

KING OF KNIVES PTY LIMITED
ABN 34 003 232 531

SPECIAL PURPOSE FINANCIAL REPORT

FOR THE HALF-YEAR ENDED

31 DECEMBER 2003

DIRECTORS' REPORT

Your directors present their report on the company for the half-year ended 31 December 2003.

The names of the directors in office at any time during or since the end of the half-year are:

Leslie Ludovic Rosenfeld
Maurice Joffee
Ronald Baskin
Alfred Kant

Directors have been in office since the start of the half-year to the date of this report unless otherwise stated.

The profit of the company for the half-year after providing for income tax expense amounted to \$1,680,380.

A review of the operations of the company during the half-year and the results of those operations are as follows:

- No significant changes in the company's state of affairs occurred during the half-year.
- The principal activities of the company during the half-year were the retailing of cutlery, home ware products and sporting knives.
- No significant change in the nature of these activities occurred during the half-year.

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

Likely developments in the operations of the economic entity and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the economic entity.

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

No dividends were paid or declared since the start of the half-year.

No options over issued shares or interests in the company were granted during or since the end of the half-year and there were no options outstanding at the date of this report.

No indemnities have been given or insurance premiums paid, during or since the end of the half-year, for any person who is or has been an officer or auditor of the company.

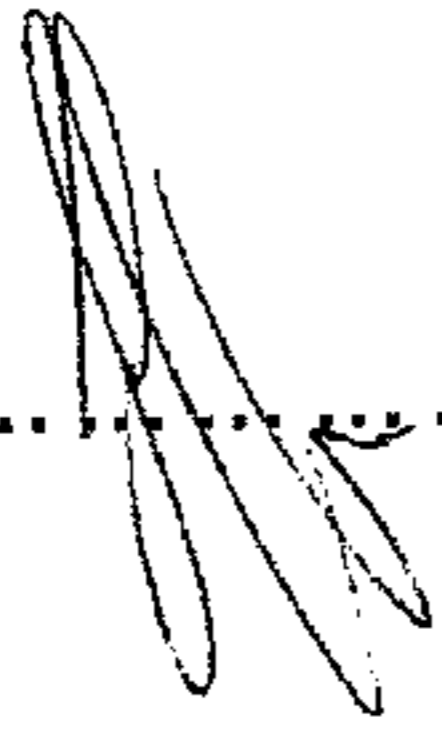
DIRECTORS' REPORT (Cont'd)

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

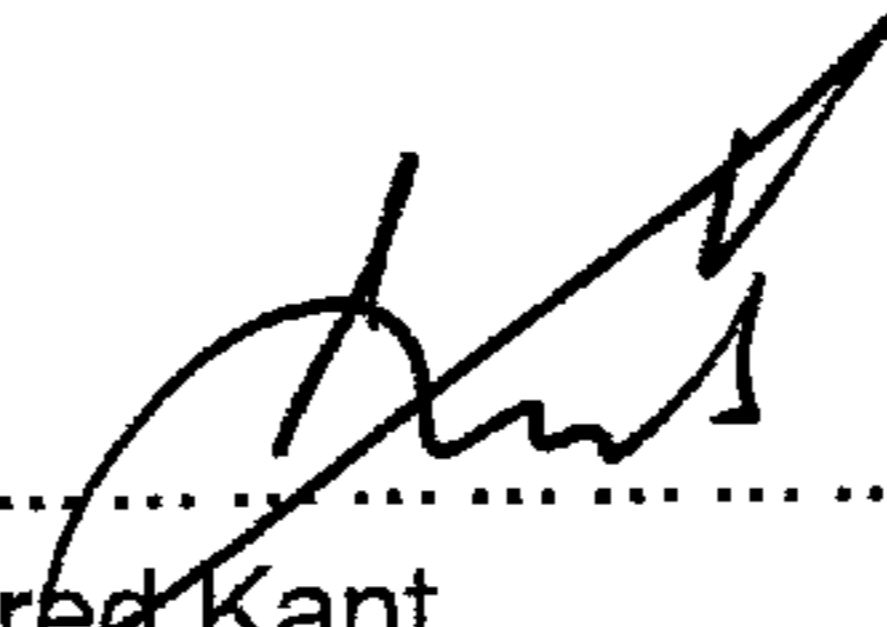
The company was not a party to any such proceedings during the year.

Signed in accordance with a resolution of the Board of Directors:

.....
Maurice Joffe
Director



.....
Alfred Kant
Director



Dated this

10th

day of

May

2004

KING OF KNIVES PTY LIMITED
ABN 34 003 232 531

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE HALF-YEAR ENDED 31 DECEMBER 2003

| | Half-year 31 Dec 2003 | Full year 30 June 2003 |
|--|--------------------------|---------------------------|
| | \$ | \$ |
| Sales revenue | 15,393,910 | 22,538,123 |
| Cost of sales | (7,727,746) | (11,068,527) |
| Gross Profit | <u>7,666,164</u> | <u>11,469,596</u> |
| Other revenue from ordinary activities | 196,909 | 459,943 |
| Employee benefits expenses | (2,742,928) | (4,553,413) |
| Depreciation expenses | (228,903) | (416,655) |
| Borrowing costs | (3,019) | (32,297) |
| Occupancy expenses | (1,706,220) | (3,151,961) |
| Administration expenses | (258,197) | (462,949) |
| Travelling expenses | (41,316) | (76,758) |
| Loss on sale of property | (6,658) | (41,760) |
| Unrealised foreign exchange losses | - | (8,825) |
| Write-down of investment | - | (2,788,548) |
| Other expenses | (473,019) | (769,173) |
| Profit/(loss) from ordinary activities before income tax expense | <u>2,402,813</u> | <u>(372,800)</u> |
| Income tax expense relating to ordinary activities | (722,433) | (717,996) |
| Net profit/(loss) from ordinary activities after income tax attributable to members of the company | <u>1,680,380</u> | <u>(1,090,796)</u> |
| Total changes in equity other than those resulting from transactions with owners as owners. | <u>1,680,380</u> | <u>(1,090,796)</u> |

The accompanying notes form part of these financial statements.

KING OF KNIVES PTY LIMITED
ABN 34 003 232 531

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2003

| | 31 December 2003 \$ | 30 June 2003 \$ |
|--------------------------------------|------------------------------------|--------------------------------|
| CURRENT ASSETS | | |
| Cash assets | 3,757,787 | 1,000,173 |
| Receivables | 405,137 | 128,841 |
| Inventories | 6,089,150 | 4,682,531 |
| | 10,252,074 | 5,811,545 |
| NON-CURRENT ASSETS | | |
| Receivables | 573,586 | 470,681 |
| Other Financial Assets | 65,460 | 65,337 |
| Plant and equipment | 2,144,530 | 2,065,917 |
| Deferred tax assets | 113,848 | 63,580 |
| | 2,897,424 | 2,665,515 |
| TOTAL CURRENT ASSETS | 10,252,074 | 5,811,545 |
| NON-CURRENT ASSETS | | |
| Receivables | 573,586 | 470,681 |
| Other Financial Assets | 65,460 | 65,337 |
| Plant and equipment | 2,144,530 | 2,065,917 |
| Deferred tax assets | 113,848 | 63,580 |
| | 2,897,424 | 2,665,515 |
| TOTAL NON-CURRENT ASSETS | 2,897,424 | 2,665,515 |
| TOTAL ASSETS | 13,149,498 | 8,477,060 |
| CURRENT LIABILITIES | | |
| Payables | 5,536,922 | 2,427,340 |
| Tax liabilities | 615,127 | 266,505 |
| Provisions | 108,503 | 123,959 |
| | 6,260,552 | 2,817,804 |
| TOTAL CURRENT LIABILITIES | 6,260,552 | 2,817,804 |
| NON-CURRENT LIABILITIES | | |
| Payables | 82,777 | 533,467 |
| | 82,777 | 533,467 |
| TOTAL NON-CURRENT LIABILITIES | 82,777 | 533,467 |
| TOTAL LIABILITIES | 6,343,329 | 3,351,271 |
| NET ASSETS | 6,806,169 | 5,125,789 |
| EQUITY | | |
| Contributed equity | 1,310,000 | 1,310,000 |
| Retained profits | 5,496,169 | 3,815,789 |
| | 6,806,169 | 5,125,789 |
| TOTAL EQUITY | 6,806,169 | 5,125,789 |

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2003

NOTE 1: BASIS OF PREPARATION

The half-year financial report is a special purpose financial report prepared in connection with the financial reporting requirements for the proposed initial public offering of Retail Cube Limited. The directors have determined that the company is not a reporting entity.

The half-year report does not include full disclosures of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2003.

The accounting policies have been consistently applied by the company and are consistent with those applied in the 30 June 2003 annual report.

DIRECTORS DECLARATION

The directors have determined that the company is not a reporting entity and this special purpose half-year financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The directors of the company declare that:

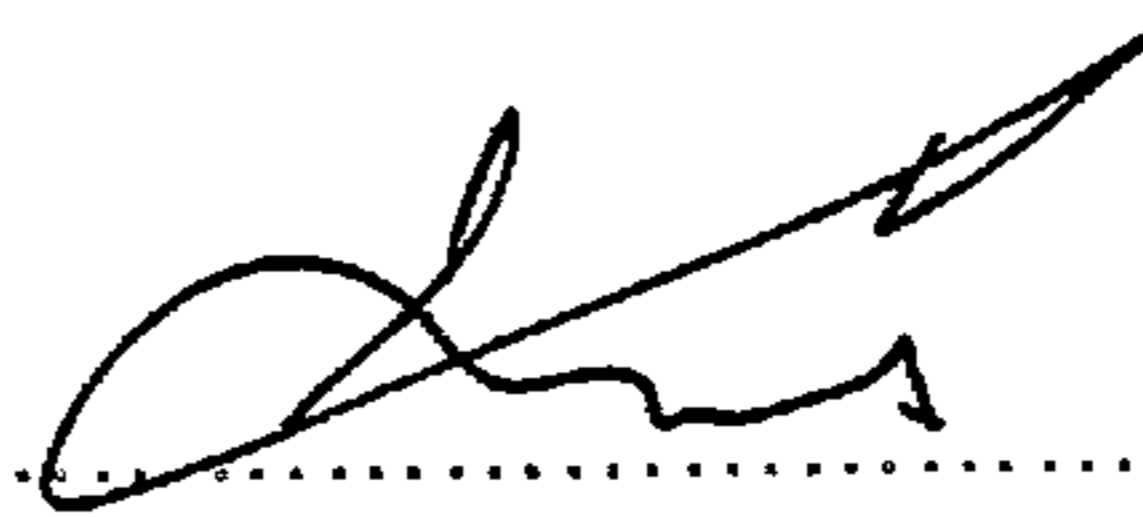
1. The financial statements and notes, as set out on pages 4 to 7 are in accordance with the requirements for the proposed initial public offering of Retail Cube Limited, and:
 - a) comply with accounting standards as described in Note 1 to the financial statements; and
 - b) give a true and fair view of the company's financial position as at 31 December 2003 and of its performance for the half-year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

.....
Maurice Joffe
Director



.....
Alfred Kant
Director



Dated this

16th

day of

May

2004

**INDEPENDENT REVIEW REPORT TO
THE MEMBERS OF KING OF KNIVES PTY LIMITED**

Scope

We have reviewed the financial report, being a special purpose financial report of King of Knives Pty Limited for the half-year ended 31 December 2003, as set out on pages 4 to 8. The company's directors are responsible for the financial report and have determined that the accounting policies used and described in Note 1 to the financial statements which form part of the financial report are appropriate to meet the financial reporting requirements for the proposed initial public offering of Retail Cube Limited. We have performed an independent review of the financial report 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 accounting policies used and described in Note 1, so as to present a view which is consistent with our understanding of the company's financial position and performance as represented by the results of its operations.

The financial report has been prepared for the purpose of fulfilling the directors' financial reporting requirements for the proposed initial public offering of Retail Cube Limited. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person, or for any purpose other than that for which it was prepared.

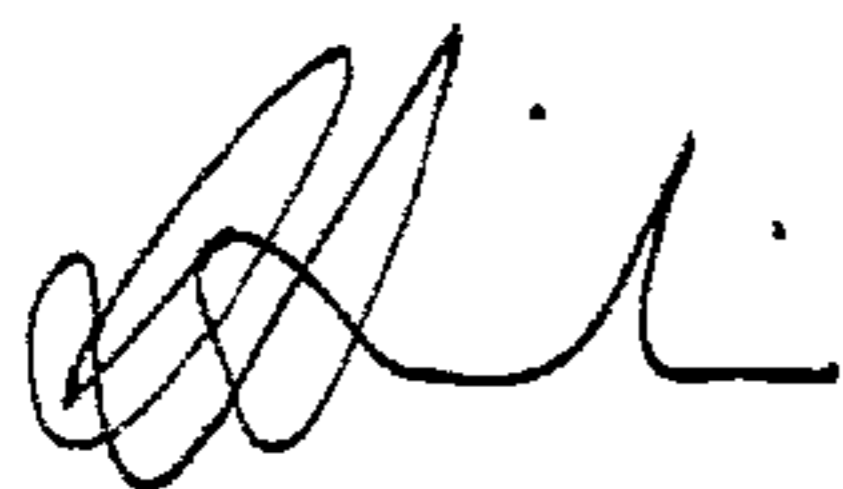
Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of the company personnel and analytical procedures applied to financial data. The procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

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 King of Knives Pty Limited is not presented fairly in accordance with the accounting policies described in Note 1 to the financial statements, the financial position of King of Knives Pty Limited as at 31 December 2003 and the results of its operations for the half-year then ended.

WHK Greenwoods

WHK GREENWOODS



DAVID SINCLAIR

Dated this 10th day of May 2004