



10 June 2009

Private and Confidential

Mr Sulieman Ravell
Managing Director
Wealth Focus Pty Ltd
PO Box 760
Manly NSW 2095

Dear Sulieman,

"Business Tax Break" Legislation

The *Small Business and General Business Tax Break* legislation was made law on 22 May 2009.

The tax break allows small business entities (turnover of less than \$2 million a year) an additional tax deduction of 50% on investment in eligible new assets worth \$1,000 or more until 31 December 2009. For businesses in excess of the \$2 million threshold, the additional deduction is reduced to 30% with the minimum asset threshold raised to \$10,000.

The cost of assets forming part of a set and the cost of identical or substantially identical assets may be added together for the purpose of meeting the asset thresholds.

Provided the eligibility requirements are satisfied in the income year, the tax break can be claimed as a deduction in the income tax year in which the asset is first used or installed or ready for use.

Application to Arafura Pearl Project 2009

We have received advice from the Project accountant that this will have positive applications for Growers in the 2009 Project.

As part of their investment, Growers acquire thirteen (13) identical pearl oyster panels with each project interest for a total cost of \$5,330 (ex GST). The minimum subscription is 2 project interests for a total cost of \$12,600 (ex GST) (2 x \$6,300) of which \$10,660 is panel assets.

Therefore, if a grower in the Arafura Pearl Project 2009 is a small business entity, the tax deductibility of their investment in the project would increase by 50% of the cost of the panels (i.e. \$2,665 for each interest) and will increase the total deductibility of the investment in the Project from 100% to 142% (\$6,300 + \$2,665/\$6,300).

If the grower is a business with turnover greater than \$2 million the increased deduction will be 30% of the panel cost and therefore increases the total deductibility of project investment to 125%.

The ATO has agreed in principle with this interpretation and we are in the process of having our ruling updated for this very recent and exciting development.

As always, growers should consult their own professional tax advisers regarding how this relates to their own specific circumstances. Please contact us if you have any queries.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Andrew', with a large loop at the end.

ANDREW HEWITT
CEO