achieve the operational targets and such that the cost to the company is reasonable in the circumstances.

Structure

Actual STI payments granted to each executive depend on the extent to which specific operating targets set at the beginning of the financial year are met. The payments are cash payments and are approved by the Remuneration and Nomination committee. The operational targets consist of a number of Key Performance Indicators (KPIs) covering both financial and non-financial measures of performance. Typically included are measures such as contribution to net profit after tax, customer service, risk management, product management, and leadership/team contribution. The company has predetermined benchmarks which must be met in order to trigger payments under the STI scheme.

Variable remuneration – Long Term Incentive (LTI)

Objective

The objective of the LTI plan is to reward executives in a manner which aligns this element of remuneration with the creation of shareholder wealth.

As such, LTI grants are only made to executives who are able to influence the generation of shareholder wealth and thus have a direct impact on the Company's performance against the relevant long term performance hurdle.

Structure

LTI grants to executives are delivered in the form of options.

The options will become exercisable on the achievement of certain financial performance criteria, being the attainment of defined Net Profit After Tax targets over a three and four year period. The Board may also waive any exercise conditions of the Executive Share Option Plan in the event of a takeover.

The achievement of the Net Profit After Tax condition was chosen to align the remuneration of the key executives with the generation of shareholder wealth.

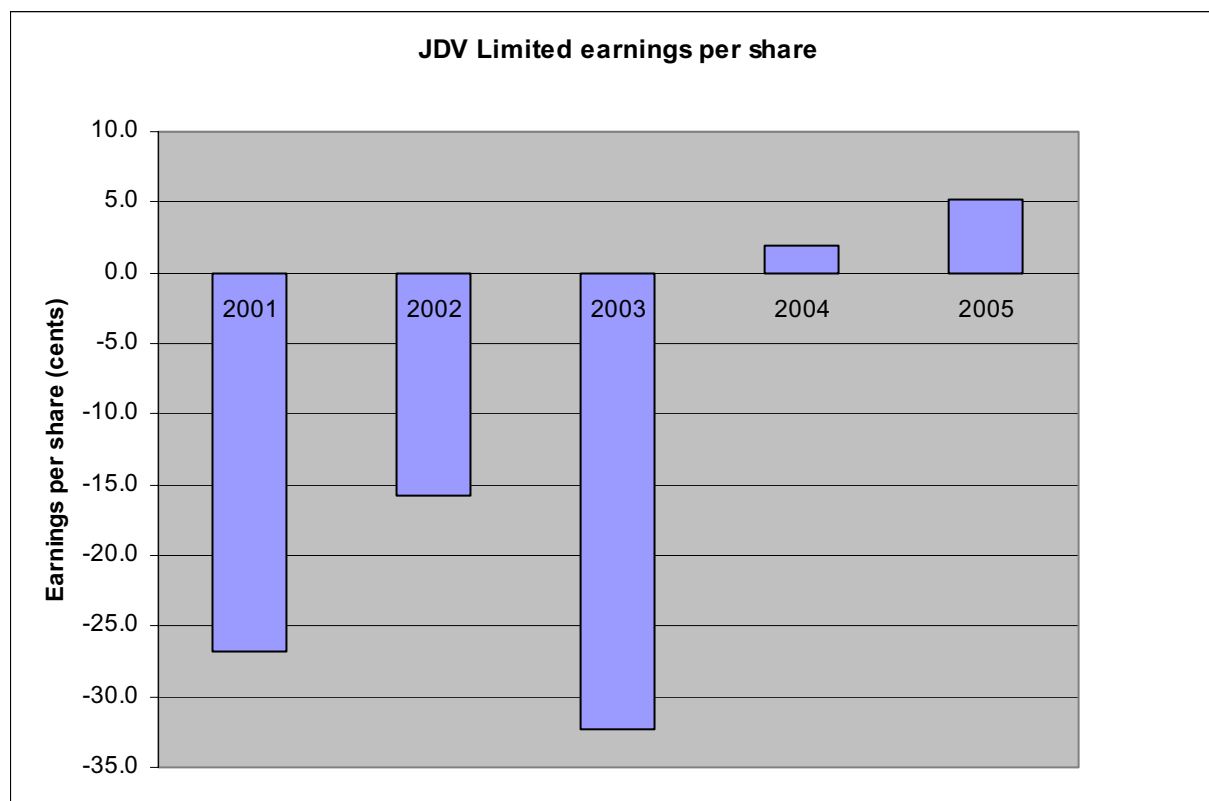
Performance is measured on the Net Profit After Tax of the JDV Operating Business at the end of each financial year and the cumulative total compared against the plan.

JDV Limited and its controlled entities

Directors' Report (continued)

Company performance

Company performance is also reflected in the movement in the company's earnings per share (EPS) over time. The graph below shows JDV Limited's basic EPS history for the past five years (including the current period.)



The cumulative Net Profit After Tax of the JDV Operating Business from 1 July 2003 to 30 June 2005 is \$7.7m.

Employment contracts

The Managing Director, Mr Horne, is employed under contract. The current employment contract is a three year contract, which commenced on 2 July 2003. The key terms and conditions of employment under the contract are as follows:

- The contract is terminable on six months notice by Mr Horne or 12 months notice by JDV;
- The base salary is reviewable annually;
- The ability to earn STIs;
- The ability to earn LTIs in the form of options;
- In the event of Mr Horne's position becoming redundant, he will receive 12 months salary as a redundancy payment and any accrued entitlements.

**JDV Limited
and its controlled entities**

Directors' Report (continued)

Table 1: Director Remuneration for the year ended 30 June 2005

Specified Directors	Year	Primary benefits		Post Employment		Equity	Other	Total
		Salary & Fees	Non Monetary Benefits	Super-annuation	Retirement Benefits	Options	Bonuses	Total
		\$	\$	\$	\$	\$	\$	\$
P J Mansell	2005	83,198	-	7,488	-	-	-	90,686
	2004	66,667	-	6,000	-	-	-	72,667
P S Horne	2005	248,378	65,037	11,585	-	249,327 ¹	425,000	999,327
	2004	249,038	-	11,002	-	23,691 ¹	125,000	408,731
F D Campbell	2005	67,300	-	-	-	-	-	67,300
	2004	44,000	-	-	-	-	-	44,000
I R Atlas	2005	-	-	-	-	-	-	-
	2004	-	-	-	-	-	-	-
D C Clarke	2005	-	-	-	-	-	-	-
	2004	-	-	-	-	-	-	-
P M Payn	2005	-	-	-	-	-	-	-
	2004	-	-	-	-	-	-	-
J Placido	2005	-	-	-	-	-	-	-
	2004	-	-	-	-	-	-	-
C M Winograd	2005	-	-	-	-	-	-	-
	2004	-	-	-	-	-	-	-
Total Remuneration: Specified Directors								
	2005	398,876	65,037	19,073	-	249,327	425,000	1,157,313
	2004	359,705	-	17,002	-	23,691	125,000	525,398

Note:

- 1 The remuneration figures in respect of the option income have been impacted by the requirements of AASB 1046 "Director and Executive Disclosures by Disclosing Entities", in accordance with which an earlier than anticipated vesting date of the options resulted in the recognition of a larger proportion of the option value, than would otherwise be the case, in the current financial year.
As disclosed on page 22 of the Director's Report, these options were due to vest at 30 June 2006 and 30 June 2007, but as a result of the IWL takeover, the options vested on 8 August 2005, and therefore almost all of the value has been recorded in the current financial year.

JDV Limited and its controlled entities

Directors' Report (continued)

Table 2: Remuneration of the 5 named executives who received the highest remuneration for the year ended 30 June 2005

Specified Executives	Year	Primary benefits		Post Employment		Equity	Other	Total
		Salary & Fees	Non Monetary Benefits	Super-annuation	Retirement Benefits	Options	Bonuses	Total
		\$	\$	\$	\$	\$	\$	\$
D I Bowles	2005	168,512	-	11,955	-	59,135 ¹	45,000	284,602
	2004	154,547	-	11,002	-	4,047 ¹	35,000	204,596
A M Brittain	2005	134,782	-	16,134	-	44,823 ¹	30,000	225,739
	2004	122,723	-	14,456	-	4,047 ¹	25,000	166,226
P B Salis	2005	134,574	1,492	14,753	-	59,227 ¹	87,500	297,546
	2004	100,752	166	9,083	-	4,047 ¹	40,000	154,048
G Berg	2005	119,460	-	-	-	-	49,784	169,244
	2004	99,472	-	-	-	-	20,000	119,472
J Simmonds ²	2005	152,240	55	9,891	-	-	5,000	167,186
	2004	116,426	-	10,304	-	-	16,000	142,730
Total Remuneration: Specified Executives								
	2005	709,568	1,547	52,733	-	163,185	217,284	1,144,317
	2004	593,920	166	44,845	-	12,141	136,000	787,072

Notes:

- The remuneration figures in respect of the option income have been impacted by the requirements of AASB 1046 "Director and Executive Disclosures by Disclosing Entities", in accordance with which an earlier than anticipated vesting date of the options resulted in the recognition of a larger proportion of the option value, than would otherwise be the case, in the current financial year.
As disclosed on page 22 of the Director's Report, these options were due to vest at 30 June 2006 and 30 June 2007, but as a result of the IWL takeover, the options vested on 8 August 2005, and therefore almost all of the value has been recorded in the current financial year.
- Mr Simmonds ceased employment with JDV on 13 May 2005. Salary and fees includes a termination payment of \$53,201. Options granted in 2004 were forfeited on termination of employment.

Table 3: Options granted as part of remuneration for the year ended 30 June 2005 (in accordance with the LTI plan)

The following table details the options granted to the executives listed in Table 2.

Specified Executives	Grant Date	Grant Number	Value per option at Grant Date	Exercise Price per share	First Exercise Date	Last Exercise Date	% of Remuneration
			\$	\$			
D I Bowles	12 July 2004	50,000	\$0.31	\$0.67	30 Jun 2006	30 Jun 2009	5.0%
P B Salis	21 Mar 2005	50,000	\$0.38	\$0.67	30 Jun 2006	30 Jun 2009	4.8%
Total		100,000					

An additional 300,000 options were also issued during the financial year to other employees of JDV, of which 100,000 were subsequently cancelled. No options were exercised during the year.

JDV Limited and its controlled entities

Directors' Report (continued)

From 1 July 2003, options granted as part of director and executive remuneration have been valued using a Binomial option pricing model, which takes account of factors including the option exercise price, the current level and volatility of the underlying share price, the risk-free interest rate, expected dividends on the underlying share, current market price of the underlying share and the expected life of the option. See below for further details.

Fair values of options:

The fair value of each option is estimated on the date of grant using a Binomial option-pricing model with the following weighted average assumptions used for grants made during the 2004 and 2005 financial years:

	2005	2004
Dividend yield (%)	0.00 to 5.12	0.00
Expected volatility (%)	45.00 to 54.00	64.00
Historical volatility (%)	45.00 to 54.00	64.00
Risk-free interest rate (%)	5.30 to 5.86	5.25
Expected life of option (years)	2.79 to 5.10	4.84 to 5.84

The dividend yield reflects the assumption that the current dividend payout will continue with no anticipated increases. The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

The resulting weighted average fair values per option for those options vesting after 1 July 2004 are:

Number of options	Grant date	Vesting date	Weighted average fair value
500,000	27 November 2003	30 June 2006	0.34
500,000	27 November 2003	30 June 2007	0.28
450,000	19 January 2004	30 June 2006	0.35
250,000	12 July 2004	30 June 2006	0.31
50,000	21 March 2005	30 June 2006	0.38

Currently, these fair values are not recognised as expenses in the financial statements. Note that no adjustments to these amounts have been made to reflect estimated or actual forfeitures (i.e. options that do not vest.)

JDV Limited and its controlled entities

Directors' Report (continued)

DIRECTORS' MEETINGS

The number of meetings of directors (including meetings of committees of directors) held during the year and the numbers of meetings attended by each director were as follows:

Board or Committee	Number of meetings held
Full Board	11
Audit and Risk	4
Remuneration and Nomination	3
Litigation	1
Board Committee (Takeover Bid)	16

Director	Full Board	Audit and Risk	Remuneration	Litigation	Board Committee
P J Mansell	11(11)	4(4)	3(3)	1(1)	16(16)
P S Horne	11(11)	4(4)	3(3)	1(1)	16(16)
I R Atlas	7(11)	3(4)	2(2)	0(1)	-
F D Campbell	11(11)	4(4)	3(3)	-	15(16)
D C Clarke (resigned 18 February 2005)	5(5)	-	1(1)	-	-
P M Payn (appointed 18 February 2005)	5(6)	-	-	-	-
J Placido	7(11)	-	3(3)	-	-
C M Winograd	9(11)	-	-	-	-

Where a director did not attend all meetings of the Board or relevant committee, the number of meetings for which the director was eligible to attend is shown in brackets.

ROUNDING

The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the company under ASIC Class Order 98/0100. The company is an entity to which the Class Order applies.

TAX CONSOLIDATION

As at the date that these financial statements were signed, the Directors of JDV Limited and its 100% owned subsidiaries have not made an election to form a tax consolidated group. JDV Limited is continuing to assess its position in this regard.

**JDV Limited
and its controlled entities**

Directors' Report (continued)

AUDITOR INDEPENDENCE

The directors received the following declaration from the auditor of JDV Limited.



■ The Ernst & Young Building
11 Mounts Bay Road
Perth WA 6000
Australia

GPO Box M939
Perth WA 6843

■ Tel 61 8 9429 2222
Fax 61 8 9429 2436

Auditor's Independence Declaration to the Directors of JDV Limited

In relation to our audit of the financial report of JDV Limited for the financial year ended 30 June 2005, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

GH Meyerowitz
Partner
18 August 2005

NON-AUDIT SERVICES

The following non-audit services were provided by the entity's auditor, Ernst & Young. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Ernst & Young received or are due to receive the following amounts for the provision of non-audit services:

Tax compliance services	\$115,100
Other services	\$120,740

Signed in accordance with a resolution of the directors.

P J Mansell
Director

Perth
18 August 2005

JDV Limited and its controlled entities

Corporate Governance Statement

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

JDV Limited's Corporate Governance Statement is structured with reference to ASX Corporate Governance Council's principles and recommendations, which are as follows:

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

Where a recommendation has not been followed, that fact is disclosed, together with the reasons for the departure.

ASX Principle 1

Lay solid foundations for management and oversight.

Role of the Board

The Board is responsible for the overall corporate governance of the Company including formulating its strategic direction, approving and monitoring capital expenditure, setting senior executive and director remuneration, monitoring performance and ensuring the existence and integrity of internal control and management systems. It is also responsible for monitoring and approving financial and other reporting.

ASX Principle 2

Structure the Board to add value

Board structure

The Board currently comprises seven directors; six non-executive directors, including the Chairman, and one executive director, the Managing Director. The Chairman and one non-executive director are independent. Each director brings a diverse range of skills and background to the Board. The skills, experience and expertise of the Directors are set out in more detail in the Directors' Report.

The two major shareholders of the Company are Westpac Banking Corporation and Royal Bank of Canada Limited, each of whom hold 28.66 per cent of the total issued share capital. The shareholder approved Subscription Agreement relating to these shareholdings allows these two majority shareholders each to appoint two directors to the Board. Ms Ilana Atlas and Ms Margaret Payn are the Westpac Banking Corporation appointees and Mr Jose Placido and Mr Charles Winograd were appointed by Royal Bank of Canada. In the light of these circumstances and given the strategic importance of these major shareholders to the Company the Board is of the view that it is impracticable, at this stage, to structure the Board so that it has a majority of independent non-executive directors.

JDV Limited and its controlled entities

Corporate Governance Statement (continued)

Accordingly the composition of the Board is determined using the following principles:

- the chairman is to be an independent non-executive director;
- there must be at least one other independent non-executive director;
- there must be enough directors to serve on the various committees of the Board without overburdening directors, or making it difficult for them to fully discharge their responsibilities;
- at a minimum directors, other than the Managing Director, must face re-election every three years;
- the roles of Chairman and Chief Executive Officer should not be exercised by the same individual; and
- a former Chief Executive Officer should not be appointed Chairman.

In addition, the Chairman of the Audit and Risk Committee should be an independent Non-Executive Director who is not the Chairman of the Board.

Director Independence

In the context of director independence, the Board has adopted the policy that affiliations exceeding 5 per cent of either party's gross revenue are considered to be material. These levels apply to individual directors, or the companies with which they are associated. In addition the following qualitative factors are considered:

- whether a relationship is strategically important;
- the competitive landscape;
- the nature of the relationship;
- the contractual or other arrangements governing it; and
- factors which point to the actual ability of the director in question to shape the direction of the Company's loyalty.

The directors considered by the Board to be independent are identified in the table below.

Name	Year Appointed	Non Executive	Term in Office	Independent
P J Mansell (Chairman)	2001	Yes	3 years 9 months	Yes
P S Horne (Managing Director)	2003	No	2 years 2 months	No (by virtue of being an executive officer)
I R Atlas	2001	Yes	3 years 10 months	No (by virtue of being an executive officer of WBCL ¹)
F D Campbell	2001	Yes	4 years 4 months	Yes
P M Payn	2005	Yes	4 months	No (by virtue of being an executive officer of WBCL ¹)
J Placido	2003	Yes	1 year 11 months	No (by virtue of being an executive officer of RBCL ²)
C M Winograd	1998	Yes	7 years 5 months	No (by virtue of being an executive officer of RBCL ²)

Notes:

1 Westpac Banking Corporation Limited

2 Royal Bank of Canada Limited

JDV Limited and its controlled entities

Corporate Governance Statement (continued)

To enable the Board to assess the independence of each director, each director is required to provide all relevant information to JDV on a regular basis. Details of director related entity transactions with the consolidated entity are set out in Note 23.

Conflicts of interest

Each director is required to act in the interests of JDV as a whole and, at no time, allow any of the Director's own interests to prevail over those of the members generally. If a conflict does arise, the Director must declare his or her interest and consider whether to refrain from participating in the matter, absent himself or herself from the meeting or resign from the Board.

Nomination and appointment of new directors

The Board has appointed a Remuneration and Nomination Committee, which, amongst other things,

- recommends criteria for board membership;
- identifies specific individuals for nomination to the Board;
- evaluates the performance and effectiveness of the Board and individual directors; and
- reviews and makes recommendations in regard to board committee membership.

The Board has determined that sufficient members of the committee are independent.

Meetings of directors

The Board meets on a regular scheduled basis and on other occasions as required.

The Board has an Annual Programme which ensures that matters of significance affecting the business are considered on a regular basis. The agenda for meetings is prepared in conjunction with the Chairman, Managing Director and Company Secretary. Standing items include the:

- Managing Director's Report;
- Financial Reports;
- Strategic Matters;
- Governance; and
- Compliance.

Submissions are circulated in advance to allow directors adequate time to prepare for, and contribute to, the Board meeting. Executives are regularly involved in Board discussions and Directors have other opportunities for contact with the Management Group.

ASX Principle 3

Promote ethical and responsible decision-making.

In line with ASX Principle 3, the Board has established a Directors' Code of Conduct and includes a Share Trading Policy.

Code of Conduct

The purpose of the Code of Conduct is to reinforce the principles of good corporate governance to ensure:

- the practices necessary to maintain confidence in JDV's honesty and integrity; and
- the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

JDV Limited and its controlled entities

Corporate Governance Statement (continued)

The overriding principle is that all business affairs of JDV must be conducted legally, ethically and with strict observance of the highest standards of propriety and business ethics. If there are any doubts as to how to respond to a particular circumstance, Directors are encouraged to consult with the Chairman and, if necessary, seek external professional advice which with the Chairman's approval may be attained at the Company's expense. A copy of the Code of Conduct is posted on the JDV website.

Share Trading Policy

The Board has adopted a share trading policy in terms of which a Director requires prior written approval from the Chairman before trading in Company shares. The policy requires directors to notify the Company Secretary of any trading to ensure proper disclosure.

ASX Principle 4

Safeguard integrity in financial reporting

ASX Principle 4 requires JDV to "have a structure to independently verify and safeguard the integrity of the Company's financial reporting". The Board believes its practices are in accordance with this principle.

The Board receives regular reports on the Company's financial performance and other key business related matters. Consistent with ASX Principle 4, each half-year the Managing Director and Chief Financial Officer provide written assurance to the Board as to the veracity of the financial conditions and operational results of the JDV consolidated entity and that they are in accordance with relevant accounting standards.

Audit and Risk committee

To assist in the execution of its responsibilities, the Board has established an Audit and Risk Committee. The structure of the Audit and Risk Committee and its responsibilities reflect the requirements of ASX Principle 4. A summary of the charter setting out the Committee's responsibilities is posted on the JDV website. Membership of this Committee and details of the attendance at meetings can be found on page 20 of the Annual Report. In addition to the members, internal and external auditors, the Managing Director and Chief Financial Officer are invited to the meetings at the discretion of the Committee.

During the year, the Audit and Risk Committee met on four occasions. Two of the meetings were held to coincide with the review of the half year and full year results. The other meetings focused, among other things, on internal audit, insurance, compliance and risk affecting the consolidated entity.

Auditor and its independence

As part of its responsibilities, the Audit and Risk Committee recommends to the Board and shareholders the appointment of an external auditor, approves audit fees and ensures the independence of the external auditor. In performing this responsibility the Committee regularly assesses and reviews the level of non audit fees paid to the Auditors to ensure that they do not reach a level which may give rise to actual or perceived loss of objectivity or independence. The Board is satisfied that JDV's external auditor is independent.

To ensure independence of the external auditor, it is a requirement of JDV that the external auditor makes an independence declaration each half year and ensures that, in accordance with CLERP 9 requirements, the signing partner on the auditor does not perform this role for more than five full-year audits or such other period as may be deemed appropriate in the circumstances.

JDV Limited and its controlled entities

Corporate Governance Statement (continued)

ASX Principle 5

Make timely and balanced disclosure

Consistent with ASX Principle 5, the Board aims to ensure that all investors have equal and timely access to material information concerning the Company, that there is compliance with continuous disclosure requirements and that announcements made by the Company are factual and presented in a clear and balanced way.

The Company has adopted a Continuous Disclosure Policy reflecting the principles set out in ASX Principle 5. This policy has been placed on the JDV website.

ASX Principle 6

Respect the rights of shareholders

JDV has adopted a number of different practices designed to promote effective communication with shareholders as recommended by ASX Principle 6. These practices include placing on the JDV website relevant information, including ASX announcements, annual and half year reports, copies of notices of meetings, analyst briefings and presentations given by the Chairman or Managing Director. Annual and half year reports are distributed to all shareholders (unless a shareholder has specifically requested not to receive these documents).

A representative from the auditors of JDV attends the annual general meeting and any other meeting as required by the board and is available to answer shareholder questions about the conduct of the audit and preparation and content of the auditor's report.

ASX Principle 7

Recognise and manage risk

ASX Principle 7 recommends that a company "establish a sound system of risk and oversight and management and internal control."

In addition to its financial reporting obligations, the Audit and Risk Committee is responsible for reviewing the risk management framework and policies of JDV. The structure of the Audit and Risk Committee and its responsibilities reflect the requirements of ASX Principle 7.

In performing this function the Committee receives periodic reports from the external auditor, senior management and (from time to time) regulators, detailing compliance with statutory requirements and the adequacy of the risk management programmes and systems in place.

In addition, the Committee reviews the adequacy of the risk management programmes and systems in place. In addition, the Committee reviews the adequacy of the JDV's insurance programme. This year, in line with ASX Principle 7, JDV adopted the policy requiring the Managing Director and Chief Financial Officer to confirm in writing that, to the best of their knowledge, the integrity of the financial statements is founded on a sound system of risk management and internal compliance and control which operates efficiently and effectively in all material respects.

JDV Limited and its controlled entities

Corporate Governance Statement (continued)

ASX Principle 8

Encourage enhanced performance

JDV has in place systems designed to fairly review and actively encourage enhanced board and management effectiveness. The Chairman has the responsibility to regularly review the performance of each director and the Board as a whole. The performance of the Board is reviewed against both measurable and qualitative indicators. From time to time and, as considered appropriate, the Chairman will seek external assistance and advice to undertake these performance reviews.

Induction procedures including site visits and meetings with management are in place to allow board appointees to participate fully and actively in board decision-making at the earliest opportunity.

All Directors have access to the resources of the Company Secretary. The Board is consulted regarding the appointment and removal of the Company Secretary.

ASX Principle 9

Remunerate fairly and responsibly

As noted above the Board has appointed a Remuneration and Nomination Committee. Membership of this committee and details of the attendance at meetings can be found on page 23. In addition to the members, the Managing Director is invited to the meetings at the discretion of the Committee.

The Committee is responsible for:

- recommending to Board remuneration policies and packages and employment contracts in relation to the Managing Director and senior executives;
- reviewing and recommending proposals for executive share plans and incentive programmes for all employees;
- reviewing and recommending remuneration policies for non-executive directors; and
- reviewing and recommending succession plans for the Managing Director, senior executives and other key positions.

Details of the Directors' and key executives remuneration are set out in the Annual Report at pages 20 and 21.

Executives' remuneration packages are made up of fixed and performance linked components, with base remuneration fixed at levels competitive with market rates. Incentive payments and salary increases are determined at the completion of annual performance reviews and are measurable against clear performance and assessment criteria.

The remuneration of non-executive directors is fixed. Ilana Atlas, Margaret Payn, Jose Placido and Charles Winograd do not receive any remuneration. The remuneration of the remaining directors is set out on page 20 of the Annual Report.

ASX Principle 10

Recognise the legitimate interests of stakeholders

The Board believes that the application of good corporate governance as outlined in this statement ensures that the business affairs of JDV are conducted legally, ethically and with the highest standards of integrity and propriety, thereby ensuring that the Company discharges all of its obligations to legitimate stakeholders.

JDV Limited and its controlled entities

Corporate Governance Statement (continued)

Committees of the Board

The Board committee and its functions are as follows:

Remuneration and Nomination committee

- Review and recommend to the board remuneration policies and packages and employment contracts in relation to the CEO and senior executives.
- Review and recommend proposals for executive share plans and incentive programs for all employees.
- Review and recommend remuneration policies for non-executive directors.
- Review succession plans for the CEO, senior executives and other positions as appropriate.
- Review and recommend policy on retirement and termination payments for directors.
- To act as a forum for discussion and to advise the Chairman in respect of issues affecting the function, performance and effectiveness of the board.
- To recommend criteria for board membership and to identify specific individuals for nomination to the board.
- To evaluate the performance and effectiveness of the board and individual directors.
- To review and make recommendations in regard to board committee membership.

Audit and Risk Committee

- Oversee and appraise the quality of the audits conducted by the external auditor.
- Act as an advisory body on the adequacy of the Company's administrative, operating and accounting controls.
- Assess on a continuing basis whether JDV is conducting its affairs in financial, administrative and resource use matters efficiently and in accordance with all relevant legislation and policies of the Board.
- Oversee and appraise risk management planning and implementation within JDV; specifically, through the monitoring of the Compliance Plan, Audit Plan and Business Continuity Plan.

The Chairman will report and as appropriate make recommendations to the board on matters dealt with by the committee.

Committee Attendance

For details on the number of meetings of the Board and committees and the attendees at those meetings, please refer to page 23 of the Directors Report.

**JDV Limited
and its controlled entities**

**Statement of Financial Performance
for the year ended 30 June 2005**

	Note	Consolidated		Parent	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Revenues from ordinary activities					
Revenues from operating activities	2	28,528	32,583	28,528	33,135
Revenues from non-operating activities	2	1,446	3,856	1,446	3,675
Debt forgiveness gain	2	-	-	5,950	-
Total revenues from ordinary activities		<u>29,974</u>	<u>36,439</u>	<u>35,924</u>	<u>36,810</u>
Expenses from ordinary activities					
Human resources		(10,624)	(14,882)	(10,624)	(14,804)
Technology		(7,780)	(12,249)	(7,780)	(12,245)
Communications		(1,796)	(2,559)	(1,796)	(2,550)
Occupancy costs		(978)	1,002	(978)	1,031
Depreciation and amortisation	2,11,12	(1,387)	(1,589)	(1,176)	(1,589)
Insurance		(483)	(1,049)	(483)	(1,049)
Other costs		(2,246)	(3,292)	(2,246)	(3,293)
Provision for diminution of value in investments	2	-	-	(6,161)	-
Total operating expenses		<u>(25,294)</u>	<u>(34,618)</u>	<u>(31,244)</u>	<u>(34,499)</u>
Profit from ordinary activities before income tax		<u>4,680</u>	<u>1,821</u>	<u>4,680</u>	<u>2,311</u>
Income tax benefit/(expense) relating to ordinary activities	3	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net profit attributable to members of the parent entity		<u>4,680</u>	<u>1,821</u>	<u>4,680</u>	<u>2,311</u>
Basic earnings per share	5	5.2	2.0		
Diluted earnings per share (cents per share)	5	5.2	2.0		

The accompanying notes form an integral part of this Statement of Financial Performance.

**JDV Limited
and its controlled entities**

**Statement of Financial Position
as at 30 June 2005**

	Note	Consolidated		Parent	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Current Assets					
Cash assets	27(a)	25,971	29,202	24,971	28,202
Receivables	8	42,213	22,751	42,213	22,751
Other	9	2,653	2,588	2,653	2,588
Total Current Assets		70,837	54,541	69,837	53,541
Non-Current Assets					
Other financial assets	10	-	-	1,589	6,950
Property, plant and equipment	11	2,034	2,140	2,034	2,140
Intangible assets	12	1,444	-	855	-
Total Non-Current Assets		3,478	2,140	4,478	9,090
Total Assets		74,315	56,681	74,315	62,631
Current Liabilities					
Payables	13	45,573	26,358	45,573	32,308
Provisions	14	1,676	3,319	1,676	3,319
Other	15	225	225	225	225
Total Current Liabilities		47,474	29,902	47,474	35,852
Non-Current Liabilities					
Payables	16	50	-	50	-
Provisions	17	40	28	40	28
Total Non-Current Liabilities		90	28	90	28
Total Liabilities		47,564	29,930	47,564	35,880
Net Assets		26,751	26,751	26,751	26,751
Equity					
Contributed equity	18	75,430	75,430	75,430	75,430
Accumulated losses	19	(48,679)	(48,679)	(48,679)	(48,679)
Total Equity		26,751	26,751	26,751	26,751

The accompanying notes form an integral part of this Statement of Financial Position.

**JDV Limited
and its controlled entities**

**Statement of Cash Flows
for the year ended 30 June 2005**

	Note	Consolidated		Parent	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
		Inflows/(Outflows)		Inflows/(Outflows)	
Cash flows from operating activities					
Receipts from customers		26,670	33,823	26,670	33,974
Payments to suppliers and employees		(24,451)	(42,850)	(24,451)	(42,462)
GST Paid		(1,164)	(192)	(1,164)	(176)
Interest received		1,421	1,316	1,421	1,131
Interest paid		(6)	(49)	(6)	(49)
Cash receipts – share trading		-	292	-	292
Cash payments – share trading		-	(20)	-	(20)
Net change in client balances		1,605	5,489	1,605	4,619
Net cash provided by/(used in) operating activities	27(b)	4,075	(2,191)	4,075	(2,691)
Cash flows from investing activities					
Payments for plant and equipment		(1,229)	(1,251)	(1,229)	(1,251)
Payments for intangible assets	27(c)	(550)	-	-	-
Payments for investment in controlled entity	27(c)	-	-	(550)	-
Payments for software development		(944)	-	(944)	-
Proceeds/(Payments) for investments		-	2,523	-	2,677
Repayment from controlled entity		-	-	-	7,511
Proceeds from sale of plant and equipment		-	46	-	46
Net cash (used in)/provided by investing activities		(2,723)	1,318	(2,723)	8,983
Cash flows from financing activities					
Repayment of finance lease principal		-	(1,187)	-	(1,187)
Payment of dividends on ordinary shares		(4,583)	-	(4,583)	-
Net cash (used in) financing activities		(4,583)	(1,187)	(4,583)	(1,187)
Net (decrease)/increase in cash held		(3,231)	(2,060)	(3,231)	5,105
Cash at the beginning of the financial year		29,202	31,262	28,202	23,097
Cash at the end of the financial year	27(a)	25,971	29,202	24,971	28,202

The accompanying notes form an integral part of this Statement of Cash Flows.

JDV Limited and its controlled entities

Notes to the Financial Statements

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant policies which have been adopted in the preparation of these financial reports are:

(a) Basis of accounting

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 including applicable Accounting Standards. Other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) have also been complied with.

The financial report has been prepared in accordance with the historical cost convention.

(b) Changes in accounting policies

The accounting policies adopted are consistent with those of the previous year.

(c) Principles of consolidation

The consolidated financial statements are those of the consolidated entity, comprising JDV Limited (the parent company) and all entities that JDV Limited controlled from time to time during the year and at reporting date.

Information from the financial statements of subsidiaries is included from the date the parent company obtains control until such time as control ceases. Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which the parent company has control. Subsidiary acquisitions are accounted for using the purchase method of accounting.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

(d) Cash and cash equivalents

Cash on hand and in banks and short-term deposits are stated at nominal value.

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks, and money market investments readily convertible to cash within 2 working days, net of outstanding bank overdrafts.

Bank overdrafts are carried at the principal amount. Interest is recognised as an expense as it accrues.

JDV Limited and its controlled entities

Notes to the Financial Statements (continued)

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Receivables

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectible debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

Receivables from related parties are recognised and carried at the nominal amount due.

(f) Payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the consolidated entity.

Payables to related parties are carried at the principal amount.

(g) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Brokerage revenue earned from share trading is recognised on completion of the transaction.

Corporate advisory fees in respect of external advisory assignments are brought to account when the fee in respect of the services provided is receivable.

Interest income is recognised as it accrues.

Service income is brought to account where it can be reliably measured and where the right to be compensated for services and the stage of completion is reliably measured. Where the amount cannot be reliably measured revenue is recognised only to the extent that costs have been incurred.

Dividend income is recognised when it is received.

Where income has been received in advance of the service being provided it is recognised as unearned income in the Statement of Financial Position.

(h) Taxes

Income Tax

Tax-effect accounting is applied using the liability method whereby income tax is regarded as an expense and is calculated on the accounting profit after allowing for permanent differences. To the extent timing differences occur between the time items are recognised in the financial statements and when items are taken into account in determining taxable income, the net related taxation benefit or liability, calculated at current rates, is disclosed as a future income tax benefit or a provision for deferred income tax. The net future income tax benefit relating to tax losses and timing differences is not carried forward as an asset unless the benefit is virtually certain of being realised.

JDV Limited and its controlled entities

Notes to the Financial Statements (continued)

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the Australian Taxation Office (ATO), in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense items as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Statement of Financial Position.

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

(i) Other Financial Assets

Non-current

Controlled Entities

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

Associated Entities

Interests in associated entities are brought to account using the equity method. Under this method the investment in associates is initially recognised at its cost of acquisition and its carrying value is subsequently adjusted for increases and decreases in the investor's share of post acquisition results and reserves of the associate. The investment in associated entities is decreased by the amount of any dividend received or receivable. Investments in associates are carried at the lower of cost and recoverable amount in the accounts of the parent entity.

JDV Limited and its controlled entities

Notes to the Financial Statements (continued)

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Property, Plant and Equipment

Acquisitions

Items of property, plant and equipment are recorded at cost and depreciated as outlined below.

Carrying Values

Items of property, plant and equipment are carried at the lower of cost less accumulated depreciation, and recoverable amount.

Depreciation

Items of property, plant and equipment are depreciated over their estimated useful lives. The straight-line method of depreciation is used and assets are depreciated from the date of acquisition.

The depreciation rates used by each class of asset are as follows:

Class of fixed asset	2005 Depreciation rate	2004 Depreciation rate
Leasehold improvements	13%	13%
Fixtures and equipment	13 – 40%	13 – 40%
Leased assets	25%	25%

(k) Intangible assets

Intangible assets are carried at cost and amortised on a straight-line basis over their useful lives, being between three and five years.

(l) Recoverable Amounts of Non-Current Assets

All non-current assets are reviewed at least annually to determine whether their carrying amounts require write down to recoverable amount. Recoverable amount is determined using net cash flows which have not been discounted to present values.

(m) Employee Benefits

Wages, Salaries, Commissions, Annual Leave and Long Service Leave

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave, sick leave and long service leave.

Liabilities arising in respect of wages, salaries and commissions, annual leave, sick leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liability, are used.

JDV Limited and its controlled entities

Notes to the Financial Statements (continued)

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefit expenses and revenues arising in respect of the following categories:

- Wages, salaries and commissions, non-monetary benefits, annual leave, long service leave, sick leave and other leave benefits; and
- Other types of employee benefits

are recognised against profits on a net basis in their respective categories.

Superannuation

During the period 1 July 2004 to 30 June 2005, the company contributed 9% (2004: 9%) of salaries under the Superannuation Guarantee Act requirements. Contributions are charged when they fall due.

(n) Employee Share and Option Ownership Schemes

Certain employees are entitled to participate in share and option ownership schemes. The details of the schemes are described in Notes 18 and 23(c).

(o) Interest Bearing Liabilities

All loans are measured at the principal amount. Interest is charged as an expense as it accrues.

Finance lease liability is determined in accordance with the requirements of AASB 1008 "Leases."

(p) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating Leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are recognised as an expense on a straight-line basis.

Leasehold Improvements

The cost of improvements to or on leasehold property is capitalised, disclosed as leasehold improvements, and amortised over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is the shorter.

JDV Limited and its controlled entities

Notes to the Financial Statements (continued)

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Contributed equity

Issued and paid up capital is recognised at the fair value of the consideration received by the company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(r) Provisions

Provisions are recognised when the consolidated entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

Dividends

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

Surplus leased premises

A provision is made for non-cancellable operating lease rentals payable on surplus leased premises when it is determined that no substantive future benefit will be obtained from its occupancy. The amount provided is net of reliably measureable sub-lease revenues. The estimate is calculated based on discounted net future cash flows, using the interest rate implicit in the lease or an estimate thereof.

(s) Earnings per share

Basic EPS is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary share that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(t) Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

Prior year disclosures include income and expenses relating to the operations of the former Wealth Management and Corporate Finance divisions, which were operating for the period until 17 October 2003.

**JDV Limited
and its controlled entities**

Notes to the Financial Statements (continued)

	Consolidated		Parent	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
Note 2. OPERATING PROFIT				
Operating profit before income tax has been determined after crediting the following revenues and charging the following expenses:				
Revenues from operating activities				
Fees and commission income	28,410	32,464	28,410	33,030
Interest received – Margin Lending	-	14	-	-
Sundry income	118	105	118	105
	<u>28,528</u>	<u>32,583</u>	<u>28,528</u>	<u>33,135</u>
Revenues from non-operating activities				
Dividends received	-	1	-	1
Bad debts recovered	-	3	-	3
Proceeds on sale of investments	-	2,523	-	2,523
Interest from unrelated persons	1,446	1,329	1,446	1,148
	<u>1,446</u>	<u>3,856</u>	<u>1,446</u>	<u>3,675</u>
Revenues from debt forgiveness				
Debt forgiveness gain	-	-	5,950	-
	<u>-</u>	<u>-</u>	<u>5,950</u>	<u>-</u>
Expenses				
Items included in the profit for the year:				
Borrowing costs:				
- Other parties	6	49	6	49
Bad debts written off	342	43	342	43
Depreciation of fixtures and equipment	1043	1,332	1043	1,332
Amortisation of leasehold improvements	44	34	44	34
Amortisation of leased assets	-	223	-	223
Amortisation of intangible assets	300	-	89	-
Property, plant and equipment written off	248	3,328	248	3,328
Diminution of investments	-	-	-	106
Operating lease rental				
- Minimum lease payments	2,275	2,507	2,275	2,486
Net foreign exchange gain	-	(2)	-	(2)
Redundancy costs	136	1,427	136	1,280
Surplus lease space	-	235	-	235
Reversal of surplus lease space provision	-	(2,198)	-	(2,198)
Restructuring costs	-	1,050	-	1,050
Reversal of restructuring costs provision	(400)	-	(400)	-
Gain on sale of investments	-	(2,523)	-	(2,523)
Provision for diminution of value in investments	-	-	6,161	-
Takeover bid costs	1,473	-	1,473	-

**JDV Limited
and its controlled entities**

Notes to the Financial Statements (continued)

	Consolidated		Parent	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
Note 3. INCOME TAX EXPENSE				
The difference between income tax expense/(benefit) provided in the financial statements and the prima facie income tax expense is reconciled as follows:				
Operating profit	<u>4,680</u>	<u>1,821</u>	<u>4,680</u>	<u>2,311</u>
Prima facie tax thereon at 30% (2004: 30%)	1,404	546	1,404	693
Tax effect on permanent differences:				
Entertainment not deductible	3	3	3	3
Write down of investment in JDV Solutions Pty Ltd	<u>-</u>	<u>-</u>	<u>-</u>	<u>32</u>
Income tax adjusted for permanent differences	1,407	549	1,407	728
Utilisation of tax losses not previously recognised ¹	<u>(1,407)</u>	<u>(549)</u>	<u>(1,407)</u>	<u>(728)</u>
Total income tax expense/(benefit) attributable to operating profit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Note:

- 1 Utilisation of tax losses not previously recognised.
As at 30 June 2005, the consolidated entity has estimated unconfirmed unrecouped income tax losses of \$46,949,334 (2004: \$48,040,862) available to offset against future years' taxable income. The benefit of these losses of \$14,084,800 (2004: \$14,412,258) has not been brought to account, as realisation is not virtually certain. The benefit will only be obtained if:
- (i) the consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefits from the deductions for the losses to be realised;
 - (ii) the consolidated entity continues to comply with the conditions for deductibility imposed by the law; and
 - (iii) no changes in tax legislation adversely affect the consolidated entity in realising the benefit from the deductions for the losses.

Tax consolidation

As at the date that these financial statements were signed, the Directors of JDV Limited and its 100% owned subsidiaries have not made an election to form a tax consolidated group. JDV Limited is continuing to assess its position in this regard.

**JDV Limited
and its controlled entities**

Notes to the Financial Statements (continued)

	Consolidated		Parent	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
Note 4. DIVIDENDS PAID OR PROPOSED				
(a) Dividends paid during the year				
Franked dividends (5.1 cents per share)	<u>4,583</u>	<u>-</u>	<u>4,583</u>	<u>-</u>
(b) Dividends recognised as a liability				
Franked dividends (2.1 cents per share)	<u>1,918</u>	<u>1,821</u>	<u>1,918</u>	<u>1,821</u>
(c) Franking credit balance				
The amount of franking credits available for subsequent financial year are:				
- franking account balance as at the end of the financial year at 30% (2004: 30%)	9,085	9,865	8,294	9,074
- franking debits that will arise from the payment of dividends as at the end of the financial year	<u>(2,006)</u>	<u>(780)</u>	<u>(2,006)</u>	<u>(780)</u>
	<u>7,079</u>	<u>9,085</u>	<u>6,288</u>	<u>8,294</u>

The above available amounts are based on the balance of the dividend franking account at year-end adjusted for:

- (a) franking credits that will arise from the payment of the current tax liability
- (b) franking credits that the entity may be prevented from distributing in subsequent years.

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends.

The tax rate at which paid dividends have been franked is 30% (2004: 30%). Dividends proposed will be franked at the rate of 30% (2004: 30%).

Included within the consolidated franking account balance at 30 June 2005 are franking credits of \$483,052 relating to the subsidiaries of JDV Limited, the benefit of which will be lost if the group does not choose to consolidate for tax purposes.

**JDV Limited
and its controlled entities**

Notes to the Financial Statements (continued)

	Consolidated	
	2005	2004
	\$'000	\$'000
Note 5. EARNINGS PER SHARE		
Basic earnings per share	5.2	2.0
Diluted earnings per share (cents per share)	<u>5.2</u>	<u>2.0</u>
The following reflects the income and share data used in the calculations of basic and diluted earnings per share:		
Net profit	4,680	1,821
Earnings used in calculation of basic and diluted earnings per share	<u>4,680</u>	<u>1,821</u>
	Number of shares	Number of shares
Weighted average number of ordinary shares used in calculating basic earnings per share:	89,829,401	89,829,401
Share options	<u>902,429</u>	<u>487,378</u>
Adjusted Weighted average number of ordinary shares used in calculating diluted earnings per share:	<u>90,731,830</u>	<u>90,316,779</u>

Information concerning the classification of securities

For the purpose of calculating earnings per share and diluted earnings per share, ordinary shares includes all ordinary shares on issue (being the only class of share on issue) and potential ordinary shares includes all options to acquire ordinary shares on issue.

**JDV Limited
and its controlled entities**

Notes to the Financial Statements (continued)

Note 6. SEGMENT REPORTING

Business Segments	Corporate Finance \$'000		JDV \$'000		Wealth Management \$'000		Totals \$'000	
	2005	2004	2005	2004	2005	2004	2005	2004
	Revenue							
Sales to customers outside the consolidated entity	-	588	28,528	24,967	-	7,028	28,528	32,583
Other revenues from customers outside the consolidated entity	-	-	1,446	3,695	-	161	1,446	3,856
Total segment revenues	-	588	29,974	28,662	-	7,189	29,974	36,439
Intersegmental revenues	-	(457)	-	-	-	457	-	-
Total consolidated revenue	-	131	29,974	28,662	-	7,646	29,974	36,439
Results								
Segment result	-	(252)	3,234	2,798	-	(2,051)	3,234	495
Interest income/(unallocated result)	-	-	1,446	1,326	-	-	1,446	1,326
Consolidated entity profit/(loss) from ordinary activities before income tax expense	-	(252)	4,680	4,124	-	(2,051)	4,680	1,821
Consolidated entity profit from ordinary activities after income tax expense							4,680	1,821
Assets								
Segment assets	-	-	74,315	56,681	-	-	74,315	56,681
Total assets	-	-	74,315	56,681	-	-	74,315	56,681
Liabilities								
Segment liabilities	-	-	47,564	29,930	-	-	47,564	29,930
Total liabilities	-	-	47,564	29,930	-	-	47,564	29,930
Other segment information								
Acquisition of property, plant and equipment, intangible assets and other non-current assets	-	-	2,973	1,251	-	-	2,973	1,251
Depreciation/amortisation	-	-	1,387	1,585	-	4	1,387	1,589

Intersegment services are provided at cost.

The consolidated entity operates within the financial services industry in Australia and, in respect of the financial year ended 30 June 2004, was comprised of three business areas:

- The Wealth Management business offered advisory services, stockbroking and associated financial services.
- The Corporate Finance business offered services in relation to equity capital markets, and mergers and acquisitions.
- The JDV business offers development and integration of software for the financial services industry, provision of transaction processing services for equities, margin lending, portfolio reporting and taxation calculations.

JDV divested itself from the Wealth Management and Corporate Finance divisions in October 2003. This table is provided for comparative purposes only.

JDV has no geographic segments, and only operates from one location.

**JDV Limited
and its controlled entities**

Notes to the Financial Statements (continued)

Note 7. AUDITORS' REMUNERATION

	Consolidated		Parent	
	2005 \$	2004 \$	2005 \$	2004 \$
Amounts received or due and receivable for the audit and review of the financial report:				
- Ernst & Young	114,500	120,000	114,500	120,000
Total	<u>114,500</u>	<u>120,000</u>	<u>114,500</u>	<u>120,000</u>
Amounts received or due and receivable by the auditor for other services:				
- Ernst & Young taxation services	115,100	88,194	115,100	88,194
- Ernst & Young other services	120,740	55,040	120,740	55,040
Total	<u>235,840</u>	<u>143,234</u>	<u>235,840</u>	<u>143,234</u>

	Consolidated		Parent	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Note 8. RECEIVABLES				
Trade amounts owing by: ¹				
Related parties				
- Associated entities	-	8	-	8
Other unrelated persons	23,272	5,573	23,272	5,573
Provision for doubtful debts	(370)	(145)	(370)	(145)
Trade debtors (net)	22,902	5,436	22,902	5,436
Client trust funds ²	19,054	16,870	19,054	16,870
Other unrelated persons	257	445	257	445
Total receivables	<u>42,213</u>	<u>22,751</u>	<u>42,213</u>	<u>22,751</u>

Notes:

- The trade debtors are a combination of non-interest bearing debtors on T+1 and T+3 day terms and other trade debtors generally on 30-day terms. Transactions are at arms length.
- The client trust funds are held on trust for clients who use this money to receive and pay for executed trades.

Note 9. OTHER ASSETS (CURRENT)

Prepayments	752	625	752	625
Accrued revenue	1,901	1,963	1,901	1,963
Total other assets (current)	<u>2,653</u>	<u>2,588</u>	<u>2,653</u>	<u>2,588</u>

Note 10. OTHER FINANCIAL ASSETS (NON-CURRENT)

Non-current				
Shares in controlled entities	21	-	8,800	8,000
Provision for diminution of investments	-	-	(7,211)	(1,050)
Total other financial assets (non-current)	<u>-</u>	<u>-</u>	<u>1,589</u>	<u>6,950</u>

**JDV Limited
and its controlled entities**

Notes to the Financial Statements (continued)

	Consolidated		Parent	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
Note 11. PROPERTY, PLANT AND EQUIPMENT				
Leasehold Improvements				
At cost				
Opening balance	1,592	1,516	1,592	1,516
Additions	-	131	-	131
Amount written off	-	(55)	-	(55)
Disposals	-	-	-	-
Closing balance	<u>1,592</u>	<u>1,592</u>	<u>1,592</u>	<u>1,592</u>
Accumulated amortisation				
Opening balance	(1,398)	(1,364)	(1,398)	(1,364)
Amortisation	(44)	(34)	(44)	(34)
Closing balance	<u>(1,442)</u>	<u>(1,398)</u>	<u>(1,442)</u>	<u>(1,398)</u>
Net book value	<u>150</u>	<u>194</u>	<u>150</u>	<u>194</u>
Fixtures and Equipment				
At cost				
Opening balance	20,849	21,818	20,849	21,818
Additions	1,229	1,120	1,229	1,120
Amount written off	(248)	(2,043)	(248)	(2,043)
Disposals	-	(46)	-	(46)
Closing balance	<u>21,830</u>	<u>20,849</u>	<u>21,830</u>	<u>20,849</u>
Accumulated depreciation				
Opening balance	(18,903)	(17,571)	(18,903)	(17,571)
Depreciation	(1,043)	(1,332)	(1,043)	(1,332)
Closing balance	<u>(19,946)</u>	<u>(18,903)</u>	<u>(19,946)</u>	<u>(18,903)</u>
Net book value	<u>1,884</u>	<u>1,946</u>	<u>1,884</u>	<u>1,946</u>
Leased Assets				
At cost				
Opening balance	1,239	2,469	1,239	2,469
Additions	-	-	-	-
Amount written off	-	(1,230)	-	(1,230)
Disposals	-	-	-	-
Closing balance	<u>1,239</u>	<u>1,239</u>	<u>1,239</u>	<u>1,239</u>
Accumulated amortisation				
Opening balance	(1,239)	(1,016)	(1,239)	(1,016)
Amortisation	-	(223)	-	(223)
Closing balance	<u>(1,239)</u>	<u>(1,239)</u>	<u>(1,239)</u>	<u>(1,239)</u>
Net book value	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total property, plant and equipment	<u>24,661</u>	<u>23,680</u>	<u>24,661</u>	<u>23,680</u>
Accumulated depreciation and amortisation	<u>(22,627)</u>	<u>(21,540)</u>	<u>(22,627)</u>	<u>(21,540)</u>
Total written down amount	<u>2,034</u>	<u>2,140</u>	<u>2,034</u>	<u>2,140</u>

**JDV Limited
and its controlled entities**

Notes to the Financial Statements (continued)

	Consolidated		Parent	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
Note 12. INTANGIBLE ASSETS				
Project development costs				
At cost				
Opening balance	-	-	-	-
Additions	944	-	944	-
Closing balance	<u>944</u>	<u>-</u>	<u>944</u>	<u>-</u>
Accumulated amortisation				
Opening balance	-	-	-	-
Amortisation	(89)	-	(89)	-
Closing balance	<u>(89)</u>	<u>-</u>	<u>(89)</u>	<u>-</u>
Net book value	<u>855</u>	<u>-</u>	<u>855</u>	<u>-</u>
Acquired software				
At cost				
Opening balance	-	-	-	-
Additions	800	-	-	-
Closing balance	<u>800</u>	<u>-</u>	<u>-</u>	<u>-</u>
Accumulated amortisation				
Opening balance	-	-	-	-
Amortisation	(211)	-	-	-
Closing balance	<u>(211)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net book value	<u>589</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total intangible assets	<u>1,744</u>	<u>-</u>	<u>944</u>	<u>-</u>
Accumulated amortisation	<u>(300)</u>	<u>-</u>	<u>(89)</u>	<u>-</u>
Total written down amount	<u><u>1,444</u></u>	<u><u>-</u></u>	<u><u>855</u></u>	<u><u>-</u></u>

**JDV Limited
and its controlled entities**

Notes to the Financial Statements (continued)

	Note	Consolidated		Parent	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Note 13. PAYABLES (CURRENT)					
Trade creditors (unsecured) owed to:					
Other unrelated parties ¹		40,256	20,986	40,256	20,986
Loan – Controlled entity (unsecured) ²		-	-	-	5,950
Trade creditors (net)		<u>40,256</u>	<u>20,986</u>	<u>40,256</u>	<u>26,936</u>
Dividends declared		1,918	1,821	1,918	1,821
Sundry creditors and accruals owed to:					
Other unrelated parties		<u>3,399</u>	<u>3,551</u>	<u>3,399</u>	<u>3,551</u>
Total payables (current)		<u><u>45,573</u></u>	<u><u>26,358</u></u>	<u><u>45,573</u></u>	<u><u>32,308</u></u>

Notes:

- 1 Trade creditors and sundry creditors and accruals are non-interest bearing and are normally on 30-day terms.
2 The unsecured loan is interest free and repayable on demand.

Note 14. PROVISIONS (CURRENT)

Employee benefits	20	551	500	551	500
Surplus lease space	14(a), 24	111	235	111	235
Legacy provision	14(b)	<u>1,014</u>	<u>2,584</u>	<u>1,014</u>	<u>2,584</u>
Total provisions (current)		<u><u>1,676</u></u>	<u><u>3,319</u></u>	<u><u>1,676</u></u>	<u><u>3,319</u></u>

(a) Surplus Lease Space

A provision is made for non-cancellable operating lease rentals payable on surplus leased premises when it is determined that no substantive future benefit will be obtained from its occupancy. The amount provided is net of reliably measurable sub-lease revenues. The estimate is calculated based on discounted net future cash flows, using the interest rate implicit in the lease or an estimate thereof.

Movement in the Surplus Lease Space Provision:

Carrying amount at the beginning of the year		235	9,646	235	9,646
Additional provision		-	245	-	245
Amount utilised during the year		(124)	(7,458)	(124)	(7,458)
Reversal of provision during the year		<u>-</u>	<u>(2,198)</u>	<u>-</u>	<u>(2,198)</u>
Carrying amount at the end of the year		<u><u>111</u></u>	<u><u>235</u></u>	<u><u>111</u></u>	<u><u>235</u></u>

**JDV Limited
and its controlled entities**

Notes to the Financial Statements (continued)

	Note	Consolidated		Parent	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
(b) Legacy Dispute Resolution Costs					
Provisions are recognised when the consolidated entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities or employees as a result of past transactions or other past events. It is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.					
A provision for the expected costs associated with the potential litigation in respect of former clients and employees of the discontinued Wealth Management business was recognised in the 2004 financial year. The provision is regularly reviewed by the Directors and is based on the best current estimate of the direct expenditures to be incurred, which are both directly and necessarily caused by the defence of these claims and not associated with the on-going activities of the consolidated entity.					
Movement in the Legacy Provision:					
Carrying amount at the beginning of the year		2,584	2,645	2,584	2,645
Additional provision		-	1,050	-	1,050
Amount utilised during the year		(1,170)	(1,111)	(1,170)	(1,111)
Reversal of provision during the year		(400)	-	(400)	-
Carrying amount at the end of the year		<u>1,014</u>	<u>2,584</u>	<u>1,014</u>	<u>2,584</u>
Note 15. OTHER LIABILITIES (CURRENT)					
Unearned income		<u>225</u>	<u>225</u>	<u>225</u>	<u>225</u>
Total other liabilities (current)		<u>225</u>	<u>225</u>	<u>225</u>	<u>225</u>
Note 16. PAYABLES (NON-CURRENT)					
Trade creditors (unsecured) owed to:					
Other unrelated parties		<u>50</u>	<u>-</u>	<u>50</u>	<u>-</u>
Total payables (non-current)		<u>50</u>	<u>-</u>	<u>50</u>	<u>-</u>
Note 17. PROVISIONS (NON-CURRENT)					
Employee benefits	20	<u>40</u>	<u>28</u>	<u>40</u>	<u>28</u>
Total provisions (non-current)		<u>40</u>	<u>28</u>	<u>40</u>	<u>28</u>

**JDV Limited
and its controlled entities**

Notes to the Financial Statements (continued)

Note 18. CONTRIBUTED EQUITY

	Company			
	2005		2004	
	\$'000	#'000	\$'000	#'000
(a) Issued and paid up capital				
89,829,401 ordinary shares (2004: 89,829,401 ordinary shares)	75,430	89,829	75,430	89,829
(b) Movements in ordinary share capital				
Balance at the beginning of the financial year	75,430	89,829	75,430	89,829
Balance at the end of the financial year	75,430	89,829	75,430	89,829

(c) Share options

At the discretion of the Board, other JDV employees may also participate in the Executive Share Option Plan detailed on page 18 of the Directors' Report, on the same terms and conditions as are available to executives.

Information with respect to the number of options granted under the options scheme is as follows:

	2005 #	2004 #
On issue at beginning of year	2,285,000	535,000
Issued during the year:		
November 2003	-	1,000,000
January 2004	-	600,000
February 2004	-	150,000
July 2004	350,000	-
March 2005	50,000	-
Cancelled during the year	(400,000)	-
Expired during the year	(485,000)	-
Outstanding at balance date	1,800,000	2,285,000
Issued after the balance date:		
July 2004	-	350,000
Outstanding at date of Directors' report	1,800,000	2,635,000
Number of recipients	9	12

(d) Terms and conditions of contributed equity

Ordinary shares

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

**JDV Limited
and its controlled entities**

Notes to the Financial Statements (continued)

Note 19. RESERVES AND RETAINED PROFITS

	Consolidated		Parent	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Movements in accumulated losses				
Balance at beginning of financial year	(48,679)	(48,679)	(48,679)	(49,169)
Net profit attributed to members of JDV Limited	4,680	1,821	4,680	2,311
Dividends paid	(2,762)	-	(2,762)	-
Dividends payable	(1,918)	(1,821)	(1,918)	(1,821)
Balance at end of financial year	<u>(48,679)</u>	<u>(48,679)</u>	<u>(48,679)</u>	<u>(48,679)</u>

Note 20. EMPLOYEE BENEFITS

	Consolidated		Parent	
	2005 #	2004 #	2005 #	2004 #
The number of full-time equivalents employed as at 30 June were:	<u>140</u>	<u>147</u>	<u>140</u>	<u>147</u>

	Consolidated		Parent	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Aggregate employee benefits liability (refer notes 14 and 17)	<u>591</u>	<u>528</u>	<u>591</u>	<u>528</u>

Note 21. PARTICULARS IN RELATION TO CONTROLLED ENTITIES

Name	Class of share	Interest held		Amount of investment	
		2005 %	2004 %	2005 \$	2004 \$
Controlled entities – direct					
JDV Solutions Pty Ltd	Ordinary	100	100	1,000,000	6,950,223
JDV Settlements Nominees Pty Ltd	Ordinary	100	100	3	3
JDV Stock Holdings Pty Ltd	Ordinary	100	100	2	2
JDV Nominee Holdings Pty Ltd	Ordinary	100	100	-	-
NetworthTech Pty Ltd	Ordinary	100	35	589,000	-
008804671 Pty Ltd ¹	'A' & 'B'	Nil	100	-	-
008830288 Pty Ltd ²	Ordinary	Nil	100	-	-
092334177 Limited ³	Ordinary	Nil	100	-	-
JDV Nominees Pty Ltd ⁴	Ordinary	Nil	100	-	-
JDV Holdings Pty Ltd ⁵	Ordinary	Nil	100	-	-
Total				1,589,005	6,950,228

Notes:

- 1 Formerly Poynton Corporate Pty Ltd. De-registered 24 October 2004
- 2 Formerly Poynton Investments Pty Ltd. De-registered 18 April 2004
- 3 Formerly Poyntons Limited. De-registered 18 April 2004
- 4 De-registered 18 April 2004
- 5 De-registered 18 April 2004

All controlled entities were incorporated in Australia.

**JDV Limited
and its controlled entities**

Notes to the Financial Statements (continued)

Note 22. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Details of material interests in associated entities are as follows:

Name and principal activities	Reporting date of associate		Ownership interest At associate's reporting date		Carrying amount	
	2005	2004	2005	2004	2005	2004
					\$'000	\$'000
NetWorthTech Pty Ltd – Software development	N/A	30 Jun	100%	35%	-	-
					Consolidated	
					2005	2004
					\$'000	\$'000
Share of associate's assets and liabilities						
Current assets					-	17
Non-current assets					-	12
Current liabilities					-	(7)
Non-current liabilities					-	(4)
Net Assets					<u>-</u>	<u>18</u>
Retained losses of the consolidated entity attributable to associate						
Balance at the beginning of the financial year					-	(120)
Share of associate's net losses					-	-
Balance at the end of the financial year					<u>-</u>	<u>(120)</u>

On 17 September 2004, JDV completed its acquisition of NetworthTech Pty Ltd. Accordingly, NetworthTech Pty Ltd became a controlled entity, and the consolidated entity ceased equity accounting of this investment on this date. Refer to notes 21 and 27(c)

JDV Limited and its controlled entities

Notes to the Financial Statements (continued)

Note 23. DIRECTOR AND EXECUTIVE DISCLOSURES

(a) Details of Specified Directors and Specified Executives

(i) Specified Directors

The following persons held the position of director of JDV during the financial year:

P J Mansell	Chairman (non-executive)
P S Horne	Managing Director
I R Atlas	Director (non-executive)
F D Campbell	Director (non-executive)
D C Clarke	Director (non-executive) – resigned 18 February 2005
P M Payn	Director (non-executive) – appointed 18 February 2005
J Placido	Director (non-executive)
C M Winograd	Director (non-executive)

(ii) Specified Executives

The following persons were the officers of the company and the consolidated entity during the financial year:

D I Bowles	Chief Operating Officer
A M Brittain	Head of Sales and Product
P B Salis	Chief Financial Officer
G Berg	Company Secretary
J Simmonds	Head of Business Management – resigned 13 May 2005

(b) Remuneration of Specified Directors and Specified Executives

(i) Remuneration Policy

A Remuneration and Nomination Committee of the Board of Directors is responsible for determining and reviewing compensation arrangements for the directors, the chief executive officer and the executive team. The committee assesses the appropriateness of the nature and amount of emoluments and recommends to the board the remuneration policies and packages for the directors and executive officers. As a result, the Remuneration and Nomination Committee links that nature and amount of directors' and officers' emoluments to the company's financial and operational performance. Executive directors and senior executives may receive bonuses either in addition to the base emolument or as the sole form of remuneration based upon the company's and their performance. Executives are also provided with longer-term incentives through the employee share ownership and options schemes, which act to align the executive's actions with the interests of the shareholders.

**JDV Limited
and its controlled entities**

Notes to the Financial Statements (continued)

Note 23. DIRECTOR AND EXECUTIVE DISCLOSURES (continued)

(ii) Remuneration of Specified Directors and Specified Executives

Specified Directors	Year	Primary benefits		Post Employment		Equity	Other	Total
		Salary & Fees	Non Monetary Benefits	Super-annuation	Retirement Benefits	Options	Bonuses	Total
		\$	\$	\$	\$	\$	\$	\$
P J Mansell	2005	83,198	-	7,488	-	-	-	90,686
	2004	66,667	-	6,000	-	-	-	72,667
P S Horne	2005	248,378	65,037	11,585	-	249,327 ¹	425,000	999,327
	2004	249,038	-	11,002	-	23,691 ¹	125,000	408,731
F D Campbell	2005	67,300	-	-	-	-	-	67,300
	2004	44,000	-	-	-	-	-	44,000
I R Atlas	2005	-	-	-	-	-	-	-
	2004	-	-	-	-	-	-	-
D C Clarke	2005	-	-	-	-	-	-	-
	2004	-	-	-	-	-	-	-
P M Payn	2005	-	-	-	-	-	-	-
	2004	-	-	-	-	-	-	-
J Placido	2005	-	-	-	-	-	-	-
	2004	-	-	-	-	-	-	-
C M Winograd	2005	-	-	-	-	-	-	-
	2004	-	-	-	-	-	-	-
Total Remuneration: Specified Directors								
	2005	398,876	65,037	19,073	-	249,327	425,000	1,157,313
	2004	359,705	-	17,002	-	23,691	125,000	525,398

Note:

- 1 The remuneration figures in respect of the option income have been impacted by the requirements of AASB 1046 "Director and Executive Disclosures by Disclosing Entities", in accordance with which an earlier than anticipated vesting date of the options resulted in the recognition of a larger proportion of the option value, than would otherwise be the case, in the current financial year.
- As disclosed on page 22 of the Director's Report, these options were due to vest at 30 June 2006 and 30 June 2007, but as a result of the IWL takeover, the options vested on 8 August 2005, and therefore almost all of the value has been recorded in the current financial year.

JDV Limited and its controlled entities

Notes to the Financial Statements (continued)

Note 23. DIRECTOR AND EXECUTIVE DISCLOSURES (continued)

(ii) Remuneration of Specified Directors and Specified Executives (continued)

Specified Executives	Year	Primary benefits		Post Employment		Equity	Other	Total
		Salary & Fees	Non Monetary Benefits	Super-annuation	Retirement Benefits	Options	Bonuses	Total
		\$	\$	\$	\$	\$	\$	\$
D I Bowles	2005	168,512	-	11,955	-	59,135 ¹	45,000	284,602
	2004	154,547	-	11,002	-	4,047 ¹	35,000	204,596
A M Brittain	2005	134,782	-	16,134	-	44,823 ¹	30,000	225,739
	2004	122,723	-	14,456	-	4,047 ¹	25,000	166,226
P B Salis	2005	134,574	1,492	14,753	-	59,227 ¹	87,500	297,546
	2004	100,752	166	9,083	-	4,047 ¹	40,000	154,048
G Berg	2005	119,460	-	-	-	-	49,784	169,244
	2004	99,472	-	-	-	-	20,000	119,472
J Simmonds ²	2005	152,240	55	9,891	-	-	5,000	167,186
	2004	116,426	-	10,304	-	-	16,000	142,730
Total Remuneration: Specified Executives								
	2005	709,568	1,547	52,733	-	163,185	217,284	1,144,317
	2004	593,920	166	44,845	-	12,141	136,000	787,072

Notes:

- The remuneration figures in respect of the option income have been impacted by the requirements of AASB 1046 "Director and Executive Disclosures by Disclosing Entities", in accordance with which an earlier than anticipated vesting date of the options resulted in the recognition of a larger proportion of the option value, than would otherwise be the case, in the current financial year.
As disclosed on page 22 of the Director's Report, these options were due to vest at 30 June 2006 and 30 June 2007, but as a result of the IWL takeover, the options vested on 8 August 2005, and therefore almost all of the value has been recorded in the current financial year.
- Mr Simmonds ceased employment with JDV on 13 May 2005. Salary and fees includes a termination payment of \$53,201. Options granted in 2004 were forfeited on termination of employment.

(c) Remuneration options: Granted during the year

During the financial year, options were granted as equity compensation benefits to certain specified directors and specified executives, as disclosed below. The options were issued free of charge. Each option entitles the holder to subscribe for one fully paid ordinary share in the entity at the exercise price noted below.

Specified Executives	Vested Number	Granted Number	Grant date	Terms and Conditions for Each Grant			
				Value per option at grant date	Exercise Price per share	First Exercise Date	Last Exercise Date
				\$	\$		
D I Bowles	-	50,000	12 July 2004	\$0.31	\$0.67	30 Jun 2006	30 Jun 2009
P B Salis	-	50,000	21 Mar 2005	\$0.38	\$0.67	30 Jun 2006	30 Jun 2009
Total	-	100,000					

JDV Limited and its controlled entities

Notes to the Financial Statements (continued)

Note 23. DIRECTOR AND EXECUTIVE DISCLOSURES (continued)

(d) Option holdings of specified directors and specified executives

	Balance at beginning of period	Granted as Remuneration	Options Exercised	Net Change Other	Balance at end of period	Vested at 30 June 2005		
	1 July 2004			#	30 June 2005	Total	Not exercisable	Exercisable
Specified Directors								
P S Horne	1,000,000	-	-	-	1,000,000	-	-	-
Specified Executives								
D I Bowles	225,000	50,000	-	(75,000)	200,000	-	-	-
A M Brittain	150,000	-	-	-	150,000	-	-	-
P B Salis	150,000	50,000	-	-	200,000	-	-	-
J Simmonds	150,000	-	-	(150,000)	-	-	-	-
Total	1,675,000	100,000	-	(225,000)	1,550,000	-	-	-

(e) Shareholdings of specified directors and specified executives

<i>Shares held in JDV Limited</i>	Balance 1 July 2004		Granted as Remuneration		On Exercise of Options		Net Change Other		Balance 30 June 2005		
	Ord.	Pref.	Ord.	Pref.	Ord.	Pref.	Ord.	Pref.	Ord.	Pref.	
Specified Directors											
P J Mansell	100,000	-	-	-	-	-	-	-	-	100,000	-
Specified Executives											
D I Bowles	3,209	-	-	-	-	-	724	-	3,933	-	
A M Brittain	1,195	-	-	-	-	-	724	-	1,919	-	
Total	104,404	-	-	-	-	-	1,448	-	105,852	-	

(f) Other transactions and balances with specified directors and specified executives

During the period to 30 June 2005, the company paid \$555,272 (2004: \$609,124) to Freehills, a company related to Mr Mansell, for legal services on an arm's length basis in accordance with normal terms and conditions. At 30 June 2005, an amount of \$54,195 (2004: \$53,839) remained payable, forming part of the balance of trade creditors.

During the period to 30 June 2005, the company paid director's fees of \$67,300 (2004: \$44,000) to Claisebrook Rentals, a company associated with Mr Campbell. These transactions were on an arm's length basis in accordance with normal terms and conditions. At 30 June 2005, no amounts remained payable (2004: \$4,000). This amount has been included in the remuneration disclosure.

Ms Atlas is the Group Executive, People and Performance and Ms Payn is the General Manager, Group Finance at Westpac Banking Corporation. Mr Clarke was the Chief Executive Officer of BT Financial Group and a director of JDV Limited until 18 February 2005. Transactions with Westpac Banking Corporation (Westpac) during the year were on an arm's length basis in accordance with normal terms and conditions. These transactions included receiving commissions, receiving fees for software development, maintenance and consulting services, provision of outsourcing services and payment of interest and facility fees totalling \$14,575,842 (2004: \$13,159,437). At 30 June 2005, an amount of \$1,639,285 (2004: \$1,695,182) remained receivable, forming part of the balance of trade receivables.

**JDV Limited
and its controlled entities**

Notes to the Financial Statements (continued)

	Note	Consolidated		Parent	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Note 24. COMMITMENTS					
<i>Lease Rental Commitments</i>					
(i) Future operating lease rentals of premises not provided for in the financial statements and payable:					
- Not later than 1 year		758	800	758	800
- Later than 1 year but not later than 5 years		489	2,079	489	2,079
		<u>1,247</u>	<u>2,879</u>	<u>1,247</u>	<u>2,879</u>
(ii) Future operating lease rentals of premises provided for in the financial statements as Surplus Lease Space and payable:					
- Not later than 1 year	14	111	235	111	235
		<u>111</u>	<u>235</u>	<u>111</u>	<u>235</u>
(iii) Future other rental payments for computer equipment not provided in the financial statements and payable:					
- Not later than 1 year		230	523	230	523
- Later than 1 year but not later than 5 years		-	230	-	230
		<u>230</u>	<u>753</u>	<u>230</u>	<u>753</u>
Total Lease Rental Commitments		<u>1,588</u>	<u>3,867</u>	<u>1,588</u>	<u>3,867</u>

Operating leases are entered into as a means of acquiring access to commercial premises and computer equipment. Rental payments are generally fixed, but with inflation escalation clauses on which contingent rentals are determined. No renewal or purchase options exist in relation to operating leases and no operating leases contain restrictions on financing or other leasing activities.

Maintenance Contracts

Computer maintenance contracts					
- Not later than 1 year		115	115	115	115
- Later than 1 year but not later than 5 years		106	221	106	221
		<u>221</u>	<u>336</u>	<u>221</u>	<u>336</u>

**JDV Limited
and its controlled entities**

Notes to the Financial Statements (continued)

Note 25. CONTINGENT LIABILITIES

The best estimate of likely financial liability in respect of litigation associated with former clients and employees of the discontinued operations has been provided for in the financial statements. JDV is actively managing and defending all claims. Disclosure of any further information about these matters would be prejudicial to the interests of the company.

	Consolidated		Parent	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Guarantees to other parties	1,208	1,208	1,208	208

Includes bank guarantees in relation to operating leases for premises and credit card facilities.

Note 26. RELATED PARTY DISCLOSURES

(a) Ultimate Parent Company

JDV Limited is the ultimate parent company.

(b) Transactions with Related Parties in the Wholly Owned Group

Inter-Company Balances

No amounts were payable to wholly owned controlled entities by the company at balance date. (2004: \$5,950,223)

Note 27. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand and at bank and short term deposits at call, net of outstanding bank overdrafts. Cash as at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	Consolidated		Parent	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Cash – interest bearing ^{1,2}	25,971	29,202	24,971	28,202
Cash	25,971	29,202	24,971	28,202

Notes:

- Cash amounts are held with banks in interest bearing accounts. At year-end, the average rate was 5.29% (2004: 4.91%).
- \$5m of cash is encumbered as security for the bank overdraft facility (undrawn at 30 June 2005), lease facilities and bank guarantees.

**JDV Limited
and its controlled entities**

Notes to the Financial Statements (continued)

Note 27. NOTES TO THE STATEMENT OF CASH FLOWS (continued)

	Consolidated		Parent	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
(b) Reconciliation of Net Profit After Income Tax to Net Cash (Used in)/Provided by Operating Activities				
Operating profit after income tax	4,680	1,821	4,680	2,311
Non-cash items				
Depreciation and amortisation	1,387	1,589	1,176	1,589
Plant and equipment written off	248	3,328	248	3,328
Impairment of assets	-	-	211	-
Surplus lease space	-	235	-	235
Legal dispute resolution provision	(400)	1,050	(400)	1050
Diminution of investments	-	-	-	107
(Profit)/Loss on sale of investments	-	(2,523)	-	(2,523)
Change in assets and liabilities				
(Increase)/Decrease in assets				
– trade debtors	(19,650)	4,228	(19,650)	3,358
– sundry debtors	188	11,802	188	11,382
– current asset investments	-	293	-	293
– prepayments	(127)	653	(127)	649
– accrued revenue	62	(499)	62	(502)
(Decrease)/Increase in liabilities				
– trade creditors	19,070	(7,147)	19,070	(7,147)
– sundry creditors and accruals	(152)	(3,809)	(152)	(3,670)
– employee entitlements	63	(1,494)	63	(1,433)
– unearned income	-	(826)	-	(826)
– provisions	(1,294)	(10,892)	(1,294)	(10,892)
Net cash (used in)/provided by operating activities	<u>4,075</u>	<u>(2,191)</u>	<u>4,075</u>	<u>(2,691)</u>

(c) Acquisition of controlled entity

On 17 September 2004, JDV Limited completed its acquisition of NetworkTech Pty Ltd. NetworkTech is the supplier of Networth, the specialised tax management and portfolio administration software that is used by JDV in its equities portfolio platform. JDV was a 35% shareholder of NetworkTech and held an option to acquire all of the remaining shares. Following the negotiation of mutually acceptable changes to the terms of the option, JDV has exercised this option, at a total cost of \$800,000, and now owns all of the issued shares in NetworkTech. Of the total cost, \$400,000 was paid up front, and the remainder is payable in quarterly instalments over two years, with the final instalment payable in September 2006.

**JDV Limited
and its controlled entities**

Notes to the Financial Statements (continued)

Note 27. NOTES TO THE STATEMENT OF CASH FLOWS (continued)

Consideration	\$'000
- cash paid ¹	550
- cash deferred	250
	<u>800</u>

Notes

1. As at 30 June 2005, \$550,000 has been paid in consideration of the acquisition of NetworthTech.

Fair value of assets and liabilities acquired:

Consideration	\$'000
- intangibles	800
	<u>800</u>

Note 28. FINANCING ARRANGEMENTS

At balance date, the consolidated entity has access to the following financing facilities:

2005	Consolidated			Parent		
	Accessible	Drawn down	Unused	Accessible	Drawn down	Unused
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Bank overdraft facility ¹	5,000	-	5,000	5,000	-	5,000
Total financing facilities ²	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>

2004	Consolidated			Parent		
	Accessible	Drawn down	Unused	Accessible	Drawn down	Unused
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Bank overdraft facility ¹	5,000	-	5,000	5,000	-	5,000
Total financing facilities ²	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>

Notes:

- 1 This facility expires on 30 November 2005 (2004: 30 November 2004). Interest rate is 2% above the Term Deposit Rate set by the bank. Security for the overdraft facility is cash on deposit.
- 2 All the consolidated entity's facilities are subject to annual review and subject to cancellation at either party's election at each review date or upon expiry of each arrangement.

**JDV Limited
and its controlled entities**

Notes to the Financial Statements (continued)

Note 29. FINANCIAL INSTRUMENTS

(a) Interest Rate Risk Exposures

The consolidated entity is exposed to interest rate risk through primary financial assets and liabilities. The following table summarises interest rate risk for the consolidated entity, together with effective interest rates as at balance date.

2005	Floating interest rate (a) \$'000	Fixed interest rate maturing in			Non- interest bearing \$'000	Total \$'000	Average interest rate	
		1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000			Floating ¹	Fixed
Financial assets								
Cash	25,971	-	-	-	-	25,971	5.54%	
Client trust funds	19,054	-	-	-	-	19,054	5.00%	
Trade debtors	-	-	-	-	22,902	22,902		
Non-trade debtors and loans	-	-	-	-	257	257		
Total financial assets	45,025	-	-	-	23,159	68,184		
Financial liabilities								
Trade creditors	-	-	-	-	40,256	40,256		
Dividends declared	-	-	-	-	1,918	1,918		
Other creditors	-	-	-	-	3,399	3,399		
Total financial liabilities	-	-	-	-	45,573	45,573		
Net financial assets	45,025	-	-	-	(22,414)	22,611		

2004	Floating interest rate (a) \$'000	Fixed interest rate maturing in			Non- interest bearing \$'000	Total \$'000	Average interest rate	
		1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000			Floating ¹	Fixed
Financial assets								
Cash	29,202	-	-	-	-	29,202	4.39%	
Client trust funds	16,870	-	-	-	-	16,870	4.75%	
Trade debtors	-	-	-	-	5,436	5,436		
Non-trade debtors and loans	-	-	-	-	445	445		
Total financial assets	46,072	-	-	-	5,881	51,953		
Financial liabilities								
Trade creditors	-	-	-	-	20,986	20,986		
Dividends declared	-	-	-	-	1,821	1,821		
Other creditors	-	-	-	-	3,551	3,551		
Total financial liabilities	-	-	-	-	26,358	26,358		
Net financial assets	46,072	-	-	-	(20,477)	25,595		

Note:

1 Floating interest rates represent the most recently determined rate applicable to the instrument at balance date.

JDV Limited and its controlled entities

Notes to the Financial Statements (continued)

Note 29. FINANCIAL INSTRUMENTS (continued)

(b) Credit risk exposures

The consolidated entity's maximum exposures to credit risk at balance date in relation to each class of recognised financial assets, is the carrying amount of those assets as indicated in the Statement of Financial Position.

The company minimises concentrations of risk in relation to trade accounts receivable by undertaking transactions with large numbers of customers. However, the majority of customers are concentrated in Australia.

Credit risk in trade receivables is managed by ensuring strict payment terms and applying a risk assessment process for new customers.

(c) Net fair values

The carrying amounts and estimated net fair values of financial assets and financial liabilities held at balance date are recognised in the Statement of Financial Position at their net fair values. The net fair value of a financial asset or a financial liability is the amount at which the asset could be exchanged, or liability settled in a current transaction between willing parties after allowing for transaction costs.

Note 30. SUBSEQUENT EVENTS

IWL takeover bid

IWL made an unsolicited takeover offer for JDV in February 2005. IWL acquired a 37% shareholding in JDV through this initial offer which closed in late May 2005. This offer left JDV with three major shareholders, Westpac and RBC, each with a 28.66% shareholding, and IWL, with a further 700 other shareholders ("Minority Shareholders") holding the remaining 5.8% of JDV's issued shares.

IWL has now made a second offer for JDV, offering each JDV shareholder either:

- one IWL Share for every 3 JDV Shares ("IWL Share Alternative"); or
- 80 cents cash for each JDV Share ("Cash Alternative"); or
- a combination of the IWL Share Alternative and the Cash Alternative.

On 4 August 2005, JDV declared a final dividend of 2.1 cents (fully franked) per JDV Share which will be paid to JDV Shareholders who are registered as shareholders at 16 August 2005 ("the JDV Record Date"). On 4 August 2005, IWL announced that JDV Shareholders who accept the IWL Offers will be entitled to retain this dividend without any reduction to the consideration offered. JDV shareholders must accept the IWL Offers after the JDV Record Date to receive this dividend. The benefit of the franking credit attaching to this dividend for a JDV shareholder on the top personal marginal tax rate will be 0.9 cents per JDV share.

Westpac and RBC have indicated they will accept the Cash Alternative post the JDV Record Date on 18 August 2005, in the absence of a superior offer. Therefore if there is no superior offer, Minority Shareholders will have their JDV Shares compulsorily acquired and will be required to choose either the IWL Share Alternative or the Cash Alternative or a combination of both.

JDV Limited and its controlled entities

Notes to the Financial Statements (continued)

Note 30. SUBSEQUENT EVENTS (continued)

Share options

JDV shareholders approved the terms of JDV's Executive Share Option Plan on 20 November 2003.

Under the rules of the Executive Share Option Plan, in the event of a successful takeover, the board of JDV must by notice to the holder of JDV Options under the Executive Share Option Plan, waive any exercise condition attaching to the JDV Options. Optionholders then have 30 days in which to exercise their Options to acquire JDV Shares which they can sell on-market or accept the Offer in respect of those JDV Shares. The JDV board has determined to declare that the vesting conditions attaching to those options be waived.

On 8 August 2005, the 1,750,000 Options on issue under the Executive Share Option Plan were exercised. Details of these Options are set out below:

Number of Options	Exercise Price	Expiry Date
950,000	\$0.30	30 June 2009
300,000	\$0.67	30 June 2009
500,000	\$0.63	30 June 2010

On 8 August 2005, the 50,000 JDV Options on issue under the old Hartleys Limited Option Scheme were cancelled.

JDV Limited and its controlled entities

Notes to the Financial Statements (continued)

Note 31. IMPACT OF ADOPTING AASB EQUIVALENTS TO IASB STANDARDS

For financial periods commencing 1 July 2005, the consolidated entity must comply with Australian equivalents of International Financial Reporting Standards ("AIFRS") as issued by the Australian Accounting Standards Board ("AASB"). The consolidated entity will be required to present its financial statements in accordance with AIFRS for the financial year commencing 1 July 2005, including the interim financial report for the half-year ending 31 December 2005. Entities complying with AIFRS for the first time will be required to restate their comparative financial statements to amounts reflecting the application of AIFRS to that comparative period.

Priority has been given to the preparation of an opening balance sheet in accordance with AIFRS as at 1 July 2004, the consolidated entity's transition date to AIFRS.

The consolidated entity is in the process of transforming its accounting policies and financial reporting from current Australian Accounting Standards ("AGAAP") to AIFRS. The consolidated entity has allocated internal resources and consulted experts in performing an internal review to assess the impact of the anticipated conversion to AIFRS from the consolidated entity's existing accounting and reporting practices. The review focused on the standards reasonably believed to be relevant to the consolidated entity. The review has quantified the effects of the differences as set out below.

The figures disclosed below, are management's best estimates of the quantitative impact of the changes as at the date of these 30 June 2005 financial statements. The actual effects of transition to AIFRS may differ from the estimates disclosed due to (a) ongoing work being undertaken by the AIFRS project team; (b) potential amendments to AIFRSs and interpretations thereof being issued by the standard-setters and IFRIC; and (c) emerging accepted practice in the interpretation and application of AIFRS and UIG Interpretations.

The review process has identified a number of accounting policy changes that will be required. In some cases choices of accounting policies are available including elective exemptions under Accounting Standard AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards (July 2004). These choices were analysed to determine the accounting policy most appropriate for the consolidated entity.

Set out below are the key areas where accounting policies are expected to change on adoption of AIFRS and our best estimate of the quantitative impact of the changes on total equity as at the date of transition and 30 June 2005 and on net profit for the year ended 30 June 2005.

Share-based payments

Share-based compensation forms part of the remuneration of employees of the consolidated entity (including executives). The consolidated entity does not currently recognise an expense for any share options granted to employees under AGAAP. Under AASB 2 "Share-based Payments", the consolidated entity will be required to recognise an expense for such share-based compensation. Share-based compensation is to be measured at the fair value of share options issued, determined at grant date and recognised over the expected vesting period of the options. A reversal of the expense will be permitted to the extent non-market based vesting conditions (eg. service conditions) are not met. The consolidated entity will not retrospectively recognise share-based payments vested before 1 January 2005 as permitted under AASB 1 "First-time Adoption of Australian Equivalents to International Financial Reporting Standards" therefore AASB 2 will apply to all share based payments issued after 7 November 2002 which have not vested as at 1 January 2005.

This treatment results in a transitional adjustment through retained earnings on 1 July 2004 and subsequent expense recognition in the Statement of Financial Performance, with corresponding adjustments to equity.

JDV Limited and its controlled entities

Notes to the Financial Statements (continued)

Note 31. IMPACT OF ADOPTING AASB EQUIVALENTS TO IASB STANDARDS (continued)

The Directors have estimated that the transitional adjustment (1 July 2004) to retained earnings is \$35,832 and the expense recognition for the year to 30 June 2005 is \$469,762 under AIFRS.

Impairment of assets

Under the AASB 136, "Impairment of Assets," the recoverable amount of an asset is determined as the higher of net selling price and value in use. Value in use will be assessed by reference to discounted cash flow analyses. This will result in a change in the consolidated entity's current accounting policy, which determines the recoverable amount of an asset on the basis of undiscounted cash flows.

Management have determined that there is no AIFRS transitional adjustment nor any adjustment as at 30 June 2005 in respect of AASB 136.

Income taxes

Under the AASB 112 "Income taxes," JDV will be required to use a balance sheet liability method which focuses on the tax effects of transactions and other events that affect amounts recognised in the Statement of Financial Position and tax-based balance sheet.

An area where differences arise is the treatment of tax losses, whereby JDV will need to satisfy a "probability test" to bring unrealised tax losses to account as a future income tax benefit. Under this test, a deferred tax asset should be recognised to the extent that it is probable that sufficient taxable profit will be available to allow the benefit of the deferred tax asset to be utilised. This recognition criterion is not as strict as the AGAAP "virtual certainty" test under which the consolidated entity has not recognised unutilised tax losses as a future income tax benefit.

At 1 July 2004 and 30 June 2005, JDV had approximately \$49 million and \$47 million respectively of tax losses which had not been recognised under AGAAP. The directors have determined that under AIFRS, deferred tax assets of \$8.01 million (1 July 2004 transition date) and \$7.38 million (30 June 2005) should be recognised. This will have the impact of increasing the income tax expense for the 2005 financial year under AIFRS by approximately \$1.4million.

Financial Instruments

AASB 139 "Financial Instruments: Recognition and Measurement" and AASB 132 "Financial Instrument: Disclosure and Presentation" will be adopted by the consolidated entity from 1 July 2005.

Embedded Derivatives

AASB 139 "Financial Instruments: Recognition and Measurement" introduces the concept of embedded derivatives and requires the identification, recognition and measurement of derivatives embedded within contracts entered into by a Consolidated entity. Embedded derivatives are required to be recognised at fair value with movements reported in the Statement of Financial Performance. The consolidated entity is currently reviewing contracts to identify embedded derivatives but does not anticipate any material impact based upon work performed to date.

Statement of Cash Flows

The directors have determined that there are no differences between the Statement of Cash Flows presented in this report and the Statement of Cash Flows that would be presented under AIFRS.

Dividends

The consolidated entity has recognised a liability for the year end dividend as at 30 June 2004 and 30 June 2005. Under AIFRS, these dividends may only be recognised once formally declared and therefore a difference arises between AGAAP and AIFRS. The reclassification required to convert the financial statements to comply with AIFRS is between Payables and Accumulated Losses at 30 June 2004 and 30 June 2005.

JDV Limited and its controlled entities

Directors' Declaration

In accordance with a resolution of the directors of JDV Limited, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the company and of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2005 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the disclosing entity will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial period ending 30 June 2005.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'P J Mansell', written over a large, faint circular stamp or watermark.

P J Mansell
Chairman

Perth
18 August 2005

JDV Limited and its controlled entities



■ Central Park
152 St Georges Terrace
Perth WA 6000
Australia

■ Tel 61 8 9429 2222
Fax 61 8 9429 2436

GPO Box M939
Perth WA 6843

Independent audit report to members of JDV 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 JDV Limited and the consolidated entity, for the year ended 30 June 2005. The consolidated entity comprises both the company and the entities it controlled during that year.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company and the consolidated entity, and that complies with Accounting Standards in Australia, 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 of the financial report in order to express an opinion on it 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 in Australia, 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.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the company.

JDV Limited and its controlled entities

Independence

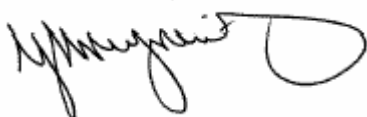
We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001. We have given to the director of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Audit opinion

In our opinion, the financial report of JDV Limited is in accordance with:

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

Ernst & Young



G H Meyerowitz
Partner
Perth
18 August 2005

JDV Limited and its controlled entities

ASX Additional Information

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 26 July 2005.

a) Distribution of equity securities

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

Size of holding	Ordinary shares		Ordinary share options	
	Number of holders	Number of shares	Number of holders	Number of shares
1 to 1,000	250	130,013	-	-
1,001 to 5,000	336	822,217	-	-
5,001 to 10,000	60	478,161	-	-
10,001 to 100,000	51	1,532,840	5	250,000
100,001 and over	10	86,866,170	4	1,550,000
Total shareholders	707	89,829,401	9	1,800,000
Number of ordinary shareholders with less than a marketable parcel	99	18,522	-	-

b) Twenty largest shareholders

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

Name	Ordinary shares	
	Number	%
IWL Broking Solutions Limited	33,238,024	37.00
Westpac Custodian Nominees Limited	25,745,737	28.66
RBC Dominion Securities Inc	25,745,737	28.66
ANZ Nominees Limited	750,000	0.83
Mrs Jennifer Anne Seabrook	500,000	0.56
Annapurna Pty Ltd	250,000	0.28
Mr Darryl James Smalley	200,000	0.22
Citicorp Nominees Pty Ltd	164,485	0.18
Perpetual Custodians Limited	157,000	0.17
JDV Nominee Holdings Pty Ltd	115,187	0.13
Mr Russell John Karlson	100,000	0.11
Mrs Elizabeth Jane Mansell	100,000	0.11
Nepelle Pty Ltd	100,000	0.11
Austmay Pty Ltd	80,000	0.09
Mr Robert Crossman	62,606	0.07
Mr Erich Fraunschiel	60,034	0.07
Mr Neil Austin Sutcliffe	56,086	0.06
Australian Executor Trustees	50,525	0.06
Mr Craig John Butler	50,000	0.06
Mrs Bronwyn Gaye Hallinan	50,000	0.06
Total	87,575,421	97.49

JDV Limited and its controlled entities

ASX Additional Information (continued)

c) Substantial Shareholders

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

Name	Number of ordinary shares
IWL Broking Solutions Limited	33,238,024
Westpac Banking Corporation ¹	25,745,737
Royal Bank of Canada (Group) ²	25,745,737

Notes:

1. The Westpac Banking Corporation, through Westpac Custodian Nominees Limited ("Westpac"), owns 25,745,737 JDV shares.
2. The Royal Bank of Canada, through its investment banking arm, RBC Dominion Securities Inc. ("RBC"), owns 25,745,737 JDV shares.

RBC and Westpac have entered into a shareholder agreement in relation to their shareholding in the company. They have agreed that each will support the other to ensure that they maintain board representation in proportion to their shareholding in the company and that each will have the opportunity to buy the other's shares in the company in the event that either wishes to dispose of those shares. These arrangements result in RBC and Westpac having a relevant interest in one another's shares. Accordingly, each has a relevant interest in 57.32% of the company's shares.

Voting Rights

All ordinary shares issued by JDV carry one vote per share without restriction.

**JDV Limited
and its controlled entities**

5 Year Overview

	Consolidated				
	2001	2002	2003	2004	2005
	\$'000	\$'000	\$'000	\$'000	\$'000
Statement of Financial Position					
Current assets	173,307	330,247	73,078	54,541	70,837
Non-current assets	12,641	16,405	5,852	2,140	3,478
Total Assets	185,948	346,652	78,930	56,681	74,315
Current liabilities	139,532	287,120	51,609	29,902	47,474
Non-current liabilities	3,556	3,707	570	28	90
Total Liabilities	143,088	290,827	52,179	29,930	47,564
Net Assets	42,860	55,825	26,751	26,751	26,751
Paid up capital	49,684	75,430	75,430	75,430	75,430
Reserves	-	-	-	-	-
Retained profits	(6,824)	(19,605)	(48,679)	(48,679)	(48,679)
Total Shareholders' Equity	42,860	55,825	26,751	26,751	26,751
Current ratio	1.2	1.2	1.4	1.8	1.5
Statement of Financial Performance					
Total revenue	74,690	85,831	67,013	36,439	29,974
Net profit/(loss) before tax	(14,315)	(12,939)	(28,935)	1,821	4,680
Net profit/(loss) after tax	(17,182)	(12,781)	(29,074)	1,821	4,680
Dividends	-	-	-	(1,821)	(4,680)
Statistics					
Basic earnings per share (cents)	(26.8)	(15.7)	(32.3)	2.0	5.2
Dividends per share (cents)	-	-	-	2.0	5.2
Return on equity	-	-	-	6.81%	17.49%
All Ordinaries Index at 30 June	3,425	3,163	3,000	3,530	4,230
Number of Australian offices	15	10	1	1	1
Number of employees	527	486	235	147	140
NPAT per employee (\$)	(32,602)	(26,298)	(123,719)	12,390	33,428