



**JDV LIMITED**

ABN 67 009 136 029

AND ITS CONTROLLED ENTITIES

**HALF-YEAR FINANCIAL REPORT  
FOR THE HALF-YEAR ENDED  
31 DECEMBER 2004**

# **JDV Limited and its controlled entities**

## **Directors' Report**

Your directors submit their report for the half-year ended 31 December 2004.

### **DIRECTORS**

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

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)
J Placido	Director (non-executive)
C M Winograd	Director (non-executive)

### **REVIEW AND RESULTS OF OPERATIONS**

JDV continues to improve its business performance and in the six months to 31 December 2004 generated earnings before interest, tax & depreciation/amortisation (EBITDA) of \$2.898M off income of \$13.867M from normal business activities. This result includes a provision of \$342K arising from the fraud announced at the AGM in November. Earnings before tax (EBT) taking into account interest income, corporate costs & depreciation was \$2.761M.

Earnings before tax equate to earnings per share of 3.1 cents fully diluted and the JDV Ltd Board has declared an interim dividend of 3.1 cents per share fully franked payable on 8 April 2005.

JDV continues to improve its business and is showing pleasing progress against all of its financial and business activity Key Performance Indicators (KPIs).

Key financial and KPI highlights over the reporting period include:

- Payment of a 3.1 cent fully franked interim dividend compared to 2 cent annual dividend in 2003/2004;
- Increases in all financial KPIs on the previous period;
- Increases in contract note volumes greater than the increase in total ASX trade volumes; and
- Significant & continuing increases in assets for the fee paying portfolio administration business. Assets Under Administration for which JDV earn an asset based fee totalled \$2.66B at the end of the period.

The key operational highlights of the previous period include:

- The completion of the agreement with BT and the commencement of the provision of share trading and equity portfolio administration services to the BT Wrap platform.
- Completion of the agreement to continue to provide share trading services to Westpac for a 5 year period.
- New sales and the implementation of new clients on the JDV share trading and portfolio platform.

Looking forward to the next period focus will continue on continued efficiency programs, new sales in the small to medium broker market, business development with Wealth platforms for portfolio services, and the continued development of additional features of the JDV online share trading & portfolio administration platform to continue to drive organic growth.

**JDV Limited  
and its controlled entities**

**Directors' Report (continued)**

**AUDITOR'S INDEPENDENCE DECLARATION**

We have obtained an independence declaration from our auditors, Ernst & Young, as presented on page 17 of the Half-Year Financial Report.

**ROUNDING**

The amounts contained in this report and in the half-year 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.

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read 'Peter Horne', written in a cursive style.

Peter Horne  
Managing Director

Perth  
18 February 2005

**JDV Limited  
and its controlled entities**

**Condensed Statement of Financial Performance  
for the half-year ended 31 December 2004**

		Consolidated	
	Note	31 December 2004 \$'000	31 December 2003 \$'000
<b>Revenues from ordinary activities</b>			
Revenues from operating activities	2	13,948	19,238
Revenues from non-operating activities	2	739	2,693
Total revenues from ordinary activities		<u>14,687</u>	<u>21,931</u>
<b>Expenses from ordinary activities</b>			
Human resources		(5,034)	(9,688)
Technology		(3,818)	(4,918)
Communications		(883)	(1,543)
Occupancy costs		(1,330)	(3,245)
Borrowing costs	2	(5)	(46)
Other costs		(856)	(445)
Total expenses from ordinary activities		<u>(11,926)</u>	<u>(19,885)</u>
<b>Profit from ordinary activities before income tax</b>		<u><b>2,761</b></u>	<u><b>2,046</b></u>
<b>Income tax benefit/(expense) relating to ordinary activities</b>		<u>-</u>	<u><b>1</b></u>
<b>Net profit attributable to members of the parent entity</b>		<u><b>2,761</b></u>	<u><b>2,047</b></u>
Basic earnings per share (cents per share)		3.1	2.3
Diluted earnings per share (cents per share)		3.1	2.3

**JDV Limited  
and its controlled entities**

**Condensed Statement of Financial Position  
at 31 December 2004**

	Consolidated	
Note	31 December 2004 \$'000	30 June 2004 \$'000
<b>Current Assets</b>		
Cash assets	28,076	29,202
Receivables	23,617	22,751
Other	2,759	2,588
<b>Total Current Assets</b>	54,452	54,541
<b>Non-Current Assets</b>		
Property, plant and equipment	2,059	2,140
Intangible assets	1,159	-
<b>Total Non-Current Assets</b>	3,218	2,140
<b>Total Assets</b>	57,670	56,681
<b>Current Liabilities</b>		
Payables	28,232	26,358
Provisions	2,427	3,319
Other	75	225
<b>Total Current Liabilities</b>	30,734	29,902
<b>Non-Current Liabilities</b>		
Payables	150	-
Provisions	35	28
<b>Total Non-Current Liabilities</b>	185	28
<b>Total Liabilities</b>	30,919	29,930
<b>Net Assets</b>	26,751	26,751
<b>Equity</b>		
Contributed equity	75,430	75,430
Accumulated losses	(48,679)	(48,679)
<b>Total Equity</b>	26,751	26,751

**JDV Limited  
and its controlled entities**

**Condensed Statement of Cash Flows  
for the half-year ended 31 December 2004**

	Consolidated	
	31 December 2004 \$'000	31 December 2003 \$'000
<b>Cash flows from operating activities</b>		
Receipts from customers	12,482	23,830
Payments to suppliers and employees	(12,172)	(32,171)
GST Paid	(475)	(58)
Dividends/distributions received	-	1
Interest received	608	655
Interest paid	(5)	(3)
Net change in client balances	1,640	2,115
Net cash flows from/(used in) operating activities	<u>2,078</u>	<u>(5,631)</u>
<b>Cash flows from investing activities</b>		
Payments for plant and equipment	(497)	(602)
Proceeds from sale of plant and equipment	-	51
Purchase of controlled entity	4 (450)	-
Payments for software development	(436)	-
Proceeds from investments	-	2,006
Net cash flows (used in)/from investing activities	<u>(1,383)</u>	<u>1,455</u>
<b>Cash flows from financing activities</b>		
Repayment of finance lease principal	-	(1,229)
Payment of dividends on ordinary shares	3 (1,821)	-
Net cash flows (used in) financing activities	<u>(1,821)</u>	<u>(1,229)</u>
Net (decrease) in cash held	(1,126)	(5,405)
Add opening cash brought forward	<u>29,202</u>	<u>31,262</u>
Closing cash carried forward	<u>28,076</u>	<u>25,857</u>

# **JDV Limited and its controlled entities**

## **Notes to the Half-Year Financial Statements**

### **Note 1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT**

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

The half-year financial report should be read in conjunction with the Annual Financial Report of JDV Limited as at 30 June 2004. It is also recommended that the half-year financial report be considered together with any public announcements made by JDV Limited and its controlled entities during the half-year ended 31 December 2004 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

#### **(a) Basis of accounting**

The half-year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 1029 "Interim Financial Reporting" and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views).

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

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

#### **(b) Changes in accounting policies**

The accounting policies applied are consistent with the most recent annual financial report for the year ended 30 June 2004.

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

#### **(c) Comparatives**

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 Half-Year Financial Statements (continued)**

	Consolidated	
	31 December 2004 \$'000	31 December 2003 \$'000

**Note 2. PROFIT FROM ORDINARY ACTIVITIES**

Profit from ordinary activities before income tax has been determined after crediting the following revenues and charging the following expenses:

**Revenues from operating activities**

Fees and commission income	13,884	19,162
Interest received – Margin Lending	-	13
Sundry income	64	63
	<u>13,948</u>	<u>19,238</u>

**Revenues from non-operating activities**

Dividends received from other unrelated persons	-	1
Bad debts recovered	-	3
Proceeds from sale of property, plant and equipment	-	51
Proceeds from sale of investments	-	2,006
Interest received from unrelated persons	739	632
	<u>739</u>	<u>2,693</u>

**Expenses**

Borrowing costs:		
- Other parties	5	46
Total borrowing costs	<u>5</u>	<u>46</u>

Other items included in the profit/(loss) for the year:

Bad debts written off	-	38
Loss on fraud	342	-
Amortisation of intangible assets	77	-
Amortisation of leased assets	-	223
Depreciation of fixtures and equipment	546	592
Depreciation of leasehold improvements	22	324
Doubtful debt provision reversed	-	(15)
Gain from sale of investments	-	(2,006)
Property, plant and equipment written off	10	3,398
Reversal of surplus lease space provision	-	(2,198)

**JDV Limited  
and its controlled entities**

**Notes to the Half-Year Financial Statements (continued)**

	Consolidated	
	31 December 2004 \$'000	30 June 2004 \$'000
<b>Note 3. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES</b>		
<b>(a) Dividends paid during the half-year</b>		
Franked dividends (2 cents per share) – paid 15 October 2004	1,821	-
<b>(b) Dividends proposed and recognised as a liability</b>		
Franked dividends (2 cents per share)	-	1,821
Franked dividends (3.1 cents per share)	2,761	-
<b>(c) Franking credit balance</b>		
The amount of franking credits available for subsequent financial year are:		
- franking account balance as at the end of the financial year at 30% (2003: 30%)	9,085	9,865
- franking debits that will arise from the payment of dividends as at the end of the financial year	(1,183)	(780)
	7,902	9,085

The tax rate at which dividends have been franked is 30%. Dividends proposed will be franked at the rate of 30%.

**JDV Limited  
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**Notes to the Half-Year Financial Statements (continued)**

**Note 4. CHANGE IN COMPOSITION OF 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 to \$800,000, and now owns all of the issued shares in NetworkTech.

**Consideration**

Cash payable	800	-
<b>Net Assets acquired</b>		
Intangible asset	800	-
Fair value of net assets acquired	800	-
Goodwill arising on acquisition	-	-
	<u>800</u>	<u>-</u>
<b>Net cash effect</b>		
Cash consideration paid	450	-
Cash payable in seven quarterly instalments to September 2006	350	
Cash included in net assets acquired	-	-
Net cash payable for purchase of controlled entity	<u>800</u>	<u>-</u>

**Note 5. CONTINGENT ASSETS AND LIABILITIES**

Since the last annual reporting date, there has been no material change of any contingent liabilities or contingent assets.

**JDV Limited  
and its controlled entities**

**Notes to the Half-Year Financial Statements (continued)**

**Note 6. SEGMENT REPORTING**

Business Segments	Corporate Finance		JDV		Wealth Management		Totals	
	\$'000		\$'000		\$'000		\$'000	
	2004	2003	2004	2003	2004	2003	2004	2003
<b>Revenue</b>								
Sales to customers outside the consolidated entity	-	588	13,948	10,993	-	7,657	13,948	19,238
Other revenues from customers outside the consolidated entity	-	-	739	2,693	-	-	739	2,693
Total segment revenues	-	588	14,687	13,686	-	7,657	14,687	21,931
Intersegmental revenues	-	(457)	-	-	-	457	-	-
Total consolidated revenue	-	131	14,687	13,686	-	8,114	14,687	21,931
<b>Results</b>								
Consolidated entity profit/(loss) from ordinary activities before income tax expense	-	(252)	2,761	2,443	-	(145)	2,761	2,046
Income tax benefit/(expense)	-	-	-	1	-	-	-	1
Consolidated entity profit/(loss) from ordinary activities after income tax expense	-	(252)	2,761	2,444	-	(145)	2,761	2,047

Inter-segment services were provided at cost.

## **JDV Limited and its controlled entities**

### **Notes to the Half-Year Financial Statements (continued)**

#### **Note 7. IMPACT OF ADOPTING AASB EQUIVALENTS TO IASB STANDARDS**

JDV Limited has commenced transitioning its accounting policies and financial reporting from current Australian Standards to Australian equivalents of International Financial Reporting Standards (IFRS). The company has allocated internal resources and engaged expert consultants to perform diagnostics and conduct impact assessments to isolate key areas that will be impacted by the transition to IFRS.

As a result of these procedures, JDV is in the process of establishing a dedicated project team to address each of the areas in order of priority.

As JDV has a 30 June year-end, priority has been given to considering the preparation of an opening balance sheet in accordance with AASB equivalents to IFRS as at 1 July 2004. This will form the basis of accounting for Australian equivalents of IFRS in the future and is required when JDV prepares its first fully IFRS compliant financial report for the year ended 30 June 2006. Set out below are the key areas where accounting policies will change and may have an impact on the financial report of JDV. At this stage the company has not been able to reliably quantify the impact on the financial report.

#### ***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 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".

The recognition of the share-based compensation expense will decrease the consolidated entity's opening retained earnings on initial adoption of AASB 2 and increase share capital by the same amount for share-based payments issued after 7 November 2002 but not vested before 1 January 2005. The recognition of the share-based compensation expense will decrease the consolidated entity's profit in future periods, however quantification of this impact has not been completed.

#### ***Income Taxes***

Under the AASB 112 "*Income taxes*," the company 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 either the Statement of Financial Position or a tax-based balance sheet.

An area where differences may arise is the treatment of tax losses, whereby JDV will need to satisfy a "probability Test". 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. There may therefore be an opportunity to recognise tax losses under IFRS where the losses were previously not recognised under AGAAP using the "virtual certainty" test.

**JDV Limited  
and its controlled entities**

**Notes to the Half-Year Financial Statements (continued)**

**Note 7. IMPACT OF ADOPTING AASB EQUIVALENTS TO IASB STANDARDS (continued)**

***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. Under the new policy it is likely that impairment of assets will be recognised sooner and that the amount of write-downs may be greater. Reliable estimation of the future financial effects of this change in accounting policy is impracticable because the conditions under which impairment will be assessed are not yet known. It is not, however, anticipated that this change in policy will have a material impact on the financial statements.

**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 consolidated entity:
  - (i) give a true and fair view of the consolidated entity's financial position as at 31 December 2004 and of its performance for the half-year ended on that date; and
  - (ii) comply with Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Peter Horne  
Managing Director

Perth  
18 February 2005

**JDV Limited  
and its controlled entities**

**Independent review report to members of JDV Limited**



■ **Central Park**  
152 St Georges Terrace  
Perth WA 6000  
Australia

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GPO Box M939  
Perth WA 6843

**Scope**

*The financial report and directors' responsibility*

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows and accompanying notes to the financial statements for the consolidated entity comprising both JDV Limited (the company) and the entities it controlled during the half-year, and the directors' declaration for the company, for the period ended 31 December 2004.

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 consolidated entity, and that complies with Accounting Standard AASB 1029 "Interim Financial Reporting", 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.

*Review approach*

We conducted an independent review of the financial report in order to make a statement about it to the members of the company, and in order for the company to lodge the financial report with the Australian Stock Exchange and the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements, in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the Corporations Act 2001, Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and of its performance as represented by the results of its operations and cash flows.

A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

**JDV Limited  
and its controlled entities**

**Independent review report to members of JDV Limited (continued)**



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**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's of the company a written Auditor's Independence Declaration a copy of which is attached to the Director's Report. In addition to our review of the financial report, we were engaged to undertake other non-audit services. The provision of these services has not impaired our independence.

**Statement**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of the consolidated entity, comprising JDV Limited and the entities it controlled during the half-year is not in accordance with:

- (a) the Corporations Act 2001, including:
  - (i) giving a true and fair view of the financial position of the consolidated entity at 31 December 2004 and of its performance for the half-year ended on that date; and
  - (ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.

Ernst & Young

G H Meyerowitz  
Partner  
Perth  
18 February 2005

**JDV Limited  
and its controlled entities**

**Auditors Independence Declaration to the Directors of JDV Limited**



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**Auditor's Independence Declaration to the Directors of JDV Limited**

In relation to our review of the financial report of JDV Limited for the half-year ended 31 December 2004, 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.

A handwritten signature in black ink that reads "Ernst &amp; Young" in a cursive style.

Ernst & Young

A handwritten signature in black ink that reads "G H Meyerowitz" in a cursive style.

G H Meyerowitz  
Partner

18 February 2005

# Appendix 4D

## Half year report

Introduced 1/1/03

Name of entity

JDV LIMITED

ABN or equivalent company reference

ABN 67 009 136 029

Half yearly (tick)

Preliminary final (tick)

Half year ended ('current period')

31 DECEMBER 2004

Previous Half year ended ('previous corresponding period')

31 DECEMBER 2003

### Results for announcement to the market

				A\$'000
Revenue from ordinary activities (item 2.1)	down	33%	to	14,687
Profit/(loss) from ordinary activities after tax attributable to members (item 2.2)	up	35%	to	2,761
Net profit/(loss) for the period attributable to members (item 2.3)	up	35%	to	2,761
<b>Dividends (distributions)</b>		<b>Amount per security</b>		<b>Franked Amount per security</b>
Interim dividend (item 2.4)		3.1 cents		3.1 cents
Previous corresponding period (item 2.4)		NIL		NIL
Record date for determining entitlements to the dividend, (in the case of a trust, distribution) (item 2.5)		31 March 2005		
Please refer to the attached Half Year Financial Report. This Half Year Report is to be read in conjunction with the most recent Annual Financial Report.				

**Condensed Statement of Financial Performance**

Please refer to the attached Half Year Financial Report.

**Condensed Statement of Financial Position**

Please refer to the attached Half Year Financial Report.

**Condensed Statement of Cash Flows**

Please refer to the attached Half Year Financial Report.

**Net tangible assets per security**

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security ( <i>item 3</i> )	\$0.30	\$0.32

**Earnings per security (EPS)**

	Current period	Previous corresponding period
Basic EPS	3.1 cents	2.3 cents
Diluted EPS	3.1 cents	2.3 cents

The weighted average number of Ordinary Shares used in the calculation of Basic EPS is 89,829,401.

**Details of aggregate share of profits (losses) of associates and joint venture entities**

<b>NetworthTech Pty Ltd (<i>item 7</i>)</b>	Current period	Previous corresponding period
	\$A'000	\$A'000
Profit (loss) from ordinary activities before tax	-	(66)
Income tax on ordinary activities	-	-
<b>Profit (loss) from ordinary activities after tax</b>	-	(66)
Extraordinary items net of tax	-	-
<b>Net profit (loss)</b>	-	-
<b>Share of net profit (loss) of associates and joint venture entities</b>	-	(23)

**Compliance statement**

1 This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views or other standards acceptable to ASX.

Identify other standards used

2 This report, and the accounts upon which the report is based (if separate), use the same accounting policies.

3 This report does give a true and fair view of the matters disclosed.

4 This report is based on accounts to which one of the following applies.

*(Tick one)*

The accounts have been audited.

The accounts have been subject to review.

The accounts are in the process of being audited or subject to review.

The accounts have *not* yet been audited or reviewed.

5 If the audit report or review by the auditor is not attached, details of any qualifications will follow immediately they are available.

6 The entity has a formally constituted audit committee.

Sign here: ..... Date: 18.02.2005  
(Company Secretary)

Print name: GARTH BERG.....