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Deloitte.

Section B – Model Annual Report

Consolidated

Model Annual Reports

Financial years ending on or after 31 December 2006

Putting together the A-IFRS puzzle

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Foreword

October 2006

Welcome to another edition of Deloitte's *Consolidated Model Annual Reports*. This edition has been designed by Deloitte Touche Tohmatsu to assist you in the preparation of annual reports for annual reporting periods ending on or after **31 December 2006**.

December reporters will shortly be turning their thoughts to the preparation of their second A-IFRS annual report, and accordingly, we trust that you will find the issue of this publication timely. With the transition to A-IFRS complete, one might expect to be able to sit back this year and approach the coming financial year end with less angst about the application of accounting pronouncements. However, as preparers, practitioners and regulators enhance in their understanding of the rules and interpretations of A-IFRS, we anticipate the current reporting period will continue to be a period of some challenge. In addition, entities will have to address the amendments made to a number of accounting standards which now are operative, most notably the changes limiting the ability of entities to designate financial assets and financial liabilities as at 'fair value through profit or loss', to account for most financial guarantee contracts in accordance with AASB 139 'Financial Instruments: Recognition and Measurement' and to reconsider existing accounting policy for business combinations involving entities under common control.

Following the hectic pace of change in accounting and regulatory requirements for the 2005 and 2006 financial years, many would have welcomed the news that the IASB were not going to require the application of new International Financial Reporting Standards (IFRSs) under development or major amendments to existing standards before 1 January 2009. However, there is a sting in that tail. Existing AASBs already require detailed disclosure of the impact of Accounting Standards that have been issued but which are not yet effective, including 'known or reasonably estimable information relevant to assessing the possible impact that application of the new A-IFRS will have on the entity financial report in the period of initial application'. Deloitte consider that the requirement to make such disclosure plus the need to keep the market informed will necessitate an early consideration of all new Accounting Standards and proposals and indeed there may even be benefit in early adopting some of the new requirements before 2009.

At Deloitte, we will, as always, endeavour to assist you in coming to terms with new pronouncements. To that end, besides the short summaries of new pronouncements historically included in Section A of this publication, we have prepared an Appendix to the models illustrating the disclosures required under AASB 7 'Financial Instruments: Disclosures', should you wish to early adopt the Accounting Standard. AASB 7 is applicable for annual reporting periods beginning on or after 1 January 2007.

You should also have received our 'new look' Accounting Alerts, recently redesigned to better keep you informed about developments both locally and internationally, and we would welcome any feedback on them. We also encourage you to regularly log on to the Deloitte IASPLUS website (www.iasplus.com), which is considered to be one of the most comprehensive sources of information about international financial reporting available, with over 3.8 million people visiting the website since its launch, including visitors from other professional accounting firms!

We hope you find the *2006 Consolidated Model Annual Reports* a useful guide in the preparation of your second annual report prepared in accordance with A-IFRS.



Bruce Porter
Lead Partner – Technical
National Assurance & Advisory Services
Deloitte

Consolidated model annual reports

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Section B

Illustrative model annual report for financial years ending on or after 31 December 2006

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About the model annual report

Purpose

This model annual report has been designed by Deloitte Touche Tohmatsu to assist users with the preparation of **annual reports** for a **consolidated entity** in accordance with:

- Provisions of the Corporations Act 2001;
- Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (except as noted below);
- Other requirements and guidelines current as at the date of issue, including Australian Stock Exchange ('ASX') Listing Rules and Australian Securities and Investments Commission ('ASIC') Class Orders, Practice Notes, Policy Statements and Media Releases.

This model is not designed to meet specific needs of specialised industries. Rather, it is intended to meet the needs of the vast majority of entities in complying with the annual reporting requirements of the Corporations Act 2001. Inquiries regarding specialised industries (e.g. life insurance companies, credit unions, etc.) should be directed to an industry specialist in your nearest Deloitte Touche Tohmatsu office.

Exclusions

This model does not, and cannot be expected to cover all situations that may be encountered in practice. Therefore, knowledge of the disclosure provisions of the Corporations Act 2001, Accounting Standards and Interpretations are pre-requisites for the preparation of financial reports.

Specifically, this model does not provide guidance on the 'not-for-profit' disclosure requirements of Accounting Standards, nor the disclosure requirements of the following Accounting Standards and Interpretations:

AASB 4	'Insurance Contracts'
AASB 6	'Exploration for and Evaluation of Mineral Resources'
	Note: While this model does not provide guidance on the disclosure requirements of AASB 6, a number of example accounting policies applicable to mining entities are included in note 3 to the financial statements
AASB 129	'Financial Reporting in Hyperinflationary Economies'
AASB 130	'Disclosure in the Financial Statements of Banks and Similar Financial Institutions'
AASB 134	'Interim Financial Reporting' (other than as noted)
AASB 141	'Agriculture'
AASB 1004	'Contributions'
AASB 1023	'General Insurance Contracts'
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Int 2	'Members' Shares In Co-Operative Entities And Similar Instruments'
Int 129	'Disclosure – Service Concession Arrangements'
Int 1017	'Developer and Customer Contributions for Connection to a Price-Regulated Network'
Int 1019	'The Superannuation Contributions Surcharge'
Int 1047	'Professional Indemnity Claims Liabilities in Medical Defence Organisations'

The disclosure requirements of AASB 7 'Financial Instruments: Disclosures' are illustrated in Section C of this publication.

Source references

References to the relevant requirements are provided in the left hand column of each page of this model. Where doubt exists as to the appropriate treatment, examination of the source of the disclosure requirement is recommended.

Abbreviations used in this model are as follows:

s.	Section of the Corporations Act 2001.
Reg	Regulation of the Corporations Regulations 2001.
AASB	Accounting Standard issued by the Australian Accounting Standards Board.
Int	Interpretation issued by the Australian Accounting Standards Board.
AUS	Australian Auditing Standard issued by the Auditing and Assurance Standards Board.
ASIC-CO	Australian Securities and Investments Commission Class Order issued pursuant to s.341(1) of the Corporations Act 2001.
ASX	Australian Stock Exchange Limited Listing Rule.

DTT Group Limited

ACN 123 456 789

Annual report for the financial year ended 31 December 2006

Source reference

ASX4.10.3

ASX Guidance Note
9A

Corporate governance statement

The Australian Stock Exchange Listing Rule 4.10.3 requires companies to disclose the extent to which they have complied with the best practice recommendations of the ASX Corporate Governance Council, as summarised in ASX Guidance Note 9A 'Corporate Governance – ASX Corporate Governance Council – Principles of good corporate governance and best practice recommendations'. Where a best practice recommendation has not been followed the entity must justify the reason for the non-compliance. If a best practice recommendation has been followed for only part of the period, the entity must state the period during which it had been followed.

Best practice recommendations

The best practice recommendations of the ASX Corporate Governance Council, including corporate governance practices and suggested disclosures, are set out below. The recommendations are differentiated between the ten core principles that the ASX Corporate Governance Council believes underlie good corporate governance. Entities must disclose any instances of non-compliance with these recommendations.

Lay solid foundation for management and oversight

Formalise and disclose the functions reserved to the board and those delegated to management.

Structure the board to add value

1. A majority of the board should be independent directors.
2. The chairperson should be an independent director.
3. The roles of chairperson and chief executive officer should not be exercised by the same individual.
4. The board should establish a nomination committee.
5. Disclose the following information in the annual report:
 - the skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report;
 - the names of the directors considered by the board to constitute independent directors and the company's materiality thresholds used in determining a directors independence;
 - a statement as to whether there is a procedure agreed by the board of directors to take independent professional advice at the expense of the company;
 - the term of office held by each director as at the date of the annual report; and
 - the names of members of the nomination committee and their attendance at meetings of the committee.

Promote ethical and responsible decision making

1. Establish a code of conduct to guide the directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives as to:
 - the practices necessary to maintain confidence in the company's integrity; and
 - the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.
2. Disclose the policy concerning trading in company securities by directors, officers and employees.

Safeguard integrity in financial reporting

1. Require the chief executive officer (or equivalent) and the chief financial officer (or equivalent) to state in writing to the board that the company's financial reports present a true and fair view, in all material respects, of the company's financial condition and operational results and are in accordance with relevant accounting standards.
2. The board should establish an audit committee.
3. Structure the audit committee so that it consists of:
 - only non-executive directors;
 - a majority of independent directors;
 - an independent chairperson, who is not chairperson of the board; and
 - at least three members.
4. The audit committee should have a formal charter.
5. Disclose the following information in the annual report:
 - details of the names and qualifications of those appointed to the audit committee, or, where an audit committee has not been formed, those who fulfil the functions of an audit committee; and
 - the number of meetings of the audit committee and the names of the attendees.

Source reference

Make timely and balanced disclosures

Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance.

Respect the rights of shareholders

1. Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.
2. Request the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

Recognise and manage risk

1. The board, or appropriate board committee, should establish policies on risk oversight and management.
2. The chief executive officer (or equivalent) and the chief financial officer (or equivalent) should state to the board in writing that:
 - the statement given regarding the integrity of financial statements is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board; and
 - the company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

Encourage enhanced performance

1. Disclose the process for performance evaluation of the board, its committees and individual directors, and key executives.
2. Disclose whether a performance evaluation for the board and its members has taken place in the reporting period and how it was conducted, in the corporate governance section of the company's annual report.

Remunerate fairly and responsibly

1. Provide disclosure in relation to the company's remuneration policies to enable investors to understand:
 - the costs and benefits of those policies; and
 - the link between remuneration paid to directors and key executives and corporate performance.
2. The board should establish a remuneration committee.
3. Clearly distinguish the structure of non-executive directors' remuneration from that of executives.
4. Ensure that payment of equity-based remuneration is made in accordance with thresholds set in plans approved by shareholders.
5. Disclose the following information in the annual report:
 - the company's remuneration policies including:
 - the broad structure and objectives of the remuneration policy and its relationship to company performance;
 - the amount of remuneration, and all monetary and non-monetary components, for each of the five highest paid (non-director) executives during the year (discounting accumulated entitlements) and for all directors;
 - statements on the expected outcomes of remuneration structures; and
 - where discretion is exercised by the board in relation to payment of bonuses, stock options and other incentive payments, a statement about this and explanation of the basis for the exercise of that discretion;
 - the names of the members of the remuneration committee and their attendance at meetings of the committee; and
 - the existence of any schemes for retirement benefits, other than statutory superannuation, for non-executive directors.

Recognise the legitimate interests of stakeholders

Establish and disclose a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders.

Source reference

ASX Guidance Note
9A

Information to be made publicly available

The ASX Corporate Governance Council has also determined that the following information should be made publicly available, ideally on the company's website in a clearly marked corporate governance section:

- The statement of matters reserved for the board, or a summary of the board charter, or the statement of delegated authority to management.
- A description of the procedure for the selection and appointment of new directors to the board.
- The charter of the nomination committee, or a summary of the role, rights and responsibilities and membership requirements for that committee.
- The nomination committee's policy for the appointment of directors.
- Any applicable code of conduct, or a summary of its main provisions.
- The trading policy, or a summary of its main provisions.
- The audit committee charter.
- Information on procedures for the selection and appointment of the external auditor and for the rotation of external audit engagement partners.
- A summary of the policies and procedures designed to guide compliance with ASX Listing Rule disclosure requirements.
- A description of the arrangements the company has to promote communication with shareholders.
- A description of the company's risk management policy and internal compliance and control system.
- A description of the process for performance evaluation of the board, its committees and individual directors, and key executives.
- The charter of the remuneration committee or a summary of the role, rights, responsibilities and membership requirements for that committee.

Where the company does not have a website it must make relevant information available to shareholders by other means, for example, a company may provide the information on request by e-mail, facsimile, or post.

Source reference

Directors' report

s.1308(7)

Where the directors' report contains information in addition to that required by the Corporations Act 2001, the information will be regarded as part of the directors' report for the purposes of s.1308 'False or misleading statements'.

Transfer of information from the directors' report into another document forming part of the annual report

s.300(2)

Information required by s.300 need not be included in the directors' report where such information is disclosed in the financial report.

ASIC-CO 98/2395

Note: ASIC Class Order 98/2395 was varied in July 2005 to update the class order for changes relating to the introduction of A-IFRS and CLERP 9 amendments.

Information required by s.298(1)(c), s.298(1A), s.299 to s.300 (other than s.300(11B) and (11C) insofar as those sections require certain information to be included in the directors' report or in the financial report pursuant to s.300(2)) may be transferred to a document attached to the directors' report and financial report where a clear cross reference to the pages containing the excluded information exists and certain conditions are satisfied. The information required by s.298(1)(c), s.298(1A), s.299 and s.299A may not be transferred into the financial report.

Where information is transferred into the financial report it will be subject to audit.

The directors of DTT Group Limited submit herewith the annual financial report of the company for the financial year ended 31 December 2006. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

s.300(1)(c),
s.300(10)(a)

The names and particulars of the directors of the company during or since the end of the financial year are:

Name [all entities]	Particulars [public companies only]
Mr C.J. Chambers	Chairman, Chartered Accountant, aged 56 joined the Board in 1994 in a non-executive capacity and is a non-executive director of the ultimate Australian holding company, DTT Ultimate Limited. Mr C.J. Chambers is a member of the audit committee and the risk management committee.
Mr P.H. Taylor	Chief executive officer, aged 42, joined the Board in 1991. Mr P.H. Taylor was previously the CEO at a large manufacturing company.
Ms F.R. Ridley	Chartered Accountant, aged 41, joined the Board in 2000 in a non-executive capacity. Ms F.R. Ridley is a member of the nomination and remuneration committee, and of the audit committee.
Mr A.K. Black	Industrial Engineer, aged 42, joined the Board in 2007 and previously held various senior management positions in manufacturing and wholesale companies.
Mr B.M. Stavrinidis	Director of Merchant Bank Limited, aged 48, joined the Board in 1999 in a non-executive capacity. Mr B.M. Stavrinidis is a member of the nomination and remuneration committee, the audit committee, and the risk management committee.
Mr W.K. Flinders	Practicing Solicitor, aged 58, joined the Board in 1996 in a non-executive capacity and resigned during the year. Mr W.K. Flinders was a member of the nomination and remuneration committee until his resignation.
Ms S.M. Saunders	Practicing Solicitor, aged 37, joined the Board in 2006 in a non-executive capacity and resigned after year end. Ms S.M. Saunders was a member of the nomination and remuneration committee and the risk management committee until her resignation.

s.300(1)(c)

The above named directors held office during and since the end of the financial year except for:

- Mr W.K. Flinders – resigned 20 January 2006
- Ms S.M. Saunders – appointed 1 February 2006, resigned 30 January 2007
- Mr A.K. Black – appointed 20 January 2007

s.300(10)(a)
s.300(10)

Particulars include each director's qualifications, experience and special responsibilities.

Disclosure of directors' particulars is not required for a public company which is a wholly-owned controlled entity of another company.

Source reference

Directorships of other listed companies [listed companies only]
s.300(11)(e) Directorships of other listed companies held by directors in the 3 years immediately before the end of the financial year are as follows:

Name	Company	Period of directorship
Mr P.H. Taylor	Eastwood Limited	Since 2005
	Yarwood Limited	2003 – 2005

Company secretary [public companies only]
s.300(10)(d) Mr A.B. Grey Chartered Accountant, aged 45, joined DTT Group Limited in 2000 and previously held the company secretary position at a large manufacturing company. Member of the Chartered Institute of Company Secretaries in Australia.

s.300(10) Disclosure of the company secretary's qualifications and experience is not required for a public company which is a wholly-owned controlled entity of another company.

Former partners of the audit firm

s.300(1)(ca) The directors' report must disclose the name of each person who:

- is an officer of the company, registered scheme or disclosing entity at any time during the year; and
- was a partner in an audit firm, or a director of an audit company, that is an auditor of the company, disclosing entity or registered scheme for the year; and
- was such a partner or director at a time when the audit firm or the audit company undertook an audit of the company, disclosing entity or registered scheme.

Principal activities

s.299(1)(c) The consolidated entity's principal activities in the course of the financial year were the manufacture of widgets, toys and bicycles, and the construction and renovation of residential properties. During the financial year the consolidated entity sold its bicycle business. Details of the sale are contained in note 44 and note 45(c) to the financial statements. During the year the board of directors decided to dispose of the construction business. Details of the planned disposal are contained in note 44 to the financial statements.

Review of operations

s.299(1)(a), ASX4.10.17 The directors' report must contain a review of the consolidated entity's operations during the financial year and the results of those operations. The Corporations Act 2001 contains additional general requirements for listed public companies.

Additional requirements for listed public companies

s.299A(1), (2) The directors' report for a company or disclosing entity that is a listed public company must also contain information that members of the company would reasonably require to make an informed assessment of:

- the operations of the consolidated entity; and
- the financial position of the consolidated entity; and
- the consolidated entity's business strategies and its prospects for future financial years.

s.299A(3) The directors' report may omit material that would otherwise be included under s.299A(1)(c) concerning the consolidated entity's business strategies and prospects for future financial years, if it is likely to result in unreasonable prejudice to the consolidated entity or any entity (including the company or disclosing entity) that is part of the consolidated entity. If material is omitted, the report must say so.

ASX Guidance Note In preparing this disclosure, entities may wish to refer to ASX Guidance Note 10 'Review of Operations and Activities: Listing Rule 4.10.17' or to the G100's 'Guide to Review of Operations and Financial Condition', which provide general guidance on the form and content of the consolidated entity's review of operations and the results of those operations, together with specific guidance on items which might be appropriately included in such a review.

Source reference

- Recommended contents of the review of operations include:
- (a) overview:
 - i. objectives of the consolidated entity and how they are achieved within the specific operating environment and industry within which the consolidated entity operates;
 - ii. performance and indicators used by management; and
 - iii. dynamics of the consolidated entity and the main opportunities and threats that may have a major effect on results regardless of whether they were significant in the period under review;
 - (b) review of operations:
 - i. operating results of the consolidated entity by main business activity including a comparison to prior periods and any projections published by the company and its controlled entities. Consideration should be given to unusual or infrequent events or transactions, including material acquisitions or disposals, major sources of revenues and expenses, and changes in factors which affect the results; and
 - ii. overall return attributable to shareholders in terms of dividends, and increase in shareholder funds. Consideration should be given to the company's distribution policy (including the extent of franking), other forms of shareholder returns, for example, dividend reinvestment plans or shareholder privileges, and movements in the company's share price;
 - (c) details of investments for future performance, including the current and planned future level of capital expenditure, major projects and expected benefits;
 - (d) review of financial conditions:
 - i. capital structure of the company including capital funding and treasury policies and objectives;
 - ii. liquidity and funding as at year end including restrictions on funds transfer, covenants entered into and the maturity profile of borrowings;
 - iii. resources available to the consolidated entity not reflected in the balance sheet;
 - iv. cash generated from operations and other sources of cash flows during the period; and
 - v. impact of legislation and other external requirements having a material effect on the financial condition in the reporting period or expected to have a material effect on the financial condition in future periods; and
 - (e) risk management and corporate governance practices.

Changes in state of affairs

s.299(1)(b)

During the financial year, the consolidated entity disposed of its bicycle business. The consolidated entity is also seeking to dispose of its construction operations, in order to focus its operations towards the manufacture and distribution of widgets and toys as proposed and agreed at the company's last Annual General Meeting.

Other than the above, there was no significant change in the state of affairs of the consolidated entity during the financial year.

Subsequent events

s.299(1)(d)

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Otherwise, describe the matter(s) or circumstance(s).

Future developments

s.299(3)

Disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Accordingly, this information has not been disclosed in this report.

s.299(1)(e)

Directors must bring likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations to the attention of the users of the financial report.

s.299(3)

These disclosures are not required where they would result in unreasonable prejudice to the entity.

s.299A(1)(c), (2)

The directors' report for a company or disclosing entity that is a listed public company must also contain information that members of the company would reasonably require to make an informed assessment of the consolidated entity's prospects for future financial years.

Source reference

Environmental regulations

s.299(1)(f)

If the consolidated entity's operations are subject to any particular and significant environmental regulation under a law of the Commonwealth or of a State or Territory, the directors' report should disclose details of the consolidated entity's performance in relation to the environmental regulation.

ASIC-PN 68

The ASIC has provided the following guidance on completing environmental regulations disclosures:

- prima facie, the requirements would normally apply where an entity is licensed or otherwise subject to conditions for the purposes of environmental legislation or regulation;
- the requirements are not related specifically to financial disclosures (eg. contingent liabilities and capital commitments) but relate to performance in relation to environmental regulation. Hence, accounting concepts of materiality in financial statements are not applicable;
- the information provided in the directors' report cannot be reduced or eliminated because information has been provided to a regulatory authority for the purposes of any environmental legislation; and
- the information provided in the director's report would normally be more general and less technical than information which an entity is required to provide in any compliance reports to an environmental regulator.

Dividends

s.300(1)(a)

In respect of the financial year ended 31 December 2005, as detailed in the directors' report for that financial year, a final dividend of 19.36 cents per share franked to 100% at 30% corporate income tax rate was paid to the holders of fully paid ordinary shares on 12 April 2006.

In respect of the financial year ended 31 December 2006, an interim dividend of 17.85 cents per share franked to 100% at 30% corporate income tax rate was paid to the holders of fully paid ordinary shares on 5 September 2006.

In respect of the financial year ended 31 December 2006, a dividend of 10.00 cents per share franked to 100% at 30% corporate income tax rate was paid to the holders of converting non-participating preference shares on 22 December 2006.

In respect of the financial year ended 31 December 2006, a dividend of 7.00 cents per share franked to 100% at 30% corporate income tax rate was paid to the holders of redeemable cumulative preference shares on 22 December 2006.

s.300(1)(b)

In respect of the financial year ended 31 December 2006, the directors recommend the payment of a final dividend of 26.31 cents per share franked to 100% at 30% corporate income tax rate to the holders of fully paid ordinary shares on 4 April 2007.

Where no dividends have been paid or declared since the start of the financial year, and/or the directors do not recommend the payment of a dividend in respect of the financial year, the directors' report should disclose that fact.

AASB110.13

If dividends are declared (i.e. the dividends are appropriately authorised and no longer at the discretion of the entity) after the reporting date but before the financial report is authorised for issue, the dividends are not recognised as a liability at the reporting date because they do not meet the criteria of a present obligation in AASB 137 'Provisions, Contingent Liabilities and Contingent Assets'. Such dividends are disclosed in the notes in the financial report in accordance with AASB 101 'Presentation of Financial Statements'.

Share options

Share options granted to directors and executives

s.300(1)(d), s.300(3)

The directors' report should include details of options granted over unissued shares or interests of the company, registered scheme or disclosing entity, and over unissued shares or interests of any company, registered scheme or disclosing entity within the consolidated entity, during or since the end of the financial year, to any directors or to any of the 5 most highly remunerated officers of the company (other than the directors) as part of their remuneration.

s.300(5)

The details of an option granted during or since the end of the financial year should include:

- (a) the identity of the company, registered scheme or disclosing entity granting the option;
- (b) the name of the person to whom the option is granted; and
- (c) the number and class of shares or interests over which the option is granted.

Source reference

s.300(1)(d), s.300(5)

During and since the end of the financial year an aggregate 128,370 share options were granted to the following directors and executives of the company as part of their remuneration:

Directors and executives	Number of options granted	Issuing entity	Number of ordinary shares under option
P.H. Taylor	88,000	DTT Group Limited	88,000
T.L. Smith	32,036	DTT Group Limited	32,036
C.P. Daniels	4,167	DTT Group Limited	4,167
N.W. Wright	4,167	DTT Group Limited	4,167

Shares under option or issued on exercise of options

The directors' report should include details of:

s.300(1)(f)

(a) shares or interests issued during or since the end of the financial year as a result of the exercise of an option over unissued shares or interests; and

s.300(1)(e)

(b) unissued shares or interests under option as at the date of the directors' report.

s.300(6)

The details of unissued shares or interests under option should include:

(a) the company, registered scheme or disclosing entity that will issue shares or interests when the options are exercised;

(b) the number and classes of those shares or interests;

(c) the issue price, or the method of determining the issue price, of those shares or interests;

(d) the expiry date of the options; and

(e) any rights that option holders have under the options to participate in any share issue or interest issue of the company, registered scheme or disclosing entity or of any other body corporate or registered scheme.

s.300(7)

The details of shares and interests issued as a result of the exercise of any option should include:

(a) the company, registered scheme or disclosing entity issuing the shares or interests;

(b) the number of shares or interests issued;

(c) if the company, registered scheme or disclosing entity has different classes of shares or interests, the class to which each of those shares or interests belongs;

(d) the amount unpaid on each of those shares or interests; and

(e) the amount paid, or agreed to be considered as paid, on each of those shares or interests.

Details of unissued shares or interests under option as at the date of this report are:

s.300(1)(e), s.300(6)

Issuing entity	Number of shares under option	Class of shares	Exercise price of option	Expiry date of options
DTT Group Limited	136,000	Ordinary	\$1.00	30 March 2007
DTT Group Limited	60,000	Ordinary	\$1.00 ^(a)	28 September 2007

^(a) These share options can only be exercised once the share price of DTT Group Limited exceeds \$4.00.

The holders of these options do not have the right, by virtue of the option, to participate in any share issue or interest issue of any other body corporate or registered scheme.

Details of shares or interests issued during or since the end of the financial year as a result of exercise of an option are:

s.300(1)(f), s.300(7)

Issuing entity	Number of shares issued	Class of shares	Amount paid for shares	Amount unpaid on shares
DTT Group Limited	314,000	Ordinary	\$1.00	\$nil

Indemnification of officers and auditors

s.300(1)(g), s.300(8), s.300(9)

During the financial year, the company paid a premium in respect of a contract insuring the directors of the company (as named above), the company secretary, Mr A.B. Grey, and all executive officers of the company and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The company has not otherwise, during or since the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor.

Source reference

Where the company has not indemnified or agreed to indemnify an officer or auditor against a liability incurred, or paid an insurance premium in respect of a contract insuring against a liability incurred by an officer or auditor, the following disclosure is encouraged:

'During or since the financial year the company has not indemnified or made a relevant agreement to indemnify an officer or auditor of the company or of any related body corporate, except to the extent permitted by law, against a liability incurred as such an officer or auditor. In addition, the company has not paid, or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an officer or auditor.'

Directors' meetings [public companies only]

s.300(10)(b), (c)

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year, 12 board meetings, 2 nomination and remuneration committee meetings, 4 audit committee meetings and 4 risk management committee meetings were held.

Directors	Board of directors		Nomination & remuneration committee		Audit committee		Risk management committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
C.J. Chambers	12	12	-	-	4	4	4	4
P.H. Taylor	12	10	-	-	-	-	-	-
F.R. Ridley	12	11	2	2	4	4	-	-
A.K. Black	-	-	-	-	-	-	-	-
B.M. Stavrinidis	12	12	2	2	4	4	4	4
W.K. Flinders	1	1	1	1	-	-	-	-
S.M. Saunders	10	9	1	1	-	-	4	4

The number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director must be disclosed.

s.300(10)

Disclosure of directors' meeting is not required for a public company which is a wholly-owned controlled entity of another company.

Directors' shareholdings [listed companies only]

The following table sets out each director's relevant interest in shares, debentures, and rights or options in shares or debentures of the company or a related body corporate as at the date of this report.

s.300(11)(a), (b), (c)

Directors	Fully paid ordinary shares	Share options	Convertible notes
C.J. Chambers	5,000	-	3,000
P.H. Taylor	50,000	88,000	15,000
A.K. Black	1,000	-	-

ASX3.19A.2

Shares held by a director in the company or a related body corporate, as at the date of the report, must be disclosed where s.205G required the director to notify the ASX of that shareholding. The ASX Listing Rules require directors to, within five business days of becoming a director or the listing of the company after becoming a director, to notify the ASX of relevant interests in:

- shares or debentures of, or prescribed interests made available by, the company or a related body corporate; and
- rights or options over shares in, debentures of, or prescribed interests made available by, the company or a related body corporate.

s.608, s.609

Directors are considered to have a relevant interest where the director:

- is the holder of the securities;
- has power to exercise, or control the exercise of, a right to vote attached to the securities; or
- has power to dispose of, or control the exercise of a power to dispose of, the securities.

Although s.300(11) only requires relevant interests in shares, debentures, and rights or options in shares or debentures to be disclosed, where considered necessary (i.e., to satisfy the information needs of the likely users of the financial report), directors may consider disclosing interests in other equity instruments.

s.300(11)(d)

For each director who is entitled to a benefit under a contract that confers a right to call for or deliver shares in, or debentures of or interests in a registered scheme made available by the company or a related body corporate, disclosure should be made of such contracts.

Source reference

s.300A(1), (1A), (2)

Remuneration report [listed companies only]

This model annual report does not include illustrative disclosures for entities which have elected to take advantage of the relief from having to provide disclosures about the compensation of key management personnel in both the directors' report and the financial report. Information about the ability of listed companies to transfer information about key management personnel compensation into the remuneration report is detailed at the end of the remuneration report (refer page B13).

Defined terms

s.300A(1B)(a)

A company executive is a secretary or senior manager of the company.

s.300A(1B)(b)

A relevant group executive of the company is a group executive of the consolidated entity who is not also a director of the company.

s.9

Senior manager: in relation to a corporation – means a person (other than a director or secretary of the corporation) who:

- i. makes, or participates in making, decisions that affect the whole, or a substantial part, of the business of the corporation; or
- ii. has the capacity to affect significantly the corporation's financial standing; and

The term 'senior manager' is also defined in the Corporations Act 2001 in relation to partnerships, trusts and joint ventures.

s.9

Group executives for a consolidated entity means:

- the directors of the companies or bodies within the consolidated entity; and
- the secretaries of the companies or bodies within the consolidated entity; and
- the senior managers of any corporation within the consolidated entity; and
- the partners, and senior managers, of any partnership within the consolidated entity; and
- the trustees, and senior managers, of any trusts within the consolidated entity; and
- the senior managers of any joint venture within the consolidated entity.

s.300A(1)

Persons who are both company executives and group executives

If a person is both a company executive and group executive, and details of the person's remuneration are included in the directors' report as one of the 5 named company executives who receive the highest remuneration for the year, details of the person's remuneration do not need to be included in the report as one of the 5 named relevant group executives who receive the highest remuneration for the year.

s.300A(4)

Remuneration from each entity

If consolidated financial statements are required; and a person is a group executive who is a group executive of 2 or more entities within the consolidated entity, the person's remuneration is taken to include all of the person's remuneration from those entities (regardless of the capacity in which the person received the remuneration).

s.300A(1)(c),
Reg2M.3.03(1)(a)-
(c), (3)

Director and executive details

The following persons acted as directors of the company during or since the end of the financial year:

Mr C.J. Chambers (Chairman)

Mr P.H. Taylor (Chief Executive Officer)

Ms F.R. Ridley

Mr B.M. Stavrinidis

Mr W.K. Flinders (resigned 20 January 2006)

Ms S.M. Saunders (appointed 1 February 2006, resigned 30 January 2007)

Mr A.K. Black (appointed 20 January 2007)

The highest remunerated company executives for the 2006 financial year were:

C.P. Daniels (Chief Operations Officer), resigned 3 January 2007

N.W. Wright (General Manager – Widgets division), resigned 29 December 2006

T.L. Smith (General Manager – Construction division), appointed 2 January 2006

A.B. Grey (Company Secretary)

The five highest remunerated group executives for the 2006 financial year were:

W.L. Lee (Chief Financial Officer)

L.J. Jackson (Chief Marketing Officer)

C.P. Daniels (Chief Operations Officer), resigned 3 January 2007

N.W. Wright (General Manager – Widgets division), resigned 29 December 2006

T.L. Smith (General Manager – Construction division), appointed 2 January 2006

Entities should be aware that the s.300A persons identified are not necessarily also a key management person of the company or the consolidated entity.

Source reference

Remuneration policy for directors and executives

	<p>The directors' report must include:</p>
s.300A(1)(a)	<p>(a) discussion of:</p> <ul style="list-style-type: none"> i. board policy for determining, or in relation to, the nature and amount (or value, as appropriate) of remuneration of directors, secretaries and senior managers of the company; and ii. if consolidated financial statements are required – board policy in relation to the nature and amount (or value, as appropriate) of remuneration of other group executives for the consolidated entity; and
s.300A(1)(b)	<p>(b) discussion of the relationship between such policy and the company's performance; and <u>Discussion of company performance</u></p>
s.300A(1AA)	<p>Without limiting the requirements of s.300A(1)(b), the discussion under that subsection of the company's performance must specifically deal with:</p> <ul style="list-style-type: none"> i. the company's earnings; and ii. the consequences of the company's performance on shareholder wealth; in the financial year to which the report relates and in the previous 4 financial years.
s.300A(1AB)	<p>In determining, for the purposes of s.300A(1AA), the consequences of the company's performance on shareholder wealth in a financial year, have regard to:</p> <ul style="list-style-type: none"> i. dividends paid by the company to its shareholders during that year; and ii. changes in the price at which shares in the company are traded between the beginning and the end of that year; and iii. any return of capital by the company to its shareholders during that year that involves: <ul style="list-style-type: none"> (A) the cancellation of shares in the company; and (B) a payment to the holders of those shares that exceeds the price at which shares in that class are being traded at the time when the shares are cancelled; and iv. any other relevant matter.
s.300A(1)(ba)	<p>(c) if an element of the remuneration of a director, secretary or senior manager is dependent on the satisfaction of a performance condition, the following information:</p> <ul style="list-style-type: none"> i. a detailed summary of the performance condition; and ii. an explanation of why the performance condition was chosen; and iii. a summary of the methods used in assessing whether the performance condition is satisfied and an explanation of why those methods were chosen; and iv. if the performance condition involves a comparison with factors external to the company: <ul style="list-style-type: none"> (A) a summary of the factors to be used in making the comparison; and (B) if any of the factors relates to the performance of another company, of 2 or more other companies or of an index in which the securities of a company or companies are included – the identity of that company, of each of those companies or of the index.
	<p>The following details concerning each director of the company, each of the 5 named company executives who receive the highest remuneration for that year, and (where consolidated financial statements are required) each of the 5 named relevant group executives who receive the highest remuneration for that year, shall also be disclosed:</p>
s.300A(1)(e)(i)	<p>(a) an explanation of the relative proportions of those elements of the person's remuneration that are related to performance and those elements of the person's remuneration that are not; and</p>
s.300A(1)(d)	<p>(b) if an element of the person's remuneration consists of securities of a body and that element is not dependent on the satisfaction of a performance condition – an explanation of why that element of the remuneration is not dependent on the satisfaction of a performance condition must be disclosed; and</p>
s.300A(1)(e)(vii)	<p>(c) if the person is employed by the company under a contract – the duration of the contract, the periods of notice required to terminate the contract and the termination payments provided for under the contract.</p>

Source reference

s.300A(1)(c)

Director and executive remuneration

The directors and the five identified company executives and group executives received the following amounts as compensation for their services as directors and executives of the company and/or the Group during the year:

The table below does not illustrate all the components of compensation specified by AASB 124.Aus25.4 that shall be disclosed, if present. A more complete table illustrating the various components of compensation is included in note 48 (refer page B152).

There is no requirement to separately identify executive and non-executive officers; however, entities may wish to do so to distinguish between the amounts of compensation paid to executive directors compared to non-executive directors.

Reg2M3.03(1)(d),
s.300A(1)(e)(vi)

2006	Short-term employee benefits				Post-employment benefits	Other long-term employee benefits	Share-based payment	Total	% consisting of options
	Salary & fees	Bonus	Non-monetary	Other	Superannuation		Options & rights		
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Non-executive directors									
C.J. Chambers	76,000	-	28,050	1,250	-	-	-	105,300	-
F.R. Ridley	65,000	-	25,091	854	-	-	-	90,945	-
B.M. Stavrinidis	65,000	-	26,800	685	-	-	-	92,485	-
W.K. Flinders	4,000	-	800	200	-	-	-	5,000	-
S.M. Saunders	65,000	-	15,159	689	-	-	-	80,848	-
Executive officers									
P.H. Taylor (i)	261,600	-	66,280	1,240	30,000	5,400	105,600	470,120	22.5%
W.L. Lee (i), (ii)	183,712	10,000	6,796	-	17,937	8,788	7,500	234,733	3.2%
L.J. Jackson (i)	187,928	-	16,481	-	20,000	4,572	7,500	236,481	3.2%
C.P. Daniels (i)	185,500	-	14,805	-	20,000	-	5,000	225,305	2.2%
N.W. Wright (i)	184,000	-	12,761	-	17,708	-	5,000	219,469	2.3%
T.L. Smith (iii)	180,000	-	4,734	-	16,716	1,000	8,663	211,113	4.1%
A.B. Grey	150,000	-	11,450	-	15,000	2,354	-	178,804	-

Reg2M3.03(2)(a),
(2)(c)(i)-(ii)

(i) Mr P.H. Taylor and other executives were granted fully vested share options under the employee share option plan on 31 March 2006. During the financial year, Mr P.H. Taylor received 60% of his variable compensation entitlement for the period; the remaining 40% was forfeited on not achieving the associated performance criteria. The other executives received 100% of their variable compensation entitlement for the period.

Reg2M3.03(2)(a),
(2)(c)(i)-(ii)

(ii) Mr W.L. Lee was granted a cash bonus of \$10,000 (100% of bonus) on 12 December 2006. The bonus was given, on successful acquisition by the Group, for his identification of the distribution business of Minus Pty Limited as an advantageous investment opportunity earlier in the reporting period.

Reg2M3.03(2)(a),
(2)(c)(i)-(iv)

(iii) Mr T. L. Smith was granted share options representing 100% of his variable compensation entitlement for the period on 29 September 2006. These options vest only when the share price of DTT Group Limited exceeds \$4.00. At 31 December 2006, none of these options had vested. The options expire on 28 September 2007. The maximum possible total value of the grant not yet recognised is \$24,975; the minimum possible total value of the grant is nil (only if T.L. Smith resigns before the share price exceeds \$4.00).

Value of options issued to directors and executives

s.300A(1)(e)(ii)-(v)

The following table summarises the value of options granted, exercised or lapsed during the annual reporting period to the identified directors and executives:

	Value of options granted at the grant date (i)	Value of options exercised at the exercise date (ii)	Value of options lapsed at the date of lapse	Total
	\$	\$	\$	\$
P.H. Taylor	105,600	87,500	-	168,100
W.L. Lee	7,500	15,625	-	15,625
L.J. Jackson	7,500	15,625	-	15,625
C.P. Daniels	5,000	10,417	-	10,417
N.W. Wright	5,000	10,417	-	10,417
T.L. Smith	33,638	-	-	33,638

(i) The value of options granted during the period is recognised in compensation over the vesting period of the grant, in accordance with Australian accounting standards.

(ii) Both options granted in the current financial year and in previous financial years were exercised during the financial year.

Source reference

s.300A(1)(c),
Reg2M.3.03(2)(d)

Details of signing bonuses

In respect of each director, named company executive and named relevant group executive, the remuneration report shall include the name of the person (if any) and details of payments made to that person before the person took office as part of the consideration for that person agreeing to hold office, including the monetary value of the payment and the date of the payment.

s.300A(1)(c),
Reg2M.3.03(2)(b)

Details of alterations of bonuses and grants

For each alteration of the terms or conditions of a grant of a cash bonus, performance-related bonus or share-based payment compensation benefit made to an identified director, company executive or relevant group executive since the grant date, whether part of a specific contract for services or not, the remuneration report shall disclose:

- (a) the person's name; and
- (b) the date, details and effect of each alteration; and
- (c) where the terms of share-based payment transactions (including options and rights) granted as compensation have been altered or modified by the issuing entity during the reporting period, the following details for each such person:
 - i. the date of each alteration of the terms;
 - ii. the market price of the underlying equity instrument at the date of the alteration;
 - iii. the terms of the grant immediately prior to alteration, including the number and class of the underlying equity instruments, exercise price, time remaining until expiry and each other condition in the terms affecting the vesting or exercise of the option or other right;
 - iv. the new terms; and
 - v. the difference between the total of the fair value of the options or other rights affected by the alteration immediately before the alteration and the total of the fair value of those options or other rights immediately after the alteration.

Reg2M.6.04

Transfer of information about key management personnel compensation into the remuneration report

Regulation 2M.6.04 (amended June 2006) permits listed companies to transfer information about the compensation of key management personnel, other than the aggregate compensation of key management personnel required by AASB 124 'Related Party Disclosures' paragraph 16, from the financial report to the remuneration report, provided certain conditions are met.

Listed companies are permitted to transfer the disclosures specified by AASB 124.Aus25.4 to Aus25.7.2, provided the following conditions are satisfied:

- (a) the information is contained in the annual directors' report under the heading 'remuneration report';
- (b) the information must relate to each person:
 - (i) who, at any time during the financial year, held a position in the company as a director of the company or as one of the 5 named company executives or as one of the 5 named relevant group executives who receives the highest remuneration for that year; or
 - (ii) to whom the definition of key management personnel in AASB 124 applied at any time during the financial year;
- (c) the auditor who conducts an audit of the company's annual financial report under s.307 of the Corporations Act 2001 must form an opinion whether the information required by AASB 124 that is contained in the annual directors' report complies with AASB 124 and include a report of the opinion with the report on that audit under s.308 of the Corporations Act 2001;
- (d) the information must include, in relation to each person mentioned in paragraph (b):
 - (i) the person's name; and
 - (ii) each position covered by paragraph (b) that was held by the person during the financial year; and
 - (iii) for any position the person held for less than the whole financial year:
 - (A) the date on which the person started to hold the position; and
 - (B) the date on which the person ceased holding the position; and
 - (iv) for each bonus or grant mentioned in paragraph Aus25.5 of AASB 124:
 - (A) the percentage of the bonus or grant that was paid to the person, or that vested in the person, in the financial year; and
 - (B) the percentage of the bonus or grant that was forfeited by the person in the financial year because the person did not meet the service and performance criteria for the bonus or grant; and
 - (C) the financial years, after the financial year to which the information relates, for which the bonus or grant will be payable if the person meets the service and performance criteria for the bonus or grant; and

Source reference

- (D) estimates of the maximum and minimum possible total value of the bonus or grant for financial years after the financial year to which the information relates, measured in accordance with applicable accounting standards; and
- (v) for any position the person started to hold during the financial year – details of payments (if any) made to the person before the person started to hold the position, as part of the consideration for the person agreeing to hold the position, including the monetary value of the payment and the date of payment.

Registered schemes [registered schemes only]

s.300(12)

The directors' report for a listed registered scheme should disclose the following details for each director of the responsible entity for the scheme:

- (a) their relevant interests in the scheme;
- (b) their rights or options over interests in the scheme; and
- (c) contracts to which the director is a party or under which the director is entitled to a benefit and that confer a right to call for or deliver interests in the scheme.

s.300(13)

The directors' report for a registered scheme (whether listed or unlisted) should disclose details of:

- (a) the fees paid to the responsible entity and its associates out of scheme property during the financial year;
- (b) the number of interests in the scheme held by the responsible entity or its associates as at the end of the financial year;
- (c) interests in the scheme issued during the financial year;
- (d) withdrawals from the scheme during the financial year;
- (e) the value of the scheme's assets as at the end of the financial year, and the basis for the valuation; and
- (f) the number of interests in the scheme as at the end of the financial year.

Proceedings on behalf of the company

s.300(14)

The directors' report should disclose, with respect to persons applying for leave under s.237 to bring, or intervene in, proceedings on behalf of the company, the applicant's name and a statement whether leave was granted.

s.300(15)

Where leave is granted under s.237, the directors' report should disclose the following details of any proceedings that a person has brought, or intervened in, on behalf of the company:

- (a) the person's name;
- (b) the names of the parties to the proceedings; and
- (c) sufficient information to enable members to understand the nature and status of the proceedings (including the cause of action and any orders made by the court).

Non-audit services [listed companies only]

s.300(2A),
s.300(11B)(a)
s.300(11B)(b)

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 50 to the financial statements.

The directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

s.300(11B)(c)

The directors are of the opinion that the services as disclosed in note 50 to the financial statements do not compromise the external auditor's independence, based on advice received from the Audit Committee, for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor, and
- none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

s.300(11B)(c)

Directors must include a statement of their reasons for being satisfied that the provision of non-audit services, during the year, by the auditor (or another person or firm on the auditor's behalf) did not compromise the auditor independence requirements of the Corporations Act 2001.

s.300(11D)

The statements under s.300(11B)(b) and (c) must be made in accordance with:

- (a) advice provided by the listed company's audit committee if the company has an audit committee; or
- (b) a resolution of the directors of the listed company if the company does not have an audit committee.

Source reference

s.300(11E)

A statement is taken to be made in accordance with advice provided by the company's audit committee only if:

- (a) the statement is consistent with that advice and does not contain any material omission of material included in that advice; and
- (b) the advice is endorsed by a resolution passed by the members of the audit committee; and
- (c) the advice is written advice signed by a member of the audit committee on behalf of the audit committee and given to the directors.

Auditor's independence declaration

s.298(1)(c)

The auditor's independence declaration is included on page B16 of the annual report.

Extension of audit rotation period [listed companies only]

s.300(11A)

Where, in accordance with s.342A, ASIC has made a declaration to enable an individual who is a registered company auditor to continue to play a significant role (as defined in s.9 of the Corporations Act 2001) in the audit of a listed company (by extending the audit involvement period from the normal 5 successive financial years to 6 or 7 successive financial years), the directors' report must include details of the declaration.

True and fair view

s.298(1A)

If the financial report for a financial year includes additional information under s.295(3)(c) to give a true and fair view of financial position and performance, the directors' report for the financial year must also:

- (a) set out the directors' reasons for forming the opinion that the inclusion of that additional information was necessary to give a true and fair view required by s.297; and
- (b) specify where that additional information can be found in the financial report.

Rounding off of amounts

If the company is of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and consequently the amounts in the directors' report and the financial report are rounded, that fact must be disclosed in the financial report or the directors' report.

ASIC-CO 98/0100

The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

or

ASIC-CO 98/0100

The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the financial report are rounded off to the nearest hundred thousand dollars, unless otherwise indicated.

or

ASIC-CO 98/0100

The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the financial report are rounded off to the nearest million dollars, unless otherwise indicated.

s.298(2)

Signed in accordance with a resolution of directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors

(Signature)

C.J. Chambers

Director

Melbourne, 16 March 2007

Source reference

**Auditor's independence declaration
to the members of DTT Group Limited**

The Board of Directors
DTT Group Limited
167 Admin Ave
MELBOURNE VIC 3000

16 March 2007

Dear Sirs,

DTT Group Limited

s.298(1)(c), s.307C,
ASIC-CO 98/2395

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of DTT Group Limited.

As lead audit partner for the audit of the financial statements of DTT Group Limited for the financial year ended 31 December 2006, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit;
and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

DELOITTE TOUCHE TOHMATSU

T.L. Green
Partner
Chartered Accountants
Melbourne, 16 March 2007

Liability limited by a scheme approved under Professional Standards Legislation.

ASIC CO 05/910

ASIC Class Order 05/910 grants an exemption for an auditor from the requirement to make an independence declaration under s307C where the declaration would be required to set out details of any contraventions of s.324CE(2), s.324CF(2) or s.324CG(2) of the Corporations Act 2001, provided certain conditions are met.

ASIC CO 05/83

The auditor's independence declaration may be signed before the directors' report, provided that the directors' report is signed within 7 days after the declaration was given. The auditor must provide an update to the independence declaration by way of a statement in the auditor's report.

Source reference

AUS702, AUASB
Guidance Note
'Improving
Communications
between Auditors
and Shareholders'

Independent audit report to the members of DTT Group Limited

Scope

The financial report and directors' responsibility

The financial report comprises the balance sheet, income statement, cash flow statement, statement of changes in equity *[or statement of recognised income and expense, as appropriate]*, a summary of significant accounting policies and other explanatory notes and the directors' declaration for both DTT Group Limited (the company) and the consolidated entity, for the financial year ended 31 December 2006 as set out on pages B19 to B161. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with Accounting Standards in Australia and the Corporations Act 2001. This includes responsibility for the maintenance of adequate financial 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 have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance 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 controls, 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 form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards in Australia and the Corporations Act 2001 so as to present a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and performance as represented by the results of their operations, their changes in equity and their cash flows.

Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and 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.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of DTT Group Limited is in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the company's and consolidated entity's financial position as at 31 December 2006 and of their performance for the year ended on that date; and
- (b) complying with Accounting Standards in Australia and the Corporations Regulations 2001.

DELOITTE TOUCHE TOHMATSU

T.L. Green
Partner
Chartered Accountants
Melbourne, 16 March 2007

Liability limited by a scheme approved under Professional Standards Legislation.

Source reference

Duty to form an opinion

The auditor is required to form an opinion on the following:

- s.307(a) • whether the financial report is in accordance with the Corporations Act 2001, including:
 - i. whether the report complies with accounting standards; and
 - ii. whether the report gives a true and fair view of the financial performance and position of the entity (or consolidated entity); and
- s.307(aa) • if the financial report includes additional information under s.295(3)(c) (information included to give true and fair view of financial position and performance) – whether the inclusion of that additional information was necessary to give the true and fair view required by s.297; and
- s.307(b) • whether the auditor has been given all information, explanations and assistance necessary for the conduct of the audit; and
- s.307(c) • whether the company has kept financial records sufficient to enable a financial report to be prepared and audited; and
- s.307(d) • whether the company has kept other records and registers as required by the Corporations Act 2001.

s.308(3)(b) The auditor is only required to include in the audit report particulars of any deficiency, failure or shortcoming in respect of any matter referred to in s.307(b), (c) or (d) above.

Qualified audit opinions

s.308(2) Where, in the auditor's opinion, there has been a departure from a particular Accounting Standard, the audit report must, to the extent that is practicable to do so, quantify the effect that non-compliance has on the financial report. If it is not practicable to quantify the effect fully, the report must say why.

Duty to report

s.308(3)(a) The auditor is required to report any defect or irregularity in the financial report.

s.308(3A) The audit report must include any statements or disclosures required by the auditing standards.

s.308(3B) If the financial report includes additional information under s.295(3)(c) (information included to give true and fair view of financial position and performance), the audit report must also include a statement of the auditor's opinion on whether the inclusion of that additional information was necessary to give the true and fair view required by s.297.

Duty to inform

s.311(1) The auditor must inform the ASIC in writing if the auditor is aware of circumstances that:

- the auditor has reasonable grounds to suspect amount to a contravention of the Corporations Act 2001; or
- amount to an attempt, in relation to the audit, by any person to unduly influence, coerce, manipulate or mislead a person involved in the conduct of the audit; or
- amount to an attempt, by any person, to otherwise interfere with the proper conduct of the audit.

s.311(1) The auditor is required to notify ASIC in writing of the circumstances of the matters outlined above as soon as practicable and in any case within 28 days, after the auditor becomes aware of those circumstances.

ASIC-PN 34 ASIC Practice Note 34 provides guidance on the procedures to be followed by registered company auditors in complying with s.311 of the Corporations Act 2001, including specific reference to evidence of a contravention, examples of contraventions and timing of notification.

Auditor's independence declaration

s.307C(3) If an audit firm or audit company conducts an audit of the financial report for the financial year, the lead auditor must give the directors of the company, registered scheme or disclosing entity a written declaration that, to the best of the lead auditor's knowledge and belief, there have been:

(i) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit; or a written declaration that, to the best of the lead auditor's knowledge and belief, the only contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; or
 - (ii) any applicable code of professional conduct in relation to the audit;
- are those contraventions details of which are set out in the declaration.

s.307C(1) Similar requirements apply to individual auditors, where an individual auditor is engaged to conduct an audit of a financial report.

Source reference

Directors' declaration

The directors declare that:

- s.295(4)(c) (a) 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;
- s.295(4)(d) (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the company and the consolidated entity; and
- s.295(4)(e) (c) the directors have been given the declarations required by s.295A of the Corporations Act 2001 *[listed companies, listed disclosing entities and listed registered schemes only]*.

ASIC-CO 98/1418

At the date of this declaration, the company is within the class of companies affected by ASIC Class Order 98/1418. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

In the directors' opinion, there are reasonable grounds to believe that the company and the companies to which the ASIC Class Order applies, as detailed in note 42 to the financial statements will, as a group, be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

s.295(5)

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors

(Signature)

C.J. Chambers

Director

Melbourne, 16 March 2007

Source reference

Format of the financial report

General disclosures

Minimum general requirements relating to the format of the financial report are included in Accounting Standards AASB 101 'Presentation of Financial Statements' and AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors' and have been implicitly applied in the model financial report. These include:

- | | |
|--|---|
| <p>AASB101.Aus45.1
AASB101.44</p> | <p>(a) the financial report shall be presented in the English language;</p> <p>(b) the financial report shall be identified clearly and distinguished from other information in the same published document;</p> |
| <p>AASB101.49
AASB101.49</p> | <p>(c) financial reports shall be presented at least annually;</p> <p>(d) if the entity's reporting date changes and the annual financial report is presented for a period longer or shorter than one year, the entity shall disclose, in addition to the period covered by the financial report:</p> <ul style="list-style-type: none"> i. the reason for using a longer or shorter period; and ii. the fact that comparative amounts for the income statement, statement of changes in equity, cash flow statement and related notes are not entirely comparable; |
| <p>AASB101.46
AASB101.46</p> | <p>(e) each component of the financial report shall be clearly identified;</p> <p>(f) the following information shall be displayed prominently, and repeated where necessary for a proper understanding of the information presented:</p> |
| <p>AASB101.46(a)</p> | <ul style="list-style-type: none"> i. the name of the entity that is reporting or other means of identification, and any change in that information from the preceding reporting date (for example, to give a proper understanding, the change of name may be disclosed on the cover of the financial report and repeated in the directors' report, the directors' declaration, audit report and on the face of the financial statements); |
| <p>AASB101.46(b)
AASB101.46(c)</p> | <ul style="list-style-type: none"> ii. whether the financial report covers the individual entity or a group of entities; iii. the reporting date or the period covered by the financial report, whichever is appropriate to that component of the financial report; |
| <p>AASB101.46(d),
Aus46.1</p> | <ul style="list-style-type: none"> iv. the presentation currency. When the presentation currency is different from the Australian currency, the entity shall disclose the reason and justification for not using the Australian currency; and |
| <p>AASB101.46(e)
AASB101.27</p> | <ul style="list-style-type: none"> v. the level of rounding used in presenting amounts in the financial report; <p>(g) the presentation and classification of items in the financial report shall be retained from one period to the next unless:</p> |
| <p>AASB101.27(a)</p> | <ul style="list-style-type: none"> i. it is apparent, following a significant change in the nature of the entity's operations or a review of its financial report, that another presentation or classification would be more appropriate; or |
| <p>AASB101.27(b)</p> | <ul style="list-style-type: none"> ii. an Accounting Standard requires a change in presentation. |

Specific disclosures

Where the following is not disclosed elsewhere in information published with the financial report, the information shall be disclosed in the financial report:

- | | |
|-----------------------|---|
| <p>AASB101.126(a)</p> | <p>(a) the domicile and legal form of the entity, its country of incorporation and the address of the registered office (or principal place of business, if different from the registered office);</p> <p>For a listed entity, this information would normally be disclosed in additional stock exchange information. However, non-listed entities will need to ensure that this information is specifically included in the financial report. These disclosure requirements are illustrated in note 1 to the model financial statements.</p> |
| <p>AASB101.126(b)</p> | <p>(b) a description of the nature of the entity's operations and its principal activities; and</p> <p>Complying with the Corporations Act 2001 directors' report requirements, in relation to principal activities, will ensure compliance with these requirements. This disclosure requirement is illustrated in the directors' report.</p> |
| <p>AASB101.126(c)</p> | <p>(c) the name of the parent entity of the entity and the ultimate parent entity of the consolidated entity.</p> <p>Complying with Accounting Standard AASB 124 'Related Party Disclosures' disclosure requirements with respect to parent entities will ensure compliance with these requirements. This disclosure requirement is illustrated in note 49 to the model financial statements.</p> |

Source reference

AASB101.103

Notes to the financial statements

The notes shall:

- (a) present information about the basis of preparation of the financial report and the specific accounting policies used;
- (b) disclose the information required by Accounting Standards that is not presented on the face of the balance sheet, income statement, statement of recognised income and expense/statement of changes in equity or cash flow statement; and
- (c) provide additional information that is not presented on the face of the balance sheet, income statement, statement of recognised income and expense/statement of changes in equity or cash flow statement, but is relevant to an understanding of any of them.

AASB101.104

Notes shall, as far as practicable, be presented in a systematic manner. Each item on the face of the balance sheet, income statement, statement of recognised income and expense/statement of changes in equity and cash flow statement shall be cross referenced to any related information in the notes.

Comparative information

AASB101.36

Except when an Accounting Standard permits or requires otherwise, comparative information shall be disclosed in respect of the previous period for all amounts reported in the financial report. Comparative information shall be included for narrative and descriptive information when it is relevant to an understanding of the current period's financial report.

Reclassification of financial information

AASB101.38

When the presentation or classification of items in the financial report is amended, comparative amounts shall be reclassified unless the reclassification is impracticable. When comparative amounts are reclassified, an entity shall disclose:

- (a) the nature of the reclassification;
- (b) the amount of each item or class of items that is reclassified; and
- (c) the reason for the reclassification:

AASB101.39

When it is impracticable to reclassify comparative amounts, an entity shall disclose:

- (a) the reason for not reclassifying the amounts; and
- (b) the nature of the adjustments that would have been made if the amounts had been reclassified.

Errors made in prior periods

AASB108.42

Material prior period errors shall be retrospectively corrected in the first financial report authorised for issue after their discovery by:

- (a) restating the comparative amounts for the prior period(s) presented in which the error occurred; or
- (b) if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.

AASB108.43

However, to the extent that it is impracticable to determine either:

AASB108.44

- (a) the period-specific effects of an error on comparative information for one or more prior periods presented, the entity shall restate the opening balances of assets, liabilities and equity for the earliest period for which retrospective restatement is practicable (which may be the current period); or

AASB108.45

- (b) the cumulative effect, at the beginning of the current period, of an error on all prior periods, the entity shall restate the comparative information to correct the error prospectively from the earliest date practicable.

AASB108.46

The correction of a prior period error is excluded from profit or loss for the period in which the error is discovered. Any information presented about prior periods, including any historical summaries of financial data, is restated as far back as is practicable.

The disclosure requirements are illustrated in note 5 to the model financial statements.

Change in accounting estimates

AASB108.36

The effect of a change in an accounting estimate shall be recognised prospectively by including it in profit or loss in:

- (a) the period of the change, if the change affects that period only; or
- (b) the period of the change and future periods, if the change affects both.

AASB108.37

To the extent that a change in an accounting estimate gives rise to changes in assets and liabilities, or relates to an item of equity, it shall be recognised by adjusting the carrying amount of the related asset, liability or equity item in the period of the change.

The disclosure requirements with respect to revisions of accounting estimates are illustrated in note 2 to the model financial statements.

Source reference

AASB101.13

True and fair override

A financial report shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the Framework. The application of Accounting Standards, with additional disclosure when necessary, is presumed to result in a financial report that achieves a fair presentation.

AASB101.Aus13.1

The Corporations Act 2001 requires an entity's financial report to comply with Accounting Standards and, if necessary to give a true and fair view, further information to be disclosed in the notes.

AASB101.21

In the extremely rare circumstances in which management concludes that compliance with a requirement in an Accounting Standard would be so misleading that it would conflict with the objective of financial reports set out in the Framework, the entity shall, to the maximum extent possible, reduce the perceived misleading aspects of compliance by disclosing:

- the title of the Accounting Standard in question, the nature of the requirement, and the reason why management has concluded that complying with that requirement is so misleading in the circumstances that it conflicts with the objective of financial reports set out in the Framework; and
- for each period presented, the adjustments to each item in the financial reports that management has concluded would be necessary to achieve a fair presentation.

Consolidated entity vs. group

The provisions of the Corporations Act 2001 use the term 'consolidated entity', rather than 'group', to refer to the parent entity and the subsidiaries included in the consolidated financial statements. Therefore, where consolidated financial statements are prepared under the Corporations Act 2001, the directors' report, directors' declaration and audit report shall adopt the term 'consolidated entity'. However, as the Accounting Standards use the term 'group' to refer to the parent entity and its subsidiaries, it would be equally acceptable for the financial statements and the notes thereto to adopt the term 'group'.

**Income statement
for the financial year ended 31 December 2006**

(Alt 1: example of expenses disclosed by function)

	Note	Consolidated		Company	
		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Continuing operations					
Revenue	7	140,918	151,840	18,518	15,187
Cost of sales		(87,899)	(91,840)	(2,360)	(2,301)
Gross profit		53,019	60,000	16,158	12,886
Other revenue		3,608	2,351	12,203	12,716
Other income	9	934	1,005	252	41
Share of profits of associates and jointly controlled entities accounted for using the equity method		1,186	1,589	-	-
Distribution expenses		(5,087)	(4,600)	(488)	(490)
Marketing expenses		(3,293)	(2,247)	(292)	(212)
Occupancy expenses		(2,128)	(2,201)	(100)	(95)
Administration expenses		(11,001)	(15,124)	(4,681)	(5,180)
Finance costs		(5,034)	(6,023)	(2,933)	(1,653)
Other expenses		(2,656)	(2,612)	(50)	(40)
Profit before tax	9	29,548	32,138	20,069	17,973
Income tax expense	10	(11,306)	(11,801)	(6,178)	(5,547)
Profit for the year from continuing operations		18,242	20,337	13,891	12,426
Discontinued operations					
Profit for the year from discontinued operations	9,44	8,310	9,995	-	-
Profit for the year		26,552	30,332	13,891	12,426
Attributable to:					
Equity holders of the parent		22,552	27,569	13,891	12,426
Minority interest		4,000	2,763	-	-
		26,552	30,332	13,891	12,426
Earnings per share					
From continuing and discontinued operations:					
Basic (cents per share)	35	105.2	129.9		
Diluted (cents per share)	35	100.2	124.1		
From continuing operations:					
Basic (cents per share)	35	66.4	82.8		
Diluted (cents per share)	35	63.3	79.1		

Notes to the financial statements are included on pages B38 to B161.

Source references: AASB101.81, 82, 83 and 88, AASB112.77, AASB127.33, AASB133.66 and 68, AASB5.33(a)

Income statement for the financial year ended 31 December 2006

(Alt 2: example of expenses disclosed by nature)

	Note	Consolidated		Company	
		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Continuing operations					
Revenue	7	144,526	154,191	30,721	27,903
Other income	9	934	1,005	252	41
Share of profits of associates and jointly controlled entities accounted for using the equity method		1,186	1,589	-	-
Changes in inventories of finished goods and work in progress		(7,122)	2,118	(20)	40
Raw materials and consumables used		(70,393)	(85,406)	(1,905)	(2,462)
Employee benefits expense		(9,803)	(11,655)	(5,068)	(4,951)
Depreciation and amortisation expense		(12,193)	(13,878)	(48)	(45)
Finance costs		(5,034)	(6,023)	(2,933)	(1,653)
Impairment of non-current assets		(219)	-	-	-
Consulting expense		(3,120)	(1,926)	-	-
Other expenses		(9,214)	(7,877)	(930)	(900)
Profit before tax	9	29,548	32,138	20,069	17,973
Income tax expense	10	(11,306)	(11,801)	(6,178)	(5,547)
Profit for the year from continuing operations		18,242	20,337	13,891	12,426
Discontinued operations					
Profit for the year from discontinued operations	9,44	8,310	9,995	-	-
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Basic (cents per share)	35	66.4	82.8		
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Notes to the financial statements are included on pages B38 to B161.

Source references: AASB101.81, 82, 83 and 88, AASB112.77, AASB127.33, AASB133.66 and 68, AASB5.33(a)

Source reference

Source reference	Text
	<p>Presentation of revenues and expenses</p>
AASB101.81	<p>As a minimum, the face of the income statement shall include line items that present the following amounts for the period:</p> <ul style="list-style-type: none"> (a) revenue; (b) finance costs; (c) share of the profit or loss of associates and joint ventures accounted for using the equity method; (d) tax expense; (e) a single amount comprising of the post-tax profit or loss of discontinued operations and the post-tax gain or loss recognised on the measurement to fair value less costs to sell or on the disposal of the assets or disposal group(s) constituting the discontinued operation; and (f) profit or loss.
AASB101.82	<p>The following items shall be disclosed on the face of the income statement as allocations of profit or loss for the period:</p> <ul style="list-style-type: none"> (a) profit or loss attributable to minority interest; and (b) profit or loss attributable to equity holders of the parent.
AASB101.88, 89	<p>An entity shall present, either on the face of the income statement or in the notes to the financial statements, an analysis of expenses using a classification based on either the nature of expenses or their function within the entity, whichever provides information that is reliable and more relevant. Sub-classifications of expenses by nature or function have been illustrated in the example on the face of the income statement as is encouraged in the Accounting Standard.</p>
AASB101.94	<p>The choice between the function of expense method and the nature of expense method depends on historical and industry factors and the nature of the entity. Both methods provide an indication of those costs that might vary, directly or indirectly, with the level of sales or production of the entity. Because each method of presentation has merit for different types of entities, management is required to select the most relevant and reliable presentation. However, because information on the nature of expenses is useful in predicting future cash flows, additional disclosure is required when the function of expense classification is used.</p>
AASB101.29, 30 AASB1031	<p>Regardless of whether expenses are classified by nature or by function, each material class is separately disclosed. Unclassified expenses that are immaterial both individually and in aggregate may be combined and presented as a single line item. An item that is not sufficiently material to warrant separate presentation on the face of the financial statements may nevertheless be sufficiently material for it to be presented separately in the notes. It follows that the total of unclassified expenses is unlikely to exceed 10 per cent of total expenses classified by nature or by function, whether disclosed either on the face or in the notes to the financial statements.</p>
	<p>Offsetting</p>
AASB101.32	<p>Income and expenses shall not be offset unless required or permitted by an Accounting Standard.</p>
AASB101.34	<p>An entity undertakes, in the course of its ordinary activities, transactions that do not generate revenue but are incidental to the main revenue-generating activities. The results of such transactions are presented, when this presentation reflects the substance of the transaction or other event, by netting any income with related expenses arising on the same transaction. For example:</p> <ul style="list-style-type: none"> (a) gains and losses on the disposal of non-current assets, including investments and operating assets, are reported by deducting from the proceeds on disposal the carrying amount of the asset and related selling expenses; and (b) expenditure related to a provision that is recognised in accordance with AASB 137 'Provisions, Contingent Liabilities and Contingent Assets' and reimbursed under a contractual arrangement with a third party (for example, a supplier's warranty agreement) may be netted against the related reimbursement.
AASB101.35	<p>In addition, gains and losses arising from a group of similar transactions are reported on a net basis, for example, foreign exchange gains and losses or gains and losses arising on financial instruments held for trading. Such gains and losses are, however, reported separately if they are material.</p>
	<p>Disclosure of specific revenues and expenses</p>
AASB101.85, 86	<p>When items of income and expense are material, their nature and amount shall be disclosed separately either on the face of the income statement or in the notes to the financial statements, but shall not be presented as extraordinary items.</p>
	<p>Disclosure of additional information</p>
AASB101.83	<p>In addition to those disclosures explained above, additional line items, headings and subtotals shall be presented on the face of the income statement when such presentation is relevant to an understanding of the entity's financial performance.</p>
	<p>Prohibition on extraordinary items</p>
AASB101.85	<p>An entity shall not present any items of income and expense as extraordinary items, either on the face of the income statement or in the notes to the financial statements.</p>

**Balance sheet
as at 31 December 2006**

	Note	Consolidated		Company	
		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Current assets					
Cash and cash equivalents		20,199	19,778	8,552	6,681
Trade and other receivables	11	19,518	17,197	16,443	14,749
Other financial assets	13	8,757	6,949	2,438	208
Inventories	12	31,364	30,242	220	240
Current tax assets	10	85	60	-	-
Other	20	-	-	-	-
		79,923	74,226	27,653	21,878
Non-current assets classified as held for sale	14	22,336	-	-	-
Total current assets		102,259	74,226	27,653	21,878
Non-current assets					
Investments accounted for using the equity method	15	8,425	7,269	-	-
Other financial assets	13	10,411	9,656	93,784	99,095
Property, plant and equipment	16	111,235	134,461	476	505
Investment property	17	136	132	-	-
Deferred tax assets	10	-	-	-	37
Goodwill	18	20,208	24,060	-	-
Other intangible assets	19	9,739	11,325	-	-
Other	20	-	-	-	-
Total non-current assets		160,154	186,903	94,260	99,637
Total assets		262,413	261,129	121,913	121,515
Current liabilities					
Trade and other payables	23	16,820	21,495	2,798	4,118
Borrowings	24	22,446	25,600	22,277	32,038
Other financial liabilities	25	104	18	-	-
Current tax liabilities	10	5,133	5,868	4,624	4,643
Provisions	26	3,416	3,247	112	96
Other	27	90	95	-	-
		48,009	56,323	29,811	40,895
Liabilities directly associated with non-current assets classified as held for sale	28	3,684	-	-	-
Total current liabilities		51,693	56,323	29,811	40,895
Non-current liabilities					
Borrowings	24	32,611	31,478	27,049	7,000
Other financial liabilities	25	-	-	-	-
Deferred tax liabilities	10	4,591	3,693	173	-
Provisions	26	2,298	2,326	20	48
Other	27	180	270	-	-
Total non-current liabilities		39,680	37,767	27,242	7,048
Total liabilities		91,373	94,090	57,053	47,943
Net assets		171,040	167,039	64,860	73,572
Equity					
Issued capital	31	32,777	48,672	32,777	48,672
Reserves	32	3,907	3,376	1,663	1,181
Retained earnings	33	110,351	94,986	30,420	23,719
		147,035	147,034	64,860	73,572
Amounts recognised directly in equity relating to non-current assets classified as held for sale	34	-	-	-	-
Equity attributable to equity holders of the parent		147,035	147,034	64,860	73,572
Minority interest		24,005	20,005	-	-
Total equity		171,040	167,039	64,860	73,572

Notes to the financial statements are included on pages B38 to B161.

Source references: AASB101.68, Aus68.1, 68A and 69, AASB127.33, AASB5.38

Source reference

Source reference	Current/non-current vs. liquidity presentation
AASB101.51	All assets and all liabilities shall be classified and presented as either current or non-current unless they are presented in order of their liquidity. The term 'current' is defined for:
AASB101.57	(a) assets, as an asset that is: <ul style="list-style-type: none"> i. expected to be realised in, or is intended for sale or consumption in, the entity's normal operating cycle; or ii. held primarily for the purpose of being traded; or iii. expected to be realised within 12 months after the reporting date; or iv. cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date;
AASB101.60	(b) liabilities, as a liability that: <ul style="list-style-type: none"> i. is expected to be settled in the entity's normal operating cycle; or ii. is held primarily for the purpose of being traded; or iii. is due to be settled within 12 months after the reporting date; or iv. the entity does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.
AASB101.51	A liquidity basis shall only be presented where a liquidity presentation provides information that is reliable and more relevant than the current/non-current presentation. The liquidity basis of presentation is not illustrated in the model financial statements.
AASB101.59	Operating cycle A company's operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Once an entity defines their operating cycle it affects the classification and presentation of assets and liabilities as either current or non-current.
AASB101.59, 61	When an entity's normal operating cycle is not clearly identifiable, its duration is assumed to be 12 months.
AASB101.57, 60	However, where there is a single clearly identifiable operating cycle that extends over a period greater than 12 months, the longer period shall be used as the basis for identifying as: <ul style="list-style-type: none"> (a) current assets, those assets expected to be realised in, or intended for sale or consumption in, the entity's normal operating cycle; and (b) current liabilities, those liabilities expected to be settled in the entity's normal operating cycle.
AASB101.59, 61	Current assets will include inventories and trade receivables that are sold, consumed or realised as part of the normal operating cycle and current liabilities will include those liabilities that form part of the working capital used in a normal operating cycle of the entity, for example trade payables and accruals for employee benefits expense. This is the case even when they are not expected to be realised/settled within 12 months of reporting date.
AASB101.63	Refinancing liabilities Where current and non-current liabilities are presented separately, financial liabilities shall be categorised as current when they are due to be settled within 12 months of reporting date, even if: <ul style="list-style-type: none"> (a) the original term was for a period longer than 12 months; and (b) an agreement to refinance, or to reschedule payments, on a long term basis is completed after the reporting date and before the financial report is authorised for issued.
AASB101.64	However, if an entity expects, and has the discretion, to refinance or roll over an obligation for at least 12 months after the reporting date under an existing loan facility, it classifies the obligation as non-current, even if it would otherwise be due within a shorter period. However, when refinancing or rolling over the obligation is not at the discretion of the entity (for example, there is no agreement to refinance), the potential to refinance is not considered and the obligation is classified as current.
AASB101.65	Breach of loan covenants Where current and non-current liabilities are presented separately and an undertaking, including a covenant included in a borrowing agreement, is breached such that the liability becomes payable on demand, the liability shall be categorised as current even if the lender has agreed, after the reporting date, and before the authorisation of the financial report for issue, not to demand payment as a consequence of the breach.
AASB101.66	However, the liability is classified as non-current if the lender agreed by the reporting date to provide a period of grace ending at least 12 months after the reporting date, within which the entity can rectify the breach and during which the lender cannot demand immediate repayment.

Source reference

AASB101.32

Offsetting

Assets and liabilities shall only be set-off where required or permitted by an Accounting Standard, for example, AASB 132 'Financial Instruments: Disclosure and Presentation'.

AASB5.40

Presentation of a non-current asset or disposal group classified as held for sale

An entity shall not reclassify or re-present amounts presented for non-current assets or for the assets and liabilities of disposal groups classified as held for sale in the balance sheets for prior periods to reflect the classification in the balance sheet for the latest period presented.

Statement of recognised income and expense for the financial year ended 31 December 2006

(Alt 1: Presentation of a statement of recognised income and expense)

	Note	Consolidated		Company	
		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Gain/(loss) on revaluation of property		-	1,643	-	2
Increase/(decrease) arising from a change in existing decommissioning, restoration or similar liabilities		-	-	-	-
Gain/(loss) on available-for-sale investments taken to equity		94	81	31	(55)
Gain/(loss) on cash flow hedges taken to equity		436	316	-	-
Exchange differences arising on translation of foreign operations		75	121	-	-
Actuarial gain/(loss) on defined benefit plans		-	-	-	-
Other [describe]		-	-	-	-
Income tax on items taken directly to equity		(181)	(648)	(9)	15
Net income/(expense) recognised directly in equity		424	1,513	22	(38)
Transfers (net of any related tax):					
Transfer to profit or loss on sale of available-for-sale investments		-	-	-	-
Transfer to profit or loss from equity on cash flow hedges		(86)	(60)	-	-
Transfer to initial carrying amount of non-financial hedged item on cash flow hedges		(180)	(141)	-	-
Transfer to profit or loss on disposal of foreign operation		(84)	-	-	-
Profit for the period		26,552	30,332	13,891	12,426
Total recognised income and expense for the period		26,626	31,644	13,913	12,388
Attributable to:					
Equity holders of the parent		22,626	28,881	13,913	12,388
Minority interests		4,000	2,763	-	-
		26,626	31,644	13,913	12,388
Effects of changes in accounting policy					
Attributable to equity holders of the parent:					
- increase/(decrease) in retained earnings at the beginning of the period	33	-	(21)	-	-
- [describe]		-	-	-	-
Attributable to minority interests		-	-	-	-
		-	(21)	-	-
Effects of corrections of errors					
Attributable to equity holders of the parent:					
- increase/(decrease) in retained earnings at the beginning of the period	33	-	-	-	-
Attributable to minority interests		-	-	-	-
		-	-	-	-

Notes to the financial statements are included on pages B38 to B161.

Source references: AASB101.96, AASB128.39, AASB131.Aus57.5, AASB132.59, AASB119.93B, Int1.6(d)

An alternative method of presentation, which also includes transactions with equity holders acting in their capacity as equity holders, is illustrated on the next page.

Note: Entities which recognise actuarial gains and losses directly in retained earnings must present a statement of recognised income and expense, and are not permitted to present a statement of changes in equity as illustrated in Alt 2.

Statement of changes in equity for the financial year ended 31 December 2006

(Alt 2: Presentation of a statement of changes in equity)

Consolidated

	Fully paid ordinary shares \$'000	Partly paid ordinary shares \$'000	Converting non- participating preference shares \$'000	General reserve \$'000	Asset revaluation reserve \$'000
Balance at 1 January 2005	45,797	1,775	1,100	807	51
Effects of changes in accounting policies:					
Effect of changes in the accounting for financial guarantee contracts	-	-	-	-	-
As restated	45,797	1,775	1,100	807	51
Gain/(loss) on revaluation of property	-	-	-	-	1,643
Increase/(decrease) arising from a change in existing decommissioning, restoration or similar liabilities	-	-	-	-	-
Gain/(loss) on available-for-sale investments	-	-	-	-	-
Gain/(loss) on cash flow hedges	-	-	-	-	-
Exchange differences arising on translation of foreign operations	-	-	-	-	-
Related income tax	-	-	-	-	(493)
Net income recognised directly in equity	-	-	-	-	1,150
Transfers (net of any related tax):					
Transfer to profit or loss on cash flow hedges	-	-	-	-	-
Transfer to initial carrying amount of non-financial hedged item on cash flow hedges	-	-	-	-	-
Transfer to profit or loss on sale of available-for-sale investments	-	-	-	-	-
Profit for the period	-	-	-	-	-
Total recognised income and expense	-	-	-	-	1,150
Recognition of share-based payments	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-
Payment of dividends	-	-	-	-	-
Balance at 31 December 2005	45,797	1,775	1,100	807	1,201
Balance at 1 January 2006	45,797	1,775	1,100	807	1,201
Gain/(loss) on revaluation of property	-	-	-	-	-
Increase/(decrease) arising from a change in existing decommissioning, restoration or similar liabilities	-	-	-	-	-
Gain/(loss) on available-for-sale investments	-	-	-	-	-
Gain/(loss) on cash flow hedges	-	-	-	-	-
Exchange differences arising on translation of foreign operations	-	-	-	-	-
Related income tax	-	-	-	-	-
Net income recognised directly in equity	-	-	-	-	-
Transfers (net of any related tax):					
Transfer to profit or loss on cash flow hedges	-	-	-	-	-
Transfer to initial carrying amount of non-financial hedged item on cash flow hedges	-	-	-	-	-
Transfer to profit or loss on disposal of foreign operation	-	-	-	-	-
Profit for the period	-	-	-	-	-
Total recognised income and expense	-	-	-	-	-
Recognition of share-based payments	-	-	-	-	-
Transfer from equity-settled employee benefits reserve	338	-	-	-	-
Issue of shares under share option plan	314	-	-	-	-
Issue of shares for consulting services performed	8	-	-	-	-
Issue of converting non-participating preference shares	-	-	100	-	-
Issue of convertible notes	-	-	-	-	-
Share issue costs	-	-	(6)	-	-
Share buy-back	(16,456)	-	-	-	-
Share buy-back costs	(277)	-	-	-	-
Transfer to retained earnings	-	-	-	-	(3)
Payment of dividends	-	-	-	-	-
Related income tax	83	-	1	-	-
Balance at 31 December 2006	29,807	1,775	1,195	807	1,198

Notes to the financial statements are included on pages B38 to B161.

Source references: AASB101.8(c)(i), 96,97, Int1.6(d)

Investments revaluation reserve \$'000	Equity-settled employee benefits reserve \$'000	Hedging reserve \$'000	Foreign currency translation reserve \$'000	Option premium on convertible notes \$'000	Tax consolidation reserve \$'000	Retained earnings \$'000	Attributable to equity holders of the parent \$'000	Minority interest \$'000	Total \$'000
470	-	258	140	-	-	73,917	124,315	17,242	141,557
-	-	-	-	-	-	(21)	(21)	-	(21)
470	-	258	140	-	-	73,896	124,294	17,242	141,536
-	-	-	-	-	-	-	1,643	-	1,643
-	-	-	-	-	-	-	-	-	-
81	-	-	-	-	-	-	81	-	81
-	-	316	-	-	-	-	316	-	316
-	-	-	121	-	-	-	121	-	121
(24)	-	(95)	(36)	-	-	-	(648)	-	(648)
57	-	221	85	-	-	-	1,513	-	1,513
-	-	(60)	-	-	-	-	(60)	-	(60)
-	-	(141)	-	-	-	-	(141)	-	(141)
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	27,569	27,569	2,763	30,332
57	-	20	85	-	-	27,569	28,881	2,763	31,644
-	338	-	-	-	-	-	338	-	338
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	(6,479)	(6,479)	-	(6,479)
527	338	278	225	-	-	94,986	147,034	20,005	167,039
527	338	278	225	-	-	94,986	147,034	20,005	167,039
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
94	-	-	-	-	-	-	94	-	94
-	-	436	-	-	-	-	436	-	436
-	-	-	75	-	-	-	75	-	75
(28)	-	(131)	(22)	-	-	-	(181)	-	(181)
66	-	305	53	-	-	-	424	-	424
-	-	(86)	-	-	-	-	(86)	-	(86)
-	-	(180)	-	-	-	-	(180)	-	(180)
-	-	-	(84)	-	-	-	(84)	-	(84)
-	-	-	-	-	-	22,552	22,552	4,000	26,552
66	-	39	(31)	-	-	22,552	22,626	4,000	26,626
-	206	-	-	-	-	-	206	-	206
-	(338)	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	314	-	314
-	-	-	-	-	-	-	8	-	8
-	-	-	-	-	-	-	100	-	100
-	-	-	-	834	-	-	834	-	834
-	-	-	-	-	-	-	(6)	-	(6)
-	-	-	-	-	-	(555)	(17,011)	-	(17,011)
-	-	-	-	-	-	-	(277)	-	(277)
-	-	-	-	-	-	3	-	-	-
-	-	-	-	-	-	(6,635)	(6,635)	-	(6,635)
-	-	-	-	(242)	-	-	(158)	-	(158)
593	206	317	194	592	-	110,351	147,035	24,005	171,040

Statement of changes in equity for the financial year ended 31 December 2006

(Alt 2: Presentation of a statement of changes in equity)

Company

	Fully paid ordinary shares \$'000	Partly paid ordinary shares \$'000	Converting non- participating preference shares \$'000	General reserve \$'000	Asset revaluation reserve \$'000
Balance at 1 January 2005	45,797	1,775	1,100	807	-
Effects of changes in accounting policies:					
Effect of changes in the accounting for financial guarantee contracts	-	-	-	-	-
As restated	45,797	1,775	1,100	807	-
Gain/(loss) on revaluation of property	-	-	-	-	2
Gain/(loss) on available-for-sale investments	-	-	-	-	-
Gain/(loss) on cash flow hedges	-	-	-	-	-
Exchange differences arising on translation of foreign operations	-	-	-	-	-
Related income tax	-	-	-	-	(1)
Net income recognised directly in equity	-	-	-	-	1
Transfers (net of related tax):					
Transfer to profit or loss on cash flow hedges	-	-	-	-	-
Transfer to initial carrying amount of non-financial hedged item on cash flow hedges	-	-	-	-	-
Transfer to profit or loss on sale of available-for-sale investments	-	-	-	-	-
Profit for the period	-	-	-	-	-
Total recognised income and expense	-	-	-	-	1
Equity contributions arising under tax funding arrangement	-	-	-	-	-
Recognition of share-based payments	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-
Payment of dividends	-	-	-	-	-
Balance at 31 December 2005	45,797	1,775	1,100	807	1
Balance at 1 January 2006	45,797	1,775	1,100	807	1
Gain/(loss) on revaluation of property	-	-	-	-	-
Increase/(decrease) arising from a change in existing decommissioning, restoration or similar liabilities	-	-	-	-	-
Gain/(loss) on available-for-sale investments	-	-	-	-	-
Gain/(loss) on cash flow hedges	-	-	-	-	-
Exchange differences arising on translation of foreign operations	-	-	-	-	-
Related income tax	-	-	-	-	-
Net income recognised directly in equity	-	-	-	-	-
Transfers (net of related tax):					
Transfer to profit or loss on cash flow hedges	-	-	-	-	-
Transfer to initial carrying amount of non-financial hedged item on cash flow hedges	-	-	-	-	-
Transfer to profit or loss on disposal of foreign operation	-	-	-	-	-
Profit for the period	-	-	-	-	-
Total recognised income and expense	-	-	-	-	-
Equity contributions arising under tax funding arrangement	-	-	-	-	-
Recognition of share-based payments	-	-	-	-	-
Transfer from equity-settled employee benefits reserve	338	-	-	-	-
Issue of shares under share option plan	314	-	-	-	-
Issue of shares for consulting services performed	8	-	-	-	-
Issue of converting non-participating preference shares	-	-	100	-	-
Issue of convertible notes	-	-	-	-	-
Share issue costs	-	-	(6)	-	-
Share buy-back	(16,456)	-	-	-	-
Share buy-back costs	(277)	-	-	-	-
Transfer to retained earnings	-	-	-	-	-
Payment of dividends	-	-	-	-	-
Related income tax	83	-	1	-	-
Balance at 31 December 2006	29,807	1,775	1,195	807	1

Notes to the financial statements are included on pages B38 to B161.

Source references: AASB101.8(c)(i), 96,97, Int1.6(d)

Investments revaluation reserve \$'000	Equity-settled employee benefits reserve \$'000	Hedging reserve \$'000	Foreign currency translation reserve \$'000	Option premium on convertible notes \$'000	Tax consolidation reserve \$'000	Retained earnings \$'000	Total \$'000
74	-	-	-	-	-	17,772	67,325
-	-	-	-	-	-	-	-
74	-	-	-	-	-	17,772	67,325
-	-	-	-	-	-	-	2
(55)	-	-	-	-	-	-	(55)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
16	-	-	-	-	-	-	15
(39)	-	-	-	-	-	-	(38)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	12,426	12,426
(39)	-	-	-	-	-	12,426	12,388
-	-	-	-	-	-	-	-
-	338	-	-	-	-	-	338
-	-	-	-	-	-	-	-
-	-	-	-	-	-	(6,479)	(6,479)
35	338	-	-	-	-	23,719	73,572
35	338	-	-	-	-	23,719	73,572
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
31	-	-	-	-	-	-	31
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(9)	-	-	-	-	-	-	(9)
22	-	-	-	-	-	-	22
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	13,891	13,891
22	-	-	-	-	-	13,891	13,913
-	-	-	-	-	-	-	-
-	206	-	-	-	-	-	206
-	(338)	-	-	-	-	-	-
-	-	-	-	-	-	-	314
-	-	-	-	-	-	-	8
-	-	-	-	-	-	-	100
-	-	-	-	834	-	-	834
-	-	-	-	-	-	-	(6)
-	-	-	-	-	-	(555)	(17,011)
-	-	-	-	-	-	-	(277)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	(6,635)	(6,635)
-	-	-	-	(242)	-	-	(158)
57	206	-	-	592	-	30,420	64,860

Source reference

AASB101.96	<p>An entity shall present a statement of changes in equity showing on the face of the statement:</p> <ol style="list-style-type: none"> (a) profit or loss for the period; (b) each item of income and expense for the period that, as required by other Standards, is recognised directly in equity, and the total of these items; (c) total income and expense for the period (calculated as the sum of (a) and (b)), showing separately the total amounts attributable to equity holders of the parent and to minority interest; and (d) for each component of equity, the effects of changes in accounting policies and corrections of errors.
AASB101.96, AASB119.93B	<p>A statement of changes in equity that comprises only these items shall be titled a statement of recognised income and expense. Where an entity recognises actuarial gains and losses with respect to defined benefit plans outside profit or loss, the entity shall present this format of the statement of changes in equity. The entity cannot present the more detailed statement as allowed below. An illustrative example of a statement of recognised income and expense is presented on page B29.</p>
AASB101.97	<p>An entity shall also present, either on the face of the statement of changes in equity or in the notes to the financial statements:</p> <ol style="list-style-type: none"> (a) the amounts of transactions with equity holders acting in their capacity as equity holders, showing separately distributions to equity holders; (b) the balance of retained earnings at the beginning of the period and at the reporting date, and the changes during the period; and (c) a reconciliation between the carrying amount of each class of contributed equity and each reserve at the beginning and the end of the period, separately disclosing each change. <p>An illustrative example of a statement of changes in equity is presented on pages B30 to B33.</p>
AASB101.98	<p>Changes in an entity's equity between two reporting dates reflect the increase or decrease in its net assets during the period. Except for changes resulting from transactions with equity holders acting in their capacity as equity holders (for example, equity contributions, reacquisitions of the entity's own equity instruments and dividends) and transaction costs directly related to such transactions, the overall change in equity during a period represents the total amount of income and expenses, including gains and losses, generated by the entity's activities during that period (whether those items of income and expenses are recognised in profit or loss or directly as changes in equity).</p>
AASB101.99	<p>All items of income and expense recognised in a period are to be included in profit or loss unless another Accounting Standard requires otherwise. Other Accounting Standards require some gains and losses (for example, revaluation increases and decreases, particular foreign exchange differences, gains or losses on remeasuring available-for-sale financial assets, and related amounts of current tax and deferred tax) to be recognised directly as changes in equity. Examples of items of income and expense recognised directly in equity not illustrated in these model financial statements include:</p> <ul style="list-style-type: none"> • gains/losses on a hedge of the net investment in a foreign operation • transfers to profit or loss on impairment of available-for-sale financial assets • transfers to profit or loss on sale of available-for-sale financial assets • share of increments in reserves attributable to associates • share of increments in reserves attributable to jointly controlled entities.

Cash flow statement for the financial year ended 31 December 2006

Source reference	Note	Consolidated		Company	
		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
AASB107.1					
AASB107.10		Cash flows from operating activities			
		202,277	231,441	16,834	14,696
		(154,567)	(170,848)	(2,518)	(2,828)
AASB107.31		(5,139)	(6,154)	(2,905)	(1,653)
AASB107.35		(13,742)	(11,168)	(6,172)	(4,883)
		Net cash provided by operating activities			
	45(g)	28,829	43,271	5,239	5,332
AASB107.10		Cash flows from investing activities			
		(5,393)	(3,762)	(114)	-
		3,604	4,000	208	197
AASB107.31		2,315	1,304	3,248	1,747
AASB107.31		186	179	8,945	10,961
		(2,910)	(6,088)	(10,000)	(8,452)
		6,088	3,355	6,481	1,929
		party loans			
		(22,993)	(11,914)	(55)	(28)
AASB107.16(b)		9,872	22,295	50	107
		(6)	(358)	-	-
		(502)	(440)	-	-
AASB107.39	45(c)	7,566	-	-	-
AASB107.39	45(b)	(622)	-	-	-
		Net cash (used in)/provided by investing activities			
		(2,795)	8,571	8,763	6,461
AASB107.10		Cash flows from financing activities			
		1,248	-	1,248	-
		(6)	-	(6)	-
		Payment for share buy-back to:			
		(17,011)	-	(17,011)	-
		-	-	-	-
		(277)	-	(277)	-
		21,616	-	21,616	-
		(595)	-	(595)	-
		17,181	12,177	9,677	10,224
		(41,174)	(56,979)	(20,438)	(13,186)
AASB107.31, 34		Dividends paid to:			
		(6,635)	(6,479)	(6,635)	(6,479)
		-	-	-	-
		(25,653)	(51,281)	(12,421)	(9,441)
		Net increase in cash and cash equivalents			
		381	561	1,581	2,352
		Cash and cash equivalents at the beginning of the financial year			
		19,400	18,864	6,469	4,117
AASB107.28		55	(25)	-	-
		Cash and cash equivalents at the end of the financial year			
	45(a)	19,836	19,400	8,050	6,469

Notes to the financial statements are included on pages B38 to B161.

Source reference

AASB107.14

Operating activities

Cash flows from operating activities are primarily derived from the principal revenue-producing activities of the entity. Therefore, they generally result from the transactions and other events that enter into the determination of profit or loss. Examples of cash flows from operating activities are:

- (a) cash receipts from the sale of goods and the rendering of services;
- (b) cash receipts from royalties, fees, commissions and other revenue;
- (c) cash payments to suppliers for goods and services;
- (d) cash payments to and on behalf of employees;
- (e) cash receipts and cash payments of an insurance entity for premiums and claims, annuities and other policy benefits;
- (f) cash payments or refunds of income taxes unless they can be specifically identified with financing and investing activities; and
- (g) cash receipts and payments from contracts held for dealing or trading purposes.

Some transactions, such as the sale of an item of plant, may give rise to a gain or loss which is included in the determination of profit or loss. However, the cash flows relating to such transactions are cash flows from investing activities.

AASB107.16

Investing activities

The separate disclosure of cash flows arising from investing activities is important because the cash flows represent the extent to which expenditures have been made for resources intended to generate future income and cash flows. Examples of cash flows arising from investing activities are:

- (a) cash payments to acquire property, plant and equipment, intangibles and other long-term assets. These payments include those relating to capitalised development costs and self-constructed property, plant and equipment;
- (b) cash receipts from sales of property, plant and equipment, intangibles and other long-term assets;
- (c) cash payments to acquire equity or debt instruments of other entities and interests in joint ventures (other than payments for those instruments considered to be cash equivalents or those held for dealing or trading purposes);
- (d) cash receipts from sales of equity or debt instruments of other entities and interests in joint ventures (other than receipts for those instruments considered to be cash equivalents and those held for dealing or trading purposes);
- (e) cash advances and loans made to other parties (other than advances and loans made by a financial institution);
- (f) cash receipts from the repayment of advances and loans made to other parties (other than advances and loans of a financial institution);
- (g) cash payments for futures contracts, forward contracts, option contracts and swap contracts except when the contracts are held for dealing or trading purposes, or the payments are classified as financing activities; and
- (h) cash receipts from futures contracts, forward contracts, option contracts and swap contracts except when the contracts are held for dealing or trading purposes, or the receipts are classified as financing activities.

When a contract is accounted for as a hedge of an identifiable position, the cash flows of the contract are classified in the same manner as the cash flows of the position being hedged.

AASB107.17

Financing activities

The separate disclosure of cash flows arising from financing activities is important because it is useful in predicting claims on future cash flows by providers of capital to the entity. Examples of cash flows arising from financing activities are:

- (a) cash proceeds from issuing shares or other equity instruments;
- (b) cash payments to owners to acquire or redeem the entity's shares;
- (c) cash proceeds from issuing debentures, loans, notes, bonds, mortgages and other short or long-term borrowings;
- (d) cash repayments of amounts borrowed; and
- (e) cash payments by a lessee for the reduction of the outstanding liability relating to a finance lease.

AASB107.31

Interest and dividends

Cash flows from interest and dividends received and paid shall each be disclosed separately. Each shall be classified in a consistent manner from period to period as either operating, investing or financing activities.

Source reference

AASB107.32

The total amount of interest paid during a period is disclosed in the cash flow statement whether it has been recognised as an expense in the income statement or capitalised in accordance with the allowed alternative treatment in AASB 123 'Borrowing Costs'.

AASB107.33

Interest paid and interest and dividends received are usually classified as operating cash flows for a financial institution. However, there is no consensus on the classification of these cash flows for other entities. Interest paid and interest and dividends received may be classified as operating cash flows because they enter into the determination of net profit or loss. Alternatively, interest paid and interest and dividends received may be classified as financing cash flows and investing cash flows respectively, because they are costs of obtaining financial resources or returns on investments.

AASB107.34

Dividends paid shall be classified as a financing cash flow because they are a cost of obtaining financial resources.

Taxes on income

AASB107.35

Cash flows arising from taxes on income shall be separately disclosed and shall be classified as cash flows from operating activities unless they can be specifically identified with financing and investing activities.

Investments in subsidiaries, associates and joint ventures

AASB107.37

When accounting for an investment in an associate or a subsidiary accounted for by use of the equity or cost method, an investor restricts its reporting in the cash flow statement to the cash flows between itself and the investee, for example, to dividends and advances.

AASB107.38

An entity reports its interest in a jointly controlled entity using the equity method and includes in its cash flow statement the cash flows in respect of its investments in the jointly controlled entity, and distributions and other payments or receipts between it and the jointly controlled entity.

Non-cash transactions

AASB107.43

Investing and financing transactions that do not require the use of cash or cash equivalents shall be excluded from a cash flow statement. Such transactions shall be disclosed elsewhere in the financial report in a way that provides all the relevant information about these investing and financing activities.

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Source reference

1. General information
AASB101.126(a) DTT Group Limited (the company) is a listed public company, incorporated in Australia and operating in Australia, North America and Asia.

DTT Group Limited's registered office and its principal place of business are as follows:

AASB101.126(a)	Registered office	Principal place of business
	10 th Floor	1 st Floor
	DTT Centre	167 Admin Ave
	255 Deloitte Street	MELBOURNE VIC 3000
	MELBOURNE VIC 3000	Tel: (03) 9208 5000
	Tel: (03) 9208 7000	

AASB101.126(a) Disclosures in relation to the domicile and legal form of the entity, the country of incorporation and the address of the registered office (or principal place of business, if different from the registered office) only need be made in the financial report where such information is not disclosed elsewhere in information published with the financial report.

The following sentence is suggested in the year of incorporation:

'The company was incorporated on [date] and accordingly only current year figures covering the period from incorporation are shown.'

2. Adoption of new and revised Accounting Standards

AASB108.28 In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2006. The adoption of these new and revised Standards and Interpretations has resulted in changes to the Group's accounting policies in the following areas that have affected the amounts reported for the current or prior years:

- investments as at fair value through profit or loss (AASB 2005-04 'Amendments to Australian Accounting Standards');
- financial guarantee contracts (AASB 2005-09 'Amendments to Australian Accounting Standards'); and
- rights to cash reimbursement for expenditure required to settle a provision (AASB 2005-5 'Amendments to Australian Accounting Standards').

The adoption of these new and revised Standards and Interpretations has also resulted in a change to the Group's accounting policies in relation to business combinations involving entities under common control.

The impact of these changes in accounting policies is discussed in detail later in this note. The impact on basic and diluted earnings per share is disclosed in note 35.

AASB108.31(a), (c) At the date of authorisation of the financial report, the following Standards and Interpretations were in issue but not yet effective:

- | | |
|--|--|
| <ul style="list-style-type: none"> • AASB 7 'Financial Instruments: Disclosures' | Effective for annual reporting periods beginning on or after 1 January 2007 |
| <ul style="list-style-type: none"> • AASB 101 'Presentation of Financial Statements' – revised standard | Effective for annual reporting periods beginning on or after 1 January 2007 |
| <ul style="list-style-type: none"> • AASB 2005-10 'Amendments to Australian Accounting Standards' – consequential amendments to other accounting standards resulting from the issue of AASB 7 | Effective for annual reporting periods beginning on or after 1 January 2007 |
| <ul style="list-style-type: none"> • Interpretation 7 'Applying the Restatement Approach under AASB 129 Financial Reporting in Hyperinflationary Economies' | Effective for annual reporting periods beginning on or after 1 March 2006 |
| <ul style="list-style-type: none"> • Interpretation 8 'Scope of AASB 2' | Effective for annual reporting periods beginning on or after 1 May 2006 |
| <ul style="list-style-type: none"> • Interpretation 9 'Reassessment of Embedded Derivatives' | Effective for annual reporting periods beginning on or after 1 June 2006 |
| <ul style="list-style-type: none"> • Interpretation 10 'Interim Financial Reporting and Impairment' | Effective for annual reporting periods beginning on or after 1 November 2006 |

AASB108.30, 31(b), (d), (e) The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material financial impact on the financial statements of the company or the Group, as the issue of Interpretation 7, Interpretation 8 and Interpretation 9 do not affect its present policies and operations. The Group has not reversed any impairment losses recognised in its reported half-year results, and accordingly, Interpretation 10, which prohibits the reversal of certain impairment losses, has no impact on the company or the Group's future financial statements.

Source reference

2. Adoption of new and revised Accounting Standards (cont'd)

The application of AASB 101 (revised), AASB 7 and AASB 2005-10 will not affect any of the amounts recognised in the financial statements, but will change the disclosures presently made in relation to the company and the Group's financial instruments and the objectives, policies and processes for managing capital.

These Standards and Interpretations will be first applied in the financial report of the Group that relates to the annual reporting period beginning after the effective date of each pronouncement, which in all cases will be the Company's annual reporting period beginning on 1 January 2007.

Limitation of ability to designate financial assets and financial liabilities through profit or loss

The Australian Accounting Standards Board ('AASB') released AASB 2005-4 'Amendments to Australian Accounting Standards' in June 2005. AASB 2005-4 amends AASB 139 'Financial Instruments: Recognition and Measurement' by limiting the ability of entities to designate any financial asset or financial liability as 'at fair value through profit or loss'.

Financial assets that can no longer be designated as 'at fair value through profit or loss' shall be classified into either loans and receivables, held-to-maturity investments or available-for-sale investments, as appropriate, and measured at amortised cost or at fair value with changes in fair value recognised in equity, depending on classification. Financial liabilities that can no longer be designated as 'at fair value through profit or loss' shall be classified as 'other' financial liabilities and measured at amortised cost. Although ordinarily the designation of a financial asset as available-for-sale is made on initial recognition, the transitional provisions of the Standard allow such designation to be made on the date of de-designation (1 January 2005).

The changes introduced by AASB 2005-4 are applied by the Group with effect from the beginning of the comparative reporting period presented in this financial report (i.e., with effect from 1 January 2005). The amendments are made in accordance with the transitional provisions of AASB 2005-4 and results in listed shares held by the Group with a carrying value at 1 January 2005 (the date of de-designation) of \$1,889 thousand that were previously designated as 'at fair value through profit or loss' being reclassified as available-for-sale investments. Fair value movements post 1 January 2005 are recognised directly in the investments revaluation reserve in accordance with note 3(g).

The impact of this reclassification is that, in the Group's financial statements, profit for the year ended 31 December 2005 decreased by \$5 thousand (net of tax) and gains recognised in the investments revaluation reserve for the year ended 31 December 2005 increased by \$5 thousand (net of tax) from that which was reported in the 2005 annual financial report. Profits for the 2006 financial year are \$8 thousand lower than had the previous classification continued to apply.

Where an entity has previously designated financial assets or financial liabilities as 'at fair value through profit or loss' that would continue to qualify for such designation under the amended Standard, the entity may wish to highlight this fact. For example, the following wording may be adopted (amended as appropriate):

'The Australian Accounting Standards Board ('AASB') released AASB 2005-4 'Amendments to Australian Accounting Standards' in June 2005. AASB 2005-4 amends AASB 139 'Financial Instruments: Recognition and Measurement' by limiting the ability of entities to designate any financial asset or financial liability as 'at fair value through profit or loss'.

Financial assets that can no longer be designated as 'at fair value through profit or loss' shall be classified into either loans and receivables, held-to-maturity investments or available-for-sale investments, as appropriate, and measured at amortised cost or at fair value with changes in fair value recognised in equity, depending on classification. Financial liabilities that can no longer be designated as 'at fair value through profit or loss' shall be classified as 'other' financial liabilities and measured at amortised cost.

The changes introduced by AASB 2005-4 are applied by the Group with effect from the beginning of the comparative reporting period presented in this financial report (i.e., with effect from 1 January 2005). Financial assets and financial liabilities designated by the Group as 'at fair value through profit or loss' continue to meet the revised designation rules and, accordingly, the application of these amendments has no impact on the financial statements.'

Accounting for financial guarantee contracts

The AASB released AASB 2005-9 'Amendments to Australian Accounting Standards' in September 2005. AASB 2005-9 amends AASB 139 'Financial Instruments: Recognition and Measurement' to require certain financial guarantee contracts to be recognised in accordance with AASB 139 and measured initially at their fair values, and subsequently measured at the higher of the amount recognised as a provision and the amount initially recognised less cumulative amortisation in accordance with the revenue recognition policies described in note 3(v).

AASB108.28

AASB139.105C(c)

AASB108.28

Source reference

2. Adoption of new and revised Accounting Standards (cont'd)

The changes introduced by AASB 2005-9 are applied by the Group with effect from the beginning of the comparative reporting period presented in this financial report (i.e., with effect from 1 January 2005). The Group is party to a financial guarantee contract where an entity in the Group has provided a financial guarantee to a bank in respect of an entity external to the DTT Group Limited group. DTT Group Limited (the company) is also party to a deed of cross guarantee with other entities in the group. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees, to each creditor, payment in full of any debt in accordance with the deed of cross guarantee.

The application of these amendments results in such financial guarantee contracts now being recognised and measured at the higher of the best estimate of the expenditure required to settle the obligation and the amount initially recognised less, where appropriate, cumulative amortisation.

The impact of this change in accounting policy in the consolidated financial statements at the beginning of the comparative period is that a liability of \$30 thousand and the associated deferred tax asset of \$9 thousand was recognised for the financial guarantee contracts, adjusted against opening retained earnings. No material adjustment was required in the separate financial statements of the company to recognise the financial guarantee liability associated with its exposure under the deed of cross guarantee. Profit for the year ended 31 December 2005 is \$8 thousand (company: \$nil) higher under the new policy and financial liabilities as at 31 December 2005 higher by \$18 thousand (company: \$nil) from that which was reported in the 2005 annual financial report. Profits for the year ended 31 December 2006 are \$4 thousand (company: \$nil) lower under the new accounting policy as a result of movements in the fair value of the financial liabilities recognised.

Accounting for business combinations involving entities or businesses under common control

AASB108.28

The AASB released AASB 2005-6 'Amendments to Australian Accounting Standards' in June 2006. AASB 2005-6 amends AASB 3 'Business Combinations' by removing business combinations involving entities or business under common control from its scope. The effect of the scope amendment is that there is no longer any explicit guidance under Accounting Standards as to how to account for these types of business combinations.

Due to the requirements of AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards' permitting the non-restatement of pre-transition business combinations, the amendment has no effect on the financial statements of the Company or Group for the current or prior reporting periods. However, future transactions involving entities under common control will be affected. Details of the entity's accounting policies in relation to common control transactions are outlined in Note 3(a).

Accounting for rights to reimbursement

AASB108.28

Where an entity has received a right to reimbursement for expenditure required to settle a present or former provision in the form of cash and has presently accounted for such right in accordance with AASB 139, the following wording may be adopted (amended as appropriate):

The AASB released AASB 2005-5 'Amendments to Australian Accounting Standards' in June 2005. The amendment arose in the context of rights to receive reimbursement subject to Interpretation 5 'Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds' and amends AASB 139 'Financial Instruments: Recognition and Measurement' to exclude rights to reimbursement for expenditure required to settle a present or former provision recognised in accordance with AASB 137 'Provisions, Contingent Liabilities and Contingent Assets'. The effect of the scope amendment is that a contractual right to receive such reimbursement in the form of cash will be accounted for in the same manner as other forms of rights to such reimbursements (i.e., non-cash rights), rather than as an available-for-sale financial asset.

The changes introduced by AASB 2005-5 are applied by the Group with effect from the beginning of the comparative reporting period presented in this financial report (i.e., with effect from 1 January 2005). The application of these amendments results in such rights to reimbursements that were previously classified by the Group as available-for-sale financial assets (measured at fair value with changes in fair value recognised directly in equity) being now accounted for in accordance with the requirements of AASB 137 (measured at the best estimate of expenditure required to settle the obligation with changes in the carrying amount recognised in profit or loss for the period).

The impact of this change in accounting policy is that retained earnings as at 1 January 2005 increased/decreased by \$x thousand (company: \$x thousand), the investments revaluation reserve as at 1 January 2005 increased/decreased by \$x thousand (company: \$x thousand), profit for the year ended 31 December 2005 increased/decreased by \$x thousand (company: \$x thousand) and gains/losses recognised in the investments revaluation reserve for the year ended 31 December 2005 increased/decreased by \$x thousand (company: \$x thousand) from that which was reported in the 2005 annual financial report. Profits for the year ended 31 December 2006 are \$x thousand higher/lower than had the previous accounting policy continued to apply.

Source reference

2. Adoption of new and revised Accounting Standards (cont'd)

Other changes in accounting policies

The above illustrative examples of changes in accounting policies does not represent a complete list of the changes in accounting policies and/or methods of computation that may have been made, or required to be made, since the most recent annual financial report. Entities should also give consideration as to other accounting policy changes and methods of computation that may have been made, or are required to be made, including changes resulting from the issue of:

- (a) AASB 2005-1 'Amendments to Australian Accounting Standards', which allows certain intragroup forecast transactions to qualify for hedge accounting;
- (b) Interpretation 4 'Determining whether an Asset Contains a Lease', which clarifies whether an arrangement is, or contains a lease;
- (c) Interpretation 5 'Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds', which specifies the accounting that should be applied in the financial statements of a contributor to such funds;
- (d) Interpretation 6 'Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment', which specifies the timing for the recognition of liabilities for waste management;
- (e) Interpretation 1002 'Post-Date-of-Transition Stapling Arrangements', which specifies the accounting treatment for post-date-of-transition stapling arrangements; and
- (f) AASB 119 'Employee Benefits' (December 2004), which introduces two additional options for recognising actuarial gains and losses and provides additional guidance on the accounting for group plans.

Adoption of an AASB Accounting Standard before its application date

The following disclosure is recommended where an Accounting Standard has been adopted early: 'The directors have also elected under s.334(5) of the Corporations Act 2001 to apply AASB X '[title]', even though the Standard is not required to be applied until annual reporting periods beginning on or after [date].'

In accordance with s.334(5) of the Corporations Act 2001, the election must be made in writing by directors.

Changes in accounting policies on initial application of Accounting Standards

When initial application of an Australian Accounting Standard has an effect on the current period or any prior period, would have such an effect except that it is impracticable to determine the amount of the adjustment, or might have an effect on future periods, an entity shall disclose:

- (a) the title of the Australian Accounting Standard;
- (b) when applicable, that the change in accounting policy is made in accordance with its transitional provisions;
- (c) the nature of the change in accounting policy;
- (d) when applicable, a description of the transitional provisions;
- (e) when applicable, the transitional provisions that might have an effect on future periods;
- (f) for the current period and each prior period presented, to the extent practicable, the amount of the adjustment:
 - i. for each financial statement line item affected; and
 - ii. if AASB 133 'Earnings per Share' applies to the entity, for basic and diluted earnings per share;
- (g) the amount of the adjustment relating to periods before those presented, to the extent practicable; and
- (h) if retrospective application required by AASB 108 is impracticable for a particular prior period, or for periods before those presented, the circumstances that led to the existence of that condition and a description of how and from when the change in accounting policy has been applied.

Financial reports of subsequent periods need not repeat these disclosures.

AASB108.28

Source reference

2. Adoption of new and revised Accounting Standards (cont'd)

Accounting Standards and Interpretations issued and not yet effective

AASB108.30	When an entity has not applied a new Accounting Standard that has been issued but is not yet effective, the entity shall disclose: <ul style="list-style-type: none"> (a) this fact; and (b) known or reasonably estimable information relevant to assessing the possible impact that application of the new Accounting Standard will have on the entity's financial report in the period of initial application.
AASB108.31	In complying with the requirements above, an entity considers disclosing: <ul style="list-style-type: none"> (a) the title of the new Accounting Standard; (b) the nature of the impending change or changes in accounting policy; (c) the date by which application of the Accounting Standard is required; (d) the date as at which it plans to apply the Accounting Standard initially; and (e) either: <ul style="list-style-type: none"> i. a discussion of the impact that initial application of the Accounting Standard is expected to have on the entity's financial report; or ii. if that impact is not known or reasonably estimable, a statement to that effect.
AASB108.29	Voluntary changes in accounting policies When a voluntary change in accounting policy has an effect on the current period or any prior period, would have an effect on that period except that it is impracticable to determine the amount of the adjustment, or might have an effect on future periods, an entity shall disclose: <ul style="list-style-type: none"> (a) the nature of the change in accounting policy; (b) the reasons why applying the new accounting policy provides reliable and more relevant information; (c) for the current period and each prior period presented, to the extent practicable, the amount of the adjustment: <ul style="list-style-type: none"> i. for each financial statement line item affected; and ii. if AASB 133 'Earnings per Share' applies to the entity, for basic and diluted earnings per share; (d) the amount of the adjustment relating to periods before those presented, to the extent practicable; and (e) if retrospective application of the accounting policy is impracticable for a particular prior period, or for periods before those presented, the circumstances that led to the existence of that condition and a description of how and from when the change in accounting policy has been applied.
AASB108.20	Financial reports of subsequent periods need not repeat these disclosures. The early application of an Accounting Standard is not a voluntary change in accounting policy.
AASB134.Aus27.1	Changes in accounting policy since the most recent interim financial report Where there is a change in an accounting policy during the final current interim period of the annual reporting period but a separate interim financial report is not published for that final current interim period, the nature of the change in accounting policy and the financial effect of the change on prior interim financial reports of the current annual reporting period shall be disclosed in the notes in the annual financial report for that annual reporting period.
AASB134.Aus27.2	If the entity does not prepare interim financial reports other than for the first half-year, the requirements above apply where there is a change in accounting policy between the first half-year reporting date and the annual reporting date.
AASB134.43	A change in accounting policy, other than one for which the transition is specified by a new Accounting Standard, shall be reflected by: <ul style="list-style-type: none"> (a) restating the financial statements of prior interim periods of the current annual reporting period and the comparable interim periods of any prior annual reporting periods that will be restated in the annual financial statements in accordance with AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors'; or (b) when it is impracticable to determine the cumulative effect at the beginning of the annual reporting period of applying a new accounting policy to all prior periods, adjusting the financial statements of prior interim periods of the current annual reporting period, and comparable interim periods of prior annual reporting periods to apply the new accounting policy prospectively from the earliest date practicable.

Source reference	
AASB101.103(a)	<p>3. Significant accounting policies</p> <p>Statement of compliance</p> <p>The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law.</p> <p>The financial report includes the separate financial statement of the company and the consolidated financial statements of the Group.</p> <p>Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with A-IFRS ensures that the financial statements and notes of the company and the Group comply with International Financial Reporting Standards ('IFRS').</p>
AASB101.Aus13.2, Aus13.3, Aus13.4, 14, Aus14.1, AASB127.42(a)	
AASB132.Aus3.5	<p>Where an entity does not comply with the disclosure requirements of AASB 132 'Financial Instruments: Disclosure and Presentation' in the separate financial statements of the parent, as permitted by AASB 132, the following illustrative wording may be used as a guide:</p> <p>'Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with A-IFRS ensures that the financial statements and notes of the Group comply with International Financial Reporting Standards ('IFRS'). The parent entity financial statements and notes also comply with IFRS except for the disclosure requirements in IAS 32 'Financial Instruments: Disclosure and Presentation' as the Australian equivalent Accounting Standard, AASB 132 'Financial Instruments: Disclosure and Presentation' does not require such disclosures to be presented by the parent entity where its separate financial statements are presented together with the consolidated financial statements of the Group.'</p> <p>Where an entity has previously taken advantage of the relief available in AASB 132 to not comply with the disclosure requirements of AASB 132 in the separate financial statements of the parent, but now chooses to present such disclosures for the parent entity, the entity must consider whether it is able to state that its separate financial report also complies with IFRS, as an entity must apply IFRS 1 'First-time Adoption of International Financial Reporting Standards' in its first financial report in which it makes an explicit statement of compliance with IFRS. That is, the date of transition to A-IFRS and the date of transition to IFRS will be different for the separate financial statements of the parent.</p>
AASB110.17	<p>The financial statements were authorised for issue by the directors on 16 March 2007.</p> <p>Basis of preparation</p> <p>The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.</p>
AASB101.46(d), 108(a)	
ASIC-CO 98/100	<p>The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.</p>
AASB101.Aus46.1	<p>When the presentation currency is different from the Australian currency, the entity shall disclose the reason and justification for not using the Australian currency.</p>
ASIC-CO 98/100	<p>If the company is of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and consequently the amounts in the directors' report and the financial report are rounded, that fact must be disclosed in the report. Where the conditions of the Class Order are met, entities may round to the nearest thousand dollars, nearest hundred thousand dollars, or to the nearest million dollars.</p>
AASB101.108(b)	<p>The following significant accounting policies have been adopted in the preparation and presentation of the financial report:</p>
AASB101.108-112	<p>Significant accounting policies</p> <p>The summary of accounting policies shall include a description of each specific accounting policy that is necessary for an understanding of the financial report. In making judgments about the details to be disclosed about an entity's accounting policies, consideration shall be given to the information needs of the likely users of the financial report, the nature of the entity's operations and the policies that a user would expect to find disclosed for that type of entity.</p> <p>Materiality</p> <p>In accordance with AASB 1031 'Materiality', accounting policies need only be identified in the summary of accounting policies where they are considered 'material'. Accounting policies will be considered material if their omission, misstatement or non-disclosure has the potential, individually or collectively, to:</p> <ol style="list-style-type: none"> (a) influence the economic decisions of users taken on the basis of the financial report; and (b) affect the discharge of accountability by the management or governing body of the entity.

Source reference

3. Significant accounting policies (cont'd)

Going concern basis

AASB101.23 Where the financial report is prepared on a going concern basis, but material uncertainties exist in relation to events or conditions which cast doubt on the entity's ability to continue as a going concern, those uncertainties shall be disclosed. The events or conditions requiring disclosure may arise after the reporting date.

AASB101.23, AASB110.14 Where the going concern basis has not been used, this shall be disclosed together with a statement of the reasons for not applying this basis and the basis on which the financial report has been prepared. An entity shall not prepare its financial report on a going concern basis if management determines after the reporting date either that it intends to liquidate the entity or to cease trading, or that it has no realistic alternative but to do so.

Example accounting policies

The following illustrations are quoted by way of example only, and do not necessarily represent the only treatment which may be appropriate for the item concerned and does not cover all items that shall be considered for inclusion in the summary of accounting policies.

For example, an entity may elect:

- AASB123.7,10 • to expense all borrowing costs as they are incurred or to capitalise borrowing costs that relate to qualifying assets
 - AASB139.98,99 • not to adjust the initial measurement of the cost of a non-financial asset or a non-financial liability arising from a hedged forecast transaction by the amount deferred in equity
 - AASB119.92-93D • for actuarial gains and losses arising in relation to defined benefit plans, to adopt the corridor approach or to recognise actuarial gains and losses directly in retained profits or in full in profit or loss
 - AASB139.38 • to recognise investments on settlement date or on trade date
 - AASB139.92 • in respect of fair value hedges, to amortise the adjustment to a hedged item measured at amortised cost to profit or loss from the date the adjustment is made or to begin the amortisation no later than when hedge accounting is discontinued
 - AASB127.37 • a parent entity may elect to measure investments in subsidiaries, jointly controlled entities and associates, that are not classified as held for sale, either at cost or in accordance with AASB 139 'Financial Instruments: Recognition and Measurement'
 - AASB1.IG21A • to treat goodwill arising in a business combination with a foreign entity occurring before the date of transition to A-IFRS as assets and liabilities of the foreign entity or as an Australian dollar denominated asset
 - AASB112.78 • to present exchange differences on deferred foreign tax liabilities or assets recognised in the income statement as deferred tax expense (income)
 - AASB138.72 • to measure intangible assets after initial recognition on either the cost or revaluation (fair value) basis, where conditions for doing so are met
 - AASB140.30 • to measure investment property under either the cost model or the fair value model
 - AASB140.6 • to classify and account for property interests held under operating leases as investment properties on a property-by-property basis.
- Other entities may need to disclose the manner in which they account for:
- AASB3.3(b) • business combinations involving entities under common control
 - AASB141 • biological assets or agricultural produce
 - AASB6 • exploration and evaluation activities.

(a) Basis of consolidation

AASB127 The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries) (referred to as 'the Group' in these financial statements). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. In the separate financial statements of the Company, intra-group transactions ('common control transactions') are generally accounted for by reference to the existing (consolidated) book value of the items. Where the transaction value of common control transactions differ from their consolidated book value, the difference is recognised as a contribution by or distribution to equity participants by the transacting entities.

Source reference

3. Significant accounting policies (cont'd)

Minority interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

AASB123.29(a)

(b) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

AASB107.46

(c) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

AASB111.39(b),
39(c)

(d) Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable.

Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

AASB132.60(b)

(e) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including forward foreign exchange contracts and interest rate swaps. Further details of derivative financial instruments are disclosed in note 46 to the financial statements.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges), or hedges of net investments in foreign operations.

The fair value of hedging derivatives is classified as a non-current asset or a non-current liability if the remaining maturity of the hedge relationship is more than 12 months and as a current asset or a current liability if the remaining maturity of the hedge relationship is less than 12 months.

Derivatives not designated into an effective hedge relationship are classified as a current asset or a current liability.

Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

Hedge accounting

The Group designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations.

Source reference

3. Significant accounting policies (cont'd)

Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges. At the inception of the hedge relationship the entity documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instruments that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Note 46 contains details of the fair values of the derivative instruments used for hedging purposes. Movements on the hedging reserve in equity are also detailed in note 32.

Where a statement of changes in equity is presented, the above sentence should refer to that statement rather than note 32.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that is attributable to the hedged risk.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, exercised, or no longer qualifies for hedge accounting. The adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss as part of other expenses or other income.

Amounts deferred in equity are recycled in profit or loss in the periods when the hedged item is recognised in profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in profit or loss.

Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in the foreign currency translation reserve; the gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Gains and losses deferred in the foreign currency translation reserve are recognised immediately in profit or loss when the foreign operation is disposed.

AASB119

(f) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Defined contribution plans

Contributions to defined contribution superannuation plans are expensed when incurred.

Defined benefit plans

For defined benefit superannuation plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each reporting date. Actuarial gains and losses are recognised in full in profit or loss in the period in which they occur.

AASB119.120A(a)

Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

Source reference

3. Significant accounting policies (cont'd)

The defined benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation, adjusted for unrecognised past service cost, net of the fair value of the plan assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

AASB132.60(b)
AASB132.61

(g) Financial assets

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

AASB127, AASB128

Subsequent to initial recognition, investments in subsidiaries are measured at cost in the company financial statements. Subsequent to initial recognition, investments in associates are accounted for under the equity method in the consolidated financial statements and the cost method in the company financial statements.

Other financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity investments', 'available-for-sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis for debt instruments other than those financial assets 'at fair value through profit or loss'.

Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss where the financial asset:

- (i) has been acquired principally for the purpose of selling in the near future;
- (ii) is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- (iii) is a derivative that is not designated and effective as a hedging instrument.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in note 46.

AASB132.66(d)

Where an entity designates financial assets into the financial assets at fair value through profit or loss category it is required to disclose:

- (i) the criteria for so designating such financial assets on initial recognition;
- (ii) how the entity has satisfied the requirements in AASB 139 for such designation, including a narrative description of the circumstances underlying the measurement or recognition inconsistency that would otherwise arise or of how designation at fair value through profit or loss is consistent with the entity's documented risk management or investment strategy, as appropriate; and
- (iii) the nature of the financial assets.

Held-to-maturity investments

Bills of exchange and debentures with fixed or determinable payments and fixed maturity dates where that the group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

Available-for-sale financial assets

Certain shares and redeemable notes held by the Group are classified as being available-for-sale and are stated at fair value. Fair value is determined in the manner described in note 46. Gains and losses arising from changes in fair value are recognised directly in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is included in profit or loss for the period.

Source reference

AASB132.35

3. Significant accounting policies (cont'd)

Dividends on available-for-sale equity instruments are recognised in profit and loss when the Group's right to receive payments is established.

The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at reporting date. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in equity.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

Interest is recognised by applying the effective interest rate.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in equity.

AASB132.60(b)

(h) Financial instruments issued by the company

Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Compound instruments

The component parts of compound instruments are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or upon the instruments reaching maturity. The equity component initially brought to account is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects and is not subsequently remeasured.

Financial guarantee contract liabilities

Financial guarantee contract liabilities are measured initially at their fair values and subsequently at the higher of the amount recognised as a provision and the amount initially recognised less cumulative amortisation in accordance with the revenue recognition policies described in note 3(v).

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are initially measured at fair value and subsequently stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability. Fair value is determined in the manner described in note 46.

AASB132.28, 31

Source reference

3. Significant accounting policies (cont'd)

AASB132.66(d)

Where an entity designates financial liabilities into the financial liabilities at fair value through profit or loss category it is required to disclose similar information to that required for financial assets designated as at fair value through profit or loss – refer page B48 'Financial assets at fair value through profit or loss'.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

(i) **Foreign currency**

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Australian dollars, which is the functional currency of DTT Group Limited, and the presentation currency for the consolidated financial statements.

AASB121.53, 55

When the presentation currency is different from the functional currency, that fact shall be stated, together with disclosure of the functional currency and the reason for using a different presentation currency. When an entity presents its financial statements in a currency that is different from its functional currency, it shall describe the financial statements as complying with A-IFRS only if they comply with all the requirements of each applicable Accounting Standard and each applicable Interpretation of those Accounting Standards.

AASB121.54

When there is a change in the functional currency of either the reporting entity or a significant foreign operation, that fact and the reason for the change in functional currency shall be disclosed.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

AASB123.5(e)

- exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings (refer note 3(b));

AASB139.72

- exchange differences on transactions entered into in order to hedge certain foreign currency risks (refer note 3(e)); and

AASB121.15

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned or likely to occur, which form part of the net investment in a foreign operation, and which are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

On consolidation, the assets and liabilities of the Group's foreign operations (including comparatives) are translated into Australian dollars at exchange rates prevailing on the balance sheet date. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity on or after the date of transition to A-IFRS are treated as assets and liabilities of the foreign entity and translated at exchange rates prevailing at the reporting date. Goodwill arising on acquisitions before the date of transition to A-IFRS is treated as an Australian dollar denominated asset.

Source reference

AASB3.51, 54

3. Significant accounting policies (cont'd)

(j) Goodwill

Goodwill acquired in a business combination is initially measured at its cost, being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. Goodwill is subsequently measured at its cost less any impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (CGUs), or groups of CGUs, expected to benefit from the synergies of the business combination. CGUs (or groups of CGUs) to which goodwill has been allocated are tested for impairment annually, or more frequently if events or changes in circumstances indicate that goodwill might be impaired.

If the recoverable amount of the CGU (or group of CGUs) is less than the carrying amount of the CGU (or groups of CGUs), the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU (or groups of CGUs) and then to the other assets of the CGU of CGUs pro-rata on the basis of the carrying amount of each asset in the CGU (or CGUs). An impairment loss recognised for goodwill is recognised immediately in profit or loss and is not reversed in a subsequent period.

On disposal of an operation within a CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal of the operation.

AASB120.39(a),
Int110

(k) Government grants

Government grants are assistance by the government in the form of transfers of resources to the Group in return for past or future compliance with certain conditions relating to the operating activities of the entity. Government grants include government assistance where there are no conditions specifically relating to the operating activities of the Group other than the requirement to operate in certain regions or industry sectors.

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received.

Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire long-term assets are recognised as deferred income in the balance sheet and recognised as income on a systematic and rational basis over the useful lives of the related assets.

Other government grants are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised as income of the period in which it becomes receivable.

Government grants relating to income are recognised as income over the periods necessary to match them with the related costs. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised as income of the period in which it becomes receivable.

AASB136

(l) Impairment of other tangible and intangible assets

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease (refer note 3(t)).

Source reference

3. Significant accounting policies (cont'd)

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase (refer note 3(t)).

(m) Income tax

Current tax

AASB112.12, 46

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

AASB112.15, 24

Deferred tax is accounted for using the balance sheet liability method. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the balance sheet. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from the initial recognition of goodwill.

AASB112.39, 44

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

AASB112.47, 51

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

AASB112.74

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company/Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

AASB112.58

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

AASB112.Aus80.1

Where exchange differences on deferred foreign tax liabilities or assets recognised in the income statement are classified as deferred tax expense (income), the reasons why that presentation is considered the most useful to financial report users shall be disclosed.

Additional information on accounting policies shall be included where the entity has other material tax balances not covered by the above analysis, such as in relation to tax deductible share-based payments.

Source reference

Int1052.16(b)

3. Significant accounting policies (cont'd)

Tax consolidation

The company and all its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian taxation law. DTT Group Limited is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group are recognised by the company (as head entity in the tax-consolidated group).

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement. Further information about the tax funding arrangement is detailed in note 10 to the financial statements. Where the tax contribution amount recognised by each member of the tax-consolidated group for a particular period is different to the aggregate of the current tax liability or asset and any deferred tax asset arising from unused tax losses and tax credits in respect of that period, the difference is recognised as a contribution from (or distribution to) equity participants.

Other acceptable allocation methods include:

- (a) a 'stand alone taxpayer' approach for each entity, as if it continued to be a taxable entity in its own right; or
- (b) a 'group allocation' approach, under which the current and deferred tax amounts for the tax-consolidated group are allocated among each entity in the group (subject to certain limitations).

Where the 'stand alone taxpayer' approach is adopted, the following accounting policy wording may be adopted:

The company and all its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian taxation law. DTT Group Limited is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'stand alone taxpayer' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the company (as head entity in the tax-consolidated group).

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement. Further information about the tax funding arrangement is detailed in note 10 to the financial statements. Where the tax contribution amount recognised by each member of the tax-consolidated group for a particular period is different to the aggregate of the current tax liability or asset and any deferred tax asset arising from unused tax losses and tax credits in respect of that period, the difference is recognised as a contribution from (or distribution to) equity participants.

Interpretation 1052 provides little guidance on how the 'group allocation method should be implemented. However, it does specifically note that the following 'group allocation' methods would not be considered 'acceptable methods' for the calculation of current and deferred taxes by members of the tax-consolidated group:

- a method that allocates only current tax liabilities to an entity in the group that has taxable temporary differences
- a method that allocated deferred taxes to an entity in the group using a method that is fundamentally different from the temporary difference approach required by AASB 112
- a method that allocates no current or deferred tax expense to an entity in the group that has taxable income because the tax-consolidated group has no current or deferred income tax expense
- a method that only allocates current taxes to entities in the group that have accounting profits, with no allocation to entities that have accounting losses

Source reference

3. Significant accounting policies (cont'd)

- a method that allocated current taxes to entities in the group on an arbitrary basis, for example on the basis of sales revenue, total assets, net assets or operating profits without adjustment for material items that are not assessable or deductible for tax purposes.

Where the 'group allocation' approach is adopted, the following accounting policy wording may be adapted to reflect the actual mechanics of the method adopted:

The company and all its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian taxation law. DTT Group Limited is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using a 'group allocation' approach based on the allocation specified in the tax funding arrangement. The tax funding arrangement requires a notional current and deferred tax calculation for each entity as if it were a taxpayer in its own right, except that unrealised profits, distributions made and received and capital gains and losses and similar items arising on transactions within the tax-consolidated group are treated as having no tax consequence [amend as applicable]. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the company (as head entity in the tax-consolidated group).

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement. Further information about the tax funding arrangement is detailed in note 10 to the financial statements. Where the tax contribution amount recognised by each member of the tax-consolidated group for a particular period is different to the aggregate of the current tax liability or asset and any deferred tax asset arising from unused tax losses and tax credits in respect of that period, the difference is recognised as a contribution from (or distribution to) equity participants.

More information about accounting for tax consolidation can be found in the Deloitte publication 'Accounting for tax consolidation under A-IFRS', which is available from the Deloitte web site: www.deloitte.com.au.

AASB138.118(b)

(n) Intangible assets

Patents, trademarks and licences

Patents, trademarks and licences are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes being recognised as a change in accounting estimate.

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Where entities have intangible assets that have been assessed as having an indefinite useful life, an appropriate accounting policy shall be disclosed, for example:

Brand names

Brand names recognised by the company have an indefinite useful life and are not amortised. Each period, the useful life of this asset is reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. Such assets are tested for impairment in accordance with the policy stated in note 3(l).

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably.

Source reference

3. Significant accounting policies (cont'd)

AASB102.36(a)

(o) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventory on hand by the method most appropriate to each particular class of inventory, with the majority being valued on a first in first out basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale.

AASB140.75(a)

(p) Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

AASB140.75(c)

When classification is difficult, an entity shall disclose the criteria it uses to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of business.

AASB131

(q) Joint venture arrangements

Jointly controlled assets

Interests in jointly controlled assets in which the Group is a venturer (and so has joint control) are included in the financial statements by recognising the Group's share of jointly controlled assets (classified according to their nature), the share of liabilities incurred (including those incurred jointly with other venturers) and the Group's share of expenses incurred by or in respect of each joint venture. The Group also recognises income from the sale or use of output from the joint venture in accordance with the revenue policy in note 3(v).

The Group's interests in assets where the Group does not have joint control are accounted for in accordance with the substance of the Group's interest. Where such arrangements give rise to an undivided interest in the individual assets and liabilities of the joint venture, the Group recognises its undivided interest in each asset and liability and classifies and presents those items according to their nature.

The following wording, amended as appropriate for an entity's circumstances, should be included as required:

Where the joint venture arrangement does not embody an undivided interest in individual assets and liabilities, but gives rise to:

- a right to output, the Group recognises an intangible asset (refer note 3(n)).
- a right to a net return in the form of cash or other financial assets, the Group recognises a financial asset (refer note 3(g)).

A joint venture characterised as a 'jointly controlled asset' involves the joint control, and often the joint ownership, by the venturers of one or more assets contributed to, or acquired for the purpose of, the joint venture and dedicated to the purposes of the joint venture. The assets are used to obtain benefits for the venturers. Each venturer may take a share of the output from the assets and each bears an agreed share of the expenses incurred. Jointly controlled assets do not involve the establishment of a corporation, partnership or other entity, or a financial structure that is separate from the venturers themselves. Each venturer has control over its share of future economic benefits through its share of the jointly controlled asset.

Jointly controlled operations

Where the Group is a venturer (and so has joint control) in a jointly controlled operation, the Group recognises the assets that it controls and the liabilities that it incurs, along with the expenses that it incurs and the Group's share of the income that it earns from the sale of goods or services by the joint venture.

The operation of joint ventures characterised as 'jointly controlled operations' involve the use of the assets and other resources of the venturers rather than the establishment of a corporation, partnership or other entity, or a financial structure that is separate from the venturers themselves. Each venturer uses its own property, plant and equipment and carries its own inventories. It also incurs its own expenses and liabilities and raises its own finance, which represent its own obligations. The joint venture activities may be carried out by the venturers alongside the venturer's similar activities. The joint venture agreement usually provides a means by which the revenue from the sale of the joint product and any expenses incurred in common are shared among the venturers.

Source reference

3. Significant accounting policies (cont'd)

Jointly controlled entities

Interests in jointly controlled entities in which the Group is a venturer (and so has joint control) are accounted for under the equity method in the consolidated financial statements and the cost method in the company financial statements.

Investments in jointly controlled entities where the Group is an investor but does not have joint control over that entity are accounted for as an available-for-sale financial asset *[update as appropriate]* or, if the Group has significant influence, by using the equity method (refer note 3(g)).

AASB117

(r) Leased assets

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

Group as lessor

Amounts due from lessees under finance leases are recorded as receivables. Finance lease receivables are initially recognised at amounts equal to the present value of the minimum lease payments receivable plus the present value of any unguaranteed residual value expected to accrue at the end of the lease term. Finance lease payments are allocated between interest revenue and reduction of the lease receivable over the term of the lease in order to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. However, contingent rentals arising under operating leases are recognised as income in a manner consistent with the basis on which they are determined.

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Refer to note 3(b). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Finance leased assets are amortised on a straight line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in a manner consistent with the basis on which they are determined.

Int115

Lease incentives

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

AASB5

(s) Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured, with certain exceptions, at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for such a sale and the sale is highly probable. The sale of the asset (or disposal group) must be expected to be completed within one year from the date of classification, except in the circumstances where sale is delayed by events or circumstances outside the Group's control and the Group remains committed to a sale.

Source reference

AASB116.73(a), (b)

3. Significant accounting policies (cont'd)

(t) Property, plant and equipment

Land and buildings are measured at fair value. Fair value is determined on the basis of an annual independent valuation prepared by external valuation experts, based on discounted cash flows or capitalisation of net income, as appropriate. The fair values are recognised in the financial statements of the Group, and are reviewed at the end of each reporting period to ensure that the carrying value of land and buildings is not materially different from their fair values.

Any revaluation increase arising on the revaluation of land and buildings is credited to a revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense in profit or loss, in which case the increase is credited to the income statement to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of land and buildings is charged as an expense in profit or loss to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is charged to profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the revaluation reserve, net of any related taxes, is transferred directly to retained earnings.

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis.

AASB116.51, 61

Depreciation rates and methods shall be reviewed at least annually and, where changed, shall be accounted for as a change in accounting estimate. Where depreciation rates or methods are changed, the net written down value of the asset is depreciated from the date of the change in accordance with the new depreciation rate or method. Depreciation recognised in prior financial years shall not be changed, that is, the change in depreciation rate or method shall be accounted for on a 'prospective' basis.

AASB137

(u) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Restructurings

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Warranties

Provisions for warranty costs are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation.

Source reference	
AASB118.35(a)	<p>3. Significant accounting policies (cont'd)</p> <p>(v) Revenue</p> <p>Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, stock rotation, price protection, rebates and other similar allowances.</p> <p>The revenue accounting policies that follow are generic and should be adapted to suit the specific circumstances of each entity:</p>
AASB118.14	<p><u>Sale of goods</u></p> <p>Revenue from the sale of goods is recognised when all the following conditions are satisfied:</p> <ul style="list-style-type: none"> • the Group has transferred to the buyer the significant risks and rewards of ownership of the goods; • the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; • the amount of revenue can be measured reliably; • it is probable that the economic benefits associated with the transaction will flow to the entity; and • the costs incurred or to be incurred in respect of the transaction can be measured reliably.
AASB118.20	<p><u>Rendering of services</u></p> <p>Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:</p> <ul style="list-style-type: none"> • installation fees are recognised by reference to the stage of completion of the installation, determined as the proportion of the total time expected to install that has elapsed at reporting date • servicing fees included in the price of products sold are recognised by reference to the proportion of the total cost of providing the servicing for the product sold, taking into account historical trends in the number of services actually provided on past goods sold • revenue from time and material contracts is recognised at the contractual rates as labour hours are delivered and direct expenses are incurred. <p>Revenue from construction contracts is recognised in accordance with the accounting policy outlined in note 3(d).</p>
AASB118.35(a)	<p>The accounting policies disclosed must disclose the methods adopted to determine the stage of completion of transactions involving the rendering of services.</p>
AASB118.30(c)	<p><u>Royalties</u></p> <p>Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement. Royalties determined on a time basis are recognised on a straight-line basis over the period of the agreement. Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.</p>
AASB118.30(c)	<p><u>Dividend and interest revenue</u></p> <p>Dividend revenue from investments is recognised when the shareholder's right to receive payment has been established.</p>
AASB118.30(a)	<p>Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.</p>
AASB2.46, 11-12	<p>(w) Share-based payments</p> <p>Equity-settled share-based payments with employees and others providing similar services are measured at fair value at the grant date. Fair value is measured by use of a binomial model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. Further details on how the fair value of equity-settled share-based transactions has been determined can be found in note 47.</p> <p>The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.</p> <p>The above policy is applied to all equity-settled share-based payments that were granted after 7 November 2002 that that vested after 1 January 2005. No amount has been recognised in the financial statements in respect of the other equity-settled shared-based payments.</p>

Source reference

AASB2.10, 13

3. Significant accounting policies (cont'd)

Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods and services received, unless that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders service.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

Int1031

(x) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

AASB101.38, 39

(y) Comparative amounts

When the presentation or classification of items in the financial report is amended, comparative amounts shall be reclassified unless the reclassification is impracticable.

When comparative amounts are reclassified, an entity shall disclose:

- (a) the nature of the reclassification;
- (b) the amount of each item or class of items that is reclassified; and
- (c) the reason for the reclassification.

When it is impracticable to reclassify comparative amounts, an entity shall disclose:

- (a) the reason for not reclassifying the amounts; and
- (b) the nature of the adjustments that would have been made if the amounts had been reclassified.

AASB101.Aus56.1

(z) Operating cycle

Where the entity presents current assets separately from non-current assets and current liabilities separately from non-current liabilities, and the entity has a clearly identifiable operating cycle greater than 12 months, the length of that operating cycle shall be disclosed.

Example accounting policies for mining entities

The following example accounting policies may be relevant for entities operating in the resources industry. Entities will need to edit and adapt the accounting policies below to reflect their entity's policies and circumstances:

(xx) Provision for restoration and rehabilitation

A provision for restoration and rehabilitation is recognised when there is a present obligation as a result of *[exploration, development, production, transportation or storage]* activities undertaken, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligations include the costs of *[removing facilities, abandoning sites/wells and restoring the affected areas]*.

The provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date, *[based on current legal and other requirements and technology]*. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at each reporting date.

The initial estimate of the restoration and rehabilitation provision relating to *[exploration, development and milling/production facilities]* is capitalised into the cost of the related asset and *[depreciated/amortised]* on the same basis as the related asset, unless the present obligation arises from the production of inventory in the period, in which case the amount is included in the cost of production for the period. Changes in the estimate of the provision for restoration and rehabilitation are treated in the same manner, except that the unwinding of the effect of discounting on the provision is recognised as a finance cost rather than being capitalised into the cost of the related asset.

Source reference

3. Significant accounting policies (cont'd)

(xx) Exploration and evaluation

The following example accounting policy assumes that an entity has adopted an 'area of interest' approach towards the capitalisation of exploration and evaluation, as is suggested by paragraph Aus7.2 of AASB 6 'Exploration for and Evaluation of Mineral Resources'. Where other approaches are adopted, the following wording will need to be edited as appropriate:

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- (i) the rights to tenure of the area of interest are current; and
- (ii) at least one of the following conditions is also met:
 - (a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
 - (b) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (or the cash-generating unit(s) to which it has been allocated, being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision is made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to *[development]*.

(xx) Development

Development expenditure is recognised at cost less accumulated *[amortisation/depletion]* and any impairment losses. Where commercial production in an area of interest has commenced, the associated costs *[together with any forecast future capital expenditure necessary to develop proved and probable reserves]* are amortised over the estimated economic life of the *[mine/field]* on a units-of-production basis.

Changes in factors such as estimates of proved and probable reserves that affect unit-of-production calculations are dealt with on a prospective basis.

Source reference

4. Critical accounting judgements and key sources of estimation uncertainty

The following are examples of the types of disclosures that might be required in this area. The matters disclosed will be dictated by the circumstances of the individual entity, and by the significance of judgements and estimates made to the results and financial position.

Instead of disclosing this information in a separate note it may be more appropriate to include such disclosures in the relevant asset and liability notes, or as part of the relevant accounting policy disclosures.

AASB101.113

In the application of A-IFRS management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

AASB101.113

Judgments made by management in the application of A-IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed below:

AASB101.113

Critical judgements in applying the entity's accounting policies

In the process of applying the entity's accounting policies, which are described in note 3, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below):

[Describe, for example:]

Revenue recognition

Note 9 describes the expenditure required in the year for rectification work carried out on goods supplied to one of the Group's major customers. These goods were delivered to the customer in the months of January to July 2006, and shortly thereafter the defects were identified by the customer. Following negotiations, a schedule of works was agreed, which will involve expenditure by the Group until 2008. In the light of the problems identified, management was required to consider whether it was appropriate to recognise the revenue from these transactions of \$x thousand in the current period, in line with the Group's general policy of recognising revenue when goods are delivered, or whether it was more appropriate to defer recognition until the rectification work was complete.

In making its judgement, management considered the detailed criteria for the recognition of revenue from the sale of goods set out in AASB 118 'Revenue' and, in particular, whether the Group had transferred to the buyer the significant risks and rewards of ownership of the goods. Following the detailed quantification of the Group's liability in respect of rectification work, and the agreed limitation on the customer's ability to require further work or to require replacement of the goods, the directors are satisfied that the significant risks and rewards have been transferred and that recognition of the revenue in the current year is appropriate, in conjunction with recognition of an appropriate provision for the rectification costs.

Capitalisation of borrowing costs

As described in note 3(b), it is the Group's policy to capitalise borrowing costs directly attributable to the acquisition, construction or production of qualifying assets. Capitalisation of the borrowing costs relating to construction of the Group's premises in Sydney was suspended in March 2006, while the development was delayed as management reconsidered its detailed plans. Capitalisation of borrowing costs recommenced in August 2006 – following the finalisation of revised plans, and the resumption of the activities necessary to prepare the asset for its intended use. Although construction of the premises was not restarted until October 2006, borrowing costs have been capitalised from August 2006, at which time the technical and administrative work associated with the project recommenced.

AASB101.116, 120

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Recoverability of internally-generated intangible asset

During the year, management reconsidered the recoverability of its internally-generated intangible asset arising from the Group's e-business development, which is included in its balance sheet at 31 December 2006 at \$50 thousand.

Source reference

4. Critical accounting judgements and key sources of estimation uncertainty (cont'd)

The project continues to progress in a very satisfactory manner, and customer reaction has reconfirmed management's previous estimates of anticipated revenues from the project. However, increased competitor activity has caused management to reconsider its assumptions regarding future market share and anticipated margins on these products. Detailed sensitivity analysis has been carried out and management is confident that the carrying amount of the asset will be recovered in full, even if returns are reduced. This situation will be closely monitored, and adjustments made in future periods if future market activity indicates that such adjustments are appropriate.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

The carrying amount of goodwill at the balance sheet date was \$20,208 thousand after an impairment loss of \$15 thousand was recognised during 2006. Details of the impairment loss calculation are provided in note 18.

Useful lives of property, plant and equipment

AASB108.39

As described in note 3(i), the Group reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period. During the financial year the directors determined that the useful life of certain items of equipment should be shortened, due to developments in technology.

The financial effect of this reassessment, assuming the assets are held until the end of their estimated useful lives, is to increase consolidated depreciation expense in the current financial year and for the next 3 years, by the following amounts:

	<u>\$'000</u>
2006	9
2007	7
2008	4
2009	2

AASB108.36

The effect of a change in an accounting estimate, shall be recognised prospectively by including it in profit or loss in:

- (a) the period of the change, if the change affects that period only; or
- (b) the period of the change and future periods, if the change affects both.

AASB108.37

To the extent that a change in an accounting estimate gives rise to changes in assets and liabilities, or relates to an item of equity, it shall be recognised by adjusting the carrying amount of the related asset, liability or equity item in the period of the change.

AASB108.39

An entity shall disclose the nature and amount of a change in an accounting estimate that has an effect in the current period or is expected to have an effect in future periods, except for the disclosure of the effect on future periods when it is impracticable to estimate that effect.

AASB108.40

If the amount of the effect in future periods is not disclosed because estimating it is impracticable, an entity shall disclose that fact.

AASB116.76

For property, plant and equipment, such disclosure may arise from changes in estimates with respect to:

- (a) residual values;
- (b) the estimated costs of dismantling, removing or restoring items of property, plant and equipment;
- (c) useful lives; and
- (d) depreciation methods.

AASB101.122

When it is impracticable to disclose the extent of the possible effects of a key assumption or another key source of estimation uncertainty at the reporting date, the entity discloses that it is reasonably possible, based on existing knowledge, that outcomes within the next annual reporting period that are different from assumptions could require a material adjustment to the carrying amount of the asset or liability affected. In all cases, the entity discloses the nature and carrying amount of the specific asset or liability (or class of assets or liabilities) affected by the assumption.

Source reference

5. Errors

AASB108.42

An entity shall correct material prior period errors retrospectively in the first financial report authorised for issue after their discovery by:

- (a) restating the comparative amounts for the prior period(s) presented in which the error occurred; or
- (b) if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.

AASB108.43

However, to the extent that it is impracticable to determine:

AASB108.44

- (a) the period-specific effects of an error on comparative information for one or more prior periods presented, the entity shall restate the opening balances of assets, liabilities and equity for the earliest period for which retrospective restatement is practicable (which may be the current period); or

AASB108.45

- (b) the cumulative effect, at the beginning of the current period, of an error on all prior periods, the entity shall restate the comparative information to correct the error prospectively from the earliest date practicable.

AASB108.46

The correction of a prior period error is excluded from profit or loss for the period in which the error is discovered. Any information presented about prior periods, including any historical summaries of financial data, is restated as far back as is practicable.

AASB108.49

An entity shall disclose the following in respect of material prior period errors identified:

- (a) the nature of the prior period error;
- (b) for each prior period presented, to the extent practicable, the amount of the correction:
 - i. for each financial statement line item affected; and
 - ii. if AASB 133 'Earnings per Share' applies to the entity, for basic and diluted earnings per share;
- (c) the amount of the correction at the beginning of the earliest prior period presented; and
- (d) if retrospective restatement is impracticable for a particular prior period, the circumstances that led to the existence of that condition and a description of how and from when the error has been corrected.

Financial reports of subsequent periods need not repeat these disclosures.

Source reference

6. Business and geographical segments

AASB114.Aus1.10

When the financial report of a parent is presented with the group's financial statements, the parent need not disclose segment information. That is, only consolidated segment information is required to be disclosed.

Information on business segments (primary reporting format)

This illustrative example of the disclosure of 'primary' segment information has been presented on the basis that the Group's primary reporting format is business segments. Similar information is required to be disclosed for each geographical segment where an entity's primary reporting format is geographical segments.

Products and services within each business segment

AASB114.81

For management purposes, the Group is organised into four major operating divisions – widgets, bicycles, construction and toys. These divisions are the basis on which the Group reports its primary segment information. The principal products and services of each of these divisions are as follows:

- Widgets the manufacture and sale of widgets within Australia and overseas.
- Bicycles the manufacture of bicycles including leisure bicycles, mountain bicycles and children's bicycles. Division has been sold in 2006.
- Construction the construction and renovation of Australian residential properties.
- Toys the manufacture and sale of toys within Australia and overseas.

Other operations include the development and sale of computer software for specialised business applications and leasing of specialised storage premises.

During the financial year, the Group disposed of its bicycle business (refer to note 45(c)) and the Board of Directors announced a plan to dispose of the construction business (refer note 44).

AASB114.51

Segment revenues

	External sales		Inter-segment (i)		Other		Total	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Widgets	75,370	79,467	2,515	1,872	579	428	78,464	81,767
Bicycles	35,515	49,153	-	-	-	-	35,515	49,153
Construction	28,890	28,690	-	-	-	-	28,890	28,690
Toys	63,273	69,542	988	650	-	-	64,261	70,192
Other	2,275	2,831	-	-	-	-	2,275	2,831
Total of all segments							209,405	232,633
Eliminations							(3,503)	(2,522)
Unallocated							3,029	1,923
Consolidated revenue							208,931	232,034

AASB114.67

AASB114.67

AASB114.75

- (i) Inter-segment sales are recorded at amounts equal to competitive market prices charged to external customers for similar goods.

AASB114.16

Segment revenue does not include:

- (a) interest and dividend income, including interest earned on advances or loans to other segments, unless the segment's operations are primarily of a financial nature
- (b) gains on sales of investments or extinguishment of debt, unless the segment's operations are primarily of a financial nature.
- (c) an entity's share of profits or losses of associates, joint ventures, or other investments accounted for under the equity method, unless those items are included in consolidated or total entity revenue.

AASB114.75

In measuring and disclosing segment revenues from transactions with other segments, inter-segment transfers shall be measured on the basis that the entity used to price those transfers. The basis of pricing inter-segment transfers and any change therein shall be disclosed in the financial report.

Source reference

6. Business and geographical segments (cont'd)

AASB114.52

Segment result

	2006	2005
	\$'000	\$'000
Continuing operations		
Widgets	29,123	29,640
Toys	8,774	10,343
Other	1,011	984
	38,908	40,967
Eliminations	-	-
Unallocated	(9,360)	(8,829)
Profit before tax	29,548	32,138
Income tax expense	(11,306)	(11,801)
Profit for the year from continuing operations	18,242	20,337
Discontinued operations		
Bicycles	5,454	9,636
Construction	4,206	3,481
	9,660	13,117
Eliminations	-	-
Unallocated	1,810	(124)
Profit before tax	11,470	12,993
Income tax expense	(3,160)	(2,998)
Profit for the year from discontinued operations	8,310	9,995
Profit for the year	26,552	30,332

AASB114.67

AASB114.67

AASB114.67

AASB114.52, 52A

An entity shall disclose segment result for each reportable segment, presenting the result from continuing operations separately from the result from discontinued operations. An entity shall restate segment result in prior periods presented in the financial statements so that the segment disclosures relating to discontinued operations relate to all operations that had been classified as discontinued at the balance sheet date of the latest period presented.

AASB114.55, 56

Segment assets and liabilities

	Assets		Liabilities	
	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000
Widgets	116,149	108,034	10,003	11,662
Bicycles	-	10,012	-	955
Construction	18,494	20,012	3,104	2,552
Toys	72,513	70,658	7,135	6,105
Other	8,346	7,970	220	214
Total of all segments	215,502	216,686	20,462	21,488
Eliminations	-	-	-	-
Unallocated	46,911	44,443	70,911	72,602
Consolidated	262,413	261,129	91,373	94,090

AASB114.67

Source reference

6. Business and geographical segments (cont'd)

Other segment information

		Widgets		Bicycle		Construction		Toys	
		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
AASB114.66	Carrying value of investments accounted for using the equity method	-	-	-	-	-	-	-	-
AASB114.64	Share of net profit/(loss) of associates and jointly controlled entities accounted for under the equity method	-	-	-	-	-	-	-	-
AASB114.57	Acquisition of segment assets	8,507	6,952	-	325	4,099	1,500	7,317	2,500
AASB136.129(a)	Impairment losses:								
	Recognised in profit or loss	-	-	-	-	15	-	204	-
	Recognised in equity	-	-	-	-	-	-	-	-
AASB136.129(b)	Reversals of impairment losses:								
	Recognised in profit or loss	-	-	-	-	-	-	-	-
	Recognised in equity	-	-	-	-	-	-	-	-
AASB114.58	Depreciation and amortisation of segment assets	5,261	5,988	2,120	3,236	967	1,309	3,665	3,202
AASB114.61	Significant other non-cash expenses	451	155	5	30	9	35	20	60
AASB114.59	Significant revenues or expenses [describe]	-	-	-	-	-	-	-	-

Disclosure of significant non-cash expenses

An entity shall disclose, for each reportable segment, the total amount of significant non-cash expenses, other than depreciation and amortisation for which separate disclosure is required by AASB 114 'Segment Reporting', that were included in segment expense and, therefore, deducted in measuring segment result.

Non-cash expenses that may require disclosure include share-based payments granted to employees.

Disclosure of specific revenues and expenses

An entity is encouraged, but not required to disclose the nature and amount of any items of segment revenue and segment expense that are of such size, nature, or incidence that their disclosure is relevant to explain the performance of each reportable segment for the period.

AASB 101 'Presentation of Financial Statements' requires that when items of income and expense are material, their nature and amount shall be disclosed separately. AASB 101 offers a number of examples, including write-downs of inventories and property, plant, and equipment, provisions for restructurings, disposals of property, plant and equipment and long-term investments, discontinued operations, litigation settlements, and reversals of provisions. AASB 114 is not intended to change the classification of any such items or to change the measurement of such items. The disclosure encouraged by AASB 114, however, does change the level at which the significance of such items is evaluated for disclosure purposes from the entity level to the segment level.

Source reference

6. Business and geographical segments (cont'd)
Information on geographical segments (secondary reporting format)

This illustrative example of the disclosure of 'secondary' segment information has been presented on the basis that the Group's secondary reporting format is geographical segments (and its primary reporting format is business segments). Similar information is required to be disclosed for each business segment, where an entity's secondary reporting format is business segments (and its primary reporting format is geographical segments).

AASB114.81

The Group's four divisions operate in three principal geographical areas – Australia, North America and Asia. The composition of each geographical segment is as follows:

Australia the Group manufactures and sells a broad range of all its products in Australia.
North America the Group operates widget manufacturing facilities in Canada with sales offices in the United States and Canada. There was also a bicycle manufacturing facility and sales offices located in Wisconsin in the United States.
Asia the Group operates widget manufacturing facilities in Vietnam and Japan with sales offices in Singapore and Malaysia.

The Group's revenue from external customers and information about its segment assets by geographical location is detailed below:

AASB114.69

	Revenue from external customers		Segment assets		Acquisition of segment assets	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Australia	148,607	151,814	171,080	172,242	10,459	5,760
North America	25,898	43,562	22,345	21,985	5,567	2,888
Asia	25,485	25,687	21,684	22,009	3,897	2,629
Other	5,333	8,620	393	450	-	-

AASB114.69

Information on geographical segments (secondary reporting format)

If an entity's primary reporting format for reporting segment information is business segments, it shall also report the following information:

- segment revenue from external customers by geographical area based on the geographical location of its customers, for each geographical segment whose revenue from sales to external customers is 10 per cent or more of total entity revenue from sales to all external customers;
- the total carrying amount of segment assets by geographical location of assets, for each geographical segment whose segment assets are 10 per cent or more of the total assets of all geographical segments; and
- the total cost incurred during the period to acquire segment assets that are expected to be used during more than one period (property, plant, equipment, and intangible assets) by geographical location of assets, for each geographical segment whose segment assets are 10 per cent or more of the total assets of all geographical segments.

AASB114.70

Information on business segments (secondary reporting format)

If an entity's primary format for reporting segment information is geographical segments (whether based on location of assets or location of customers), it shall also report the following segment information for each business segment whose revenue from sales to external customers is 10 per cent or more of total entity revenue from sales to all external customers or whose segment assets are 10 per cent or more of the total assets of all business segments:

- segment revenue from external customers;
- the total carrying amount of segment assets; and
- the total cost incurred during the period to acquire segment assets that are expected to be used during more than one period (property, plant, equipment, and intangible assets).

Other disclosure requirements

Geographical segments based on location of assets

AASB114.71

If an entity's primary format for reporting segment information is geographical segments that are based on location of assets, and if the location of its customers is different from the location of its assets, then the entity shall also report revenue from sales to external customers for each customer-based geographical segment whose revenue from sales to external customers is 10 per cent or more of total entity revenue from sales to all external customers.

Source reference

6. Business and geographical segments (cont'd)

Geographical segments based on location of customers

AASB114.72

If an entity's primary format for reporting segment information is geographical segments that are based on location of customers, and if the entity's assets are located in different geographical areas from its customers, then the entity shall also report the following segment information for each asset-based geographical segment whose revenue from sales to external customers or segment assets are 10 per cent or more of related consolidated or total entity amounts:

- (a) the total carrying amount of segment assets by geographical location of the assets; and
- (b) the total cost incurred during the period to acquire segment assets that are expected to be used during more than one period (property, plant, equipment, and intangible assets) by location of the assets.

Disclosure of particulars of other segments

AASB114.74

If a business segment or geographical segment for which information is reported to the board of directors and chief executive officer is not a reportable segment because it earns a majority of its revenue from sales to other segments, but nonetheless its revenue from sales to external customers is 10 per cent or more of total entity revenue from sales to all external customers, the entity shall disclose that fact and the amounts of revenue from:

- (a) sales to external customers; and
- (b) internal sales to other segments.

Accounting policies

AASB114.44

Segment information shall be prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the consolidated group or entity.

AASB114.25

While the accounting policies used in preparing and presenting the financial statements of the entity as a whole are also the fundamental segment accounting policies, segment accounting policies include, in addition, policies that relate specifically to segment reporting, such as identification of segments, method of pricing inter-segment transfers, and basis for allocating revenues and expenses to segments.

AASB114.76

Changes in accounting policies adopted for segment reporting that have a material effect on segment information shall be disclosed, and prior period segment information presented for comparative purposes shall be restated unless it is impracticable to do so. Such disclosure shall include a description of the nature of the change, the reasons for the change, the fact that comparative information has been restated or that it is impracticable to do so, and the financial effect of the change, if it is reasonably determinable. If an entity changes the identification of its segments and it does not restate prior period segment information on the new basis because it is impracticable to do so, then for the purpose of comparison the entity shall report segment data for both the old and the new bases of segmentation in the period in which it changes the identification of its segments.

Comparative information

AASB114.43

If a segment is identified as a reportable segment in the current period because it satisfies the relevant 10 per cent thresholds, prior period segment data that is presented for comparative purposes shall be restated to reflect the newly reportable segment as a separate segment, even if that segment did not satisfy the 10 per cent thresholds in the prior period, unless it is impracticable to do so.

Inter-segment transactions within the Group

AASB114.24

Segment revenue, segment expense, segment assets, and segment liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group entities within a single segment.

Source reference

7. Revenue

AASB118.35(b) An analysis of the Group's revenue for the year, from both continuing and discontinued operations, is as follows:

	Consolidated		Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
	Continuing operations			
AASB118.35(b)(i)	102,469	102,035	18,518	15,187
AASB118.35(b)(ii)	38,449	49,805	-	-
	Rental revenue:			
AASB117.47(e)	-	-	-	-
	Operating lease rental revenue:			
AASB140.75(f)(i)	18	14	-	-
AASB117.56(b)	-	-	-	-
	-	-	-	-
	18	14	-	-
AASB118.35(b)(iii)	Interest revenue:			
	1,650	741	1,345	365
	154	148	154	148
	66	5	1,746	1,230
	445	410	3	4
AASB132.94(k)(iii)	-	-	-	-
AASB132.94(k)(i)	2,315	1,304	3,248	1,747
AASB118.35(b)(iv)	579	428	-	-
AASB118.35(b)(v)	Dividends:			
AASB124.17(a)	-	-	8,945	10,961
AASB124.17(a)	-	-	-	-
AASB124.17(a)	-	-	-	-
	156	154	-	-
	156	154	8,945	10,961
	540	451	10	8
	144,526	154,191	30,721	27,903
	Discontinued operations			
	64,087	77,661	-	-
AASB111.39(a)	318	182	-	-
	64,405	77,843	-	-
	208,931	232,034	30,721	27,903

Exchange of goods or services

AASB118.35(c) The amount of revenue arising from exchanges of goods or services included in each significant category of revenue shall be separately disclosed.

Source reference

8. Finance costs

	Consolidated		Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Interest on bank overdrafts and loans	4,412	6,186	2,130	1,653
Interest on obligations under finance leases	75	54	-	-
Dividends on instruments classified as financial liabilities	616	-	616	-
Interest on convertible notes	110	-	110	-
Interest on perpetual notes	52	-	52	-
Other interest expense	25	-	25	-
Total interest expense	5,290	6,240	2,933	1,653
Less: amounts included in the cost of qualifying assets	(11)	(27)	-	-
	5,279	6,213	2,933	1,653
Loss/(gain) arising on derivatives in a designated fair value hedge accounting relationship	5	-	-	-
(Gain)/loss arising on adjustment to hedged item in a designated fair value hedge accounting relationship	(5)	-	-	-
Fair value gains on interest rate swaps designated as cash flow hedges transferred from equity	(123)	(86)	-	-
Unwinding of discounts on provisions	28	30	-	-
Unwinding of discount on costs to sell non-current assets classified as held for sale	-	-	-	-
Other finance costs	-	-	-	-
	5,184	6,157	2,933	1,653
Attributable to:				
Continuing operations	5,034	6,023	2,933	1,653
Discontinued operations	150	134	-	-
	5,184	6,157	2,933	1,653

AASB132.AG37
AASB132.AG37
AASB132.AG37
AASB132.94(k)(i)
AASB123.29(b)
AASB5.17
AASB123.29(c)

The weighted average capitalisation rate on funds borrowed generally is 8.0%p.a. (2005: 7.8%p.a.).

Preparers of financial reports should apply judgment in deciding whether hedging gains and losses form part of finance costs or another part of expenses. In so doing, they should consider among other factors, their accounting policies, the nature of the instrument and objectives in entering into the hedging instruments.

Finance costs

Borrowing costs are interest and other costs incurred by an entity in connection with the borrowing of funds and may include:

- interest on bank overdrafts and short-term and long-term borrowings
- amortisation of discounts or premiums relating to borrowings
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings
- finance charges in respect of finance leases recognised in accordance with AASB 117 'Leases'; and
- exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

In addition to borrowing costs, other costs which may form part of finance costs include costs arising from the unwinding of the discount on liabilities and provisions.

Presentation of dividends

Dividends classified as an expense may be presented in the income statement either with interest on other liabilities or as a separate item. In some circumstances, because of the differences between interest and dividends with respect to matters such as tax deductibility, it is desirable to disclose them separately in the income statement.

Capitalised borrowing costs

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation shall be determined by applying a capitalisation rate to the expenditures on that asset. The average carrying amount of the asset during a period, including borrowing costs previously capitalised, is normally a reasonable approximation of the expenditures to which the capitalisation rate is applied in that period.

Source reference

9. Profit for the year

(a) Gains and losses

Profit/(loss) for the year has been arrived at after crediting/(charging) the following gains and losses (i):

	Consolidated						Company					
	Continuing		Discontinued		Total		Continuing		Discontinued		Total	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
AASB101.87(c)	6	67	-	-	6	67	14	(2)	-	-	14	(2)
AASB101.87(d)	-	-	-	-	-	-	-	-	-	-	-	-
AASB120.39(b)	-	-	1,940	-	1,940	-	-	-	-	-	-	-
AASB121.52(a)	731	979	-	-	731	979	226	33	-	-	226	33
AASB132.94(f)	114	(117)	30	49	144	(68)	12	8	-	-	12	8
	-	-	-	-	-	-	-	-	-	-	-	-
AASB132.94(f)	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
AASB140.76(d)	(6)	8	-	-	(6)	8	-	-	-	-	-	-
AASB132.94(k)(ii)	-	-	-	-	-	-	-	-	-	-	-	-
	83	-	-	-	83	-	-	-	-	-	-	-
	928	937	1,970	49	2,898	986	252	39	-	-	252	39

(b) Other expenses

Profit for the year includes the following expenses:

AASB102.36(d)	(87,899)	(91,840)	(39,933)	(48,020)	(127,832)	(139,860)	(2,360)	(2,301)	-	-	(2,360)	(2,301)
	-	-	-	-	-	-	-	-	-	-	-	-
AASB102.36(e)	-	-	-	-	-	-	-	-	-	-	-	-
AASB102.36(f)	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
AASB132.94(l)	40	(430)	-	-	40	(430)	(2)	(1)	-	-	(2)	(1)
AASB140.75(f)(ii), (iii)	(4)	(3)	-	-	(4)	(3)	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	(4)	(3)	-	-	(4)	(3)	-	-	-	-	-	-
AASB101.93	(10,601)	(12,322)	(2,986)	(3,472)	(13,587)	(15,794)	(48)	(45)	-	-	(48)	(45)
AASB101.93	(1,592)	(1,556)	-	-	(1,592)	(1,556)	-	-	-	-	-	-
	(12,193)	(13,878)	(2,986)	(3,472)	(15,179)	(17,350)	(48)	(45)	-	-	(48)	(45)
AASB101.87(f)	-	-	-	-	-	-	-	-	-	-	-	-

9. Profit for the year (cont'd)

		Consolidated						Company					
		Continuing		Discontinued		Total		Continuing		Discontinued		Total	
		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
AASB138.126	Research and development costs immediately expensed	(502)	(440)	-	-	(502)	(440)	-	-	-	-	-	-
AASB117.31(c)	Finance lease contingent rental expense	-	-	-	-	-	-	-	-	-	-	-	-
	Operating lease rental expenses:												
AASB117.35(c)	Minimum lease payments	(2,008)	(2,092)	-	-	(2,008)	(2,092)	-	-	-	-	-	-
AASB117.35(c)	Contingent rentals	-	-	-	-	-	-	-	-	-	-	-	-
AASB117.35(c)	Sub-lease payments received	-	-	-	-	-	-	-	-	-	-	-	-
		(2,008)	(2,092)	-	-	(2,008)	(2,092)	-	-	-	-	-	-
	Employee benefit expense (v):												
	Post employment benefits:												
AASB119.46	Defined contribution plans	(135)	(108)	(25)	(40)	(160)	(148)	(25)	(30)	-	-	(25)	(30)
AASB119.120A(g)	Defined benefit plans	(596)	(556)	-	-	(596)	(556)	-	-	-	-	-	-
		(731)	(664)	(25)	(40)	(756)	(704)	(25)	(30)	-	-	(25)	(30)
AASB2.50	Share-based payments:												
AASB2.51(a)	Equity-settled share-based payments	(201)	(333)	(5)	(5)	(206)	(338)	(156)	(188)	-	-	(156)	(188)
	Cash-settled share-based payments	-	-	-	-	-	-	-	-	-	-	-	-
AASB2.51(a)		(201)	(333)	(5)	(5)	(206)	(338)	(156)	(188)	-	-	(156)	(188)
AASB119.142	Termination benefits	-	-	-	-	-	-	-	-	-	-	-	-
	Other employee benefits	(8,871)	(10,658)	(4,545)	(3,739)	(13,416)	(14,397)	(4,887)	(4,733)	-	-	(4,887)	(4,733)
AASB101.93		(9,803)	(11,655)	(4,575)	(3,784)	(14,378)	(15,439)	(5,068)	(4,951)	-	-	(5,068)	(4,951)

Disclosure of material items of income and expense

(i) When items of income and expense are material, their nature and amount shall be disclosed separately.

Government grants and government assistance

(ii) The nature and extent of government grants recognised in the financial statements and an indication of other forms of government assistance from which the entity has directly benefited, and unfulfilled conditions and other contingencies attaching to government assistance that has been recognised, shall be disclosed.

Cost of sales

(iii) The financial report shall disclose the amount of inventories recognised as an expense during the period.

The amount of inventories recognised as an expense during the period, which is often referred to as cost of sales, consists of those costs previously included in the measurement of inventory that has now been sold and unallocated production overheads and abnormal amounts of production costs of inventories. The circumstances of the entity may also warrant the inclusion of other amounts, such as distribution costs.

Reversal of previous write-downs of inventory

(iv) The financial report shall disclose the circumstances or events that led to the reversal of a write-down of inventories arising from an increase in net realisable value.

Disclosure of information about the nature of expenses

(v) Entities classifying expenses by function shall disclose additional information on the nature of expenses, including depreciation and amortisation expense and employee benefit expense.

AASB101.86

AASB120.39(b), 39(c)

AASB102.36(d)
AASB102.38

AASB102.36(g)

AASB101.93

Source reference

10. Income taxes
Income tax recognised in profit or loss

	Consolidated		Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
	Tax expense/(income) comprises:			
AASB112.79	Current tax expense/(income)			
AASB112.80(a)	12,973	14,347	6,144	5,528
AASB112.80(b)	Adjustments recognised in the current year in relation to the current tax of prior years			
	-	-	-	-
AASB112.80(c)	Deferred tax expense/(income) relating to the origination and reversal of temporary differences			
	1,493	452	34	19
AASB112.80(d)	Effect of changes in tax rates and laws			
	-	-	-	-
	Benefit arising from previously unrecognised tax losses, tax credits or temporary differences of a prior period that is used to reduce:			
AASB112.80(e)	- current tax expense			
AASB112.80(f)	- deferred tax expense			
	-	-	-	-
AASB112.80(g)	Write-downs (reversals of previous write-downs) of deferred tax assets			
AASB112.56	-			
AASB112.80(h)	Tax expense/(income) associated with changes in accounting policies that cannot be accounted for retrospectively			
	-	-	-	-
	14,466	14,799	6,178	5,547
	Attributable to:			
	Continuing operations			
	11,306	11,801	6,178	5,547
	Discontinued operations (note 44)			
	3,160	2,998	-	-
	14,466	14,799	6,178	5,547
AASB112.81(c)	The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:			
	29,548	32,138	20,069	17,973
	11,470	12,993	-	-
	41,018	45,131	20,069	17,973
	Income tax expense calculated at 30%			
	12,306	13,539	6,021	5,392
AASB112.84	Revenue that is exempt from taxation			
	-	-	-	-
AASB112.84	Expenses that are not deductible in determining taxable profit			
	2,230	1,326	1,242	783
	Tax concessions (research and development and other allowances)			
	(75)	(66)	-	-
	Impairment losses on goodwill			
	5	-	-	-
AASB112.60(c)	Effect of changes in the expected manner of recovery of assets			
	-	-	-	-
	Effect of adopting tax consolidation during the prior period			
	-	-	-	-
	Transactions within the tax-consolidated group that are exempt from taxation			
	-	-	(1,085)	(628)
AASB112.65	Revaluations of assets for taxation purposes			
	-	-	-	-
AASB112.84	Unused tax losses and tax offsets not recognised as deferred tax assets			
	-	-	-	-
AASB112.84	Previously unrecognised and unused tax losses and tax offsets now recognised deferred tax assets			
	-	-	-	-
	Previously unrecognised deferred taxes associated with investments in subsidiaries, branches and associates, and interests in joint ventures			
	-	-	-	-

Source reference

10. Income taxes (cont'd)

	Consolidated		Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
AASB112.84	-	-	-	-
AASB112.81(d)	-	-	-	-
AASB112.80(d)	-	-	-	-
	14,466	14,799	6,178	5,547
AASB112.80(b)	-	-	-	-
	14,466	14,799	6,178	5,547

AASB112.81(c) The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

Where the entity is subject to a number of different tax rates in the different jurisdictions in which it operates, the above disclosures may need to be expanded to highlight the various rates applicable to the entity, particularly where the effect on aggregate income tax expense is material.

AASB112.81(d) Where there is a change in the applicable tax rate(s) compared to the previous reporting period, and explanation must be given. The following example can be adapted as necessary:
'The corporate tax rate in Australia was changed from [x]% to [y]% with effect from [date]. This revised rate has not impacted the current tax liability for the current year but will do so in future periods. However, the impact of the change in tax rate has been taken into account in the measurement of deferred taxes at the end of the reporting period. The effect of this change in tax rate on deferred taxes has been disclosed in the reconciliation of deferred taxes below.'

Income tax recognised directly in equity

AASB112.81(a) The following current and deferred amounts were charged/(credited) directly to equity during the period:

	<u>Current tax</u>			
	(1)	-	(1)	-
	(8)	-	(8)	-
	(9)	-	(9)	-
	<u>Deferred tax</u>			
AASB112.62(a)	-	493	-	1
AASB112.62(c)	(14)	36	-	-
AASB112.62(d)	242	-	242	-
	17	9	-	-
	28	24	9	(16)
	-	-	-	-
	-	-	-	-
	(75)	-	(75)	-
AASB112.68C	-	-	-	-
	-	-	-	-
	198	562	176	(15)
	189	562	167	(15)

Source reference

10. Income taxes (cont'd)
Current tax assets and liabilities

AASB112.13

	Consolidated		Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Current tax assets				
Franking deficit tax recoverable	85	60	-	-
Benefit of tax losses able to be carried back to recover taxes paid in prior periods	-	-	-	-
Tax refund receivable	-	-	-	-
Other [describe]	-	-	-	-
	85	60	-	-
Current tax liabilities				
Income tax payable attributable to:				
Parent entity	1,022	1,015	1,022	1,015
Entities in the tax-consolidated group	3,602	3,628	3,602	3,628
Other	509	1,225	-	-
Franking deficit tax payable	-	-	-	-
Other [describe]	-	-	-	-
	5,133	5,868	4,624	4,643

Deferred tax balances

The following illustrative disclosure is considered 'best practice' and in some respects has disclosures in excess of those required by AASB 112 'Income Taxes'. The only requirements for a breakdown by type of temporary difference, i.e. the first column, are the opening and closing balances, and the amount charged to income (being the aggregate of the second and fourth columns). The other columns could be amalgamated or excluded so long as the other disclosures required by AASB 112 are made elsewhere in the financial statements in aggregate.

Deferred tax assets/(liabilities) arise from the following:

AASB112.81(a), (g)

	Consolidated							
	Opening balance \$'000	Charged to income \$'000	Charged to equity \$'000	Recycled from equity to income \$'000	Acquisitions/disposals \$'000	Exchange differences \$'000	Changes in tax rate \$'000	Closing balance \$'000
2006								
Temporary differences								
Cash flow hedges	(119)	-	(131)	114	-	-	-	(136)
Equity accounted investments	(1,268)	(356)	-	-	-	-	-	(1,624)
Property, plant & equipment	(3,221)	(1,532)	-	-	517	-	-	(4,236)
Finance leases	(22)	18	-	-	-	-	-	(4)
Intangible assets	(572)	214	-	-	-	-	-	(358)
Fair value through profit or loss financial assets	-	-	-	-	-	-	-	-
Available-for-sale financial assets	(226)	-	(28)	-	-	-	-	(254)
Convertible notes	-	9	(242)	-	-	-	-	(233)
Exchange difference on foreign subsidiary	(14)	-	(22)	36	-	-	-	-
Provisions	1,672	42	-	-	-	-	-	1,714
Doubtful debts	251	(8)	-	-	(4)	-	-	239
Other financial liabilities	5	2	-	-	-	-	-	7
Unclaimed share issue and buy-back costs	-	-	75	-	-	-	-	75
Other [describe]	(181)	(32)	-	-	-	-	-	(213)
	(3,695)	(1,643)	(348)	150	513	-	-	(5,023)

Source reference

10. Income taxes (cont'd)

2006	Consolidated							
	Opening balance \$'000	Charged to income \$'000	Charged to equity \$'000	Recycled from equity to income \$'000	Acquisitions/disposals \$'000	Exchange differences \$'000	Changes in tax rate \$'000	Closing balance \$'000
Unused tax losses and credits:								
Tax losses	-	-	-	-	-	-	-	-
Foreign tax credits	-	-	-	-	-	-	-	-
Other	2	-	-	-	-	-	-	2
	2	-	-	-	-	-	-	2
	(3,693)	(1,643)	(348)	150	513	-	-	(5,021)

Presented in the balance sheet as follows:

Deferred tax (liability) attributable to:

Continuing operations	(4,591)
Discontinued operations	(430)
	<u>(5,021)</u>

Deferred tax asset attributable to:

Continuing operations	-
Discontinued operations	-
	<u>(5,021)</u>

AASB112.81(a), (g)

2005	Consolidated							
	Opening balance \$'000	Charged to income \$'000	Charged to equity \$'000	Recycled from equity to income \$'000	Acquisitions/disposals \$'000	Exchange differences \$'000	Changes in tax rate \$'000	Closing balance \$'000
Temporary differences								
Cash flow hedges	(110)	-	(95)	86	-	-	-	(119)
Equity accounted investments	(791)	(477)	-	-	-	-	-	(1,268)
Property, plant & equipment	(2,540)	(188)	(493)	-	-	-	-	(3,221)
Finance leases	(29)	7	-	-	-	-	-	(22)
Intangible assets	(669)	97	-	-	-	-	-	(572)
Fair value through profit or loss financial assets	-	-	-	-	-	-	-	-
Available-for-sale financial assets	(202)	-	(24)	-	-	-	-	(226)
Exchange difference on foreign subsidiary	22	-	(36)	-	-	-	-	(14)
Provisions	1,692	(20)	-	-	-	-	-	1,672
Doubtful debts	122	129	-	-	-	-	-	251
Other financial liabilities	9	(4)	-	-	-	-	-	5
Other [describe]	(97)	(84)	-	-	-	-	-	(181)
	(2,593)	(540)	(648)	86	-	-	-	(3,695)
Unused tax losses and other credits								
Tax losses	-	-	-	-	-	-	-	-
Foreign tax credits	-	-	-	-	-	-	-	-
Other	-	2	-	-	-	-	-	2
	-	2	-	-	-	-	-	2
	(2,593)	(538)	(648)	86	-	-	-	(3,693)

Presented in the balance sheet as follows:

Deferred tax (liability)	(3,693)
Deferred tax asset	-
	<u>(3,693)</u>

Source reference

10. Income taxes (cont'd)

AASB112.81(a), (g)

2006	Company							
	Opening balance \$'000	Charged to income \$'000	Charged to equity \$'000	Recycled from equity to income \$'000	Acquisitions/disposals \$'000	Exchange differences \$'000	Changes in tax rate \$'000	Closing balance \$'000
Temporary differences								
Property, plant & equipment	(2)	(41)	-	-	-	-	-	(43)
Available-for-sale financial assets	(15)	-	(9)	-	-	-	-	(24)
Convertible notes	-	9	(242)	-	-	-	-	(233)
Provisions	43	(3)	-	-	-	-	-	40
Doubtful debts	1	1	-	-	-	-	-	2
Unclaimed share issue and buy-back costs	-	-	75	-	-	-	-	75
	27	(34)	(176)	-	-	-	-	(183)
Unused tax losses and other credits								
Tax losses	-	-	-	-	-	-	-	-
Foreign tax credits	-	-	-	-	-	-	-	-
Other	10	-	-	-	-	-	-	10
	10	-	-	-	-	-	-	10
	37	(34)	(176)	-	-	-	-	(173)

Presented in the balance sheet as follows:

Deferred tax (liability)	(173)
Deferred tax asset	-
	<u>(173)</u>

AASB112.81(a), (g)

2005	Company							
	Opening balance \$'000	Charged to income \$'000	Charged to equity \$'000	Recycled from equity to income \$'000	Acquisitions/disposals \$'000	Exchange differences \$'000	Changes in tax rate \$'000	Closing balance \$'000
Temporary differences								
Property, plant & equipment	11	(12)	(1)	-	-	-	-	(2)
Available-for-sale financial assets	(31)	-	16	-	-	-	-	(15)
Other	-	-	-	-	-	-	-	-
Provisions	58	(15)	-	-	-	-	-	43
Doubtful debts	3	(2)	-	-	-	-	-	1
	41	(29)	15	-	-	-	-	27
Unused tax losses and other credits								
Tax losses	-	-	-	-	-	-	-	-
Foreign tax credits	-	-	-	-	-	-	-	-
Other	-	10	-	-	-	-	-	10
	-	10	-	-	-	-	-	10
	41	(19)	15	-	-	-	-	37

Presented in the balance sheet as follows:

Deferred tax (liability)	-
Deferred tax asset	37
	<u>37</u>

AASB112.82

An entity shall disclose the amount of a deferred tax asset and the nature of the evidence supporting its recognition, when:

- the utilisation of the deferred tax asset is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences; and
- the entity has suffered a loss in either the current or preceding period in the tax jurisdiction to which the deferred tax asset relates.

Source reference

10. Income taxes (cont'd)

Unrecognised deferred tax assets

AASB112.81(e)

The following deferred tax assets have not been brought to account as assets:

	Consolidated		Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Tax losses – revenue	11	11	2	-
Tax losses – capital	-	-	-	-
Unused tax credits (expires [date])	-	-	-	-
Temporary differences	1,041	937	-	-
	1,052	948	2	-

AASB112.81(f)

Unrecognised taxable temporary differences associated with investments and interests

Taxable temporary differences in relation to investments in subsidiaries, branches and associates and interests in joint ventures for which deferred tax liabilities have not been recognised are attributable to the following:

Subsidiaries in the tax-consolidated group	-	-	-	-
Other domestic subsidiaries	-	-	-	-
Foreign subsidiaries	120	125	-	-
Associates and jointly controlled entities	-	-	-	-
Other [describe]	-	-	-	-
	120	125	-	-

Int1052.54

Investments within tax-consolidated groups

The amounts (if any) disclosed in the above table will depend on the view taken by the entity in relation to the deferred tax consequences of investments within tax-consolidated groups and other factors. For a detailed analysis of this issue, refer to the Deloitte 'Accounting for tax consolidation under A-IFRS' publication, which can be obtained from the Deloitte web site, www.deloitte.com.au. There are three main views as to how deferred taxes should be calculated in relation to investments within tax-consolidated groups. The disclosure below are provided as examples of suggested disclosure under each view and should be adapted as necessary to the entity's circumstances:

'End of time' view

- (i) Under the tax law, the taxable profit made by a tax-consolidated group in relation to an entity leaving the group depends on a range of factors, including the tax values and/or carrying values of the assets and liabilities of the leaving entities, which vary in line with the transactions and events recognised in each entity. The above taxable temporary differences include an amount of \$[x] (parent entity \$[x]) that arises in relation to investments within the tax-consolidated group. This temporary difference represents the taxable profit that would be realised if the investments within the tax-consolidated group (or the net assets arising on consolidation in relation to those investments) were disposed of at the reporting date at their carrying amounts.
- Because the Group has no current intention to dispose of these investments, a deferred tax liability has not been recognised in relation to these taxable temporary differences. Furthermore, the taxable profit or loss ultimately made on disposal of the investments within the tax-consolidated group may be higher or lower than this amount depending upon when the entity leaves the tax-consolidated group and the assets and liabilities that the leaving entity holds at that time.

'Change in tax status' view

- (ii) Under the tax law, the taxable profit made by a tax-consolidated group in relation to an entity leaving the group depends on a range of factors, including the tax values and/or carrying values of the assets and liabilities of the leaving entities, which vary in line with the transactions and events recognised in each entity. The taxable profit or loss ultimately made on any disposal of the investments within the tax-consolidated group will therefore depend upon when each entity leaves the tax-consolidated group and the assets and liabilities that the leaving entity holds at that time.
- The Group considers the effects of entities entering or leaving the tax-consolidated group to be a change of tax status that is only recognised when those events occur. As a result, temporary differences and deferred tax liabilities have not been measured or recognised in relation to investments within the tax-consolidated group.

Source reference

10. Income taxes (cont'd)

'Foreseeable future' view

(iii) Under the tax law, the taxable profit made by a tax-consolidated group in relation to an entity leaving the group depends on a range of factors, including the tax values and/or carrying values of the assets and liabilities of the leaving entities, which vary in line with the transactions and events recognised in each entity. The taxable profit or loss ultimately made on any disposal of the investments within the tax-consolidated group will therefore depend upon when each entity leaves the tax-consolidated group and the assets and liabilities that the leaving entity holds at that time.

Because the Group has no current intention to dispose of these investments, a deferred tax liability has not been recognised in relation to investments within the tax-consolidated group. Furthermore, temporary differences that might arise on disposal of the entities in the tax-consolidated group cannot be reliably measured because of the inherent uncertainties surrounding the nature of any future disposal that might occur.

However, the directors believe that certain non-taxable transactions could be put in place within the tax-consolidated group before any disposal that could reduce any taxable amount that might arise to nil. Because the directors have no current intention to dispose of these investments and because of the existence of these tax planning opportunities, the directors believe the minimum amount of any temporary difference arising would be nil.

Tax consolidation

Int1052.16(a)

Relevance of tax consolidation to the Group

The company and its wholly-owned Australian resident entities have formed a tax-consolidated group with effect from 1 July 2003 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is DTT Group Limited. The members of the tax-consolidated group are identified at note 42.

Where the decision to tax consolidate has not been notified to the Australian Taxation Office, the following wording should also be included: 'The decision to consolidate for tax purposes has not yet been formally notified to the Australian Taxation Office.'

Int1052.16(c)

Nature of tax funding arrangements and tax sharing agreements

Entities within the tax-consolidated group have entered into a tax funding arrangement and a tax-sharing agreement with the head entity. Under the terms of the tax funding arrangement, DTT Group Limited and each of the entities in the tax-consolidated group has agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity. Such amounts are reflected in amounts receivable from or payable to other entities in the tax-consolidated group.

The tax sharing agreement entered into between members of the tax-consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations or if an entity should leave the tax-consolidated group. The effect of the tax sharing agreement is that each member's liability for tax payable by the tax-consolidated group is limited to the amount payable to the head entity under the tax funding arrangement.

Int1052.16(d)

Tax consolidation contributions by (or distributions to) equity participants

The nature of the tax funding arrangement for the DTT Group Limited tax-consolidated group is such that no tax consolidation contributions by (or distributions to) equity participants would be expected to arise. However, this will not always be the case and the following example can be adapted to suit the circumstances of the entity.

	Company	
	2006 \$'000	2005 \$'000
Major components of tax consolidation contributions by (or distributions to) equity participants		
Net assumptions of tax liabilities of members of the tax-consolidated group	-	-
Excess of tax funding contributions over tax liabilities assumed	-	-
Assumptions of unused tax losses and tax offsets of members of the tax-consolidated group at other than full consideration	-	-
Amounts payable to and receivable from entities joining or leaving the tax-consolidated group under tax sharing and funding arrangements	-	-
[Describe other impacts]	-	-
Net amount recognised	-	-

Source reference

10. Income taxes (cont'd)

	Company	
	2006 \$'000	2005 \$'000
Accounts affected		
Dividend revenue	-	-
Investments in subsidiaries	-	-
Share capital*	-	-
Reserves*		
[describe]	-	-
[describe]	-	-
Retained earnings		
[describe]	-	-
[describe]	-	-
Net amount (as above)	-	-

* likely to only be relevant in the separate financial statements of subsidiaries.

11. Trade and other receivables

	Consolidated		Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
AASB139.63				
Trade receivables (i), (ii)	19,062	17,785	16,439	14,738
Allowance for doubtful debts	(798)	(838)	(6)	(4)
	18,264	16,947	16,433	14,734
AASB117.36				
Finance lease receivable (note 39)	-	-	-	-
AASB117.47(d)				
Allowance for uncollectible minimum lease payments	-	-	-	-
	-	-	-	-
Deferred sales proceeds (note 45(c))	960	-	-	-
Operating lease receivable	-	-	-	-
AASB111.42(a)				
Amounts due from customers under construction contracts (note 30)	240	230	-	-
Int1031.9				
Goods and services tax recoverable	-	-	-	-
Other [describe]	54	20	10	15
	19,518	17,197	16,443	14,749

AASB132.60(a), 94(l) (i) The average credit period on sales of goods is 60 days. No interest is charged on the trade receivables for the first 60 days from the date of the invoice. Thereafter, interest is charged at 2%p.a. on the outstanding balance. An allowance has been made for estimated irrecoverable trade receivable amounts arising from the past sale of goods, determined by reference to past default experience. During the current financial year, the allowance for doubtful debts decreased by \$40 thousand (2005: increased by \$430 thousand) in the Group and increased by \$2 thousand (2005: increased by \$1 thousand) in the company. This movement was recognised in the profit or loss.

AASB132.94(a) (ii) During the period, the Group transferred \$1,052 thousand (2005: \$nil) of trade receivables to an unrelated entity. As part of the transfer, the Group provided the transferee a credit guarantee over the expected losses of those receivables. Accordingly, the Group continues to recognise the full carrying amount of the receivables and has recognised the cash received on the transfer as a secured borrowing (refer note 24). At the reporting date, the carrying amount of the transferred short-term receivables is \$946 thousand. The carrying amount of the associated liability is \$923 thousand.

AASB101.52 For each asset line item that combines amounts expected to be recovered or settled (a) no more than twelve months after the reporting date, and (b) more than twelve months after the reporting date, an entity shall disclose the amount expected to be recovered or settled after more than twelve months.

Source reference

11. Trade and other receivables (cont'd)

Derecognition of financial assets

AASB132.94(a)

An entity may have either transferred a financial asset or entered into a type of arrangement, in such a way that the arrangement does not qualify as a transfer of a financial asset. If the entity either continues to recognise all of the asset or continues to recognise the asset to the extent of the entity's continuing involvement, it shall disclose for each class of financial asset:

- (a) the nature of the assets;
- (b) the nature of the risks and rewards of ownership to which the entity remains exposed;
- (c) when the entity continues to recognise all of the asset, the carrying amounts of the asset and of the associated liability; and
- (d) when the entity continues to recognise the asset to the extent of its continuing involvement, the total amount of the asset, the amount of the asset that the entity continues to recognise and the carrying amount of the associated liability.

12. Inventories

AASB102.36(b)

AASB102.36(b)

AASB102.36(b)

AASB102.36(b)

	Consolidated		Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Raw materials	9,142	10,322	42	44
Work in progress	4,490	4,354	36	46
Finished goods	17,732	15,566	142	150
	31,364	30,242	220	240
Classified as part of a discontinued operation (note 44)	830	-	-	-
	32,194	30,242	220	240

AASB101.3(b), 36(c)

Inventories held by commodity broker-traders may be measured at fair value less costs to sell. The financial report shall disclose the carrying amount of inventories carried at fair value less costs to sell.

AASB101.52

For each asset line item that combines amounts expected to be recovered or settled (a) no more than twelve months after the reporting date, and (b) more than twelve months after the reporting date, an entity shall disclose the amount expected to be recovered or settled after more than twelve months.

13. Other financial assets

Investments carried at cost:

Non-current

Investments in subsidiaries

Investments in associates

Investments in jointly controlled entities

	-	-	66,298	66,298
	-	-	-	-
	-	-	-	-
	-	-	66,298	66,298

Derivatives that are designated and effective as hedging instruments carried at fair value:

Current

Foreign currency forward contracts

Interest rate swaps

Non-current

Interest rate swaps

	244	220	-	-
	72	37	-	-
	212	140	-	-
	528	397	-	-

Financial assets carried at fair value through profit or loss:

Current

[describe]

Non-current

[describe]

	-	-	-	-
	-	-	-	-
	-	-	-	-

Source reference

13. Other financial assets (cont'd)

	Consolidated		Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Held-to-maturity investments carried at amortised cost:				
<u>Current</u>				
Bills of exchange (i)	4,304	3,604	18	208
Debentures (ii)	500	-	-	-
<u>Non-current</u>				
Bills of exchange (i)	2,059	1,658	-	-
	6,863	5,262	18	208
Available-for-sale investments carried at fair value:				
<u>Current</u>				
Shares	-	-	-	-
<u>Non-current</u>				
Redeemable notes (iii)	2,200	2,122	2,200	2,122
Shares (iv)	5,940	5,736	689	640
	8,140	7,858	2,889	2,762
Loans carried at amortised cost:				
<u>Current</u>				
Loans to subsidiaries	-	-	-	-
Loans to other related parties (v)	3,637	3,088	2,420	-
Loans to other entities	-	-	-	-
<u>Non-current</u>				
Loans to subsidiaries (vi)	-	-	24,597	30,035
	3,637	3,088	27,017	30,035
	19,168	16,605	96,222	99,303
Disclosed in the financial statements as:				
Current other financial assets	8,757	6,949	2,438	208
Non-current other financial assets	10,411	9,656	93,784	99,095
	19,168	16,605	96,222	99,303

AASB132.60(a)

(i) The Group hold bills of exchange returning a variable rate of interest. The weighted average interest rate on these securities is 7.10%p.a. (7.0%p.a.). The bills have maturity dates ranging between 3 to 18 months from reporting date.

AASB132.60(a)

(ii) The debentures are issued by a company related to B.M. Stavrinidis and return interest of 6%p.a. payable monthly, and mature in March 2007.

AASB132.60(a)

(iii) The Group holds listed redeemable notes returning 7%p.a. The notes are redeemable at par value in 2009.

AASB128.37(d)

(iv) The Group holds 20% (2005: 20%) of the ordinary share capital of Rocket Corp Limited, a company involved in the refining and distribution of fuel products. The directors of the Group do not believe that the Group is able to exert significant influence over Rocket Corp Limited as the other 80% is controlled by one shareholder, who also manages the day-to-day operations of the company.

AASB132.60(a)

(v) The Group has provided several of its key management personnel and a joint venture entity with short-term loans at rates comparable to the average commercial rate of interest. Further information about these loans is contained in note 49(b).

AASB132.60(a)

(vi) Receivables from entities within the wholly-owned group include amounts arising under the Group's tax funding arrangement and amounts reimbursable to DTT Group Limited for share options granted by the company under its employee share option plan to employees of its subsidiaries. The intercompany loan receivable is repayable on demand and interest is charged on the outstanding balance at market rates.

Source reference

13. Other financial assets (cont'd)

Financial assets carried at fair value through profit or loss

An entity shall disclose the carrying amounts of:

AASB132.94(e)(i)
AASB132.94(e)(iii)

- (a) financial assets that are classified as held for trading; and
(b) financial assets that, upon initial recognition, were designated by the entity as financial assets at fair value through profit or loss (i.e. those that are not financial assets classified as held for trading).

Reclassification of financial assets

AASB132.94(j)

In the rare circumstances that a financial asset is reclassified as one measured at cost or amortised cost rather than at fair value, it shall disclose the reason for the reclassification.

14. Non-current assets classified as held for sale

	Consolidated		Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Land held for sale (i)	1,260	-	-	-
Discontinued operations (note 44)	21,076	-	-	-
	22,336	-	-	-

AASB5.41

- (i) The Group intends to dispose of a parcel of land it no longer utilises in the next 10 months. The property was previously used in the Group's toys operations. A search is underway for a buyer. No impairment loss was recognised on reclassification of the land as held for sale or at reporting date.

15. Investments accounted for using the equity method

AASB128.38
AASB131.Aus57.4

Investments in associates	6,721	5,811	-	-
Investments in jointly controlled entities	1,704	1,458	-	-
	8,425	7,269	-	-

AASB128.37(a),
Aus37.1(a)

AASB131.Aus57.2
(a), Aus57.3(a)(i), (ii)

AASB128.Aus37.1
(a)(iii)

AASB128.Aus37.1
(a)(ii)

AASB131.Aus57.3
(a)(iii)

AASB131.Aus57.3
(a)(ii)

AASB128.37(c)

AASB128.37(a),
AASB131.Aus57.2(a)

Name of entity	Principal activity	Country of incorporation	Ownership interest (v)		Published fair value (vi)	
			2006 %	2005 %	2006 \$'000	2005 \$'000
Associates						
DTT Malaysia Limited	Transport	Malaysia	35 (i)	35	2,231	2,069
DTT Trust	Steel manufacturing	Australia	27	27	-	-
DTT Finance Limited	Finance	Australia	40	40	-	-
DTT Vietnam Limited	Transport	Vietnam	35 (ii)	25	-	-
Jointly controlled entities						
DTT China Limited	Electronics	China	20 (iii)	20	-	-
DTT Partnership	Oil	Australia	25	25	-	-
DTT India Limited	Cloth manufacturer	India	25 (iv)	21	587	536

- (i) Pursuant to a shareholder agreement the company has the right to cast 37% of the votes at shareholder meetings.
- (ii) The reporting date of DTT Geneva Limited is 30 November. The company acquired an additional 10% ownership interest in DTT Geneva Limited on 15 December 2006 bringing the ownership interest in DTT Geneva Limited at reporting date of the company to 35%.
- (iii) Pursuant to a shareholder agreement the company has the right to cast 25% of the votes at shareholder meetings.
- (iv) The reporting date of DTT India Limited is 31 October. The company acquired an additional 4% ownership interest in DTT India Limited on 10 November 2006 bringing the ownership interest in DTT India Limited at reporting date of the company to 25%.
- (v) An investor shall disclose the reasons why the presumption that it does not have significant influence is overcome if it holds, directly, or indirectly through subsidiaries, less than 20% of the voting or potential voting power of the investee but concludes that it has significant influence.
- (vi) The fair value of interests in associates and jointly controlled entities for which there are published price quotations shall be disclosed.

Source reference	15. Investments accounted for using the equity method (cont'd)	Consolidated	
		2006 \$'000	2005 \$'000
	Summarised financial information of associates:		
	Current assets	11,740	10,960
	Non-current assets	28,666	24,950
AASB128.37(b)		40,406	35,910
	Current liabilities	(6,042)	(6,259)
	Non-current liabilities	(3,005)	(3,358)
AASB128.37(b)		(9,047)	(9,617)
	Net assets	31,359	26,293
AASB128.37(b)	Revenue	5,645	6,984
AASB128.37(b)	Net profit	3,212	3,694
	Share of associates' profit or loss:		
AASB128.Aus37.1 (b)(i)	Share of profit/(loss) before tax	1,213	2,115
	Income tax expense	(278)	(526)
AASB128.38	Share of associate's profit/(loss)	935	1,589
	Summarised financial information of jointly controlled entities:		
AASB131.Aus57.2(b)	Current assets	734	708
	Non-current assets	1,792	1,560
		2,526	2,268
AASB131.Aus57.2(b)	Current liabilities	(376)	(391)
	Non-current liabilities	(184)	(210)
		(560)	(601)
AASB131.Aus57.2(b)	Net assets	1,966	1,667
AASB131.Aus57.2(b)	Income	6,409	4,920
AASB131.Aus57.2(b)	Expenses	3,047	2,725
	Share of jointly controlled entities' profit or loss:		
AASB131.Aus57.3 (b)(i), (b)(ii)	Share of profit/(loss) before tax	370	251
	Income tax expense	(119)	(251)
AASB131.Aus57.4	Share of jointly controlled entities' profit/(loss)	251	-
	Dividends received from associates and joint ventures		
AASB124.17(a)	During the year, the Group received dividends of \$25 thousand (2005: \$25 thousand) from its associates and dividends of \$5 thousand (2005: nil) from its jointly controlled entities.		
	Contingent liabilities and capital commitments		
AASB128.Aus37.1(d), 40(a), AASB131.54(a), (b), 55, Aus57.3(d)	The Group's share of the contingent liabilities, capital commitments and other expenditure commitments of associates and jointly controlled entities are disclosed in notes 38 and 37 respectively.		
AASB128.40(b), AASB131.54(c)	A subsidiary in the Group is joint and severally liable for all the liabilities of DTT Finance Limited. This exposure is recognised in the financial statements of the Group in accordance with the Group's accounting policy for financial guarantee contracts.		
	Disclosure in aggregate or individually		
	AASB 128 'Investments in Associates' and AASB 131 'Interests in Joint Ventures' do not explicitly state whether the disclosure of summarised financial information is to be made individually or in aggregate. An entity shall consider disclosing information on an individual basis where this is material to the evaluation of operating performance and financial position of the investor.		
	Restrictions on fund transfers		
AASB128.37(f), AASB131.Aus57.2(d)	The entity shall disclose the nature and extent of any significant restrictions (for example, resulting from borrowing arrangements or regulatory requirements) on the ability of an associate or a jointly controlled entity to transfer funds to the entity in the form of cash dividends, or repayment of loans or advances.		
	Unrecognised share of losses		
AASB128.37(g), AASB131.Aus57.2(e)	The entity shall disclose the unrecognised share of losses of an associate or jointly controlled entity, both for the period and cumulatively, if recognition of the associate's or jointly controlled entity's share of losses has been discontinued.		

Source reference

15. Investments accounted for using the equity method (cont'd)

AASB128.Aus37.1
(a)(iv), AASB131.
Aus57.3 (a)(iv)

Reciprocal interests held by associate or jointly controlled entity

Where an associate or jointly controlled entity holds equity in the entity, the percentage of equity held by the associate or jointly controlled entity shall be disclosed.

AASB128.24, 25

Different reporting dates or reporting periods

The most recent available financial statements of the associate are used by the investor in applying the equity method. When the reporting dates of the investor and the associate are different, the associate prepares, for the use of the investor, financial statements as of the same date as the financial statements of the investor unless it is impracticable to do so.

When the financial statements of an associate used in applying the equity method are prepared as of a different reporting date from that of the investor, adjustments shall be made for the effects of significant transactions or events that occur between that date and the date of the investor's financial statements. In any case, the difference between the reporting date of the associate and that of the investor shall be no more than three months. The length of the reporting periods and any difference in the reporting dates shall be the same from period to period.

AASB128.37(e),
AASB131.Aus57.2(c)

The entity shall disclose the reporting date of the financial statements of an associate or jointly controlled entity, when such financial statements are used in applying the equity method and are as of a reporting date or for a period that is different from that of the investor or venturer, and the reason for using a different reporting date or different period.

AASB128.38,
AASB131.Aus57.4

Discontinued operations of associates and joint ventures

The entity's share of any discontinued operations of associates or joint ventures shall be separately disclosed.

AASB128.Aus37.1(c)
AASB131.Aus57.3(c)

Impairment of equity accounted investments

Where the equity method is applied to investments, an entity shall disclose:

- (a) the amount of impairment losses recognised in profit or loss during the period and the line item(s) of the income statement in which those impairment losses are included; and
- (b) the amount of reversals of impairment losses recognised in profit or loss during the period and the line item(s) of the income statement in which those impairment losses are reversed;

AASB128.29

Equity accounted investment reduced to zero

If an investor's share of losses of an associate equals or exceeds its interest in the associate, the investor discontinues recognising its share of further losses. The interest in an associate is the carrying amount of the investment in the associate under the equity method together with any long-term interests that, in substance, form part of the investor's net investment in the associate. For example, an item for which settlement is neither planned nor likely to occur in the foreseeable future is, in substance, an extension of the entity's investment in that associate.

Such items may include preference shares and long-term receivables or loans but do not include trade receivables, trade payables or any long-term receivables for which adequate collateral exists, such as secured loans. Losses recognised under the equity method in excess of the investor's investment in ordinary shares are applied to the other components of the investor's interest in an associate in the reverse order of their seniority (i.e. priority in liquidation).

AASB128.30

After the investor's interest is reduced to zero, additional losses are provided for, and a liability is recognised, only to the extent that the investor has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the investor resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

AASB128.18, 19,
AASB131.41, 45

Ceasing to have significant influence or joint control

An investor shall discontinue the use of the equity method from the date that it ceases to have significant influence over an associate and shall account for the investment in accordance with AASB 139 'Financial Instruments: Recognition and Measurement' from that date, provided the associate does not become a subsidiary or a joint venture. The carrying amount of the investment at the date that it ceases to be an associate shall be regarded as its cost on initial measurement as a financial asset in accordance with AASB 139.

Similar requirements apply to jointly controlled entities that cease to be jointly controlled or significantly influenced by the venturer.

Source reference

15. Investments accounted for using the equity method (cont'd)

Exceptions to equity method

An entity is exempted from applying the equity method to account for an interest in a jointly controlled entity or an associate when the interest is classified as held for sale in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations' or if all of the following apply:

- (a) the entity is a wholly-owned subsidiary, or is a partially-owned subsidiary of another entity and its owners, including those not otherwise entitled to vote, have been informed about, and do not object to, the entity not applying the equity method;
- (b) the entity's debt or equity instruments are not traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets);
- (c) the entity did not file, nor is it in the process of filing, its financial report with a securities commission or other regulatory organisation, for the purpose of issuing any class of instruments in a public market; and
- (d) the ultimate Australian or any intermediate parent of the entity produces consolidated financial statements available for public use that comply with A-IFRS.

Where the interest is classified as held for sale, the interest shall be measured at the lower of carrying amount and fair value less costs to sell. Otherwise, the entity shall account for the interest at cost, or in accordance with AASB 139.

The entity shall disclose the fact that the interest has not been accounted for using the equity method and shall provide summarised financial information of such entities, either individually or in groups, including the amounts of total assets, total liabilities, revenues and profit or loss.

When an interest in a jointly controlled entity or an associate previously classified as held for sale no longer meets the criteria to be so classified, it shall be accounted for using the equity method as from the date of its classification as held for sale. Financial statements for the periods since classification as held for sale shall be amended accordingly.

AASB128.13,
AASB131.2

AASB5.15,
AASB128.14,
Aus14.1, 37(h), (i),
AASB131.42,
Aus43.1, Aus57.2(f),
(g)

AASB128.15,
AASB131.43

Source reference

16. Property, plant and equipment

		Consolidated					
	Freehold land at fair value \$'000	Buildings at fair value \$'000	Leasehold improvements at cost \$'000	Plant and equipment at cost \$'000	Equipment under finance lease at cost \$'000	Total \$'000	
Gross carrying amount							
AASB116.73(d)	Balance at 1 January 2005	14,750	13,666	306	156,534	630	185,886
AASB116.73(e)(i)	Additions	-	1,205	-	10,657	40	11,902
AASB116.73(e)(ii)	Disposals	-	-	-	(27,286)	-	(27,286)
AASB116.73(e)(iii)	Acquisitions through business combinations	-	-	-	-	-	-
AASB116.73(e)(ii)	Classified as held for sale	-	-	-	-	-	-
AASB116.73(e)(iv)	Net revaluation increments/ (decrements)	1,608	37	-	-	-	1,645
AASB116.73(e)(viii)	Net foreign currency exchange differences	-	-	-	-	-	-
AASB116.73(e)(ix)	Other [describe]	-	-	-	-	-	-
AASB116.73(d)	Balance at 1 January 2006	16,358	14,908	306	139,905	670	172,147
AASB116.73(e)(i)	Additions	-	-	-	22,983	-	22,983
AASB116.73(e)(ii)	Disposals	(1,530)	(1,184)	(16)	(19,147)	(624)	(22,501)
AASB116.73(e)(iii)	Acquisitions through business combinations	-	-	-	454	-	454
AASB116.73(e)(ii)	Classified as held for sale	(1,260)	(1,357)	-	(20,785)	-	(23,402)
AASB116.73(e)(iv)	Net revaluation increments/ (decrements)	-	-	-	-	-	-
AASB116.73(e)(viii)	Net foreign currency exchange differences	-	-	-	-	-	-
AASB116.73(e)(ix)	Other [describe]	-	-	-	-	-	-
AASB116.73(d)	Balance at 31 December 2006	13,568	12,367	290	123,410	46	149,681
Accumulated depreciation/ amortisation and impairment							
AASB116.73(d)	Balance at 1 January 2005	-	(1,521)	(30)	(25,019)	(378)	(26,948)
AASB116.73(e)(ii)	Disposals	-	-	-	5,058	-	5,058
AASB116.73(e)(iv)	Net adjustments from revaluation (increments)/ decrements	-	(2)	-	-	-	(2)
AASB116.73(e)(ii)	Classified as held for sale	-	-	-	-	-	-
AASB116.73(e)(v)	Impairment losses charged to profit (i)	-	-	-	-	-	-
AASB136.126(a)	Reversals of impairment losses charged to profit (i)	-	-	-	-	-	-
AASB116.73(e)(vi)	Depreciation expense	-	(892)	(55)	(14,717)	(130)	(15,794)
AASB116.73(e)(viii)	Net foreign currency exchange differences	-	-	-	-	-	-
AASB116.73(e)(ix)	Other [describe]	-	-	-	-	-	-
AASB116.73(d)	Balance at 1 January 2006	-	(2,415)	(85)	(34,678)	(508)	(37,686)
AASB116.73(e)(ii)	Disposals	-	102	4	5,967	500	6,573
AASB116.73(e)(iv)	Net adjustments from revaluation (increments)/ decrements	-	-	-	-	-	-
AASB116.73(e)(ii)	Classified as held for sale	-	153	-	6,305	-	6,458
AASB116.73(e)(v)	Impairment losses charged to profit (i)	-	-	-	(204)	-	(204)
AASB136.126(a)	Reversals of impairment losses charged to profit (i)	-	-	-	-	-	-
AASB116.73(e)(vi)	Depreciation expense	-	(721)	(53)	(12,803)	(10)	(13,587)
AASB116.73(e)(viii)	Net foreign currency exchange differences	-	-	-	-	-	-
AASB116.73(e)(ix)	Other [describe]	-	-	-	-	-	-
AASB116.73(d)	Balance at 31 December 2006	-	(2,881)	(134)	(35,413)	(18)	(38,446)
AASB117.31(a)	Net book value						
	As at 31 December 2005	16,358	12,493	221	105,227	162	134,461
	As at 31 December 2006	13,568	9,486	156	87,997	28	111,235

Source reference

16. Property, plant and equipment (cont'd)

		Company					
		Freehold land at fair value \$'000	Buildings at fair value \$'000	Leasehold improvements at cost \$'000	Plant and equipment at cost \$'000	Equipment under finance lease at cost \$'000	Total \$'000
Gross carrying amount							
	Balance at 1 January 2005	44	85	-	567	-	696
AASB116.73(d)	Additions	-	-	-	28	-	28
AASB116.73(e)(i)	Disposals	-	-	-	(117)	-	(117)
AASB116.73(e)(ii)	Acquisitions through business combinations	-	-	-	-	-	-
AASB116.73(e)(iii)	Classified as held for sale	-	-	-	-	-	-
AASB116.73(e)(ii)	Net revaluation increments/ (decrements)	2	-	-	-	-	2
AASB116.73(e)(iv)	Net foreign currency exchange differences	-	-	-	-	-	-
AASB116.73(e)(viii)	Other [describe]	-	-	-	-	-	-
AASB116.73(e)(ix)	Balance at 1 January 2006	46	85	-	478	-	609
AASB116.73(d)	Additions	5	20	-	30	-	55
AASB116.73(e)(i)	Disposals	(10)	(20)	-	(14)	-	(44)
AASB116.73(e)(ii)	Acquisitions through business combinations	-	-	-	-	-	-
AASB116.73(e)(iii)	Classified as held for sale	-	-	-	-	-	-
AASB116.73(e)(ii)	Net revaluation increments/ (decrements)	-	-	-	-	-	-
AASB116.73(e)(iv)	Net foreign currency exchange differences	-	-	-	-	-	-
AASB116.73(e)(viii)	Other [describe]	-	-	-	-	-	-
AASB116.73(e)(ix)	Balance at 31 December 2006	41	85	-	494	-	620
AASB116.73(d)	Accumulated depreciation/ amortisation and impairment						
	Balance at 1 January 2005	-	(7)	-	(60)	-	(67)
AASB116.73(e)(ii)	Disposals	-	-	-	8	-	8
AASB116.73(e)(iv)	Net adjustments from revaluation (increments)/ decrements	-	-	-	-	-	-
AASB116.73(e)(ii)	Classified as held for sale	-	-	-	-	-	-
AASB116.73(e)(v)	Impairment losses charged to profit (i)	-	-	-	-	-	-
AASB136.126(a)	Reversals of impairment losses charged to profit (i)	-	-	-	-	-	-
AASB116.73(e)(vi)	Depreciation expense	-	(7)	-	(38)	-	(45)
AASB136.126(b)	Net foreign currency exchange differences	-	-	-	-	-	-
AASB116.73(e)(vii)	Other [describe]	-	-	-	-	-	-
AASB116.73(e)(ix)	Balance at 1 January 2006	-	(14)	-	(90)	-	(104)
AASB116.73(d)	Disposals	-	1	-	7	-	8
AASB116.73(e)(ii)	Net adjustments from revaluation (increments)/ decrements	-	-	-	-	-	-
AASB116.73(e)(iii)	Classified as held for sale	-	-	-	-	-	-
AASB116.73(e)(v)	Impairment losses charged to profit (i)	-	-	-	-	-	-
AASB136.126(a)	Reversals of impairment losses charged to profit (i)	-	-	-	-	-	-
AASB116.73(e)(vi)	Depreciation expense	-	(8)	-	(40)	-	(48)
AASB136.126(b)	Net foreign currency exchange differences	-	-	-	-	-	-
AASB116.73(e)(vii)	Other [describe]	-	-	-	-	-	-
AASB116.73(e)(ix)	Balance at 31 December 2006	-	(21)	-	(123)	-	(144)
AASB116.73(d)	Net book value						
AASB117.31(a)	As at 31 December 2005	46	71	-	388	-	505
	As at 31 December 2006	41	64	-	371	-	476

Source reference

16. Property, plant and equipment (cont'd)

AASB136.126(a),
131

(i) Impairment losses are included in the line item 'impairment of non-current assets' in the income statement. The impairment losses recognised during the period (2005: nil) relate to write-downs of various items of plant and equipment that were storm damaged during the period.

AASB136.126(a), (b)

The line item(s) of the income statement in which impairment losses are recognised or reversed shall be disclosed. Entities disclosing expenses by function may wish to use the following wording as a guide:

'Of the charge for the year, impairment losses of [amount] (2005: [amount]) has been included in occupancy expenses and the remainder in other expenses.'

AASB116.73(c)

The following useful lives are used in the calculation of depreciation:

Buildings	20 – 30 years
Leasehold improvements	5 – 7 years
Plant and equipment	5 – 15 years
Equipment under finance lease	5 years

AASB116.75(a)

Aggregate depreciation allocated, whether recognised as an expense or capitalised as part of the carrying amount of other assets during the year:

	Consolidated		Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Buildings	721	892	8	7
Leasehold improvements	53	55	-	-
Plant and equipment	12,803	14,717	40	38
Equipment under finance lease	10	130	-	-
	13,587	15,794	48	45

Where note 9 to the financial statements separately discloses total depreciation by class of asset, the following disclosure may be made instead of the above aggregate depreciation disclosure:

'Aggregate depreciation allocated during the year is recognised as an expense and disclosed in note 9 to the financial statements.'

AASB116.77(a), (b),
(c), (d)

Freehold land and buildings carried at fair value

An independent valuation of the Group's land and buildings was performed by Messrs R & P Trent to determine the fair value of the land and buildings. The valuation, which conforms to Australian Valuation Standards, was determined by reference to discounted cash flows using a discount rate of 10%. The effective date of the valuation is 31 December 2006 (2005: 31 December 2005).

AASB116.77(e)

The carrying amount of land and buildings (other than land and buildings classified as held for sale or included in a disposal group) had they been recognised under the cost model are as follows:

Freehold land	11,957	14,750	39	44
Buildings	9,455	12,460	64	71

AASB116.74(b)

Assets under construction

The amount of expenditures recognised in the carrying amount of an item of property, plant and equipment in the course of its construction shall be disclosed.

AASB116.74(d)

Compensation from third parties

If not disclosed separately on the face of the income statement, the amount of compensation from third parties for items of property, plant and equipment that were impaired, lost or given up that is included in profit or loss shall be disclosed.

AASB116.35

Property, plant and equipment stated at revalued amounts

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

- restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount. This method is often used when an asset is revalued by means of applying an index to its depreciated replacement cost; or
- eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset. This method is often used for buildings.

The amount of the adjustment arising on the restatement or elimination of accumulated depreciation forms part of the increase or decrease in carrying amount that is accounted for in accordance with AASB 116 'Property, Plant and Equipment'.

Source reference

16. Property, plant and equipment (cont'd)

Impairment of revalued property, plant and equipment

Property, plant and equipment carried at revalued amounts shall also be tested for impairment. Identifying whether a revalued asset may be impaired depends on the basis used to determine fair value:

- (a) if the asset's fair value is its market value, the only difference between the asset's fair value and its fair value less costs to sell is the direct incremental costs to dispose of the asset:
 - i. if the disposal costs are negligible, the recoverable amount of the revalued asset is necessarily close to, or greater than, its revalued amount (i.e. fair value). In this case, after the revaluation requirements have been applied, it is unlikely that the revalued asset is impaired and recoverable amount need not be estimated;
 - ii. if the disposal costs are not negligible, the fair value less costs to sell of the revalued asset is necessarily less than its fair value. Therefore, the revalued asset will be impaired if its value in use is less than its revalued amount (i.e. fair value). In this case, after the revaluation requirements have been applied, an entity applies AASB 136 'Impairment of Assets' to determine whether the asset may be impaired; and
- (b) if the asset's fair value is determined on a basis other than its market value, its revalued amount (i.e. fair value) may be greater or lower than its recoverable amount. Hence, after the revaluation requirements have been applied, an entity applies AASB 136 to determine whether the asset may be impaired.

Disclosure of impairment of property, plant and equipment

An entity shall disclose the information requirement by AASB 136 'Impairment of Assets' for each material impairment loss recognised or reversed during the period for property, plant and equipment (refer page B94).

Additional disclosures

Entities are encouraged to disclose the following information, as users of the financial report may find the information relevant to their needs:

- (a) the carrying amount of temporarily idle property, plant and equipment;
- (b) the gross carrying amount of any fully depreciated property, plant and equipment that is still in use;
- (c) the carrying amount of property, plant and equipment retired from active use and not classified as held for sale in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations'; and
- (d) when the cost model is used, the fair value of property, plant and equipment when this is materially different from the carrying amount.

17. Investment property

	Consolidated		Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Balance at beginning of financial year	132	112	-	-
Additions from subsequent expenditure	10	12	-	-
Acquisitions through business combinations	-	-	-	-
Other acquisitions	-	-	-	-
Disposals and property held for sale	-	-	-	-
Net gain/(loss) from fair value adjustments	(6)	8	-	-
Net foreign currency exchange differences	-	-	-	-
Transfers	-	-	-	-
Other changes	-	-	-	-
Balance at end of financial year	136	132	-	-

The fair value of the Group's investment property at 31 December 2006 (31 December 2005) has been arrived at on the basis of a valuation carried out at that date by Messrs R & P Trent, independent valuers that are not related to the Group. The valuation, which conforms to Australian Valuation Standards, was arrived at by reference to market evidence of transaction prices for similar properties.

Messrs R & P Trent has in excess of 20 years of experience valuing similar commercial properties in the Sydney CBD.

Source reference

17. Investment property (cont'd)

AASB140.75(d)

An entity shall disclose the methods and significant assumptions applied in determining the fair value of investment property, including a statement whether the determination of fair value was supported by market evidence or was more heavily based on other factors (which the entity shall disclose) because of the nature of the property and lack of comparable market data.

AASB140.75(e)

The extent to which the fair value of investment property is based on a valuation by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued shall be disclosed. If there has been no such valuation, that fact shall be disclosed

AASB140.77

Adjustment for recognised assets and liabilities

When a valuation obtained for investment property is adjusted significantly for the purpose of the financial statements, for example to avoid double-counting of assets or liabilities that are recognised as separate assets and liabilities, the entity shall disclose a reconciliation between the valuation obtained and the adjusted valuation included in the financial statements, showing separately the aggregate amount of any recognised lease obligations that have been added back, and any other significant adjustments.

AASB140.78

Inability to determine fair value reliably

In the exceptional cases where an entity is unable to reliably determine the fair value of an investment property, and accordingly measures that investment property using the cost model, the reconciliation illustrated above shall disclose amounts relating to that investment property separately from amounts relating to other investment property. In addition, an entity shall disclose:

- (a) a description of the investment property;
- (b) an explanation of why fair value cannot be determined reliably;
- (c) if possible, the range of estimates within which fair value is highly likely to lie; and
- (d) on disposal of investment property not carried at fair value:
 - i. the fact that the entity has disposed of investment property not carried at fair value
 - ii. the carrying amount of that investment property at the time of sale; and
 - iii. the amount of gain or loss recognised.

AASB140.75(b)

Property interests held under operating leases treated as investment property

An entity shall disclose, if it applies the fair value model, whether, and in what circumstances, property interests held under operating leases are classified and accounted for as investment property.

AASB140.79

Investment properties measured under the cost model

An entity that applies the cost model shall disclose, in addition to the disclosures illustrated in notes 3(p), 9, 17 and 38 to these model financial statements:

- (a) the depreciation methods used;
- (b) the useful lives or the depreciation rates used;
- (c) the gross carrying amount and the accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and end of the period;
- (d) a reconciliation of the carrying amount of investment property at the beginning and end of the period, showing the following:
 - i. additions, disclosing separately those additions resulting from acquisitions and those resulting from subsequent expenditure recognised as an asset;
 - ii. additions resulting from acquisitions through business combinations;
 - iii. assets classified as held for sale or included in a disposal group in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations' and other disposals;
 - iv. depreciation;
 - v. the amount of impairment losses recognised, and the amount of impairment losses reversed, during the period in accordance with AASB 136 'Impairment of Assets';
 - vi. the net exchange differences arising on the translation of the financial statements into a different presentation currency, and on translation of a foreign operation into the presentation currency of the reporting entity;
 - vii. transfers to and from inventories and owner-occupied property; and
 - viii. other changes; and
- (e) the fair value of investment property. When an entity cannot determine the fair value of the investment property reliably, it shall disclose:
 - i. a description of the investment property;
 - ii. an explanation of why fair value cannot be determined reliably; and
 - iii. if possible, the range of estimates within which fair value is highly likely to lie.

Source reference

18. Goodwill

	Consolidated		Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
	Gross carrying amount			
AASB3.75(a)	24,060	24,060	-	-
AASB3.75(b)				
	390	-	-	-
AASB3.75(c)				
	-	-	-	-
AASB3.75(d)	(3,080)	-	-	-
AASB3.75(d)	(1,147)	-	-	-
AASB3.75(f)				
	-	-	-	-
AASB3.75(g)	-	-	-	-
AASB3.75(h)	20,223	24,060	-	-
	Accumulated impairment losses			
AASB3.75(a)	-	-	-	-
AASB3.75(e), AASB136.126(a), 130(b)	(15)	-	-	-
AASB3.75(d)				
	-	-	-	-
AASB3.75(d)	-	-	-	-
AASB3.75(f)				
	-	-	-	-
AASB3.75(h)	(15)	-	-	-
	Net book value			
AASB3.74, 75	24,060	24,060	-	-
AASB3.74, 75	20,208	24,060	-	-

- (i) During the financial year, the Group assessed the recoverable amount of goodwill, and determined that goodwill associated with the Group's construction operations was impaired by \$15 thousand (2005: nil). The recoverable amount of the cash-generating unit, being the assets of the construction operations and goodwill, was assessed by reference to the cash-generating unit's value in use. A discount factor of 10%p.a. (2005: 9.5%p.a.) was applied in the value in use model.
- The main factor contributing to the impairment of the cash-generating unit was the effects of the downturn in the construction industry by a greater extent than expected in the Group's budgets and forecasts. No write-down of the carrying amounts of other assets in the cash-generating unit was necessary. The goodwill is included in the 'construction' reportable segment disclosed in note 6.

Allocation of goodwill to cash-generating units

AASB136.134, 135

Goodwill has been allocated for impairment testing purposes to two individual cash-generating units and to four groups of cash-generating units, as follows:

Individual cash-generating units

- Construction operations – Australia
- Widget operations in Canada

Groups of cash-generating units

- Widget operations in Asia
- Bicycle operations – global (disposed in 2006)
- Toys operations – global
- Widget operations – global

The carrying amount of goodwill allocated to the global widget cash-generating units, the global toys cash-generating units and to the global bicycle cash-generating units is significant in comparison with the total carrying amount of goodwill. The carrying amount of goodwill allocated to other cash-generating units is not. However, the recoverable amounts of the widget operations in Canada and Asia are based on some of the same key assumptions, and the aggregate carrying amount of goodwill allocated to those units is significant.

Source reference

18. Goodwill (cont'd)

The carrying amount of goodwill allocated to cash-generating units that are significant individually or in aggregate is as follows:

	Consolidated	
	2006 \$'000	2005 \$'000
Widget operations – Canada and Asia	7,000	7,015
Widget operations – global	15,000	15,015
Bicycle operations – global	-	3,080
Toys operations – global	4,318	4,318

Widget operations – Canada and Asia

The widget operations – Canada and widget operations – Asia units produce similar products, and their recoverable amounts are based on many of the same key assumptions. The recoverable amount of both the cash-generating units is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by management covering a five-year period, and a discount rate of 10%p.a. (2005: 9.5%p.a.).

Cash flow projections during the budget period for both cash-generating units are also based on the same expected gross margins during the budget period and the same raw materials price inflation during the budget period. Both sets of cash flows beyond that five year period have been extrapolated using a steady 11%p.a. growth rate. This growth rate exceeds by 0.5 percentage points the long-term average growth rate for the international widgets market, however, management believes, as describe in 'widget operations – global' below, that this rate is reasonable. Management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of those cash-generating units.

Widget operations – global

The recoverable amount of the widget operations – global units is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by management covering a five-year period, and a discount rate of 10%p.a. (2005: 10%p.a.). Cash flows beyond that five year period have been extrapolated using a steady 11%p.a. growth rate. This growth rate exceeds by 0.5 percentage points the long-term average growth rate for the international widgets market. However, among other factors, the widgets operations – global benefits from the protection of a 20-year patent on its Series Z widgets, granted in 2002, which is still acknowledged as being one of the top widget models in the market. Management believes that an 11%p.a. growth rate is reasonable in the light of that patent, and of other widget-related products being developed, and its intentions of focusing its operations in this industry. Management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the widget operations – global carrying amount to exceed its recoverable amount.

Bicycle operations – global

The recoverable amount of the bicycle operations – global units is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by management covering a two-year period (2005-2006), and a discount rate of 9.6%p.a.

The bicycle segment was sold during the current financial year.

Toys operations - global

The recoverable amount of the toys operations – global units is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by management covering a five-year period, and a discount rate of 10%p.a. (2005: 10%p.a.). Cash flows beyond that five year period have been extrapolated using a steady 8%p.a. growth rate. This growth rate does not exceed the long-term average growth rate for the market in which the toys operations – global units operates. Management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the toys operations – global carrying amount to exceed its recoverable amount.

Source reference

18. Goodwill (cont'd)

The key assumptions used in the value in use calculations for the various significant cash-generating units are as follows:

Key assumption	Widgets – Canada & Asia	Widgets – Global	Toys – Global	Bicycles – Global
Budgeted market share	Average market share in the period immediately before the budget period, plus a growth of 1-2% of market share per year. The values assigned to the assumption reflects past experience, except for the growth factor, which is consistent with management plans for focusing operations in the widgets and toys industry. Management believes that the planned market share growth per year for the next five years is reasonably achievable.			Average market share in the period immediately before the budget period, which is consistent with past experience.
Budgeted gross margin	Average gross margins achieved in the period immediately before the budget period, increased for expected efficiency improvements. This reflects past experience, except for efficiency improvements. Management expects efficiency improvements of 3-5% per year to be reasonably achievable.			
Raw materials price inflation	Forecast consumer price indices during the budget period for the countries from which raw materials are purchased. The values assigned to the key assumption are consistent with external sources of information.			

AASB136.135

Where goodwill allocated to a cash-generating unit (or groups of units) is not significant individually in comparison with the entity's total carrying amount of goodwill, but is significant when aggregated with another unit (or units) based on the same key assumptions, the key assumptions to be disclosed in relation to those aggregate units are only the assumptions that are used in the recoverable amount calculation for both units.

AASB136.133

Goodwill not yet allocated to a cash-generating unit

If any portion of the goodwill acquired in a business combination during the period has not been allocated to a cash-generating unit (or group of units) at the reporting date, the amount of the unallocated goodwill shall be disclosed together with the reasons why that amount remains unallocated.

AASB136.130

Impairment of cash-generating units including goodwill

An entity shall disclose the following for each material impairment loss recognised or reversed during the period for an individual asset, including goodwill, or a cash-generating unit:

- (a) the events and circumstances that led to the recognition or reversal of the impairment loss;
- (b) the amount of the impairment loss recognised or reversed; and
- (c) for an individual asset:
 - i. the nature of the asset; and
 - ii. if the entity reports segment information in accordance with AASB 114 'Segment Reporting', the reportable segment to which the asset belongs, based on the entity's primary reporting format;
- (d) for a cash-generating unit:
 - i. a description of the cash-generating unit (such as whether it is a product line, a plant, a business operation, a geographical area, or a reportable segment as defined in AASB 114 'Segment Reporting');
 - ii. the amount of the impairment loss recognised or reversed by class of assets and, if the entity reports segment information in accordance with AASB 114, by reportable segment based on the entity's primary reporting format; and
 - iii. if the aggregation of assets for identifying the cash-generating unit has changed since the previous estimate of the cash-generating unit's recoverable amount (if any), a description of the current and former way of aggregating assets and the reasons for changing the way the cash-generating unit is identified; and
- (e) whether the recoverable amount of the asset (or cash-generating unit) is its fair value less costs to sell or its value in use;
- (f) if recoverable amount is fair value less costs to sell, the basis used to determine fair value less costs to sell (such as whether fair value was determined by reference to an active market); and
- (g) if recoverable amount is value in use, the discount rate(s) used in the current estimate and previous estimate (if any) of value in use.

Source reference

18. Goodwill (cont'd)

AASB136.131

An entity shall disclose the following information for the aggregate impairment losses and the aggregate reversals of impairment losses recognised during the period for which no information is disclosed in accordance with the above requirements:

- (a) the main classes of assets affected by impairment losses and the main classes of assets affected by reversals of impairment losses; and
- (b) the main events and circumstances that led to the recognition of these impairment losses and reversals of impairment losses.

Estimates used to measure recoverable amounts of cash-generating units containing goodwill or intangible assets with indefinite useful lives

AASB136.134

An entity shall disclose the following information for each cash-generating unit (or group of units) for which the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to that unit (or group of units) is significant in comparison with the entity's total carrying amount of goodwill or intangible assets with indefinite useful lives:

- (a) the carrying amount of goodwill allocated to the unit (or group of units);
- (b) the carrying amount of intangible assets with indefinite useful lives allocated to the unit (or group of units);
- (c) the basis on which the unit's (or group of units') recoverable amount has been determined (i.e. value in use or fair value less costs to sell);
- (d) if the unit's (or group of units') recoverable amount is based on value in use:
 - i. a description of each key assumption on which management has based its cash flow projections for the period covered by the most recent budgets/forecasts. Key assumptions are those to which the unit's (or group of units') recoverable amount is most sensitive;
 - ii. a description of management's approach to determining the value(s) assigned to each key assumption, whether those value(s) reflect past experience or, if appropriate, are consistent with external sources of information, and, if not, how and why they differ from past experience or external sources of information;
 - iii. the period over which management has projected cash flows based on financial budgets/forecasts approved by management and, when a period greater than five years is used for a cash-generating unit (or group of units), an explanation of why that longer period is justified;
 - iv. the growth rate used to extrapolate cash flow projections beyond the period covered by the most recent budgets/forecasts, and the justification for using any growth rate that exceeds the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market to which the unit (or group of units) is dedicated; and
 - v. the discount rate(s) applied to the cash flow projections;
- (e) if the unit's (or group of units') recoverable amount is based on fair value less costs to sell, the methodology used to determine fair value less costs to sell. If fair value less costs to sell is not determined using an observable market price for the unit (or group of units), the following information shall also be disclosed:
 - i. a description of each key assumption on which management has based its determination of fair value less costs to sell. Key assumptions are those to which the unit's (or group of units') recoverable amount is most sensitive; and
 - ii. a description of management's approach to determining the value(s) assigned to each key assumption, whether those value(s) reflect past experience or, if appropriate, are consistent with external sources of information, and, if not, how and why they differ from past experience or external sources of information;
- (f) if a reasonably possible change in a key assumption on which management has based its determination of the unit's (or group of units') recoverable amount would cause the unit's (or group of units') carrying amount to exceed its recoverable amount:
 - i. the amount by which the unit's (or group of units') recoverable amount exceeds its carrying amount;
 - ii. the value assigned to the key assumption; and
 - iii. the amount by which the value assigned to the key assumption must change, after incorporating any consequential effects of that change on the other variables used to measure recoverable amount, in order for the unit's (or group of units') recoverable amount to be equal to its carrying amount.

Source reference

AASB136.135

18. Goodwill (cont'd)

If some or all of the carrying amount of goodwill or intangible assets with indefinite useful lives is allocated across multiple cash-generating units (or groups of units), and the amount so allocated to each unit (or group of units) is not significant in comparison with the entity's total carrying amount of goodwill or intangible assets with indefinite useful lives, that fact shall be disclosed, together with the aggregate carrying amount of goodwill or intangible assets with indefinite useful lives allocated to those units (or groups of units). In addition, if the recoverable amounts of any of those units (or groups of units) are based on the same key assumption(s) and the aggregate carrying amount of goodwill or intangible assets with indefinite useful lives allocated to them is significant in comparison with the entity's total carrying amount of goodwill or intangible assets with indefinite useful lives, an entity shall disclose that fact, together with:

- (a) the aggregate carrying amount of goodwill allocated to those units (or groups of units);
- (b) the aggregate carrying amount of intangible assets with indefinite useful lives allocated to those units (or groups of units);
- (c) a description of the key assumption(s);
- (d) a description of management's approach to determining the value(s) assigned to the key assumption(s), whether those value(s) reflect past experience or, if appropriate, are consistent with external sources of information, and, if not, how and why they differ from past experience or external sources of information;
- (e) if a reasonably possible change in the key assumption(s) would cause the aggregate of the units' (or groups of units') carrying amounts to exceed the aggregate of their recoverable amounts:
 - i. the amount by which the aggregate of the units' (or groups of units') recoverable amounts exceeds the aggregate of their carrying amounts;
 - ii. the value(s) assigned to the key assumption(s); and
 - iii. the amount by which the value(s) assigned to the key assumption(s) must change, after incorporating any consequential effects of the change on the other variables used to measure recoverable amount, in order for the aggregate of the units' (or groups of units') recoverable amounts to be equal to the aggregate of their carrying amounts.

Source reference

19. Other intangible assets

		Consolidated				
		Capitalised development \$'000	Patents \$'000	Trademarks \$'000	Licences \$'000	Total \$'000
Gross carrying amount						
AASB138.118(c)	Balance at 1 January 2005	3,230	5,825	4,711	6,940	20,706
AASB138.118(e)(i)	Additions	-	-	-	-	-
AASB138.118(e)(i)	Additions from internal developments	358	-	-	-	358
AASB138.118(e)(i)	Acquisitions through business combinations	-	-	-	-	-
AASB138.118(e)(ii)	Disposals or classified as held for sale	-	-	-	-	-
AASB138.118(e)(iii)	Net revaluation increments/(decrements)	-	-	-	-	-
AASB138.118(e)(vii)	Net foreign currency exchange differences	-	-	-	-	-
AASB138.118(e)(viii)	Other [describe]	-	-	-	-	-
AASB138.118(c)	Balance at 1 January 2006	3,588	5,825	4,711	6,940	21,064
AASB138.118(e)(i)	Additions	-	-	-	-	-
AASB138.118(e)(i)	Additions from internal developments	6	-	-	-	6
AASB138.118(e)(i)	Acquisitions through business combinations	-	-	-	-	-
AASB138.118(e)(ii)	Disposals or classified as held for sale	-	-	-	-	-
AASB138.118(e)(iii)	Net revaluation increments/(decrements)	-	-	-	-	-
AASB138.118(e)(vii)	Net foreign currency exchange differences	-	-	-	-	-
AASB138.118(e)(viii)	Other [describe]	-	-	-	-	-
AASB138.118(c)	Balance at 31 December 2006	3,594	5,825	4,711	6,940	21,070
Accumulated amortisation and impairment						
AASB138.118(c)	Balance at 1 January 2005	(1,000)	(874)	(3,533)	(2,776)	(8,183)
AASB138.118(e)(vi)	Amortisation expense (i)	(682)	(291)	(236)	(347)	(1,556)
AASB138.118(e)(ii)	Disposals or classified as held for sale	-	-	-	-	-
AASB138.118(e)(iii)	Net adjustment from revaluation increments/(decrements)	-	-	-	-	-
AASB138.118(e)(iv), AASB136.130(b)	Impairment losses charged to profit	-	-	-	-	-
AASB138.118(e)(v), AASB136.130(b)	Reversals of impairment losses charged to profit	-	-	-	-	-
AASB138.118(e)(vii)	Net foreign currency exchange differences	-	-	-	-	-
AASB138.118(e)(viii)	Other [describe]	-	-	-	-	-
AASB138.118(c)	Balance at 1 January 2006	(1,682)	(1,165)	(3,769)	(3,123)	(9,739)
AASB138.118(e)(vi)	Amortisation expense (i)	(718)	(291)	(236)	(347)	(1,592)
AASB138.118(e)(ii)	Disposals or classified as held for sale	-	-	-	-	-
AASB138.118(e)(iii)	Net adjustment from revaluation increments/(decrements)	-	-	-	-	-
AASB138.118(e)(iv), AASB136.130(b)	Impairment losses charged to profit	-	-	-	-	-
AASB138.118(e)(v), AASB136.130(b)	Reversals of impairment losses charged to profit	-	-	-	-	-
AASB138.118(e)(vii)	Net foreign currency exchange differences	-	-	-	-	-
AASB138.118(e)(viii)	Other [describe]	-	-	-	-	-
AASB138.118(c)	Balance at 31 December 2006	(2,400)	(1,456)	(4,005)	(3,470)	(11,331)
Net book value						
	As at 31 December 2005	1,906	4,660	942	3,817	11,325
	As at 31 December 2006	1,194	4,369	706	3,470	9,739

The company did not hold any intangible assets during the current or comparative reporting period.

Source reference									
	19. Other intangible assets (cont'd)								
AASB138.118(d)	(i) Amortisation expense is included in the line item 'depreciation and amortisation expense' in the income statement.								
AASB138.118(d)	An entity shall disclose the line item(s) of the income statement in which any amortisation of intangible assets is included. Entities disclosing expenses by function may wish to use the following wording as a guide: 'Of the charge for the year, [amount] (2005: [amount]) has been included in marketing expenses and the remainder in other expenses.'								
AASB138.118(a)	The following useful lives are used in the calculation of depreciation: <table style="margin-left: 20px;"> <tr> <td>Capitalised development</td> <td>5 years</td> </tr> <tr> <td>Patents</td> <td>10 – 20 years</td> </tr> <tr> <td>Trademarks</td> <td>20 years</td> </tr> <tr> <td>Licences</td> <td>20 years</td> </tr> </table>	Capitalised development	5 years	Patents	10 – 20 years	Trademarks	20 years	Licences	20 years
Capitalised development	5 years								
Patents	10 – 20 years								
Trademarks	20 years								
Licences	20 years								
AASB138.122(b)	<u>Significant intangible assets</u> The Group holds a patent for the manufacture of its Series Z widgets. The carrying amount of the patent of \$2,250 thousand (2005: \$2,400 thousand) will be fully amortised in 15 years (2005: 16 years).								
AASB138.120	Impairment of intangible assets An entity discloses information on impaired intangible assets and estimates used to measure the recoverable amounts of cash-generating units containing intangible assets with indefinite useful lives in accordance with AASB 136 'Impairment of Assets' in addition to the information required by AASB 138 'Intangible Assets' (refer pages B94 to B96).								
AASB138.122(a)	Additional disclosures for indefinite life intangible assets An entity shall disclose, for an intangible asset assessed as having an indefinite useful life, the carrying amount of that asset and the reasons supporting the assessment of an indefinite useful life. In giving these reasons, the entity shall describe the factor(s) that played a significant role in determining that the asset has an indefinite useful life.								
AASB138.90	Factors that are considered in determining the useful life of an intangible asset include: <ul style="list-style-type: none"> (a) the expected usage of the asset by the entity and whether the asset could be managed efficiently by another management team; (b) typical product life cycles for the asset and public information on estimates of useful lives of similar assets that are used in a similar way; (c) technical, technological, commercial or other types of obsolescence; (d) the stability of the industry in which the asset operates and changes in the market demand for the products or services output from the asset; (e) expected actions by competitors or potential competitors; (f) the level of maintenance expenditure required to obtain the expected future economic benefits from the asset and the entity's ability and intention to reach such a level; (g) the period of control over the asset and legal or similar limits on the use of the asset, such as the expiry dates of related leases; and (h) whether the useful life of the asset is dependent on the useful life of other assets of the entity. 								
AASB138.122(c)	Additional disclosures for intangible assets acquired by way of a government grant and initially recognised at fair value For intangible assets acquired by way of a government grant and initially recognised at fair value, an entity shall disclose: <ul style="list-style-type: none"> (a) the fair value initially recognised for these assets; (b) their carrying amount; and (c) whether they are measured after recognition under the cost model or the revaluation model. 								
AASB138.124	Intangible assets measured after revaluation using the revaluation model If intangible assets are accounted for at revalued amounts, an entity shall disclose the following: <ul style="list-style-type: none"> (a) by class of intangible assets: <ul style="list-style-type: none"> i. the effective date of the revaluation; ii. the carrying amount of revalued intangible assets; and iii. the carrying amount that would have been recognised had the revalued class of intangible assets been measured after recognition using the cost model; (b) the amount of the revaluation reserve that relates to intangible assets at the beginning and end of the period, indicating the changes during the period and any restrictions on the distribution of the balance to shareholders; and (c) the methods and significant assumptions applied in estimating the assets' fair values. 								

Source reference

19. Other intangible assets (cont'd)

Other information

AASB138.128

An entity is encouraged, but not required, to disclose the following information:

- (a) a description of any fully amortised intangible asset that is still in use; and
- (b) a brief description of significant intangible assets controlled by the entity but not recognised as assets because they did not meet the recognition criteria in AASB 138 'Intangible Assets'.

20. Other assets

	Consolidated		Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
<u>Current</u>				
Prepayments	-	-	-	-
Other [describe]	-	-	-	-
	-	-	-	-
<u>Non-current</u>				
Prepayments	-	-	-	-
Other [describe]	-	-	-	-
	-	-	-	-
	-	-	-	-

21. Assets received as collateral

AASB132.94(c)

When an entity has accepted collateral that it is permitted to sell or repledge in the absence of default by the owner of the collateral, it shall disclose:

- (a) the fair value of the collateral accepted (financial and non-financial assets);
- (b) the fair value of any such collateral sold or repledged and whether the entity has an obligation to return it; and
- (c) any material terms and conditions associated with its use of this collateral.

22. Assets pledged as security

AASB102.36(h),
AASB116.74(a),
AASB132.94(b),
AASB138.122(d),
AASB140.75(g)

In accordance with the security arrangements of liabilities, as disclosed in note 24 to the financial statements, all non-current assets of the Group, except goodwill and deferred tax assets, have been pledged as security. The holder of the security does not have the right to sell or repledge the assets. The Group does not hold title to the equipment under finance lease pledged as security.

The financial report shall disclose the following:

AASB102.36(h)
AASB138.122(d)

AASB116.74(a)

AASB140.75(g)

AASB132.94(b)

- (a) the carrying amount of inventories pledged as security for liabilities
- (b) the existence and carrying amounts of intangible assets whose title is restricted and the carrying amounts of intangible assets pledged as security for liabilities
- (c) the carrying amount of the property, plant and equipment pledged and the related existence and amounts of restrictions on title
- (d) the existence and amounts of restrictions on the realisability of investment property or the remittance of income and proceeds of disposal
- (e) the carrying amount of financial assets pledged as collateral for liabilities, the carrying amount of financial assets pledged as collateral for contingent liabilities, and any material terms and conditions relating to assets pledged as collateral

Source reference

23. Trade and other payables

	Consolidated		Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Trade payables (i)	16,784	21,480	2,798	4,118
AASB2.51(b)(i) Cash-settled share-based payments (note 47) (ii)	-	-	-	-
AASB111.42(b) Amounts due to customers under construction contracts (note 30)	36	15	-	-
Int1031.9 Goods and services tax payable	-	-	-	-
Other [describe]	-	-	-	-
	16,820	21,495	2,798	4,118

AASB132.60(a) (i) The average credit period on purchases of certain goods from the United States is 4 months. No interest is charged on the trade payables for the first 60 days from the date of the invoice. Thereafter, interest is charged at 2%p.a. on the outstanding balance. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

AASB2.51(b)(ii) (ii) At reporting date, the intrinsic value of vested cash-settled share-based payments for the company and the Group is \$nil (2005: \$nil).

AASB101.52 For each liability line item that combines amounts expected to be recovered or settled (a) no more than twelve months after the reporting date, and (b) more than twelve months after the reporting date, an entity shall disclose the amount expected to be recovered or settled after more than twelve months.

24. Borrowings

Unsecured – at amortised cost

Current

Bank overdrafts	520	314	502	212
Bills of exchange (i)	358	374	-	-
Loans from:				
Subsidiaries (ii)	-	-	16,006	19,924
Other related parties (iii)	12,917	14,932	74	6,302
Other entities (iv)	3,701	3,518	3,695	3,100
Other [describe]	-	-	-	-

Non-current

Bills of exchange (i)	-	542	-	-
Loans from:				
Subsidiaries	-	-	-	-
Other related parties (iii)	-	19,192	-	-
Other entities	-	-	-	-
Redeemable cumulative preference shares (v)	15,000	-	15,000	-
Convertible notes (vi)	4,144	-	4,144	-
Perpetual notes (vii)	1,905	-	1,905	-
Other [describe]	-	-	-	-

Secured – at amortised cost

Current

Bank overdrafts	18	64	-	-
Bank loans (viii), (ix)	4,000	6,344	2,000	2,500
Transferred receivables (x)	923	-	-	-
Finance lease liabilities (xi) (note 39)	9	54	-	-
Other [describe]	-	-	-	-

Source reference

24. Borrowings (cont'd)

	Consolidated		Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Non-current				
Bank loans (ix)	10,982	11,060	6,000	7,000
Other loans (iv), (ix)	575	649	-	-
Finance lease liabilities (xi) (note 39)	5	35	-	-
Other [describe]	-	-	-	-
	55,057	57,078	49,326	39,038
Disclosed in the financial statements as:				
Current borrowings	22,446	25,600	22,277	32,038
Non-current borrowings	32,611	31,478	27,049	7,000
	55,057	57,078	49,326	39,038

- AASB132.60(a) (i) Bills of exchange with a variable interest rate were issued in 2000. The current weighted average interest rate on the bills is 6.80%p.a. (2005: 6.80%p.a.).
- AASB132.60(a) (ii) Payables to entities within the wholly-owned group include amounts arising under the entity's tax funding arrangement (refer to note 10 for details). A market rate of interest is charged on outstanding intercompany loan balances, which are repayable at call.
- AASB132.60(a) (iii) Amounts repayable to related parties of the Group. Interest of 8.0%p.a. - 8.2%p.a. is charged on the outstanding loan balances (2005: 8.0%p.a. - 8.2%p.a.).
- AASB132.60(a) (iv) Fixed rate loans with a finance company with maturity periods not exceeding 3 years (2005: 4 years). The interest rate on the loans is 8.15%p.a. The Group hedges a portion of the loans via an interest rate swap exchanging fixed rate interest for variable rate interest. The outstanding balance is adjusted for hedging losses on that interest rate swap (refer note 46).
- AASB132.60(a) (v) 3,000,000 7% redeemable cumulative preference shares were issued on 1 June 2006 at an issue price of \$5.00 per share. The shares are redeemable on 31 May 2009 at \$5.00 per share.
- AASB132.60(a) (vi) 4,500,000 5.5% convertible notes were issued on 1 September 2006 at an issue price of \$1.10 per note. Each note entitles the holder to convert to one ordinary share at a cost of \$3.00 per ordinary share. Conversion may occur any time between 1 July 2010 and 31 August 2010. Unconverted notes mature at \$1.00 on 1 September 2010.
- AASB132.60(a) (vii) 2,500 6% perpetual notes were issued on 27 August 2006 at \$1,000 principal value.
- (viii) Relates to the current portion of long-term borrowings.
- AASB116.74(a) (ix) Secured by a mortgage over the Group's freehold land and buildings.
- (x) Secured by the trade receivables (refer note 11).
- AASB116.74(a) (xi) Secured by the assets leased. The borrowings are a mix of variable and fixed interest rate debt with repayment periods not exceeding 5 years. The current weighted average effective interest rate on the bank loans is 8.30%p.a. (2005: 8.32%p.a.).

Classification of financial instruments

AASB132.64 When the balance sheet presentation of a financial instrument differs from the instrument's legal form, it is desirable for an entity to explain in the notes the nature of the financial instrument.

Defaults and breaches

AASB132.94(m), 95 With respect to any defaults of principal, interest, sinking fund, or redemption provisions during the period on loans payable (including issued debt instruments and financial liabilities other than short-term trade payables on normal credit terms) recognised as at the reporting date, and any other breaches during the period of loan agreements when those breaches can permit the lender to demand repayment (except for breaches that are remedied, or in response to which the terms of the loan are renegotiated, on or before the reporting date), an entity shall disclose:

- (a) details of those breaches;
- (b) the amount recognised as at the reporting date in respect of the loans payable on which the breaches occurred; and
- (c) with respect to amounts disclosed under (b), whether the default has been remedied or the terms of the loans payable renegotiated before the date the financial report was authorised for issue.

Source reference

25. Other financial liabilities

	Consolidated		Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Financial guarantee contracts				
Current	24	18	-	-
Non-current	-	-	-	-
Derivatives				
Derivatives that are designated and effective as hedging instruments carried at fair value:				
<u>Current</u>				
Foreign currency forward contracts	75	-	-	-
Interest rate swaps	5	-	-	-
Currency swaps	-	-	-	-
Other [describe]				
<u>Non-current</u>				
Other [describe]	-	-	-	-
	80	-	-	-
Derivatives that are classified as held for trading:				
<u>Current</u>				
Other [describe]	-	-	-	-
	104	18	-	-
Disclosed in the financial statements as:				
Current other financial liabilities	104	18	-	-
Non-current other financial liabilities	-	-	-	-
	104	18	-	-

Financial liabilities carried at fair value through profit or loss

An entity shall disclose the carrying amount of:

- (i) financial liabilities that are classified as held for trading,
- (ii) financial liabilities that, upon initial recognition, were designated by the entity as financial liabilities at fair value through profit or loss.

AASB132.94(e)(ii)
AASB132.94(e)(iv)

26. Provisions

<u>Current</u>				
Employee benefits (i)	2,478	2,492	110	92
Warranty	528	295	-	-
Onerous lease contracts (note 39)	410	460	2	4
Restructuring and termination costs	-	-	-	-
Decommissioning costs	-	-	-	-
Other [describe]	-	-	-	-
	3,416	3,247	112	96
<u>Non-current</u>				
Employee benefits	1,794	1,896	20	48
Onerous lease contracts (note 39)	504	430	-	-
	2,298	2,326	20	48
	5,714	5,573	132	144

Source reference

26. Provisions (cont'd)

		Consolidated			
		Warranty (ii)	Onerous lease contracts (iii)	Restructuring and termination costs (iv)	Decommissioning costs (v)
		\$'000	\$'000	\$'000	\$'000
AASB137.84(a)	Balance at 1 January 2006	295	890	-	-
AASB137.84(b)	Additional provisions recognised	338	406	-	-
AASB137.84(c)	Reductions arising from payments/other sacrifices of future economic benefits	(90)	(310)	-	-
AASB137.84(d)	Reductions resulting from re-measurement or settlement without cost	(15)	(100)	-	-
AASB137.84(e)	Unwinding of discount and effect of changes in the discount rate	-	28	-	-
	Other [describe]	-	-	-	-
AASB137.84(a)	Balance at 31 December 2006	528	914	-	-
		Company			
		Warranty (ii)	Onerous lease contracts (iii)	Restructuring and termination costs (iv)	Decommissioning costs (v)
		\$'000	\$'000	\$'000	\$'000
AASB137.84(a)	Balance at 1 January 2006	-	4	-	-
AASB137.84(b)	Additional provisions recognised	-	2	-	-
AASB137.84(c)	Reductions arising from payments/other sacrifices of future economic benefits	-	(4)	-	-
AASB137.84(d)	Reductions resulting from re-measurement or settlement without cost	-	-	-	-
AASB137.84(e)	Unwinding of discount and effect of changes in the discount rate	-	-	-	-
	Other [describe]	-	-	-	-
AASB137.84(a)	Balance at 31 December 2006	-	2	-	-
AASB101.52	(i)	The current provision for employee benefits includes \$1,023 thousand (company: \$60 thousand) of annual leave and vested long service leave entitlements accrued but not expected to be taken within 12 months (2005: \$998 thousand and \$50 thousand for the Group and the company respectively).			
AASB137.85(a), (b)	(ii)	The provision for warranty claims represents the present value of the directors' best estimate of the future sacrifice of economic benefits that will be required under the Group's 12-month warranty program for electronic toys. The estimate has been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.			
AASB137.85(a), (b)	(iii)	The provision for onerous lease contracts represents the present value of the future lease payments that the Group is presently obligated to make in respect of onerous lease contracts under non-cancellable operating lease agreements, less revenue expected to be earned on the lease including estimated future sub-lease revenue, where applicable. The estimate may vary as a result of changes in the utilisation of the leased premises and sub-lease arrangements where applicable. The unexpired term of the leases range from 3 to 5 years.			
AASB137.85(a), (b)	(iv)	The provision for restructuring and termination costs represents the present value of the directors' best estimate of the costs directly and necessarily caused by the restructuring that are not associated with the ongoing activities of the entity, including termination benefits. The restructuring is expected to be completed by [date].			
AASB137.85(a), (b)	(v)	The provision for decommissioning costs represents the present value of the directors' best estimate of the future sacrifice of economic benefits that will be required to remove leasehold improvements from leased property. The estimate has been made on the basis of quotes obtained from removalists. The unexpired term of the leases range from 3 to 5 years.			

Source reference

26. Provisions (cont'd)

Reimbursements

AASB137.85(c) In respect of each class of provision the financial report shall disclose the amount of any related reimbursement, stating the amount of any asset recognised for that expected reimbursement.

Exemptions

AASB137.92 In extremely rare cases, disclosure of some or all of the information required by AASB 137 'Provisions, Contingent Liabilities and Contingent Assets' can be expected to prejudice seriously the position of the entity in a dispute with other parties on the subject matter of the provision. In such cases, an entity need not disclose the information, but shall disclose the general nature of the dispute, together with the fact that, and reason why, the information has not been disclosed.
Regardless of how sensitive certain information about provisions may be, this exemption from disclosure does not affect the requirement to recognise provisions that satisfy the criteria for recognition set out in AASB 137.

Contingent liabilities

AASB137.88 Where a provision and a contingent liability arise from the same set of circumstances, the disclosures in the financial report shall be made in such a way to show the link between the provision and the contingent liability.

Contingent liabilities recognised as part of a business combination

AASB3.47(b), 50 For contingent liabilities recognised separately as part of the allocation of the cost of a business combination, the acquirer shall disclose the information required by AASB 137 'Provisions, Contingent Liabilities and Contingent Assets' for each class of provision.

27. Other liabilities

	Consolidated		Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
<u>Current</u>				
Lease incentives (note 39)	90	90	-	-
Deferred government grants	-	-	-	-
Other [describe]	-	5	-	-
	90	95	-	-
<u>Non-current</u>				
Lease incentives (note 39)	180	270	-	-
Deferred government grants	-	-	-	-
Other [describe]	-	-	-	-
	180	270	-	-
	270	365	-	-
28. Liabilities directly associated with non-current assets classified as held for sale				
Discontinued operations (note 44)	3,684	-	-	-
Other [describe]	-	-	-	-
	3,684	-	-	-

Source reference

29. Defined benefit superannuation plans

AASB119.120A(b) The Group operates defined benefit superannuation plans for qualifying employees of its subsidiary DTT Investments Pty Ltd, and previously for employees of DTT Sales Pty Ltd. Under the plans, the employees are entitled to retirement benefits varying between 40% and 45% of final salary on attainment of a retirement age of 65. No other post-retirement benefits are provided to these employees.

AASB119.Aus121.1 (a), (b), (d) The defined benefit superannuation plans are funded plans. The superannuation plans compute their obligations in accordance with Accounting Standard AAS 25 'Financial Reporting by Superannuation Plans' which prescribes a different measurement basis to that applied in this financial report. The net surplus determined in the plans' most recent financial report, being the annual reports for the financial year ended 30 June 2006, was \$920 thousand (2005: \$942 thousand). The plan actuaries have not recommended that additional contributions beyond the current contribution level be made. Funding recommendations are made by the actuaries based on their forecast of various matters, including future plan asset performance, interest rates, and salary increases.

AASB119.Aus121.2 The Group has a legal liability to make up a deficit in the plans but no legal right to use any surplus in the plans to further its own interests.

AASB119.120A(q), Aus121.1(c) The Group expects to make a contribution of \$440 thousand (2005: \$440 thousand) to the defined benefit plans during the next financial year. The 'entity age normal' funding method was used to determine the contribution rates.

	2006 %	2005 %
Key assumptions used (expressed as weighted averages):		
AASB119.120A(n) Discount rate(s)	5.52	5.20
AASB119.120A(n)(i) Expected return on plan assets	12.08	10.97
AASB119.120A(n)(ii) Expected rate(s) of salary increase	5.00	5.00
AASB119.120A(n)(iv) Expected return on reimbursement rights	-	-
AASB119.120A(n)(iii) Other [describe]	-	-

Amounts recognised in profit or loss in respect of these defined benefit plans are as follows:

	Consolidated		Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
AASB119.120A(g)(i) Current service cost	633	572	-	-
AASB119.120A(g)(ii) Interest cost	264	237	-	-
AASB119.120A(g)(iii) Expected return on plan assets	(536)	(479)	-	-
AASB119.120A(g)(iv) Expected return on reimbursement rights	-	-	-	-
AASB119.120A(g)(v) Actuarial losses/(gains)	235	226	-	-
AASB119.120A(g)(vi) Past service costs	-	-	-	-
AASB119.120A(g)(vii) Losses/(gains) arising from curtailments or settlements	-	-	-	-
AASB119.120A(g)(viii) Adjustments for restrictions on the defined benefit asset	-	-	-	-
Total	596	556	-	-

AASB119.120A(g) The charge for the year is included in the employee benefits expense in the income statement.
OR

AASB119.120A(g) 'Of the charge for the year, [amount] (2005: [amount]) has been included in cost of sales and the remainder in administration expenses.'

AASB119.120A(h)(i) Actuarial losses/(gains) incurred during the year and recognised in the statement of recognised income and expense	-	-	-	-
AASB119.120A(h)(ii) Adjustments recognised in the statement of recognised income and expense for restrictions on the defined benefit asset	-	-	-	-
AASB119.120A(i) Cumulative actuarial gains and losses recognised in the statement of recognised income and expense	-	-	-	-

Source reference

29. Defined benefit superannuation plans (cont'd)

AASB119.120A(f) The amount included in the balance sheet arising from the entity's obligations in respect of its defined benefit plans is as follows:

	Consolidated		Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
AASB119.120A(d) Present value of funded defined benefit obligations	5,380	4,788	-	-
Fair value of plan assets	(4,872)	(4,436)	-	-
	508	352	-	-
AASB119.120A(d) Present value of unfunded defined benefit obligations	-	-	-	-
(Surplus)/deficit	508	352	-	-
AASB119.120A(f)(i) Net actuarial gains and losses not recognised	-	-	-	-
AASB119.120A(f)(ii) Past service costs not yet recognised	-	-	-	-
AASB119.120A(f)(iii) Restrictions on asset recognised	-	-	-	-
AASB119.120A(f)(iv) Fair value of reimbursement rights recognised as an asset	-	-	-	-
AASB119.120A(f)(v) Other [describe]	-	-	-	-
Net liability/(asset) arising from defined benefit obligations	508	352	-	-

Movements in the present value of the defined benefit obligations in the current period were as follows:

AASB119.120A(c) Opening defined benefit obligation	4,788	4,564	-	-
AASB119.120A(c)(i) Current service cost	633	572	-	-
AASB119.120A(c)(ii) Interest cost	264	237	-	-
AASB119.120A(c)(iii) Contributions from plan participants	-	-	-	-
AASB119.120A(c)(iv) Actuarial losses/(gains)	455	135	-	-
AASB119.120A(c)(vii) Past service cost	-	-	-	-
AASB119.120A(c)(ix) Losses/(gains) on curtailments	-	-	-	-
AASB119.120A(c)(x) Liabilities extinguished on settlements	-	-	-	-
AASB119.120A(c)(viii) Liabilities assumed in a business combination	-	-	-	-
AASB119.120A(c)(v) Exchange differences on foreign plans	-	-	-	-
AASB119.120A(c)(vi) Benefits paid	(760)	(720)	-	-
Other [describe]	-	-	-	-
AASB119.120A(c) Closing defined benefit obligation	5,380	4,788	-	-

Movements in the present value of the plan assets in the current period were as follows:

AASB119.120A(e) Opening fair value of plan assets	4,436	4,368	-	-
AASB119.120A(e)(i) Expected return on plan assets	536	479	-	-
AASB119.120A(e)(ii) Actuarial gains/(losses)	220	(91)	-	-
AASB119.120A(e)(iii) Exchange differences on foreign plans	-	-	-	-
AASB119.120A(e)(iv) Contributions from the employer	440	400	-	-
AASB119.120A(e)(v) Contributions from plan participants	-	-	-	-
AASB119.120A(e)(vi) Benefits paid	(760)	(720)	-	-
AASB119.120A(e)(vii) Assets acquired in a business combination	-	-	-	-
AASB119.120A(e)(viii) Assets distributed on settlements	-	-	-	-
Other [describe]	-	-	-	-
AASB119.120A(e) Closing fair value of plan assets	4,872	4,436	-	-

AASB119.120A(e), (m) A similar reconciliation shall be disclosed reconciling the opening and closing balances of any reimbursement rights recognised as an asset in accordance with AASB 119. The actual return on reimbursement rights shall also be disclosed.

Source reference

29. Defined benefit superannuation plans (cont'd)

AASB119.120A(j), (l)

The analysis of the plan assets and the expected rate of return at the balance sheet date is as follows:

	Expected return		Fair value of plan assets	
	2006 %	2005 %	2006 \$'000	2005 \$'000
Equity instruments	15.01	12.03	1,026	986
Debt instruments	9.59	7.49	1,980	1,850
Property	12.21	12.76	1,866	1,600
Other [describe]	-	-	-	-
Weighted average expected return	12.08	10.97	4,872	4,436

AASB119.120A(m)

The actual return on plan assets was \$720 thousand (2005: \$354 thousand).

AASB119.120A(l)

The overall expected rate of return is a weighted average of the expected returns of the various categories of plan assets held. The directors' assessment of the expected returns is based on historical return trends and analysts' predictions of the market for the asset in the next twelve months.

AASB119.120A(k)

The plan assets include ordinary shares of DTT Group Limited with a fair value of \$380 thousand (2005: \$252 thousand) and property occupied by a subsidiary of DTT Group Limited with a fair value of \$622 thousand (2005: \$620 thousand).

The history of experience adjustments is as follows:

AASB119.120A(p)(i)

AASB119.120A(p)(i)

AASB119.120A(p)(i)

AASB119.120A(p)(ii)

AASB119.120A(p)(ii)

AASB119.120A(p)(ii)

AASB119.120A(p)(ii)

AASB119.120A(p)(ii)

	Consolidated		
	2006 \$'000	2005 \$'000	2004 \$'000
Fair value of plan assets	4,872	4,436	4,400
Present value of defined benefit obligation	(5,380)	(4,788)	(4,672)
Surplus/(deficit)	(508)	(352)	(272)
Experience adjustments on plan liabilities	455	135	210
Experience adjustments on plan assets	220	(91)	156

General

AASB119.122

When an entity has more than one defined benefit plan, disclosures may be made in total, separately for each plan, or in such groupings as are considered to be the most useful. It may be useful to distinguish groupings by criteria such as the following:

- (a) the geographical location of the plans, for example, by distinguishing domestic plans from foreign plans; or
- (b) whether plans are subject to materially different risks, for example, by distinguishing flat salary pension plans from final salary pension plans and from post-employment medical plans.

When an entity provides disclosures in total for a grouping of plans, such disclosures are provided in the form of weighted averages or of relatively narrow ranges.

AASB119.52, 121

A general description of the type of plan shall be disclosed. Such a description distinguishes, for example, flat salary pension plans from final salary pension plans and from post-employment medical plans. The description of the plan shall include informal practices that give rise to constructive obligations included in the measurement of the defined benefit obligation. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits.

AASB119.Aus121.2

An entity shall disclose details of the nature of any asset or liability on the balance sheet, including any legal liability to make up a deficit or the manner in which the employer may benefit from any surplus.

AASB119.120(n)

An entity shall disclose each actuarial assumption in absolute terms (for example, as an absolute percentage) and not just as a margin between different percentages or other variables.

AASB119.120A(j)

An entity shall disclose the following in relation to plan assets:

AASB119.120A(k)

AASB119.120A(l)

- (a) the percentage or amount that each major category of plan assets constitutes of the fair value of the total plan assets;
- (b) the amounts included in the fair value of plan assets for each category of the entity's own financial instruments and for any property occupied by, or other assets used by, the entity; and
- (c) a narrative description of the basis used to determine the overall expected rate of return on assets, including the effect of the major categories of plan assets.

Source reference

29. Defined benefit superannuation plans (cont'd)

AASB119.120A(p),
Aus160.1

A five year history of the present value of the defined benefit obligation, fair value of plan assets, the surplus or deficit in the plan, and experience adjustments arising on plan liabilities and plan assets shall be disclosed. This information may be disclosed as the amounts are determined for each annual reporting period prospectively from the first annual reporting period presented in the financial report in which the revised AASB 119 is first applied.

AASB119.120A(p)(ii)

Experience adjustments may be expressed either as an amount, or as a percentage of the plan assets or plan liabilities, as appropriate, at the reporting date.

AASB119.116

Offsetting defined benefit assets against defined benefit liabilities

An entity shall offset an asset relating to one plan against a liability relating to another plan when, and only when, the entity:

- (a) has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan; and
- (b) intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

Post-employment medical benefit plans

Companies with post-employment medical benefit plans shall also disclose:

AASB119.120A(n)(v)
AASB119.120A(o)

- (a) the assumed medical cost trend rates, together with the other key assumptions used;
- (b) the effect of an increase of one percentage point and the effect of a decrease of one percentage point in the assumed medical cost trend rates on:
 - i. the aggregate of the current service cost and interest cost components of net periodic post-employment medical costs; and
 - ii. the accumulated post-employment benefit obligation for medical costs.

For the purpose of this disclosure, all other assumptions shall be held constant.

AASB119.30

Multi-employer plans

When sufficient information is not available to use defined benefit accounting for a multi-employer plan that is a defined benefit plan, an entity shall account for the plan as though it were a defined contribution plan and disclose in addition to the disclosures illustrated in these model financial statements:

- (a) the fact that the plan is a defined benefit plan; and
- (b) the reason why sufficient information is not available to enable the entity to account for the plan as a defined benefit plan; and
- (c) to the extent that a surplus or deficit in the plan may affect the amount of future contributions:
 - i. any available information about that surplus or deficit;
 - ii. the basis used to determine that surplus or deficit; and
 - iii. the implications, if any, for the entity.

AASB119.34, 34A

Defined benefit plans that share risks between various entities under common control

Defined benefit plans that share risks between various entities under common control, for example, a parent and its subsidiaries, are not multi-employer plans. An entity participating in such a plan shall obtain information about the plan as a whole measured in accordance with AASB 119 on the basis of assumptions that apply to the plan as a whole.

AASB119.34B

Participation in such a plan is a related party transaction for each individual group entity. An entity shall therefore, in its separate or individual financial statements, make the following disclosure:

- (a) the contractual agreement or stated policy for charging the net defined benefit cost or the fact that there is no such policy;
- (b) the policy for determining the contribution to be paid by the entity;
- (c) if the entity accounts for an allocation of the net defined benefit cost in accordance with AASB 119, all the information about the plan as a whole in accordance with paragraphs 120-121 of the Standard; and
- (d) if the entity accounts for the contribution payable for the period because there is no contractual agreement or stated policy for charging the net defined benefit cost from the plan as a whole to individual group entities, the information about the plan as a whole required in accordance with AASB 119 paragraphs 120A(b)-(e), (j), (n), (o), (q) and 121.

Source reference

30. Construction contracts

	Consolidated		Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
AASB111.40(a) Construction work in progress	1,517	1,386	-	-
Progress billings and advances received (i)	(1,397)	(1,286)	-	-
AASB111.40(b) Advances received	84	115	-	-
Progress billings	(1,313)	(1,171)	-	-
	204	215	-	-
AASB111.40(c) (i) Retentions included in progress billings	55	68	-	-
Recognised and included in the financial statements as amounts due:				
AASB111.42(a) From customers under construction contracts (note 11)	240	230	-	-
AASB111.42(b) To customers under construction contracts (note 23)	(36)	(15)	-	-
	204	215	-	-

31. Issued capital

An entity that elects to present a statement of changes in equity showing reconciliations between the carrying amount of each class of contributed equity at the beginning and the end of the period on the face of the statement need not repeat these disclosures in the notes to the financial statements. However, such entities shall disclose, either on the face of the balance sheet or in the notes to the financial statements, for each class of share capital:

- AASB101.76(a)(i) (a) the number of shares authorised;
- AASB101.76(a)(ii) (b) the number of shares issued and fully paid, and issued but not fully paid;
- AASB101.76(a)(iii) (c) par value per share, or that the shares have no par value;
- AASB101.76(a)(iv) (d) a reconciliation of the number of shares outstanding at the beginning and at the end of the period;
- AASB101.76(a)(v) (e) the rights, preferences and restrictions attaching to that class including restrictions on the distribution of dividends and the repayment of capital;
- AASB101.76(a)(vi) (f) shares in the entity held by the entity or by its subsidiaries or associates; and
- AASB101.76(a)(vii) (g) shares reserved for issue under options and contracts for sale of shares, including the terms and amounts.

Disclosures by entities without share capital

AASB101.77 An entity without share capital, such as a partnership or trust, shall disclose information equivalent to that noted above, showing changes during the period in each category of equity interest, and the rights, preferences and restrictions attaching to each category of equity interest.

	Consolidated		Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
AASB101.76(a)(ii) 14,844,000 fully paid ordinary shares (2005: 20,130,000)	29,807	45,797	29,807	45,797
AASB101.76(a)(ii) 2,500,000 partly paid ordinary shares (2005: 2,500,000)	1,775	1,775	1,775	1,775
AASB101.76(a)(ii) 1,200,000 fully paid 10% converting non-participating preference shares (2005: 1,100,000)	1,195	1,100	1,195	1,100
	32,777	48,672	32,777	48,672

AASB101.76(a)(iii) Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the company does not have a limited amount of authorised capital and issued shares do not have a par value.

AASB101.76(a)(i) An entity shall disclose either on the face of the balance sheet or in the notes to the financial statements, for each class of share capital, the number of shares authorised, if any.

Source reference

31. Issued capital (cont'd)

	2006		2005	
	No. '000	\$'000	No. '000	\$'000
Fully paid ordinary shares				
Balance at beginning of financial year	20,130	45,797	20,130	45,797
Issue of shares under employee share option plan (note 47)	314	314	-	-
Transfer from equity-settled employee benefits reserve (note 32)	-	338	-	-
Issue of shares for consulting services (i)	3	8	-	-
Share buy-back	(5,603)	(16,456)	-	-
Share buy-back costs	-	(277)	-	-
Related income tax	-	83	-	-
Balance at end of financial year	14,844	29,807	20,130	45,797

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

(i) The fair value was determined by reference to the going market rate for similar consulting services.

If an entity is not able to estimate reliably the fair value of the goods or services received from parties other than employees, it shall disclose this fact, and give an explanation of why it was unable to do so.

	2006		2005	
Partly paid ordinary shares				
Balance at beginning of financial year	2,500	1,775	2,500	1,775
Movements [describe]	-	-	-	-
Balance at end of financial year	2,500	1,775	2,500	1,775

Partly paid ordinary shares carry one vote per share but do not carry the right to dividends.

	2006		2005	
Converting non-participating preference shares				
Balance at beginning of financial year	1,100	1,100	1,100	1,100
Issue of shares	100	100	-	-
Share issue costs	-	(6)	-	-
Related income tax	-	1	-	-
Balance at end of financial year	1,200	1,195	1,100	1,100

Converting non-participating preference shares are entitled to receive a discretionary 10% preference dividend before any dividends are declared to the ordinary shareholders. The converting non-participating preference shares convert into ordinary shares on a one for one basis and are due for conversion on 1 November 2011. Converting non-participating preference shares have no right to share in any surplus assets or profits.

Share options granted under the employee share option plan

In accordance with the provisions of the employee share option plan, as at 31 December 2005, executives and senior employees have options over 290,000 ordinary shares, in aggregate, with 140,000 of those options expiring 31 March 2006, and the remainder expiring on 29 September 2006. As at 31 December 2006, executives and senior employees have options over 196,000 ordinary shares (of which 60,000 are unvested), in aggregate, with 136,000 of those options expiring on 30 March 2007, and the remainder expiring on 28 September 2007.

Share options granted under the employee share option plan carry no rights to dividends and no voting rights. Further details of the employee share option plan are contained in note 47 to the financial statements.

Other share options on issue

An entity shall disclose, for each class of share capital, shares reserved for issue under options, including the terms and amounts.

An entity with other share options may wish to use the following illustrative wording as an example: "As at 31 December 2006, the company has [number] share options on issue (2005: [number]), exercisable on a 1:1 basis for [number] ordinary shares of the company (2005: [number]) at an exercise price of \$[amount]. The options expire between [date] and [date] (2005: [date] and [date]), and carry no rights to dividends and no voting rights.

Source reference

31. Issued capital (cont'd)
Contracts for the sale of shares

AASB101.76(a)(vii) An entity shall disclose, for each class of share capital, contracts for the sale of shares, including the terms and amounts.
An entity that has contracted to sell its shares to another party, for example, in a business combination occurring after the reporting date, may wish to use the following wording as a guide: "On [date], the company finalised negotiations to purchase 100% of the ordinary share capital of Entity ABC. As part of the purchase consideration for the acquisition, the company will issue [number] of ordinary shares to the acquiree. Further details of the acquisition are disclosed in note 52."

Shares held by subsidiaries or associates

AASB101.76(vi) Where a subsidiary or associate holds shares in the entity, the number of shares held shall be disclosed.

32. Reserves

AASB101.76(b) An entity that elects to present a statement of changes in equity showing reconciliations between the carrying amount of each reserve at the beginning and the end of the period on the face of the statement need not repeat these disclosures in the notes to the financial statements. However, such entities shall disclose, either on the face of the balance sheet or in the notes to the financial statements, a description of the nature and purpose of each reserve within equity.

	Consolidated		Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
General	807	807	807	807
Asset revaluation	1,198	1,201	1	1
Investments revaluation	593	527	57	35
Equity-settled employee benefits	206	338	206	338
Hedging	317	278	-	-
AASB121.52(b) Foreign currency translation	194	225	-	-
Option premium on convertible notes	592	-	592	-
Tax consolidation	-	-	-	-
Other [describe]	-	-	-	-
	3,907	3,376	1,663	1,181

	Consolidated		Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
AASB101.97(c) General reserve				
Balance at beginning of financial year	807	807	807	807
Movements [describe]	-	-	-	-
Balance at end of financial year	807	807	807	807

AASB101.76(b) The general reserve is used from time to time to transfer profits from retained profits. There is no policy of regular transfer.

	Consolidated		Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
AASB101.97(c) Asset revaluation reserve				
AASB116.77(f) Balance at beginning of financial year	1,201	51	1	-
Revaluation increments/(decrements)	-	1,643	-	2
AASB136.126(c) Impairment losses	-	-	-	-
AASB136.126(d) Reversals of impairment losses	-	-	-	-
Deferred tax liability arising on revaluation	-	(493)	-	(1)
Reversal of deferred tax liability on revaluation	-	-	-	-
Transferred to retained earnings	(3)	-	-	-
Transferred to equity relating to non-current assets classified as held for sale	-	-	-	-
Other [describe]	-	-	-	-
Balance at end of financial year	1,198	1,201	1	1

AASB101.77(f) The asset revaluation reserve arises on the revaluation of land and buildings. Where a revalued land or building is sold that portion of the asset revaluation reserve which relates to that asset, and is effectively realised, is transferred directly to retained profits.

Source reference

32. Reserves (cont'd)

AASB116.41

The asset revaluation reserve included in equity in respect of an item of property, plant and equipment may be transferred directly to retained earnings when the asset is derecognised. This may involve transferring the whole of the surplus when the asset is retired or disposed of. However, some of the surplus may be transferred as the asset is used by an entity. In such a case, the amount of the surplus transferred would be the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

AASB116.77(f)

The financial report shall disclose any restrictions on the distribution of the balance of the asset revaluation reserve to shareholders.

	Consolidated		Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Investments revaluation reserve				
Balance at beginning of financial year	527	470	35	74
Valuation gain/(loss) recognised	94	81	31	(55)
Cumulative (gain)/loss transferred to the income statement on sale of financial assets	-	-	-	-
Cumulative (gain)/loss transferred to the income statement on impairment of financial assets	-	-	-	-
Related income tax	(28)	(24)	(9)	16
Balance at end of financial year	593	527	57	35

AASB101.97(c)

AASB132.94(k)(ii)

AASB132.94(k)(ii)

AASB132.94(k)(ii)

AASB101.76(b)

The investments revaluation reserve arises on the revaluation of available-for-sale financial assets. Where a revalued financial asset is sold that portion of the reserve which relates to that financial asset, and is effectively realised, is recognised in profit or loss. Where a revalued financial asset is impaired that portion of the reserve which relates to that financial asset is recognised in profit or loss.

AASB101.97(c)

Equity-settled employee benefits reserve

Balance at beginning of financial year	338	-	338	-
Share-based payment	206	338	206	338
Transfer to share capital	(338)	-	(338)	-
Other [describe]	-	-	-	-
Balance at end of financial year	206	338	206	338

AASB101.76(b)

The equity-settled employee benefits reserve arises on the grant of share options to executives under the employee share option plan. Amounts are transferred out of the reserve and into issued capital when the options are exercised. Further information about share-based payments to executives is made in note 47 to the financial statements.

AASB101.97(c)

Hedging reserve

AASB132.59(a)

AASB132.59(b)

AASB132.59(c)

Balance at beginning of financial year	278	258	-	-
Gain/(loss) recognised:				
Forward exchange contracts	209	(41)	-	-
Interest rate swaps	227	357	-	-
Currency swaps	-	-	-	-
Transferred to profit or loss:				
Forward exchange contracts	(3)	-	-	-
Interest rate swaps	(120)	(86)	-	-
Currency swaps	-	-	-	-
Transferred to initial carrying amount of hedged item:				
Forward exchange contracts	(257)	(201)	-	-
Related income tax	(17)	(9)	-	-
Other [describe]	-	-	-	-
Balance at end of financial year	317	278	-	-

AASB101.76(b)

The hedging reserve represents hedging gains and losses recognised on the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge is recognised in profit or loss when the hedged transaction impacts the profit or loss, or is included as a basis adjustment to the non-financial hedged item, consistent with the applicable accounting policy.

Source reference

32. Reserves (cont'd)

	Consolidated		Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Foreign currency translation reserve				
AASB101.97(c) AASB121.52(b) Balance at beginning of financial year	225	140	-	-
AASB121.52(b) Translation of foreign operations	75	121	-	-
AASB121.52(b) Deferred tax arising from translation	(22)	(36)	-	-
AASB121.52(b) Disposal of foreign subsidiary	(120)	-	-	-
AASB121.52(b) Related income tax	36	-	-	-
AASB121.52(b) Other [describe]	-	-	-	-
AASB121.52(b) Balance at end of financial year	194	225	-	-

AASB101.76(b) Exchange differences relating to the translation from the functional currencies of the Group's foreign controlled entities into Australian dollars are brought to account by entries made directly to the foreign currency translation reserve.

Option premium on convertible notes				
AASB101.97(c) Balance at beginning of financial year	-	-	-	-
Issue of convertible notes	834	-	834	-
Related income tax	(242)	-	(242)	-
Balance at end of financial year	592	-	592	-

AASB101.76(b) Option premium on convertible notes represents the equity component (conversion rights) of the 4,500,000 5.5% convertible notes issued during the year. Each note entitles the holder to convert to one ordinary share at a cost of \$3.00 per ordinary share. Conversion may occur at any time between 1 July 2009 and 31 August 2010. Unconverted notes mature at \$1.00 on 1 September 2010.

Tax consolidation reserve				
Balance at beginning of financial year	-	-	-	-
Differences between the amount of current tax liabilities assumed by the head entity and the amount payable to the head entity under the tax funding arrangement	-	-	-	-
Distributions arising from the assumption of tax losses by the head entity in the tax consolidated group without equivalent compensation arising under the tax funding arrangements	-	-	-	-
Other [describe]	-	-	-	-
Balance at end of financial year	-	-	-	-

AASB101.76(b) Entries are made directly to the tax consolidation reserve when there are differences between:

- the amount of current tax assets and current tax liabilities arising in the entity in accordance with the accounting policy outlined in Note 3(m), and
- the amounts payable or receivable by the company under the terms of the tax funding arrangement (refer note 10).

Note: the above disclosures would only be relevant in the financial statements of a member of the tax-consolidated group that was not the head entity in the group or which was the head entity in a multiple-entry consolidated ('MEC') group. This use of a 'tax consolidation reserve' in these circumstances is not the only accounting policy choice available. For more information, please refer to the Deloitte 'Accounting for tax consolidation under A-IFRS' publication, available from www.deloitte.com.au

Source reference

33. Retained earnings

AASB101.97(b) An entity that elects to present a statement of changes in equity showing the balance of retained earnings at the beginning of the period and at the reporting date, and the changes during the period, need not present this reconciliation again in the notes to the financial statements.

	Consolidated		Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
AASB101.97(b) Balance at beginning of financial year	94,986	73,917	23,719	17,772
Effects of changes in accounting policy:				
Effect of changes in the accounting for financial guarantee contracts	-	(21)	-	-
Restated opening balance	94,986	73,896	23,719	17,772
AASB101.97(b) Net profit attributable to members of the parent entity	22,552	27,569	13,891	12,426
AASB101.97(a), (b) Dividends provided for or paid (note 36)	(6,635)	(6,479)	(6,635)	(6,479)
AASB101.97(a), (b) Share buy-back	(555)	-	(555)	-
AASB101.97(b) Actuarial gains/(losses) on defined benefit funds recognised directly in retained earnings (note 29)	-	-	-	-
AASB101.97(b) Related income tax	-	-	-	-
AASB101.97(b) Transfer from asset revaluation reserve	3	-	-	-
AASB101.97(b) Other [describe]	-	-	-	-
AASB101.97(b) Balance at end of financial year	110,351	94,986	30,420	23,719

34. Amounts recognised directly in equity relating to non-current assets held for sale

Discontinued operations (note 44)	-	-	-	-
Other [describe]	-	-	-	-
	-	-	-	-

Source reference

35. Earnings per share

AASB133.4

When an entity presents both consolidated financial statements and separate financial statements, the earnings per share disclosures need be presented only on the basis of the consolidated information. An entity that chooses to disclose earnings per share based on its separate financial statements shall present such earnings per share information only on the face of its separate income statement. An entity shall not present such earnings per share information in the consolidated financial statements.

Accordingly, entities who present their parent entity financial statements together with their consolidated financial statements shall not present earnings per share disclosures based on those parent entity financial statements in the consolidated financial statements.

AASB133.68

		Consolidated	
		2006	2005
		Cents	Cents
		per share	per share
Basic earnings per share			
	From continuing operations	66.4	82.8
	From discontinued operations	38.8	47.1
	Total basic earnings per share	105.2	129.9
Diluted earnings per share			
	From continuing operations	63.3	79.1
	From discontinued operations	36.9	45.0
	Total diluted earnings per share	100.2	124.1

AASB133.68

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

AASB133.70(a)

		2006	2005
		\$'000	\$'000
	Earnings (a)	22,552	27,569
	Earnings from continuing operations (a)	14,242	17,574

AASB133.70(a)

AASB133.70(b)

		2006	2005
		No.'000	No.'000
	Weighted average number of ordinary shares for the purposes of basic earnings per share	21,432	21,230

AASB133.70(a)

(a) Earnings used in the calculation of total basic earnings per share and basic earnings per share from continuing operations reconciles to net profit in the income statement as follows:

		2006	2005
		\$'000	\$'000
	Net profit	22,552	27,569
	Other [describe]	-	-
	Earnings used in the calculation of basic EPS	22,552	27,569
	Adjustments to exclude profit for the period from discontinued operations	(8,310)	(9,995)
	Other [describe]	-	-
	Earnings used in the calculation of basic EPS from continuing operations	14,242	17,574

Diluted earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of diluted earnings per share are as follows:

AASB133.70(a)

		2006	2005
		\$'000	\$'000
	Earnings (a)	22,552	27,569
	Earnings from continuing operations (a)	14,242	17,574

AASB133.70(a)

AASB133.70(b)

		2006	2005
		No.'000	No.'000
	Weighted average number of ordinary shares for the purposes of diluted earnings per share (b), (c), (d)	22,516	22,215

Source reference

35. Earnings per share (cont'd)

AASB133.70(a)

- (a) Earnings used in the calculation of total diluted earnings per share and diluted earnings per share from continuing operations reconciles to net profit in the income statement as follows:

	2006 \$'000	2005 \$'000
Net profit	22,552	27,569
Other [describe]	-	-
Earnings used in the calculation of diluted EPS	22,552	27,569
Adjustments to exclude profit for the period from discontinued operations	(8,310)	(9,995)
Other [describe]	-	-
Earnings used in the calculation of diluted EPS from continuing operations	14,242	17,574

AASB133.70(b)

- (b) The weighted average number of ordinary shares for the purposes of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	2006 No.'000	2005 No.'000
Weighted average number of ordinary shares used in the calculation of basic EPS	21,432	21,230
Shares deemed to be issued for no consideration in respect of:		
Employee options	161	85
Partly-paid ordinary shares	923	900
Convertible notes	-	-
Other [describe]	-	-
Weighted average number of ordinary shares used in the calculation of diluted EPS	22,516	22,215

AASB133.70(c)

- (c) The following potential ordinary shares are not dilutive and are therefore excluded from the weighted average number of ordinary shares for the purposes of diluted earnings per share:

	2006 No.'000	2005 No.'000
Convertible notes	4,500	-
Other [describe]	-	-
	4,500	-

AASB133.Aus70.1

- (d) Weighted average number of converted, lapsed, or cancelled potential ordinary shares included in the calculation of diluted earnings per share:

	2006 No.'000	2005 No.'000
Options to purchase ordinary shares pursuant to the employee share option plan	314	-
Other [describe]	-	-
	314	-

Source reference

35. Earnings per share (cont'd)

Impact of changes in accounting policies

AASB108.28(f)(ii)

Changes in the Group's accounting policies during the year are described in detail in note 2. To the extent that those changes have had an impact on results reported for 2006 and 2005, they have had an impact on the amounts reported for earnings per share.

The following table summarises that impact on both basic and diluted earnings per share:

	Impact on basic earnings per share		Impact on diluted earnings per share	
	2006 Cents per share	2005 Cents per share	2006 Cents per share	2005 Cents per share
Limitation of ability to designate financial assets and financial liabilities as at 'fair value through profit or loss'	(0.04)	(0.02)	(0.04)	(0.02)
Recognition of financial guarantee contracts	(0.02)	0.04	(0.02)	0.04
Other [describe]	-	-	-	-
Total impact of changes in accounting policies	(0.06)	0.02	(0.06)	0.02

Note: The impact on earnings per share of changes in accounting policies have been rounded to the nearest one hundredths of one cent for illustrative purposes only.

AASB133.69

An entity shall present basic and diluted earnings per share even if the amounts are negative (a loss per share).

AASB133.68

An entity that reports a discontinued operation shall disclose the basic and diluted amounts per share for the discontinued operation either on the face of the income statement or in the notes to the financial statements.

AASB133.72

Financial instruments and other contracts generating potential ordinary shares may incorporate terms and conditions that affect the measurement of basic and diluted earnings per share. These terms and conditions may determine whether any potential ordinary shares are dilutive and, if so, the effect on the weighted average number of shares outstanding and any consequent adjustments to profit or loss attributable to ordinary equity holders. The disclosure of the terms and conditions of such financial instruments and other contracts is encouraged, if not otherwise already disclosed in accordance with AASB 132 'Financial Instruments: Disclosure and Presentation'.

AASB133.70(d)

Ordinary shares and potential ordinary shares transactions occurring after reporting date

A description of ordinary share transactions or potential ordinary shares transactions, other than those adjusted for retrospectively (refer below), that occur after the reporting date and that would have changed significantly the number of ordinary shares or potential ordinary shares outstanding at the end of the period if those transactions had occurred before the end of the reporting period shall be disclosed.

AASB133.64

Restatement of earnings per share

If the number of ordinary or potential ordinary shares outstanding increases as a result of a capitalisation, bonus issue or share split, or decreases as a result of a reverse share split, the calculation of basic and diluted earnings per share for all periods presented shall be adjusted retrospectively. If these changes occur after the reporting date but before the financial report is authorised for issue, the per share calculations for those and any prior period financial statements presented shall be based on the new number of shares. The fact that per share calculations reflect such changes in the number of shares shall be disclosed.

AASB133.64, 65

Basic and diluted earnings per share of all periods presented shall be adjusted for the effects of errors and adjustments resulting from changes in accounting policies, accounted for retrospectively. Diluted earnings per share of any prior period presented are not restated for changes in the assumptions used in earnings per share calculations or for the conversion of potential ordinary shares into ordinary shares.

Source reference

36. Dividends (cont'd)

AASB101.95

An entity shall disclose, either on the face of the income statement or the statement of changes in equity, or in the notes, the amount of dividends recognised as distributions to equity holders during the period, and the related amount per share.

AASB101.Aus126.5

The balance of the franking account to be disclosed shall include:

- (a) franking credits that will arise from the payment of the amount of the provision for income tax;
- (b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
- (c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

Exempting accounts are held by companies wholly-owned by non-residents or tax exempt institutions and are similar to franking accounts. AASB 101 'Presentation of Financial Statements' does not specifically require the disclosure of exempting account balances, however, where considered necessary (i.e. to satisfy the information needs of the likely users of the financial report), directors may consider disclosing the exempting account balance.

AASB101.Aus126.5

AASB 101 requires disclosure of the franking account balance only for the parent entity in the financial report of a consolidated entity. However, where considered appropriate the balance attributable to the consolidated entity can be disclosed.

AASB101.Aus126.6

An entity shall disclose in the notes to the financial statements the impact on the franking account of dividends proposed or declared before the financial report was authorised for issue but not recognised as a distribution to equity holders during the period.

Cumulative preference dividends not recognised

AASB101.125(b)

An entity shall disclose in the notes to the financial statements the amount of any cumulative preference dividends not recognised.

Income tax consequences of dividends

AASB112.52A, 82A, 87A

In some jurisdictions, income taxes are payable at a higher or lower rate if part or all of the net profit or retained earnings is paid out as a dividend to shareholders of the entity. In some other jurisdictions, income taxes may be refundable or payable if part or all of the net profit or retained earnings is paid out as a dividend to shareholders of the entity. In these circumstances, current and deferred tax assets and liabilities are measured at the tax rate applicable to undistributed profits.

In these circumstances, an entity shall disclose the nature of the potential income tax consequences that would result from the payment of dividends to its shareholders. In addition, the entity shall disclose the amounts of the potential income tax consequences practicable determinable and whether there are any potential income tax consequences not practicably determinable. The disclosure includes the important features of the income tax systems and the factors that will affect the amount of the potential income tax consequences of dividends.

37. Commitments for expenditure

AASB101.Aus126.7

(a) Capital expenditure commitments

Plant and equipment

Not longer than 1 year

Longer than 1 year and not longer than

5 years

Longer than 5 years

AASB116.74(c)

Investment property

Not longer than 1 year

Longer than 1 year and not longer than

5 years

Longer than 5 years

AASB140.75(h)

Intangible assets

Not longer than 1 year

Longer than 1 year and not longer than

5 years

Longer than 5 years

AASB138.122(e)

	Consolidated		Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
(a) Capital expenditure commitments				
<u>Plant and equipment</u>				
Not longer than 1 year	4,782	5,812	26	70
Longer than 1 year and not longer than 5 years	74	198	-	-
Longer than 5 years	-	-	-	-
	4,856	6,010	26	70
<u>Investment property</u>				
Not longer than 1 year	860	-	-	-
Longer than 1 year and not longer than 5 years	-	-	-	-
Longer than 5 years	-	-	-	-
	860	-	-	-
<u>Intangible assets</u>				
Not longer than 1 year	-	-	-	-
Longer than 1 year and not longer than 5 years	-	-	-	-
Longer than 5 years	-	-	-	-
	-	-	-	-

Source reference	37. Commitments for expenditure (cont'd)	Consolidated		Company	
		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
	<u>Consolidated entity's share of associates' capital expenditure commitments</u>				
	Not longer than 1 year	427	357	-	-
	Longer than 1 year and not longer than 5 years	-	-	-	-
	Longer than 5 years	-	-	-	-
AASB128.Aus37.1(d) (i)		427	357	-	-
	<u>Consolidated entity's share of jointly controlled entities' capital commitments</u>				
	Not longer than 1 year	110	20	-	-
	Longer than 1 year and not longer than 5 years	-	-	-	-
	Longer than 5 years	-	-	-	-
AASB131.55		110	20	-	-
AASB117.47, 56	(b) Lease commitments Finance lease liabilities and non-cancellable operating lease commitments are disclosed in note 39 to the financial statements.				
AASB101.Aus126.7	(c) Other expenditure commitments <u>Investment property</u>				
	Not longer than 1 year	-	-	-	-
	Longer than 1 year and not longer than 5 years	-	-	-	-
	Longer than 5 years	-	-	-	-
AASB140.75(h)		-	-	-	-
	<u>Intangible assets</u>				
	Not longer than 1 year	-	-	-	-
	Longer than 1 year and not longer than 5 years	-	-	-	-
	Longer than 5 years	-	-	-	-
AASB138.122(e)		-	-	-	-
	<u>Consolidated entity's share of associates' other expenditure commitments</u>				
	Not longer than 1 year	60	55	-	-
	Longer than 1 year and not longer than 5 years	-	-	-	-
	Longer than 5 years	-	-	-	-
AASB128.Aus37.1(d) (ii)		60	55	-	-
	<u>Consolidated entity's share of jointly controlled entities' other expenditure commitments</u>				
	Not longer than 1 year	-	-	-	-
	Longer than 1 year and not longer than 5 years	-	-	-	-
	Longer than 5 years	-	-	-	-
AASB131.Aus57.3(d)		-	-	-	-
	<u>Other [describe]</u>				
	Not longer than 1 year	-	-	-	-
	Longer than 1 year and not longer than 5 years	-	-	-	-
	Longer than 5 years	-	-	-	-
		-	-	-	-

Source reference

38. Contingent liabilities and contingent assets

Entities should carefully consider whether circumstances that would have formerly been disclosed as a contingent liability in accordance with AASB 137 'Provisions, Contingent Liabilities and Contingent Assets' should on adoption of AASB 2005-9 'Amendments to Australian Accounting Standards' meet the definition of a financial guarantee contract and should be accounted for in accordance with AASB 139 'Financial Instruments: Recognition and Measurement' (i.e. recognised on balance sheet).

Examples of more common arrangements that would qualify as financial guarantee contracts and no longer be disclosed as contingent liabilities include:

- Deeds of cross guarantees between members of the wholly-owned group
- Letters of support provided to subsidiaries whereby the parent undertakes to pay the debts of the subsidiary if it is unable to repay the debt
- Guarantees provided by the parent to the financiers providing borrowings to subsidiaries.

	Consolidated		Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Contingent liabilities				
AASB137.86(a) Court proceedings (i)	-	-	-	-
AASB131.54(a) Contingent liabilities incurred by the Group arising from interests in joint ventures (ii)	110	116	-	-
AASB128.40(a) Consolidated entity's share of associates' contingent liabilities (iii)	150	14	-	-
Contingent assets				
AASB137.89 Faulty goods claim (iv)	140	-	-	-

- AASB137.86(b)
- (i) An entity in the Group is a defendant in a legal action involving the alleged failure of the entity to supply goods in accordance with the terms of contract. The directors believe, based on legal advice, that the action can be successfully defended and therefore no losses (including for costs) will be incurred. The legal claim is expected to be settled in the course of the next eighteen months.
 - (ii) A number of contingent liabilities have arisen as a result of the Group's interest in joint ventures. The amount disclosed represents the aggregate amount of such contingent liabilities for which the Group as an investor is liable. The extent to which an outflow of funds will be required is dependent on the future operations of the joint ventures being more or less favourable than currently expected. The Group is not contingently liable for the liabilities of other venturers in its joint ventures.
 - (iii) The Group's share of contingent liabilities of associates. The extent to which an outflow of funds will be required is dependent on the future operations of the associates being more or less favourable than currently expected.
 - (iv) A company in the Group has a claim outstanding against a supplier for the supply of faulty products. Based on negotiations to date the directors believe that it may be possible to recover this amount.

AASB137.86 Unless the possibility of any outflow in settlement is remote, an entity shall disclose for each class of contingent liability at the reporting date a brief description of the nature of the contingent liability and, where practicable:

- (a) an estimate of its financial effect, measured in the same manner as a provision;
- (b) an indication of the uncertainties relating to the amount or timing of any outflow; and
- (c) the possibility of any reimbursement.

AASB137.87 In determining which contingent liabilities may be aggregated to form a class, it is necessary to consider whether the nature of the items is sufficiently similar for a single statement about them to fulfill the requirements of paragraphs (a) and (b) above.

AASB137.91 Where any of the information above is not disclosed because it is not practicable to do so, that fact shall be stated.

Interests in associates

AASB128.40(b) An entity shall disclose those contingent liabilities that arise because the investor is severally liable for all or part of the liabilities of the associate.

Source reference

38. Contingent liabilities and contingent assets (cont'd)

Interests in joint ventures

AASB131.54

A venturer shall disclose the aggregate amount of the following contingent liabilities, unless the probability of loss is remote, separately from the amount of other contingent liabilities

- (a) any contingent liabilities that the venturer has incurred in relation to its interests in joint ventures and its share in each of the contingent liabilities that have been incurred jointly with other venturers; and
- (b) its share of the contingent liabilities of the joint ventures themselves for which it is contingently liable.

AASB131.54(c)

Disclosure is also required of those contingent liabilities that arise because the venturer is contingently liable for the liabilities of the other venturers of a joint venture as part of the aggregate amount above. However, on adoption of AASB 2005-4 'Amendments to Australian Accounting Standards', such circumstances would normally be treated as a financial guarantee contract, and accounted for in accordance with AASB 139 'Financial Instruments: Recognition and Measurement' (i.e. recognised on balance sheet as an actual liability rather than disclosed as a contingent liability).

Contingent assets

AASB137.89, 91

Where an inflow of economic benefits is probable, an entity shall disclose a brief description of the nature of the contingent assets at the reporting date, and, where practicable, an estimate of their financial effect. Where any of this information is not disclosed because it is not practicable to do so, that fact shall be stated.

AASB137.90

It is important that disclosures for contingent assets avoid giving misleading indications of the likelihood of income arising.

For the purposes of providing illustrative disclosures that will assist users in preparing financial reports the disclosures of contingent assets have been illustrated irrespective of whether a situation might give rise to future economic benefits which are considered to be not probable.

Exemptions

AASB137.92

In extremely rare cases, disclosure of some or all of the information illustrated above would be expected to seriously prejudice the position of the entity in a dispute with other parties on the subject matter of the contingent liability or contingent asset. In such cases, an entity need not disclose the information, but shall disclose the general nature of the dispute, together with the fact that, and reason why, the information has not been disclosed.

Provisions

AASB137.88

Where a provision and a contingent liability arise from the same set of circumstances, an entity makes the required disclosures in a way that shows the link between the provision and the contingent liability.

Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds

Int5.11

A contributor to a decommissioning, restoration and environmental rehabilitation fund shall disclose the nature of its interest in the fund and any restrictions on access to the assets in the fund.

Int5.12

Where a contributor has an obligation to make potential additional contributions to a decommissioning, restoration and environmental rehabilitation fund that is not recognised as a liability, the contributor shall disclose the information required by AASB 137 for contingent liabilities.

Int5.13

Where a contributor accounts for its interest in a decommissioning, restoration and environmental rehabilitation fund by recognising its right to receive reimbursement from the fund in accordance with AASB 137, measured in accordance with Interpretation 5, the contributor shall disclose the amount of any expected reimbursement, stating the amount of any asset that has been recognised for that expected reimbursement.

Source reference

39. Leases

[Disclosures for lessees]

Finance leases

Leasing arrangements

AASB117.31(e),
AASB132.60(a)

Finance leases relate to manufacturing equipment with lease terms of 5 years. The Group has options to purchase the equipment for a nominal amount at the conclusion of the lease agreements.

Finance lease liabilities

AASB117.31(b)

	Minimum future lease payments				Present value of minimum future lease payments			
	Consolidated		Company		Consolidated		Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
No later than 1 year	10	58	-	-	9	54	-	-
Later than 1 year and not later than 5 years	6	44	-	-	5	35	-	-
Later than five years	-	-	-	-	-	-	-	-
Minimum future lease payments*	16	102	-	-	14	89	-	-
Less future finance charges	(2)	(13)	-	-	-	-	-	-
Present value of minimum lease payments	14	89	-	-	14	89	-	-
Included in the financial statements as: (note 24)								
Current borrowings					9	54	-	-
Non-current borrowings					5	35	-	-
					14	89	-	-

* Minimum future lease payments includes the aggregate of all lease payments and any guaranteed residual.

If there are future contingent rentals or future rentals relating to executory costs to be met by the lessees which are known to be payable over the remainder of the lease term, they shall be included in finance lease commitments.

Operating leases

Leasing arrangements

AASB117.35(d),
AASB132.60(a)

Operating leases relate to warehouse facilities with lease terms of between 3 to 7 years, with an option to extend for a further 3 years. All operating lease contracts contain market review clauses in the event that the company/Group exercises its option to renew. The company/Group does not have an option to purchase the leased asset at the expiry of the lease period.

AASB117.35(a)

Non-cancellable operating lease payments

	Consolidated		Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Not longer than 1 year	1,734	1,908	52	52
Longer than 1 year and not longer than 5 years	3,568	4,336	88	118
Longer than 5 years	1,618	2,526	-	-
	6,920	8,770	140	170

In respect of non-cancellable operating leases the following liabilities have been recognised:

Onerous lease contracts (note 26)				
Current	410	460	2	4
Non-current	504	430	-	-
Lease incentives (note 27)				
Current	90	90	-	-
Non-current	180	270	-	-
	1,184	1,250	2	4

Commitments disclosed in respect of non-cancellable operating leases shall not be reduced by the amount of any liabilities recognised in the financial statements.

Source reference

39. Leases (cont'd)
[Disclosures for lessors]
Finance leases
Leasing arrangements

AASB117.47(f) A general description about the lessor's material leasing arrangements shall be disclosed.

Finance lease receivables

AASB117.47(a)

	Minimum future lease receivables				Present value of minimum future lease receivables			
	Consolidated		Company		Consolidated		Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
No later than 1 year	-	-	-	-	-	-	-	-
Later than 1 year and not later than 5 years	-	-	-	-	-	-	-	-
Later than five years	-	-	-	-	-	-	-	-
Minimum future lease payments receivable*	-	-	-	-	-	-	-	-
Unguaranteed residual	-	-	-	-	-	-	-	-
Gross finance lease receivables	-	-	-	-	-	-	-	-
Less unearned finance income	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Included in the financial statements as: (note 11)								
Current trade and other receivables					-	-	-	-
Non-current trade and other receivables					-	-	-	-
					-	-	-	-

* Minimum future lease payments receivables include the aggregate of all lease payments receivable and any guaranteed residual.

Operating leases
Leasing arrangements

AASB117.56(c) Operating leases relate to the investment property owned by the Group with lease terms of between 5 to 10 years, with an option to extend for a further 10 years. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

AASB117.56(a) Non-cancellable operating lease receivables

	Consolidated		Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Not longer than 1 year	18	18	-	-
Longer than 1 year and not longer than 5 years	54	72	-	-
Longer than 5 years	-	-	-	-
	72	90	-	-

Disclosures for lessees

AASB117.31(e), 35(d), AASB132.60(a) A general description about the lessee's material leasing arrangements shall be disclosed, including:
(a) the basis on which contingent rent payable is determined;
(b) the existence and terms of renewal or purchase options and escalation clauses; and
(c) restrictions imposed by lease arrangements such as those concerning dividends, additional debt and further leasing.

Sub-leases

AASB117.31(d), 35(b) For non-cancellable sub-leases, the total of future minimum lease payments expected to be received shall be disclosed.

Source reference

39. Leases (cont'd)

Arrangements containing an operating lease

Int4.15(b)

If an arrangement contains a lease, and the purchaser concludes that it is impracticable to separate lease payments from other payments reliably, it shall treat all payments under the arrangement as lease payments for the purposes of complying with the disclosure requirements of AASB 117 'Leases', but also:

- (a) disclose those payments separately from minimum lease payments of other arrangements that do not include payments for non-lease elements; and
- (b) state that the disclosed payments also include payments for non-lease elements in the arrangement.

Assets under lease

AASB117.32, 57

The disclosure requirements specified by the relevant standards in relation to property, plant and equipment, intangible assets, impairment of assets, investment property and agriculture apply to:

- (a) lessees for assets leased under finance leases
- (b) lessors for assets provided under operating leases.

Disclosure of these items would normally be incorporated into other existing notes to the financial statements, for example notes 16, 17 and 19 to these model financial statements.

Arrangements involving the legal form of a lease

Int127.10

All aspects of an arrangement that does not, in substance, involve a lease under AASB 117 shall be considered in determining the appropriate disclosures that are necessary to understand the arrangement and the accounting treatment adopted.

Int127.10

An entity shall disclose the following in each period that an arrangement exists

- (a) a description of the arrangement including:
 - (i) the underlying asset and any restrictions on its use;
 - (ii) the life and other significant terms of the arrangement;
 - (iii) the transactions that are linked together, including any options; and
- (b) the accounting treatment applied to any fee received, the amount recognised as income in the period, and the line item of the income statement in which it is included

Int127.11

The disclosures shall be provided individually for each arrangement or in aggregate for each class of arrangement. A class is a grouping of arrangements with underlying assets of a similar nature (e.g., power plants).

40. Economic dependency

AASB101.Aus126.3

A significant volume of DTT Group Limited's sales are arranged through Monopoly Industries Limited, a company empowered under legislation to control the export marketing of the company's products.

A significant volume of the Group's construction operations are performed for the Australian Federal Government in accordance with a contract which expires in 2012.

AASB101.Aus126.3

An entity dependent on another entity for a significant volume of revenue or financial support and that dependency is not clearly discernible from a separate line item in the income statement or the balance sheet shall disclose:

- (a) the name of the entity on which there is an economic dependency; and
- (b) the nature of that economic dependency.

AASB 101 'Presentation of Financial Statements' does not provide guidance as to what is considered 'significant' and in what circumstances a significant volume of revenue or financial support gives rise to a 'dependency'. Deloitte believe 'economic dependency' shall be considered with reference to the potential impact that the loss of a customer, supplier or finance provider may have on the operations and financial position of the entity.

Source reference

41. Jointly controlled operations and assets

The following disclosure should not include reference to any joint venture arrangement in which the entity does not participate in joint control.

The Group is a venturer in the following jointly controlled operations and assets:

AASB131.Aus57.1 (a), (b)	Name of venture	Principal activity	Output interest	
			2006 %	2005 %
	DTT Gallop	Horse shoe production	52	50
	DTT Colour	Paint production	60	60

AASB131.Aus57.1(c) The Group's interest, as a venturer, in assets employed in the above jointly controlled operations and assets is detailed below. The amounts are included in the consolidated financial statements under their respective asset categories:

	Consolidated	
	2006 \$'000	2005 \$'000
<u>Current assets</u>		
Trade and other receivables	270	250
Inventories	1,530	1,600
Total current assets	1,800	1,850
<u>Non-current assets</u>		
Property, plant and equipment	8,988	9,849
Other	5	5
Total non-current assets	8,993	9,854
Total assets	10,793	11,704

AASB131.54, 55

Contingent liabilities and capital commitments

Contingent liabilities and capital commitments arising from the Group's interests in joint ventures are disclosed in notes 38 and 37 respectively.

Jointly controlled assets

Disclosures similar to those illustrated above shall be made for any jointly controlled assets held by the entity.

AASB131.Aus57.1

42. Subsidiaries

AASB127.Aus40.1(a),
42(b), AASB124.12

Name of entity	Country of incorporation	Ownership interest	
		2006 %	2005 %
Parent entity			
DTT Group Limited (i)	Australia		
Subsidiaries			
DTT Investments Pty Ltd (ii) (iii)	Australia	100	100
DTT Finance Pty Ltd (ii) (iii)	Australia	100	-
DTT Sales Pty Ltd (ii) (iii)	Australia	100	100
DTT International Ltd	Australia	80	80
DTT USA Incorporated	USA	100	100
DTT Corporation	USA	-	75
DTT USA Limited	USA	100	100
DTT Production Unit Trust (ii)	Australia	100	100

(i) DTT Group Limited is the head entity within the tax-consolidated group.

(ii) These companies are members of the tax-consolidated group.

(iii) These wholly-owned subsidiaries have entered into a deed of cross guarantee with DTT Group Limited pursuant to ASIC Class Order 98/1418 and are relieved from the requirement to prepare and lodge an audited financial report.

DTT Finance Pty Ltd became a party to the deed of cross guarantee on 15 June 2006.

ASIC-CO 98/1418

Source reference

42. Subsidiaries (cont'd)

The consolidated income statement and balance sheet of the entities party to the deed of cross guarantee are:

	Consolidated	
	2006	2005
	\$'000	\$'000
Income statement		
Revenue	90,716	92,515
Other income	1,435	622
Share of profits of associates and jointly controlled entities accounted for using the equity method	1,186	1,589
Changes in inventories of finished goods and work in progress	(4,273)	1,822
Raw materials and consumables used	(42,236)	(51,244)
Employee benefits expense	(5,882)	(6,993)
Depreciation and amortisation expense	(7,316)	(8,544)
Finance costs	(3,095)	(4,037)
Impairment of non-current assets	(204)	-
Consulting expense	(1,797)	(976)
Other expenses	(5,362)	(3,019)
Profit before tax expense	23,172	21,735
Income tax expense	(7,336)	(8,971)
Profit for the year from continuing operations	15,836	12,764
Profit for the year from discontinued operations	-	-
Profit for the year	15,836	12,764
Balance sheet		
Current assets		
Cash and cash equivalents	18,179	17,799
Trade and other receivables	10,614	13,758
Other financial assets	8,757	6,949
Inventories	21,641	25,174
Current tax assets	85	60
Other	-	-
	59,276	63,740
Non-current assets classified as held for sale	1,260	-
Total current assets	60,536	63,740
Non-current assets		
Investments accounted for using the equity method	8,425	7,269
Other financial assets	20,411	19,656
Property, plant and equipment	62,741	70,083
Investment property	-	-
Deferred tax assets	-	-
Goodwill	16,788	16,788
Other intangible assets	9,739	11,325
Other	-	-
Total non-current assets	118,104	125,121
Total assets	178,640	188,861
Current liabilities		
Trade and other payables	8,119	9,594
Borrowings	28,042	30,000
Other financial liabilities	104	18
Current tax payables	5,133	5,868
Provisions	2,026	1,606
Other	-	-
	43,424	47,086
Liabilities directly associated with non-current assets classified as held for sale	-	-
Total current liabilities	43,424	47,086

Source reference

42. Subsidiaries (cont'd)

	Consolidated	
	2006 \$'000	2005 \$'000
Non-current liabilities		
Borrowings	20,249	20,862
Other financial liabilities	-	-
Deferred tax liabilities	3,981	3,223
Provisions	1,379	1,396
Other	-	-
Total non-current liabilities	25,609	25,481
Total liabilities	69,033	72,567
Net assets	109,607	116,294
Equity		
Issued capital	32,777	48,672
Reserves	3,713	3,151
Retained earnings*	73,117	64,471
	109,607	116,294
Amounts recognised directly in equity relating to non-current assets classified as held for sale	-	-
Total equity	109,607	116,294
* Retained earnings		
Retained earnings as at beginning of the financial year	64,471	58,186
Net profit	15,836	12,764
Dividends provided for or paid	(6,635)	(6,479)
Share buy-back	(555)	-
Actuarial gains/(losses)	-	-
Transfer from asset revaluation reserve	-	-
Other [describe]	-	-
Retained earnings as at end of the financial year	73,117	64,471

The above proforma consolidated financial statements shall comply with:

- in respect of the income statement – paragraphs 81 to 85 of AASB 101 'Presentation of Financial Statements'; and
- in respect of the balance sheet – paragraphs 68 to 73 of AASB 101.

In addition, the principles of consolidation as prescribed by AASB 127 'Consolidated and Separate Financial Statements' shall be applied, therefore all transactions between parties to the deed of cross guarantee shall be eliminated.

Other disclosures

AASB127.40(c),
Aus40.1(b)

The consolidated financial statements shall disclose the nature of the relationship between the parent and a subsidiary and the reasons why control exists when the parent does not own, directly or indirectly through subsidiaries, more than half of the voting power.

AASB127.40(d)

The consolidated financial statements shall disclose the reasons why the ownership, directly or indirectly through subsidiaries, of more than half of the voting or potential voting power of an investee does not constitute control.

AASB127.40(f)

The consolidated financial statements shall disclose the nature and extent of any significant restrictions (e.g. resulting from borrowing arrangements or regulatory requirements) on the ability of subsidiaries to transfer funds to the parent in the form of cash dividends or to repay loans or advances.

AASB127.42(b)

The consolidated financial statements shall disclose, if different from the proportion of ownership interest held in a subsidiary, the proportion of voting power held.

Source reference

43. Acquisition of businesses

AASB101.36

Comparative information shall be disclosed for all amounts reported in the financial report. Comparative information shall be included for narrative and descriptive information when it is relevant to an understanding of the current period's financial report.

AASB3.67(a), (b), (c), (d)

Names of businesses acquired	Principal activity	Date of acquisition	Proportion of shares acquired (%)	Cost of acquisition \$'000
2006:				
DTT Finance Pty Limited	Financial	15/06/06	100	430
Minus Pty Limited distribution business	Distribution	30/11/06	-	792
				1,222
2005:				
[describe]				-
				-

AASB3.67(f),
AASB107.40(a), (c), (d)

	DTT Finance Pty Limited			Minus Pty Limited distribution business			Total fair value on acquisition \$'000
	Book value \$'000	Fair value adjustment \$'000	Fair value on acquisition \$'000	Book value \$'000	Fair value adjustment \$'000	Fair value on acquisition \$'000	
Net assets acquired							
Current assets:							
Cash & cash equivalents	200	-	200	-	-	-	200
Trade & other receivables	87	-	87	105	-	105	192
Inventories	-	-	-	62	(5)	57	57
Non-current assets:							
In-process R&D	-	-	-	-	-	-	-
Plant & equipment	50	35	85	312	57	369	454
Current liabilities:							
Trade & other payables	(23)	-	(23)	(35)	-	(35)	(58)
Non-current liabilities:							
Deferred tax liabilities	(2)	(11)	(13)	-	-	-	(13)
Contingent liabilities	-	-	-	-	-	-	-
	312	24	336	444	52	496	832
Goodwill on acquisition							390
							1,222

AASB3.69

The initial accounting for the acquisition of DTT Finance Pty Limited ("DTT Finance") has only been provisionally determined at reporting date. DTT Finance became wholly owned on acquisition and has joined the company's tax-consolidated group (refer note 10). For tax purposes, the tax values of DTT Finance's assets are required to be reset based on market values and other factors. At the date of finalisation of this report, the necessary market valuations and other calculations had not been finalised and the adjustment to deferred tax liabilities and goodwill noted above has therefore only been provisionally determined based on the directors' best estimate of the likely tax values. The market valuations obtained for tax purposes may also impact the recognised fair values of the other assets acquired as part of the business combination.

AASB3.67(d), (h),
AASB107.40(b)

The cost of the acquisitions comprises cash for all of the acquisitions except for the acquisition of the Minus Pty Limited distribution business, which comprises cash of \$392 thousand and land and buildings with an aggregate fair value of \$400 thousand. In each acquisition, the Group has paid a premium for the acquiree as it believes the acquisitions will create synergistic benefits to its existing operations.

Goodwill arose in the business combination because the cost of the combination included a control premium paid to acquire DTT Finance. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of DTT Finance. These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured.

The Group also acquired the customer lists and customer relationships of DTT Finance Pty Limited as part of the acquisition. These assets were not able to be reliably measured and separately recognised from goodwill because they are not capable of being separated from the Group and sold, transferred, licensed, rented or exchanged, either individually or together with any related contracts.

Source reference

43. Acquisition of businesses (cont'd)

AASB3.67(i)

Included in the net profit for the period is \$35 thousand attributable to the additional business generated by DTT Finance Pty Limited, and \$13 thousand attributable to the purchase of the distribution businesses of Minus Pty Limited.

AASB3.70

Had these business combinations been effected at 1 January 2006, the revenue of the Group would be \$163,500 thousand, and net profit \$32,436 thousand. The directors of the Group consider these 'pro-forma' numbers to represent an approximate measure of the performance of the combined group on an annualised basis and to provide a reference point for comparison in future periods.

Because the information is prepared on a pro-forma basis, Deloitte encourage the inclusion of additional disclosure in the notes to the financial statements to alert users of the financial statements to the nature of the disclosures. This disclosure, in material cases, may include some narrative information about the manner in which the pro-forma information has been prepared.

The following illustrative paragraph should be adapted to each entity's circumstances:

In determining the 'pro-forma' revenue and profit of the Group had DTT Finance and Minus Pty Limited been acquired at the beginning of the current reporting period, the directors have:

- calculated depreciation and amortisation of plant and equipment acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognised in the pre-acquisition financial statements
- based borrowing costs on the funding levels, credit ratings and debt/equity position of the Group after the business combination
- excluded takeover defence costs of the acquiree as a once-off pre-acquisition transaction.

AASB3.67(f)

Disclosure of business combinations

The financial report shall disclose, for each business combination effected during the period, the amounts recognised at the acquisition date for each class of the acquiree's assets, liabilities and contingent liabilities, and, unless disclosure would be impracticable, the carrying amounts of each of those classes, determined in accordance with Accounting Standards, immediately before the combination.

If such disclosure would be impracticable, that fact shall be disclosed, together with an explanation of why this is the case.

AASB3.67(d)

Issuance of equity instruments as part of the cost of a business combination

When equity instruments are issued or issuable as part of the cost of a business combination, the following shall also be disclosed:

- (a) the number of equity instruments issued or issuable; and
- (b) the fair value of those instruments and the basis for determining that fair value. If a published price does not exist for the instruments at the date of exchange, the significant assumptions used to determine fair value shall be disclosed. If a published price exists at the date of exchange but was not used as the basis for determining the cost of the combination, that fact shall be disclosed together with: the reasons the published price was not used; the method and significant assumptions used to attribute a value to the equity instruments; and the aggregate amount of the difference between the value attributed to, and the published price of, the equity instruments.

AASB3.67(e)

Consequential disposal of operations

Details of any operations the entity has decided to dispose of as a result of a business combination shall be disclosed.

AASB3.67(g), (h)

Disclosure of excess on acquisition

The amount of any excess recognised in profit or loss, and the line item in the income statement in which the excess is recognised, shall be disclosed for each business combination. A description of the nature of the excess shall be disclosed.

Source reference

43. Acquisition of businesses (cont'd)

Disclosure of factors contributing to goodwill on acquisition

AASB3.67(h)	A description of the factors that contributed to a cost that results in the recognition of goodwill and a description of each intangible asset that was not recognised separately from goodwill and an explanation of why the intangible asset's fair value could not be measured reliably shall be disclosed.
AASB138.38	AASB 138 'Intangible Assets' states that only circumstances in which it might not be possible to measure reliably the fair value of an intangible asset acquired in a business combination are when the intangible asset arises from legal or other contractual rights and either: <ul style="list-style-type: none"> (a) is not separable; or (b) is separable, but there is no history or evidence of exchange transactions for the same or similar assets, and otherwise estimating fair value would be dependent on immeasurable variables.
AASB138.35	There is a rebuttable presumption that the fair value can be measured reliably for intangible assets acquired in a business combination that have a finite useful life.

Effect of business combination on the consolidated financial report

AASB3.67(i)	The amount of the acquiree's profit or loss since the acquisition date included in the acquirer's profit or loss for the period shall be disclosed for each business combination, unless disclosure would be impracticable. If such disclosure would be impracticable, that fact shall be disclosed, together with an explanation of why this is the case.
AASB3.70	The acquirer shall also disclose, unless such disclosure would be impracticable: <ul style="list-style-type: none"> (a) the revenue of the combined entity for the period as though the acquisition date for all business combinations effected during the period had been the beginning of that period; and (b) the profit or loss of the combined entity for the period as though the acquisition date for all business combinations effected during the period had been the beginning of the period. If disclosure of this information would be impracticable, that fact shall be disclosed, together with an explanation of why this is the case.

Initial accounting determined provisionally

AASB3.62, 69	The initial accounting for a business combination involves identifying and determining the fair values to be assigned to the acquiree's identifiable assets, liabilities and contingent liabilities and the cost of the combination. If the initial accounting for a business combination can be determined only provisionally by the end of the period in which the combination is effected because either the fair values to be assigned to the acquiree's identifiable assets, liabilities or contingent liabilities or the cost of the combination can be determined only provisionally, that fact shall also be disclosed together with an explanation of why this is the case.
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Gains, losses, errors and other adjustments relating to business combinations

AASB3.72	An acquirer shall disclose information that enables users of its financial report to evaluate the financial effects of gains, losses, error corrections and other adjustments recognised in the current period that relate to business combinations that were effected in the current or in previous periods.
AASB3.73	To give effect to this principle, the acquirer shall disclose the following information: <ul style="list-style-type: none"> (a) the amount and an explanation of any gain or loss recognised in the current period that: <ul style="list-style-type: none"> i. relates to the identifiable assets acquired or liabilities or contingent liabilities assumed in a business combination that was effected in the current or a previous period; and ii. is of such size, nature or incidence that disclosure is relevant to an understanding of the combined entity's financial performance; (b) if the initial accounting for a business combination that was effected in the immediately preceding period was determined only provisionally at the end of that period, the amounts and explanations of the adjustments to the provisional values recognised during the current period; and (c) the information about error corrections required to be disclosed by AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors' for any of the acquiree's identifiable assets, liabilities or contingent liabilities, or changes in the values assigned to those items, that the acquirer recognises during the current period as adjustments after the initial accounting for the business combination is complete.

Source reference

44. Discontinued operations

Disposal of the bicycle business

AASB5.41,
AASB101.87(e)

On 28 September 2006, the Board of Directors entered into a sale agreement to dispose of the Group's bicycle business. The proceeds on the sale substantially exceeded the book value of the related net assets and accordingly no impairment losses were recognised on the reclassification of these operations as held for sale. The disposal of the bicycle business is consistent with the Group's long-term policy to focus its activities in the widget and toy manufacturing industries. The disposal was completed on 30 November 2006, on which date control of the bicycle business passed to the acquirer.

Plan to dispose of the construction business

AASB5.41,
AASB101.87(e)

On 30 November 2006, the Board of Directors announced a plan to dispose of the Group's construction business, which involves the construction and renovation of Australian residential properties. The disposal is consistent with the Group's long-term policy to focus its activities in the widget and toy manufacturing industries. The Group is actively seeking a buyer for its construction business and expects to complete the sale by 31 July 2007.

On initial reclassification of these operations as held for sale, the Group has not recognised any impairment losses.

AASB5.34

The results of the discontinued operations which have been included in the income statement are as follows. The comparative profit and cash flows from discontinued operations have been re-presented to include those operations classified as discontinued in the current period:

		Consolidated	
		2006	2005
		\$'000	\$'000
	Profit from discontinued operations:		
AASB5.33(b)(i)	Revenue (note 7)	64,405	77,843
	Other income (note 9)	30	49
		64,435	77,892
AASB5.33(b)(i)	Expenses		
	Cost of sales	(39,333)	(48,020)
	Distribution expenses	(6,234)	(7,255)
	Marketing expenses	(5,000)	(5,067)
	Administration expenses	(3,970)	(4,188)
	Finance costs (note 8)	(150)	(134)
	Other expenses	(218)	(235)
		(54,905)	(64,899)
AASB5.33(b)(i)	Profit before tax	9,530	12,993
AASB5.33(b)(ii), AASB112.81(h)(ii)	Attributable income tax expense	(2,524)	(2,998)
		7,006	9,995
AASB5.33(b)(iii)	Gain/(loss) on remeasurement to fair value less costs to sell	-	-
AASB5.33(b)(iii)	Gain/(loss) on disposal of operation*	1,940	-
		1,940	-
AASB5.33(b)(iv), AASB112.81(h)(ii)	Attributable income tax expense	(636)	-
		1,304	-
	Profit for the year from discontinued operations	8,310	9,995

* Includes gains of \$120 thousand recycled into profit and loss on the reversal of associated amounts previously deferred in the foreign currency translation reserve.

AASB5.33(c)

Cash flows from discontinued operations:

	Net cash flows from operating activities	6,381	7,068
	Net cash flows from investing activities	2,767	-
	Net cash flows from financing activities	(5,000)	-
	Net cash flows	4,148	7,068

Source reference

44. Discontinued operations (cont'd)

AASB5.38

The major classes of assets and liabilities comprising the operations classified as held for sale at balance date are as follows:

	Consolidated	
	2006 \$'000	2005 \$'000
Goodwill	1,147	-
Property, plant and equipment	16,944	-
Inventories	830	-
Trade and other receivables	1,980	-
Cash and cash equivalents	175	-
Total assets classified as held for sale	21,076	-
Trade and other payables	(3,254)	-
Current tax liabilities	-	-
Deferred tax liabilities	(430)	-
Total liabilities associated with assets classified as held for sale	(3,684)	-
Net assets held for sale	17,392	-

AASB102.36(c)

Presentation of a non-current asset or disposal group classified as held for sale

AASB5.38, 39

An entity shall present a non-current asset classified as held for sale and the assets of a disposal group classified as held for sale separately from other assets in the balance sheet. The liabilities of a disposal group classified as held for sale shall be presented separately from other liabilities in the balance sheet. Those assets and liabilities shall not be offset and presented as a single amount. The major classes of assets and liabilities classified as held for sale shall be separately disclosed either on the face of the balance sheet or in the notes, except where the disposal group is a newly acquired subsidiary that meets the criteria to be classified as held for sale on acquisition. An entity shall present separately any cumulative income or expense recognised directly in equity relating to a non-current asset (or disposal group) classified as held for sale.

AASB5.40

An entity shall not reclassify or re-present amounts presented for non-current assets or for the assets and liabilities of disposal groups classified as held for sale in the balance sheets for prior periods to reflect the classification in the balance sheet for the latest period presented.

Disclosure of discontinued operations

AASB5.33

An entity shall disclose:

- (a) a single amount on the face of the income statement comprising the total of:
 - i. the post-tax profit or loss of discontinued operations; and
 - ii. the post-tax gain or loss recognised on the measurement to fair value less costs to sell or on the disposal of the assets or disposal group(s) constituting the discontinued operation;
- (b) an analysis of the single amount in (a) into:
 - i. the revenue, expenses and pre-tax profit or loss of discontinued operations;
 - ii. the tax expense relating to the profit or loss from the ordinary activities of the discontinued operation for the period, together with the corresponding amounts for each prior period presented;
 - iii. the gain or loss recognised on the measurement to fair value less costs to sell or on the disposal of the assets or disposal group(s) constituting the discontinued operation; and
 - iv. the tax expense relating to the gain or loss on discontinuance.

AASB112.81(h)(ii)

AASB112.81(h)(i)

The analysis may be presented in the notes or on the face of the income statement, and is not required for disposal groups that are newly acquired subsidiaries that meet the criteria to be classified as held for sale on acquisition.

- (c) the net cash flows attributable to the operating, investing and financing activities of discontinued operations. These disclosures may be presented either in the notes or on the face of the financial statements. These disclosures are not required for disposal groups that are newly acquired subsidiaries that meet the criteria to be classified as held for sale on acquisition.

AASB5.34

An entity shall re-present the disclosures above for prior periods presented in the financial report so that the disclosures relate to all operations that have been discontinued by the reporting date for the latest period presented.

AASB5.13

Disposal groups that are to be abandoned

An entity shall not classify as held for sale a disposal group that is to be abandoned. However, a disposal group to be abandoned that meets the criteria of a discontinued operation shall present the results and cash flows of the disposal group as discontinued operations in accordance with the requirements above at the date on which it ceases to be used.

Source reference

44. Discontinued operations (cont'd)

Adjustments relating to the disposal of a discontinued operation in a prior period

AASB5.35

Adjustments in the current period to amounts previously presented in discontinued operations that are directly related to the disposal of a discontinued operation in a prior period shall be classified separately in discontinued operations. The nature and amount of such adjustments shall be disclosed. Examples of circumstances in which these adjustments may arise include the following:

- (a) the resolution of uncertainties that arise from the terms of the disposal transaction, such as the resolution of purchase price adjustments and indemnification issues with the purchaser;
- (b) the resolution of uncertainties that arise from and are directly related to the operations of the component before its disposal, such as environmental and product warranty obligations retained by the seller; and
- (c) the settlement of employee benefit plan obligations, provided that the settlement is directly related to the disposal transaction.

Additional disclosures

AASB5.41

An entity shall disclose the following information in the notes in the period in which a non-current asset (or disposal group) has been either classified as held for sale or sold:

- (a) a description of the non-current asset (or disposal group);
- (b) a description of the facts and circumstances of the sale, or leading to the expected disposal, and the expected manner and timing of that disposal;
- (c) the gain or loss recognised on recognition of impairment losses or reversals thereof, and, if not separately presented on the face of the income statement, the caption in the income statement that includes that gain or loss; and
- (d) if applicable, the segment in which the non-current asset (or disposal group) is presented.

Changes to a plan of sale

AASB5.42

If there are changes to a plan of sale such that an entity ceases to classify an asset (or disposal group) as held for sale, an entity shall disclose, in the period of the decision to change the plan to sell the non-current asset (or disposal group), a description of the facts and circumstances leading to the decision and the effect of the decision on the results of operations for the period and any prior periods presented.

AASB5.36

If an entity ceases to classify a component of an entity as held for sale, the results of operations of the component previously presented in discontinued operations shall be reclassified and included in income from continuing operations for all periods presented. The amounts for prior periods shall be described as having been re-presented.

45. Notes to the cash flow statement

AASB107.45

(a) Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

	Consolidated		Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Cash and cash equivalents	20,199	19,778	8,552	6,681
Bank overdraft	(538)	(378)	(502)	(212)
	19,661	19,400	8,050	6,469
Cash and cash equivalents attributable to discontinued operations (note 44)	175	-	-	-
	19,836	19,400	8,050	6,469

AASB107.40

(b) Businesses acquired

During the financial year, the Group acquired two businesses. The net cash outflow on acquisition was \$622 thousand. Refer note 43 for further details of these acquisitions.

AASB107.40

(c) Business disposed

During the financial year, the Group disposed of its bicycle business. Details of the disposal are as follows:

Consideration				
Cash and cash equivalents	7,854	-	-	-
Deferred sales proceeds (note 11)	960	-	-	-
	8,814	-	-	-

Source reference

45. Notes to the cash flow statement (cont'd)

	Consolidated		Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Book value of net assets sold				
<u>Current assets</u>				
Cash and cash equivalents	288	-	-	-
Receivables	1,034	-	-	-
Inventories	2,716	-	-	-
<u>Non-current assets</u>				
Property, plant and equipment	5,662	-	-	-
Goodwill on consolidation	3,080	-	-	-
<u>Current liabilities</u>				
Payables	(918)	-	-	-
<u>Non-current liabilities</u>				
Borrowings	(4,342)	-	-	-
Deferred tax liabilities	(526)	-	-	-
Net assets disposed	6,994	-	-	-
Minority interest	-	-	-	-
Gain on disposal	1,820	-	-	-
	8,814	-	-	-
Net cash inflow on disposal				
Cash and cash equivalents consideration	7,854	-	-	-
Less cash and cash equivalent balances disposed	(288)	-	-	-
	7,566	-	-	-

AASB107.43

(d) Non-cash financing and investing activities

During the 2006 financial year, the Group disposed of property, plant and equipment with an aggregate fair value of \$400 thousand to acquire the business indicated in note 43. This disposal is not reflected in the cash flow statement.

During the 2005 financial year, the Group acquired \$40 thousand of equipment under a finance lease. This acquisition will be reflected in the cash flow statement over the term of the finance lease via lease repayments.

AASB132.Aus94.1
AASB107.50(a)

(e) Financing facilities

Unsecured bank overdraft facility, reviewed annually and payable at call:

• amount used	520	314	502	212
• amount unused	1,540	2,686	498	788
	2,060	3,000	1,000	1,000

Unsecured bill acceptance facility, reviewed annually:

• amount used	358	916	-	-
• amount unused	1,142	1,184	-	-
	1,500	2,100	-	-

Secured bank overdraft facility:

• amount used	18	64	-	-
• amount unused	982	936	-	-
	1,000	1,000	-	-

Secured bank loan facilities with various maturity dates through to 2009 and which may be extended by mutual agreement:

• amount used	14,982	17,404	8,000	9,500
• amount unused	10,018	7,811	2,000	3,000
	25,000	25,215	10,000	12,500

Source reference

45. Notes to the cash flow statement (cont'd)

(f) Cash balances not available for use

AASB107.48

An entity shall disclose, together with commentary by management, the amount of significant cash and cash equivalent balances held by the entity that are not available for use by the Group.

AASB107.Aus20.1

(g) Reconciliation of profit for the period to net cash flows from operating activities

	Consolidated		Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Profit before tax	26,552	30,332	20,069	17,973
(Gain)/loss on sale or disposal of non-current assets	(6)	(67)	(14)	2
(Gain)/loss on revaluation of investment property	6	(8)	-	-
(Gain)/loss on disposal of business	(1,940)	-	-	-
(Gain)/loss on revaluation of fair value through profit or loss financial assets	-	-	-	-
Cumulative (gain)/loss transferred from equity on sale of available-for-sale financial assets	-	-	-	-
Cumulative (gain)/loss transferred from equity on impairment of available-for-sale financial assets	-	-	-	-
Share of associates' profit (less dividends)	(935)	(1,589)	-	-
Share of jointly controlled entities' profit (less dividends)	(251)	-	-	-
Depreciation and amortisation of non-current assets	15,179	17,350	48	45
Foreign exchange (gain)/loss	(144)	68	(12)	(8)
Equity-settled share-based payment	206	338	156	188
Interest income received and receivable	(2,315)	(1,304)	(3,248)	(1,747)
Dividends received and receivable	(156)	(154)	(8,945)	(10,961)
Impairment of non-current assets	219	-	-	-
Non-cash interest expense	56	30	-	-
Capitalised interest expense	(11)	(27)	-	-
Development costs expensed	502	440	-	-
Increase/(decrease) in current tax liability	(760)	3,179	(19)	645
Increase/(decrease) in deferred tax balances	1,841	1,100	210	4
Changes in net assets and liabilities, net of effects from acquisition and disposal of businesses:				
(Increase)/decrease in assets:				
Trade and other receivables	(4,183)	865	(1,694)	(499)
Inventories	(4,611)	(2,008)	20	(40)
Other assets	-	-	-	-
Increase/(decrease) in liabilities:				
Trade and other payables	(561)	(5,012)	(1,320)	(240)
Provisions	141	(262)	(12)	(30)
Other liabilities	-	-	-	-
Net cash from operating activities	28,829	43,271	5,239	5,332

Source reference

45. Notes to the cash flow statement (cont'd)

Other disclosures

AASB107.50

Additional information may be relevant to users in understanding the financial position and liquidity of an entity. Disclosure of this information, together with a commentary by management, is encouraged and may include:

- (a) the amount of undrawn borrowing facilities that may be available for future operating activities and to settle capital commitments, indicating any restrictions on the use of these facilities;
- (b) the aggregate amount of cash flows that represent increases in operating capacity separately from those cash flows that are required to maintain operating capacity; and
- (c) the amount of the cash flows arising from the operating, investing and financing activities of each reported industry and geographical segment (refer also note 6).

46. Financial instruments

AASB132.Aus3.5

AASB 132 'Financial Instruments: Disclosure and Presentation' allows certain disclosures to be made only with respect to the consolidated financial statements where the separate financial statements of the parent are presented together with the consolidated financial statements of the Group. An entity that wishes to state compliance with International Financial Reporting Standards in its separate financial statements cannot take advantage of this relief but shall comply with the requirements of AASB 132 in its separate financial statements.

The following example disclosures illustrate the requirements of AASB 132 for both the separate and consolidated financial statements.

AASB132.56, 57

(a) Financial risk management objectives

The Group's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The Group seeks to minimise the effects of these risks, by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign currency risk, including:

- forward foreign exchange contracts to hedge the exchange rate risk arising on the export of widgets to the United States and Japan;
- currency swaps to manage the foreign currency risk associated with foreign currency denominated borrowings;
- forward interest rate contracts to manage interest rate risk; and
- interest rate swaps to mitigate the risk of rising interest rates.

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

The Corporate Treasury function reports quarterly to the Group's risk management committee, an independent body that monitors risks and policies implemented to mitigate risk exposures.

AASB132.60(b)

(b) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the financial statements.

Source reference

AASB132.56, 58,
60(a)

46. Financial instruments (cont'd)

(c) Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

Forward foreign exchange contracts

It is the policy of the Group to enter into forward foreign exchange contracts to cover specific foreign currency payments and receipts within 70% to 80% of the exposure generated. The Group also enters into forward foreign exchange contracts to manage the risk associated with anticipated sales and purchase transactions out to 6 months within 40% to 50% of the exposure generated. Basis adjustments are made to the carrying amounts of non-financial hedged items when the anticipated sale or purchase transaction takes place.

The following table details the forward foreign currency contracts outstanding as at reporting date:

Outstanding contracts	Average exchange rate		Foreign currency		Contract value		Fair value	
	2006	2005	2006 FC'000	2005 FC'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Consolidated								
<u>Buy US Dollars</u>								
Less than 3 months	0.770	0.768	2,493	2,010	3,238	2,617	152	110
3 to 6 months	0.768	0.750	1,974	1,958	2,570	2,611	92	34
<u>Sell US Dollars</u>								
Less than 3 months	0.780	0.769	982	1,028	1,259	1,337	(70)	26
<u>Buy Japanese Yen</u>								
Less than 3 months	86.29	85.53	12,850	20,000	149	234	(5)	50
							169	220
Company								
[describe]	-	-	-	-	-	-	-	-

The Group has entered into contracts to supply widgets to customers in the United States. The Group has entered into forward foreign exchange contracts (for terms not exceeding 3 months) to hedge the exchange rate risk arising from these anticipated future transactions, which are designated as cash flow hedges.

As at reporting date the aggregate amount of unrealised losses under forward foreign exchange contracts deferred in the hedging reserve relating to the exposure on these anticipated future transactions is \$70 thousand (2005: unrealised gains of \$26 thousand). It is anticipated that the sales will take place during the first 3 months of the next financial year at which stage the amount deferred in equity will be released into profit or loss.

The Group has entered into contracts to purchase raw materials from suppliers in the United States and Japan. The Group has entered into forward foreign exchange contracts (for terms not exceeding 6 months) to hedge the exchange rate risk arising from these anticipated future transactions, which are designated into cash flow hedges

As at reporting date, the aggregate amount of unrealised gains under forward foreign exchange contracts deferred in the hedging reserve relating to these anticipated future transactions is \$239 thousand (2005: unrealised gains of \$194 thousand). It is anticipated that the purchases will take place during the first 6 months of the next financial year at which stage the amount deferred in equity will be included in the carrying value of the raw material. It is anticipated that the inventory will be converted and sold within 12 months after purchase at which stage the amount deferred in equity will impact profit or loss.

AASB132.58(d)

At the start of the third quarter, the Group reduced its forecasts on sales of widgets to the United States due to increased local competition and higher shipping costs. The Group had previously hedged US\$1,079 thousand of future sales of which US\$97 thousand are no longer expected to occur; US\$982 thousand remain highly probable. Accordingly, the Group has recycled \$3 thousand of gains on foreign currency forward contracts relating to forecast transactions that are no longer expected to occur from the hedging reserve into profit or loss.

Source reference

AASB132.56, 58,
60(a)

46. Financial instruments (cont'd)

(d) Interest rate risk management

The company and the Group is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, by the use of interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite; ensuring optimal hedging strategies are applied, by either positioning the balance sheet or protecting interest expense through different interest rate cycles.

Interest rate swap contracts

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt held and the cash flow exposures on the issued variable debt held. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the curves at reporting date and the credit risk inherent in the contract, and are disclosed below. The average interest rate is based on the outstanding balances at the start of the financial year.

The following tables detail the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at reporting date:

Outstanding floating for fixed contracts	Average contracted fixed interest rate		Notional principal amount		Fair value	
	2006 %	2005 %	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Consolidated						
Less than 1 year	7.45	6.75	1,000	4,000	72	37
1 to 2 years	7.15	7.05	2,000	1,620	55	47
2 to 5 years	6.75	6.50	3,000	1,359	130	93
5 years +	7.05	7.15	1,000	-	27	-
			7,000	6,979	284	177
Company						
[describe]	-	-	-	-	-	-
			-	-	-	-

The interest rate swaps settle on a quarterly basis. The floating rate on the interest rate swaps is the Australian BBSW. The Group will settle the difference between the fixed and floating interest rate on a net basis.

All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges in order to reduce the Group's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the interest payments on the loan occur simultaneously and the amount deferred in equity is recognised in profit or loss over the loan period.

Outstanding fixed for floating contracts	Average contracted fixed interest rate		Notional principal amount		Fair value	
	2006 %	2005 %	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Consolidated						
Less than 1 year	8.15	-	3,701	-	(5)	-
[describe]	-	-	-	-	-	-
			37,01	-	(5)	-
Company						
[describe]	-	-	-	-	-	-
			-	-	-	-

The interest rate swaps settle on a quarterly basis. The floating rate on the interest rate swaps is the Australian BBSW. The Group will settle the difference between the fixed and floating interest rate on a net basis.

Interest rate swap contracts exchanging fixed rate interest for floating rate interest are designated and effective as fair value hedges in respect of interest rates.

Maturity profile of financial instruments

The maturity profile of financial assets and financial liabilities held by the company and the Group are detailed on the following pages:

46. Financial instruments (cont'd)

The following table details the Group's exposure to interest rate risk as at 31 December 2006:

2006	Weighted average effective interest rate %	Variable interest rate \$'000	Fixed maturity dates						Non interest bearing \$'000	Total \$'000
			Less than 1 year \$'000	1-2 years \$'000	2-3 years \$'000	3-4 years \$'000	4-5 years \$'000	5+ years \$'000		
Financial assets:										
<u>Continuing operations</u>										
Cash and cash equivalents	5.20	20,199	-	-	-	-	-	-	-	20,199
Trade receivables	-	-	-	-	-	-	-	-	18,264	18,264
Finance lease receivables	-	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	1,254	1,254
Current tax asset	-	-	-	-	-	-	-	-	85	85
Foreign currency forward contracts	-	-	-	-	-	-	-	-	244	244
Interest rate swaps	-	-	-	-	-	-	-	-	284	284
Bills of exchange	7.10	6,363	-	-	-	-	-	-	-	6,363
Debentures	6.00	-	500	-	-	-	-	-	-	500
Redeemable notes	7.00	-	-	-	2,200	-	-	-	-	2,200
Shares	-	-	-	-	-	-	-	-	5,940	5,940
Related party loans	8.00	1,217	2,420	-	-	-	-	-	-	3,637
<u>Discontinued operations</u>										
Cash and cash equivalents	5.20	175	-	-	-	-	-	-	-	175
Trade receivables	-	-	-	-	-	-	-	-	1,980	1,980
		27,954	2,920	-	2,200	-	-	-	28,051	61,125
Financial liabilities:										
<u>Continuing operations</u>										
Trade payables	-	-	-	-	-	-	-	-	16,784	16,784
Other payables	-	-	-	-	-	-	-	-	36	36
Current tax liabilities	-	-	-	-	-	-	-	-	5,133	5,133
Foreign currency forward contracts	-	-	-	-	-	-	-	-	75	75
Interest rate swaps	-	-	-	-	-	-	-	-	5	5
Financial guarantee contracts	-	-	-	-	-	-	-	-	24	24
Finance lease liabilities	7.00	-	9	5	-	-	-	-	-	14
Bank overdraft	8.20	538	-	-	-	-	-	-	-	538
Transferred receivables	8.00	-	923	-	-	-	-	-	-	923
Bank loans	8.30	7,000	3,000	4,000	982	-	-	-	-	14,982
Related party loans	8.10	2,917	10,000	-	-	-	-	-	-	12,917
Other loans	8.15	-	3,701	-	575	-	-	-	-	4,276
Bills of exchange	6.80	358	-	-	-	-	-	-	-	358
Redeemable cumulative preference shares	7.00	-	-	-	15,000	-	-	-	-	15,000
Convertible notes	7.00	-	-	-	-	4,144	-	-	-	4,144
Perpetual notes	6.00	-	-	-	-	-	-	1,905	-	1,905
Other provisions	7.56	-	410	200	100	100	104	-	-	914
<u>Discontinued operations</u>										
Trade payables	-	-	-	-	-	-	-	-	3,254	3,254
		10,813	18,043	4,205	16,657	4,244	104	1,905	25,311	81,282

Source reference

AASB132.67, 71, 74

46. Financial instruments (cont'd)

The following table details the Group's exposure to interest rate risk as at 31 December 2005:

2005	Weighted average effective interest rate %	Variable interest rate \$'000	Fixed maturity dates						Non interest bearing \$'000	Total \$'000
			Less than 1 year \$'000	1-2 years \$'000	2-3 years \$'000	3-4 years \$'000	4-5 years \$'000	5+ years \$'000		
Financial assets:										
Cash and cash equivalents	5.00	19,778	-	-	-	-	-	-	-	19,778
Trade receivables	-	-	-	-	-	-	-	-	16,947	16,947
Finance lease receivables	-	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	250	250
Current tax asset	-	-	-	-	-	-	-	-	60	60
Foreign currency forward contracts	-	-	-	-	-	-	-	-	220	220
Interest rate swaps	-	-	-	-	-	-	-	-	177	177
Bills of exchange	7.00	5,262	-	-	-	-	-	-	-	5,262
Debentures	-	-	-	-	-	-	-	-	-	-
Redeemable notes	7.00	-	-	-	-	2,122	-	-	-	2,122
Shares	-	-	-	-	-	-	-	-	5,736	5,736
Related party loans	8.00	3,088	-	-	-	-	-	-	-	3,088
		28,128	-	-	-	2,122	-	-	23,390	53,640
Financial liabilities:										
Trade payables	-	-	-	-	-	-	-	-	21,480	21,480
Cash-settled share-based payments	-	-	-	-	-	-	-	-	-	-
Other payables	-	-	-	-	-	-	-	-	15	15
Current tax liabilities	-	-	-	-	-	-	-	-	5,868	5,868
Foreign currency forward contracts	-	-	-	-	-	-	-	-	-	-
Interest rate swaps	-	-	-	-	-	-	-	-	-	-
Financial guarantee contracts	-	-	-	-	-	-	-	-	18	18
Finance lease liabilities	7.00	-	54	30	5	-	-	-	-	89
Bank overdraft	8.18	378	-	-	-	-	-	-	-	378
Bank loans	8.32	6,979	2,443	3,000	4,000	982	-	-	-	17,404
Related party loans	8.06	27,124	7,000	-	-	-	-	-	-	34,124
Other loans	8.10	-	3,518	74	-	575	-	-	-	4,167
Bills of exchange	6.80	916	-	-	-	-	-	-	-	916
Other provisions	8.03	-	460	410	20	-	-	-	-	890
		35,397	13,475	3,514	4,025	1,557	-	-	27,381	85,349

46. Financial instruments (cont'd)

The following table details the company's exposure to interest rate risk as at 31 December 2006:

2006	Weighted average effective interest rate %	Variable interest rate \$'000	Fixed maturity dates						Non interest bearing \$'000	Total \$'000
			Less than 1 year \$'000	1-2 years \$'000	2-3 years \$'000	3-4 years \$'000	4-5 years \$'000	5+ years \$'000		
Financial assets:										
Cash and cash equivalents	5.20	8,552	-	-	-	-	-	-	-	8,552
Trade receivables	-	-	-	-	-	-	-	-	16,433	16,433
Other receivables	-	-	-	-	-	-	-	-	10	10
Investments in subsidiaries	-	-	-	-	-	-	-	-	66,298	66,298
Bills of exchange	7.10	18	-	-	-	-	-	-	-	18
Redeemable notes	7.00	-	-	-	2,200	-	-	-	-	2,200
Shares	-	-	-	-	-	-	-	-	689	689
Related party loans	8.00	24,597	2,420	-	-	-	-	-	-	27,017
		33,167	2,420	-	2,200	-	-	-	83,430	121,217
Financial liabilities:										
Trade payables	-	-	-	-	-	-	-	-	2,798	2,798
Current tax liabilities	-	-	-	-	-	-	-	-	4,624	4,624
Bank overdraft	8.20	502	-	-	-	-	-	-	-	502
Bank loans	8.30	6,000	1,000	1,000	-	-	-	-	-	8,000
Related party loans	8.10	74	16,006	-	-	-	-	-	-	16,080
Other loans	8.15	-	3,695	-	-	-	-	-	-	3,695
Redeemable cumulative preference shares	7.00	-	-	-	15,000	-	-	-	-	15,000
Convertible notes	7.00	-	-	-	-	4,144	-	-	-	4,144
Perpetual notes	6.00	-	-	-	-	-	-	1,905	-	1,905
Other provisions	7.56	-	2	-	-	-	-	-	-	2
		6,576	20,703	1,000	15,000	4,144	-	1,905	7,422	56,750

46. Financial instruments (cont'd)

The following table details the company's exposure to interest rate risk as at 31 December 2005:

2005	Weighted average effective interest rate %	Variable interest rate \$'000	Fixed maturity dates						Non interest bearing \$'000	Total \$'000
			Less than 1 year \$'000	1-2 years \$'000	2-3 years \$'000	3-4 years \$'000	4-5 years \$'000	5+ years \$'000		
Financial assets:										
Cash and cash equivalents	5.00	6,681	-	-	-	-	-	-	-	6,681
Trade receivables	-	-	-	-	-	-	-	-	14,734	14,734
Other receivables	-	-	-	-	-	-	-	-	15	15
Investments in subsidiaries	-	-	-	-	-	-	-	-	66,298	66,298
Bills of exchange	7.00	208	-	-	-	-	-	-	-	208
Redeemable notes	7.00	-	-	-	-	2,122	-	-	-	2,122
Shares	-	-	-	-	-	-	-	-	640	640
Related party loans	8.00	30,035	-	-	-	-	-	-	-	30,035
		36,924	-	-	-	2,122	-	-	81,687	120,733
Financial liabilities:										
Trade payables	-	-	-	-	-	-	-	-	4,118	4,118
Current tax liabilities	-	-	-	-	-	-	-	-	4,643	4,643
Bank overdraft	8.18	212	-	-	-	-	-	-	-	212
Bank loans	8.32	5,500	2,000	1,000	1,000	-	-	-	-	9,500
Related party loans	8.06	6,302	19,924	-	-	-	-	-	-	26,226
Other loans	8.10	-	3,100	-	-	-	-	-	-	3,100
Other provisions	8.03	-	4	-	-	-	-	-	-	4
		12,014	25,028	1,000	1,000	-	-	-	8,761	47,803

Source reference

46. Financial instruments (cont'd)

AASB132.56, 57, 76

(e) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Except as detailed in the following table, the carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the company's and the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained:

Financial assets and other credit exposures	Maximum credit risk	
	2006 \$'000	2005 \$'000
Consolidated		
Guarantee provided by a subsidiary to secure financing for a sister company controlled by the Group's overseas parent	18,000	15,000
Guarantee provided to bank on a jointly controlled entity's loan	-	-
Other [describe]	-	-
Company		
Guarantee provided on subsidiary's performance	-	-
Guarantee provided under the deed of cross guarantee	11,980	24,624
Other [describe]	-	-
	29,980	39,624

AASB132.82

An entity may be exposed to credit risk as a result of a transaction in which no financial asset is recognised on its balance sheet, such as for a financial guarantee or credit derivative contract. Guaranteeing an obligation of another party creates a liability and exposes the guarantor to credit risk that is taken into account in making the disclosures required by AASB 132.76.

(f) Fair value of financial instruments

AASB132.92(a), (b)

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.
- the fair value of derivative instruments are calculated using quoted prices. Where such prices are not available use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

AASB132.92(c)

The financial statements include holdings in unlisted shares which are measured at fair value (note 13). Fair value is estimated using a discounted cash flow model, which includes some assumptions that are not supportable by observable market prices or rates. In determining the fair value an earnings growth factor of 5.2% (2005: 4.9%) and a risk adjusted discount factor of 12.2% (2005: 11.9%).

Source reference

AASB132.86

46. Financial instruments (cont'd)

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximates their fair values:

	2006		2005	
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
Consolidated				
<u>Financial assets</u>				
Loans and receivables:				
[Describe]	-	-	-	-
Held-to-maturity investments:				
Bills of exchange	6,363	6,370	5,262	5,263
Debentures	500	502	-	-
<u>Financial liabilities</u>				
Borrowings:				
Bills of exchange	358	360	916	920
Redeemable cumulative preference shares	15,000	14,950	-	-
Convertible notes	4,144	4,150	-	-
Perpetual notes	1,905	2,500	-	-
Company				
<u>Financial assets</u>				
Loans and receivables:				
[Describe]	-	-	-	-
Held-to-maturity investments:				
[Describe]	-	-	-	-
<u>Financial liabilities</u>				
Borrowings:				
Redeemable cumulative preference shares	15,000	14,950	-	-
Convertible notes	4,144	4,150	-	-
Perpetual notes	1,905	2,500	-	-

(g) Liquidity risk management

AASB132.56

Ultimate responsibility for liquidity risk management rests with the board of directors, who has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Fair value determined using valuation techniques

AASB132.92(c)

The Group shall disclose whether its financial statements include financial instruments measured at fair values that are determined in full or in part using a valuation technique based on assumptions that are not supported by observable market prices or rates. If changing any such assumption to a reasonably possible alternative would result in a significantly different fair value, the entity shall state this fact and disclose the effect on the fair value of a range of reasonably possible alternative assumptions. For this purpose, significance shall be judged with respect to profit or loss and total assets or total liabilities.

AASB132.92(d)

The Group shall disclose the total amount of the change in fair value estimated using a valuation technique that was recognised in profit or loss during the period.

Fair value not reliably determinable

AASB132.90

If investments in unquoted equity instruments or derivatives linked to such equity instruments are measured at cost under AASB 139 because their fair value cannot be measured reliably, that fact shall be disclosed together with a description of the financial instruments, their carrying amount, an explanation of why fair value cannot be measured reliably and, if possible, the range of estimates within which fair value is highly likely to lie. Furthermore, if financial assets whose fair value previously could not be reliably measured are sold, that fact, the carrying amount of such financial assets at the time of sale and the amount of gain or loss recognised shall be disclosed.

Source reference

46. Financial instruments (cont'd)

Financial instruments designated as at fair value through profit or loss

AASB132.94(g)

If the entity has designated a loan or receivable (or group of loans or receivables) as at fair value through profit or loss, it shall disclose:

- (i) the maximum exposure to credit risk at the reporting date of the loan or receivable (or group of loans or receivables);
- (ii) the amount by which any related credit derivative or similar instrument mitigates that maximum exposure to credit risk;
- (iii) the amount of change during the period and cumulatively in the fair value of the loan or receivable (or group of loans or receivables) that is attributable to changes in credit risk determined either as the amount of change in its fair value that is not attributable to changes in market conditions that give rise to market risk; or using an alternative method that more faithfully represents the amount of change in its fair value that is attributable to changes in credit risk; and
- (iv) the amount of the change in the fair value of any related credit derivative or similar instrument that has occurred during the period and cumulatively since the loan or receivable was designated.

AASB132.94(h)

For an illustration of these disclosures, refer to the Appendix to this model annual report (Section C).

If the entity has designated a financial liability as at fair value through profit or loss, it shall disclose:

- (i) the amount of change during the period and cumulatively in the fair value of the financial liability that is attributable to changes in a credit risk determined either as the amount of change in its fair value that is not attributable to changes in market conditions that give rise to market risk; or using an alternative method that more faithfully represents the amount of change in its fair value that is attributable to changes in credit risk; and
- (ii) the difference between the carrying amount of the financial liability and the amount the entity would be contractually required to pay at maturity to the holder of the obligation.

AASB132.94(i)

For an illustration of these disclosures, refer to the Appendix to this model annual report (Section C).

The entity shall also disclose:

- (i) the methods used to comply with the requirement in AASB 132 to disclose the amount of change during the period and cumulatively in the fair value of the loans or receivables/financial liability designated as at fair value through profit or loss that is attributable to changes in the credit risk (refer above); and
- (ii) if the entity considers that the disclosure it has given to comply with these requirements does not faithfully represent the change in the fair value of the financial asset or financial liability attributable to changes in credit risk, the reasons for reaching this conclusion and the factors the entity believes to be relevant.

AASB132.94(d)

Compound financial instruments with multiple embedded derivatives

If an entity has issued an instrument that contains both a liability and an equity component and the instrument has multiple embedded derivative features whose values are interdependent (such as a callable convertible debt instrument), it shall disclose the existence of those features and the effective interest rate on the liability component (excluding any embedded derivatives that are accounted for separately).

Source reference

47. Share-based payments

Employee share option plan

AASB2.45(a),
AASB124.Aus25.5(d)
(iii), Aus25.7.1(b)(ii),
(b)(iii), (b)(vi),
Aus25.7.2(c)

The Group has an ownership-based compensation scheme for executives and senior employees of the Group. In accordance with the provisions of the plan, as approved by shareholders at a previous annual general meeting, executives and senior employees with more than five years service with the company may be granted options to purchase parcels of ordinary shares at an exercise price of \$1.00 per ordinary share.

Each employee share option converts into one ordinary share of DTT Group Limited on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The number of options granted is calculated in accordance with the performance based formula approved by shareholders at a previous annual general meeting and is subject to approval by the Remuneration Committee. The formula rewards executives and senior employees against the extent of the Group's and individual's achievement against both qualitative and quantitative criteria from the following financial and customer service measures:

- improvement in share price
- improvement in net profit
- improvement in return to shareholders
- warranty claims
- client satisfaction surveys
- rate of staff turnover

The options granted expire within twelve months of their issue, or one month of the resignation of the executive or senior employee, whichever is the earlier.

AASB2.44, 45(a),
AASB124.Aus25.7.1
(b)(i), (b)(ii), (b)(iv),
(b)(v)

The following share-based payment arrangements were in existence during the current and comparative reporting periods:

Options series	Number	Grant date	Expiry date	Exercise price \$	Fair value at grant date \$
(1) Issued 31 March 2005 (*)	140,000	31/03/05	31/03/06	1.00	1.15
(2) Issued 30 September 2005 (*)	150,000	30/09/05	29/09/06	1.00	1.18
(3) Issued 31 March 2006 (*)	160,000	31/03/06	30/03/07	1.00	1.20
(4) Issued 29 September 2006 (**)	60,000	29/09/06	28/09/07	1.00	1.05

(*) In accordance with the terms of the share-based arrangement, options issued during the financial year ended 31 December 2005, and on 31 March 2006, vest at the date of their issue.

(**) In accordance with the terms of the share-based arrangement, options issued on 29 September 2006 will vest when the share price of DTT Group Limited, as quoted on the Australian Stock Exchange, exceeds \$4.00.

AASB2.46, 47(a)

The weighted average fair value of the share options granted during the financial year is \$1.16 (2005: \$1.17). Options were priced using a binomial option pricing model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the option), and behavioural considerations. Expected volatility is based on the historical share price volatility over the past 5 years. To allow for the effects of early exercise, it was assumed that executives and senior employees would exercise the options after vesting date when the share price was two and a half times the exercise price.

Inputs into the model	Option series			
	Series 1	Series 2	Series 3	Series 4
Grant date share price	2.64	2.67	2.69	2.53
Exercise price	1.00	1.00	1.00	1.00
Expected volatility	15.20%	15.40%	13.10%	13.50%
Option life	1 year	1 year	1 year	1 year
Dividend yield	13.27%	13.12%	13.00%	13.81%
Risk-free interest rate	5.13%	5.14%	5.50%	5.45%
Other [describe]	-	-	-	-

Source reference

47. Share-based payments (cont'd)

The following reconciles the outstanding share options granted under the employee share option plan at the beginning and end of the financial year:

	2006		2005	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
AASB2.45(b)(i) Balance at beginning of the financial year	290,000	1.00	-	-
AASB2.45(b)(ii) Granted during the financial year	220,000	1.00	290,000	1.00
AASB2.45(b)(iii) Forfeited during the financial year	-	-	-	-
AASB2.45(b)(iv) Exercised during the financial year (i)	(314,000)	1.00	-	-
AASB2.45(b)(v) Expired during the financial year	-	-	-	-
AASB2.45(b)(vi) Balance at end of the financial year (ii)	196,000	1.00	290,000	1.00
AASB2.45(b)(vii) Exercisable at end of the financial year	136,000	1.00	290,000	1.00

(i) Exercised during the financial year

AASB2.45(c) The following share options granted under the employee share option plan were exercised during the financial year:

2006 Options series	Number exercised	Exercise date	Share price at exercise date \$
(1) Issued 31 March 2005	30,000	05/01/06	2.50
(1) Issued 31 March 2005	45,000	31/01/06	2.25
(1) Issued 31 March 2005	65,000	15/03/06	2.75
(2) Issued 30 September 2005	65,000	03/07/06	2.95
(2) Issued 30 September 2005	85,000	28/08/06	3.15
(3) Issued 31 March 2006	24,000	20/12/06	3.50
	314,000		

2005 Options series	Number exercised	Exercise date	Share price at exercise date \$
[describe option series]	-	-	-

(ii) Balance at end of the financial year

AASB2.45(d) The share options outstanding at the end of the financial year had an exercise price of \$1.00 (2005: \$1.00), and a weighted average remaining contractual life of 145 days (2005: 184 days).

Executive share appreciation rights plan

AASB2.51(b)(i) The aggregate cash-settled share-based payment liability recognised and included in the financial statements is disclosed in note 23.

Share-based payments

AASB2.44, 46, 50, 52 An entity shall disclose information that enables users of the financial report to understand the nature and extent of share-based payment arrangements that existed during the period, how the fair value of the goods and services received or equity instruments granted during the period were determined, and the effect of share-based payment transactions on the entity's profit or loss for the period and on its financial position. Where the specific disclosures required by AASB 2 'Share-based Payment' does not satisfy these principles, an entity shall disclose such additional information as is necessary to satisfy them.

AASB2.45(c) If share options were exercised on a regular basis throughout the period, an entity may disclose, instead of the weighted average share price at the date of exercise, the weighted average share price during the period, for example:
'The weighted average share price of the options exercised during the financial year was \$x.xx (2005: \$x.xx).'

AASB2.45(d) If the range of exercise prices is wide for share options outstanding at the end of the period, an entity shall divide the outstanding options into ranges that are meaningful for assessing the number and timing of additional shares that may be issued and the cash that may be received upon exercise of those options.

Source reference

47. Share-based payments (cont'd)

Fair value of goods and services determined indirectly by reference to the fair value of equity instruments granted

AASB2.47

Where the fair value of goods and services received as consideration for equity instruments has been measured indirectly by reference to the fair value of the equity instruments granted, an entity shall disclose:

- (a) for share options granted during the period, the weighted average fair value of those options at the measurement date and information on how that fair value was measured, including:
 - i. the option pricing model used and the inputs to that model, including the weighted average share price, exercise price, expected volatility, option life, expected dividends, the risk-free interest rate and any other inputs to the model, including the method used and the assumptions made to incorporate the effects of expected early exercise;
 - ii. how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and
 - iii. whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition
- (b) for equity instruments other than share options granted during the period, the number and weighted average fair value of those equity instruments at the measurement date, and information on how that fair value was measured, including:
 - i. if fair value was not measured on the basis of an observable market price, how it was determined;
 - ii. whether and how expected dividends were incorporated into the measurement of fair value; and
 - iii. whether and how any other features of the equity instruments granted were incorporated into the measurement of fair value.

AASB2.49

If the entity has rebutted the presumption in paragraph 13 of AASB 2 that the fair value of the goods or services received from parties other than employees can be measured reliably (and, consequently, the entity has measured the fair value of goods and services received from such parties by reference to the equity instruments granted), the entity shall disclose:

- (a) that fact; and
- (b) an explanation of why the presumption was rebutted.

Modified share-based payment arrangements

AASB2.47(c)

Where the entity has measured the fair value of goods or services received as consideration for equity instruments of the entity indirectly, by reference to the fair value of the equity instruments granted, the entity shall disclose for share-based payment arrangements that were modified during the period:

- (a) an explanation of those modifications;
- (b) the incremental fair value granted (as a result of those modifications); and
- (c) information on how the incremental fair value granted was measured, consistently with the requirements set out in (a) and (b) above, where applicable.

Modification of terms of share-based payment transactions granted to key management personnel

AASB124.Aus25.6

Where the terms of share-based payment transactions (including options or rights) granted as compensation to a key management person have been altered or modified by the issuing entity during the reporting period, the following details shall be disclosed for each such person:

- (a) the date of each alteration of the terms;
- (b) the market price of the underlying equity instrument at the date of alteration;
- (c) the terms of the grant immediately prior to alteration, including the number and class of the underlying equity instruments, exercise price, time remaining until expiry and each other condition in the terms affecting the exercise of the option or other right;
- (d) the new terms; and
- (e) the difference between the total of the fair value of the options or other rights affected by the alteration immediately before the alteration and the total of the fair value of those options or other rights immediately after the alteration.

Share-based payment determined directly by reference to the fair value of goods and services received

AASB2.48

If share-based payment transactions were measured directly, using the fair value of goods or services received during the period, the entity shall disclose how the fair value of the goods or services received was determined (for example, whether fair value was measured at a market price for those goods and services).

Source reference

48. Key management personnel compensation

ASIC-CO 98/100

An entity shall consider the extent to which ASIC Class Order 98/0100 permits information about key management personnel compensation to be rounded.

AASB124.16

[non-disclosing entities]

The aggregate compensation made to directors and other members of key management personnel of the company and the Group is set out below:

	Consolidated		Company	
	2006 \$	2005 \$	2006 \$	2005 \$
Short-term employee benefits	1,690,415	1,635,345	1,285,498	1,254,800
Post-employment benefits	122,361	130,070	84,424	92,770
Other long-term benefits	19,760	34,915	6,400	22,477
Termination benefits	-	-	-	-
Share-based payment	139,263	57,500	124,263	57,500
	1,971,799	1,857,830	1,500,585	1,427,547

To the extent that key management personnel of the Group and key management personnel of the parent entity differ, the aggregate compensation disclosed will differ between the consolidated financial statements and the separate financial statements of the parent.

[disclosing entities]

Ability to transfer information to the remuneration report

Reg2M.6.04

Regulation 2M.6.04 was amended in June 2006 through Corporations Amendment Regulations 2006 (No. 4). The Regulation permits listed companies to transfer information about key management personnel compensation, other than the aggregate compensation of key management personnel required by AASB 124 paragraph 16, to the remuneration report, provided certain conditions are met. The information that may be transferred are the disclosures specified in AASB 124 paragraphs Aus25.4 to Aus25.7.2.

The effect of this relief on the disclosures required in the financial report is not illustrated in this model financial report.

Parent entity relief

AASB124.Aus1.5

An entity that is the parent entity in a group and presents its separate financial statements together with the consolidated financial statements in accordance with AASB 127 'Consolidated and Separate Financial Statements' need not provide in its separate financial statements the disclosures required by paragraphs Aus25.1 to Aus25.9.3 (that is, the additional disclosures specified by AASB 124 in respect of disclosing entities).

Details of key management personnel

AASB124.Aus25.2,
Aus25.3

The directors and other members of key management personnel of the Group during the year were:

- C.J. Chambers (Chairman, non-executive director)
- F.R. Ridley (Non-executive director)
- B.M. Stavrinidis (Non-executive director)
- W.K. Flinders (Non-executive director), resigned 20 January 2006
- S.M. Saunders (Non-executive director), appointed 1 February 2006, resigned 30 January 2007
- P.H. Taylor (Director, Chief Executive Officer)
- W.L. Lee (Chief Financial Officer – DTT Investments Pty Ltd)
- L.J. Jackson (Chief Marketing Officer – DTT Sales Pty Ltd)
- C.P. Daniels (Chief Operations Officer), resigned 3 January 2007
- N.W. Wright (General Manager – Widgets division), resigned 29 December 2006
- T.L. Smith (General Manager – Construction division), appointed 2 January 2006

AASB124.Aus25.3(a)

Further, A.K. Black was appointed as a non-executive director on 20 January 2007.

Source reference

48. Key management personnel compensation (cont'd)
Key management personnel compensation policy

The notes to the financial statements shall include:

- AASB124.Aus25.5(a) (a) discussion of board policy for determining the nature and amount of compensation of key management personnel of the entity; and
- AASB124.Aus25.5(b) (b) discussion of the relationship between such policy and the entity's performance;

The following details concerning the compensation of each key management person shall also be disclosed:

- AASB124.Aus25.5(g) (a) an explanation of the relative proportion of those elements of the person's compensation that are related to performance and those elements of the person's compensation that are not;
- AASB124.Aus25.5(c) (b) if an element of the compensation of a key management person is dependent on the satisfaction of a performance condition:
- i. a detailed summary of the performance condition;
 - ii. an explanation of why the performance condition was chosen; and
 - iii. a summary of the methods used in assessing whether the performance condition is satisfied and an explanation of why those methods were chosen; and
 - iv. if the performance condition involves a comparison with factors external to the entity:
 - (A) a summary of the factors to be used in making the comparison; and
 - (B) if any of the factors relates to the performance of another entity, of two or more other entities or an index in which the securities of an entity or entities are included – the identity of that entity, of each of those entities or of that index; and
- AASB124.Aus25.5(f) (c) if an element of the compensation consists of securities of a body and that element is not dependent on the satisfaction of a performance condition – an explanation of why that element of the compensation is not dependent on the satisfaction of a performance condition.

Key management personnel compensation

AASB124.16

The aggregate compensation made to key management personnel of the company and the Group is set out below:

	Consolidated		Company	
	2006 \$	2005 \$	2006 \$	2005 \$
Short-term employee benefits	1,690,415	1,635,345	1,285,498	1,254,800
Post-employment benefits	122,361	130,070	84,424	92,770
Other long-term benefits	19,760	34,915	6,400	22,477
Termination benefits	-	-	-	-
Share-based payment	139,263	57,500	124,263	57,500
	1,971,799	1,857,830	1,500,585	1,427,547

The compensation of each member of the key management personnel of the Group is set out on the following page:

48. Key management personnel compensation (cont'd)

The compensation of each member of the key management personnel of the Group in 2006 is set out below:

AASB124.Aus25.4

2006	Short-term employee benefits				Post-employment benefits		Other long-term employee benefits	Termination benefits	Share-based payment				Total
	Salary & fees	Bonus	Non-monetary	Other	Super-annuation	Other			Equity-settled		Cash-settled	Other	
									Shares & units	Options & rights			
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
C.J. Chambers	76,000	-	28,050	1,250	-	-	-	-	-	-	-	-	105,300
F.R. Ridley	65,000	-	25,091	854	-	-	-	-	-	-	-	-	90,945
B.M. Stavrinidis	65,000	-	26,800	685	-	-	-	-	-	-	-	-	92,485
W.K. Flinders	4,000	-	800	200	-	-	-	-	-	-	-	-	5,000
S.M. Saunders	65,000	-	15,159	689	-	-	-	-	-	-	-	-	80,848
P.H. Taylor (i)	261,600	-	66,280	1,240	30,000	-	5,400	-	-	105,600	-	-	470,120
W.L. Lee (ii)	183,712	10,000	6,796	-	17,937	-	8,788	-	-	7,500	-	-	234,733
L.J. Jackson (i)	187,928	-	16,481	-	20,000	-	4,572	-	-	7,500	-	-	236,481
C.P. Daniels (i)	185,500	-	14,805	-	20,000	-	-	-	-	5,000	-	-	225,305
N.W. Wright (i)	184,000	-	12,761	-	17,708	-	-	-	-	5,000	-	-	219,469
T.L. Smith (i)	180,000	-	4,734	-	16,716	-	1,000	-	-	8,663	-	-	211,113
Total	1,457,740	10,000	217,757	4,918	122,361	-	19,760	-	-	139,263	-	-	1,971,799

The compensation of each member of the key management personnel of the Group in 2005 is set out below:

2005	Short-term employee benefits				Post-employment benefits		Other long-term employee benefits	Termination benefits	Share-based payment				Total
	Salary & fees	Bonus	Non-monetary	Other	Super-annuation	Other			Equity-settled		Cash-settled	Other	
									Shares & units	Options & rights			
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
C.J. Chambers	65,125	-	25,400	1,125	-	-	-	-	-	-	-	-	91,650
F.R. Ridley	62,000	-	23,162	850	-	-	-	-	-	-	-	-	86,012
B.M. Stavrinidis	62,000	-	24,350	670	-	-	-	-	-	-	-	-	87,020
W.K. Flinders	62,000	-	24,350	680	-	-	-	-	-	-	-	-	87,030
O.H. O'Brien	36,750	-	20,120	312	-	-	-	-	-	-	-	-	57,182
P.H. Taylor (iii)	229,860	-	53,800	1,125	38,000	-	10,140	-	-	57,500	-	-	390,425
W.L. Lee	179,372	-	5,980	-	17,300	-	6,878	-	-	-	-	-	209,530
L.J. Jackson	180,690	-	14,503	-	20,000	-	5,560	-	-	-	-	-	220,753
C.P. Daniels	171,250	-	13,028	-	20,000	-	7,750	-	-	-	-	-	212,028
N.W. Wright	173,738	-	11,230	-	17,500	-	4,587	-	-	-	-	-	207,055
E.P. Hart	179,375	-	12,500	-	17,270	-	-	-	-	-	-	-	209,145
Total	1,402,160	-	228,423	4,762	130,070	-	34,915	-	-	57,500	-	-	1,857,830

AASB124.Aus25.4(c)

Disclosure of the aggregate of each component identified is not specifically required by AASB 124 'Related Party Disclosures'. Amounts attributable to long-term incentive plans shall be separately identified from other long-term employee benefits.

Source reference

48. Key management personnel compensation (cont'd)

- AASB124.Aus25.5(d) (i) Mr T. L. Smith was granted share options under the employee share option plan on 29 September 2006. Mr P.H. Taylor and other executives were granted share options on 31 March 2006. Further details of the options granted are contained in notes 47 and 49 to the financial statements.
- AASB124.Aus25.5(d) (ii) Mr W.L. Lee was granted a cash bonus of \$10,000 on 12 December 2006. The bonus was given, on successful acquisition by the Group, for his identification of the distribution business of Minus Pty Limited as an advantageous investment opportunity earlier in the reporting period.
- AASB124.Aus25.5(d) (iii) Mr P.H. Taylor was granted share options under the employee share option plan on 31 March 2005. Further details of the options granted are contained in notes 47 and 49 to the financial statements.

Grants of cash bonuses, performance-related bonuses and share-based payment compensation benefits

- AASB124.Aus25.5(d) An entity shall disclose, for each grant of a cash bonus, performance-related bonus or share-based payment compensation benefit, whether part of a specific contract for services or not, the terms and conditions of each grant affecting the compensation of a key management person in this or future reporting periods, including:
- (a) the grant date;
 - (b) the nature of the compensation granted;
 - (c) the service and performance criteria used to determine the amount of compensation; and
 - (d) if there has been any alteration of the terms or conditions of the grant since the grant date, the date, details and effect of each alteration.

Modification of share-based payment transactions

- AASB124.Aus25.6 Where the terms of share-based payment transactions (including options or rights) granted as compensation to a key management person have been altered or modified by the issuing entity during the reporting period, the following details shall be disclosed for each such person:
- (a) the date of each alteration of the terms;
 - (b) the market price of the underlying equity instrument at the date of alteration;
 - (c) the terms of the grant immediately prior to alteration, including the number and class of the underlying equity instruments, exercise price, time remaining until expiry and each other condition in the terms affecting the vesting or exercise of the option or other right;
 - (d) the new terms; and
 - (e) the difference between the total of the fair value of the options or other rights affected by the alteration immediately before the alteration and the total of the fair value of those options or other rights immediately after the alteration

Contracts for services of key management personnel

- AASB124.Aus25.5(e) For each contract for services between the key management person and the disclosing entity (or any of its subsidiaries), the financial report shall include such explanations as are necessary, in addition to disclosures regarding bonuses and share-based compensation benefits as specified by AASB124.Aus25.5(c) and (d), to provide an understanding of how the amount of compensation in the current reporting period was determined and how the terms of the contract affect compensation in future periods.
- AASB124.Aus25.5(h) If the person is employed by the entity under a contract, the financial report shall disclose the duration of the contract, the periods of notice required to terminate the contract and the termination payments provided for under the contract.

Source reference

49. Related party transactions

ASIC-CO 98/100

An entity shall consider the extent to which ASIC Class Order 98/0100 permits information about related parties to be rounded. For example, entities who meet the conditions for rounding to the nearest thousand dollars may only round to the nearest \$1 any amounts disclosed under AASB 124.

Reg2M.6.04

Ability to transfer certain information to the remuneration report

Regulation 2M.6.04 was amended in June 2006 through Corporations Amendment Regulations 2006 (No. 4). The amended Regulation extends the relief available under the previous version of the Regulation by also permitting listed companies to transfer information relating to options and rights provided to key management personnel as compensation and equity instruments provided on exercise of such options and rights to the remuneration report, provided certain conditions are met. The effect of this relief on the disclosures required in the financial report is not illustrated in this model financial report.

AASB124.Aus1.5

Parent entity relief

An entity that is the parent entity in a group and presents its separate financial statements together with the consolidated financial statements in accordance with AASB 127 'Consolidated and Separate Financial Statements' need not provide in its separate financial statements the disclosures required by paragraphs Aus25.1 to Aus25.9.3 (that is, the additional disclosures specified by AASB 124 in respect of disclosing entities).

(a) Equity interests in related parties

Equity interests in subsidiaries

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 42 to the financial statements.

In addition, DTT Investments Pty Ltd holds 100% of the share options of DTT International Ltd, giving the company the right to purchase an additional 500,000 ordinary shares of DTT International Ltd at \$1.20 each. The share options may be exercised during the period from 1 July 2008 and 31 December 2008.

Equity interests in associates and joint ventures

Details of interests in associates and joint ventures are disclosed in note 15 to the financial statements.

Equity interests in other related parties

DTT Group Limited holds 3% of the ordinary share capital of DTT Related plc, a subsidiary of the ultimate parent entity, DTT Ultimate Limited.

(b) Transactions with key management personnel

AASB124.16,
AASB124.Aus25.4

i. Key management personnel compensation

Details of key management personnel compensation are disclosed in note 48 to the financial statements.

AASB124.Aus25.8
(a), Aus25.8.1,
Aus25.8.2

ii. Loans to key management personnel [disclosing entities only]

The following loan balances are in respect of loans made to key management personnel of the Group or to their related entities. These balances do not include loans that are in-substance options and are non-recourse to the Group.

Loans to key management personnel	Balance at beginning \$	Interest charged \$	Interest not charged \$	Write-off \$	Balance at end \$	Number in group
2006	-	33,167	-	-	2,420,000	3
2005	-	-	-	-	-	-

AASB124.Aus25.8
(b), Aus25.8.1

Key management personnel with loans above \$100,000 in the reporting period:

	Balance at beginning \$	Interest charged \$	Interest not charged \$	Write-off \$	Balance at end \$	Highest in period \$
2006						
F.R. Ridley	-	8,977	-	-	1,345,000	1,345,000
B.M. Stavrinidis	-	8,070	-	-	269,000	269,000
C.P. Daniels	-	16,120	-	-	806,000	806,000
2005						
[describe]						

AASB124.Aus25.8.1
(h)

Key management personnel are charged interest on loans provided by the Group at 8%p.a., which is comparable to the average commercial rate of interest. Loans are provided for a maximum period of 12 months. Interest on the outstanding loan balance is payable monthly.

Source reference

49. Related party transactions (cont'd)

iii. Key management personnel equity holdings [disclosing entities only]

AASB124.Aus25.7
(a), (b), Aus25.7.2(a),
Aus25.7.4

Fully paid ordinary shares of DTT Group Limited

	Balance at 1 Jan No.	Granted as compensation No.	Received on exercise of options No.	Net other change No.	Balance at 31 Dec No.	Balance held nominally No.
2006						
C.J. Chambers	5,000	-	-	-	5,000	-
P.H. Taylor	1,500	-	50,000	(1,500)	50,000	-
W.L. Lee	2,520	-	6,250	3,500	12,270	3,500
L.J. Jackson	1,250	-	6,250	(1,500)	6,000	800
C.P. Daniels	4,584	-	4,167	-	8,751	-
N.W. Wright	-	-	4,167	-	4,167	-
2005						
C.J. Chambers	5,000	-	-	-	5,000	-
P.H. Taylor	1,500	-	-	-	1,500	-
W.L. Lee	2,500	-	-	-	2,500	-
L.J. Jackson	-	-	-	1,250	1,250	800
C.P. Daniels	6,000	-	-	(1,416)	4,584	-

AASB124.Aus25.7
(a), (b), Aus25.7.4

Convertible notes of DTT Group Limited

	Balance at 1 Jan No.	Granted as compensation No.	Received on exercise of options No.	Net other change No.	Balance at 31 Dec No.	Balance held nominally No.
2006						
C.J. Chambers	-	-	-	3,000	3,000	-
P.H. Taylor	-	-	-	15,000	15,000	-
2005						
[describe]						

AASB124.Aus25.7,
Aus25.7.1(a),
Aus25.7.3

Share options of DTT Group Limited

	Balance at 1 Jan No.	Granted as compensation No.	Exercised No.	Net other change No.	Bal at 31 Dec No.	Bal vested at 31 Dec No.	Vested but not exercisable No.	Vested and exercisable No.	Options vested during year No.
2006									
P.H. Taylor	50,000	88,000	50,000	-	88,000	88,000	-	88,000	88,000
W.L. Lee	-	6,250	6,250	-	-	-	-	-	6,250
L.J. Jackson	-	6,250	6,250	-	-	-	-	-	6,250
C.P. Daniels	-	4,167	4,167	-	-	-	-	-	4,167
N.W. Wright	-	4,167	4,167	-	-	-	-	-	4,167
T.L. Smith	-	32,036	-	-	32,036	-	-	-	-
2005									
P.H. Taylor	-	50,000	-	-	50,000	50,000	-	50,000	50,000

AASB124.Aus25.7.1
(b), Aus25.7.2(a), (c),
(d)

All share options issued to key management personnel were made in accordance with the provisions of the employee share option plan.

During the financial year, 70,834 options (2005: nil) were exercised by key management personnel at an exercise price of \$1 per option for 70,834 ordinary shares in DTT Group Limited (2005: nil). No amounts remain unpaid on the options exercised during the financial year at year end.

Further details of the employee share option plan and of share options granted during the 2006 and 2005 financial years are contained in notes 47 and 48 to the financial statements.

Disclosures of equity holdings

An equity holding shall be included in these disclosures only once in respect of the same equity instrument. That is, an indirect holding in the disclosing entity (or a subsidiary of that disclosing entity) through a related party of the key management person is not again considered as a direct holding of that related party when considering the equity holdings of that key management person (including their related parties).

Equity holdings held 'nominally'

Nominally means 'in name only'. Disclosure of equity holdings held nominally means disclosure of the equity instruments held by the key management person (or their related entity) in his or her name for the benefit of someone outside their related entity group.

Source reference

49. Related party transactions (cont'd)

Disclosure of non-arm's length transactions involving share-based payment compensation

AASB124.Aus25.7.5

Where transactions involving equity instruments other than those granted as share-based payment compensation have occurred between a key management person, including their related parties (as referred to in (e) and (f) of the related party definition) and the issuing entity during the financial year on terms or conditions that were more favourable than those in an arm's length transaction, the financial report shall disclose the nature of the transaction and details of the terms and conditions.

iv. Other transactions with key management personnel of the Group [disclosing entities only]

Profit for the year includes the following items of revenue and expense that resulted from transactions, other than compensation, loans or equity holdings, with key management personnel or their related entities:

AASB124.Aus25.9.1
(a)

Consolidated revenue includes the following amounts arising from transactions with key management personnel of the Group or their related parties:

Interest revenue
Dividend revenue
Other

Consolidated	
2006	2005
\$	\$
20,833	-
-	-
-	-
20,833	-

AASB124.Aus25.9.1
(b)

Consolidated profit includes the following expenses arising from transactions with key management personnel of the Group or their related parties:

Interest expense
Net amounts written-off and allowances for doubtful receivables
Other

-	-
-	-
-	-
-	-

AASB124.Aus25.9.2
(a)

Total assets arising from transactions other than loans and amounts receivable in relation to equity instruments with key management personnel or their related parties:

Current
Allowance for doubtful receivables
Non-current

500,000	-
-	-
-	-
500,000	-

AASB124.Aus25.9.2
(b)

Total liabilities arising from transactions other than compensation with key management personnel or their related parties:

Current
Non-current

-	-
-	-
-	-

AASB124.Aus25.9

During the financial year, the Group recognised interest revenue of \$20,833 in relation to debentures with a carrying value of \$500,000 offered by a company related to Mr B.M. Stavrinidis and held by DTT Finance Pty Ltd. The debentures return interest of 6% p.a., payable monthly. The debentures mature on 3 March 2007.

Disclosures of other transactions and balances

AASB124.Aus25.9

In respect of transactions during the reporting period between the disclosing entity (and any of its subsidiaries) and key management personnel including their related parties (as referred to in (e) and (f) of the related party definition), other than transactions that affect compensation or equity instruments held by the key management personnel or loans to the key management personnel, the following details shall be disclosed:

- (a) each type of transaction of different nature;
- (b) the terms and conditions of each type of transaction or, where there are different categories of terms and conditions within each type, the terms and conditions of each category of transaction; and
- (c) for each type of transaction or, where there are different categories within each type, each category of transaction:
 - i. the names of the persons involved; and
 - ii. the aggregate amount recognised.

Source reference

49. Related party transactions (cont'd)

Exemptions from disclosure

AASB124.Aus25.9.3

Transactions with and amounts receivable from or payable to a key management personnel (including their related parties) do not have to be disclosed when:

- (a) they occur within a normal employee, customer or supplier relationship on terms and conditions no more favourable than those it is reasonable to expect the entity would have adopted if dealing at arm's length with an unrelated person;
- (b) information about them does not have the potential to affect adversely decisions about the allocation of scarce resources made by users of the financial report, or the discharge of accountability by the key management person; and
- (c) they are trivial or domestic in nature.

v. Transactions with key management personnel of DTT Group Limited and DTT Ultimate Limited

Disclosures of transactions between related parties shall be made in relation to both the consolidated financial statements and the separate financial statements of the parent.

AASB124.17

During the financial year:

- DTT Group Limited advanced \$2,420,000 in loans to its key management personnel (2005: nil)
- DTT Group Limited repaid loans owing to key management personnel of its parent entity, DTT Ultimate Limited of \$948,012 (2005: \$nil)

No amounts were provided for doubtful debts relating to receivables owing to the Group from key management personnel of DTT Group Limited or its parent at reporting date (2005: \$nil).

At reporting date 31 December 2006, the following balances arising from transactions with key management personnel of the Group and key management personnel of the Group's parent entity remain outstanding to the company and/or to the Group:

- Loans receivable of \$2,420,000 (company: \$2,420,000)
- Other [describe]

At reporting date 31 December 2005, the following balances arising from transactions with key management personnel of the Group and key management personnel of the Group's parent entity remain outstanding to the company and/or to the Group:

- Loans payable of \$948,000 (company: \$nil)
- Other [describe]

All loans advanced to and payable to key management personnel of the company and its parent are unsecured and subordinate to other liabilities. Interest is charged monthly on the outstanding loan balances at commercial interest rates, which range between 7.90%p.a. and 8.20%p.a.

(c) Transactions with other related parties

AASB124.18

Other related parties include:

- the parent entity;
- entities with joint control or significant influence over the Group;
- associates;
- joint ventures in which the entity is a venturer;
- subsidiaries;
- other related parties.

Transactions between DTT Group Limited and its related parties

AASB124.17

During the financial year, the following transactions occurred between the company and its other related parties:

- DTT Group Limited recognised tax payable in respect of the tax liabilities of its wholly-owned subsidiaries. Payments to/from the company are made in accordance with the terms of the tax funding arrangement
- DTT Group Limited received dividends of \$8,945,000 (2005: \$10,961,000) from its subsidiaries
- DTT Group Limited made dividend payments totalling \$4,000,050 to its parent entity (2005: \$3,415,200). The parent entity, DTT Ultimate Limited, holds 70.74% of the fully paid ordinary share capital of DTT Group Limited (2005: 52.16%), 56.67% of the partly-paid ordinary shares on issue (2005: 56.67%), and 77.5% of the converting non-participating preference shares on issue (2005: 84.55%)
- DTT Group Limited provided accounting and administration services totalling \$120,123 (2005: \$80,000) to its subsidiaries for no consideration
- DTT Group Limited received management services from its parent entity, DTT Ultimate Limited, for no charge. The total value of the services received was \$522,000 (2005: \$495,000)

Source reference

49. Related party transactions (cont'd)

- DTT Group Limited contributed \$25,000 (2005: \$30,000) to its defined contribution plan
- DTT Group Limited received interest income of \$1,712,956 (2005: \$1,230,000) from its subsidiaries on its intercompany loan receivables. The weighted average interest rate on the loans is 8.00% (2005: 8.00%). Interest is receivable on the last business day of each month
- DTT Group Limited made interest payments of \$995,114 (2005: \$987,541) to its subsidiaries and interest payments of \$25,000 (2005: \$315,000) to its parent entity. The weighted average interest rate on the loans is 8.10% (2005: 8.06%). Interest is payable on the last business day of each month

The following balances arising from transactions between the company and its other related parties are outstanding at reporting date:

- Long-term loans totalling \$16,006,321 are repayable to subsidiaries (2005: \$19,924,253)
- Current loans totalling \$74,098 are repayable to DTT Ultimate Limited (2005: \$6,302,246)
- Net receivables of \$3,602,458 are owing from subsidiaries for amounts due under the tax funding arrangement (2005: \$3,628,195)
- Loan receivables totalling \$20,994,282 are receivable from subsidiaries (2005: \$26,406,852)

All amounts advanced to or payable to related parties are unsecured and are subordinate to other liabilities.

The amounts outstanding will be settled in cash. No guarantees have been given or received. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

Transactions and balances between the company and its subsidiaries were eliminated in the preparation of consolidated financial statements of the Group.

Transactions between the Group and its related parties

During the financial year ended 31 December 2006, the following transactions occurred between the Group and its other related parties:

- Subsidiaries of DTT Group Limited contributed cash totalling \$440,000 to the Group's defined benefit superannuation plans (2005: \$400,000). Cash contributions of \$135,000 (2005: \$118,000) were made to the defined contribution plan
- Associates of DTT Group Limited sold goods totalling \$3,991,456 (2005: \$3,494,000) to the Group at market price discounted to reflect the quantity of goods purchased and the relationships between the parties.
- A subsidiary rented premises from an associate of the Group at commercial rates totalling \$20,180 (2005: \$18,000)
- Interest payments of \$1,855,562 (2005: \$2,651,000) were made by group entities to DTT Ultimate Limited on intercompany loan payables. The weighted average interest rate on the loans is 8.10% (2005: 8.06%). Interest is payable on the last business day of each month.

The following balances arising from transactions between the Group and its other related parties are outstanding at reporting date:

- Current loans totalling \$1,217,430 are receivable from a jointly controlled entity of the Group (2005: \$3,088,120)
- Loans totalling \$11,969,000 are repayable to DTT Ultimate Limited (2005: \$34,124,000)

All amounts advanced to or payable to related parties are unsecured and are subordinate to other liabilities. Interest is charged monthly on the outstanding loan balance at 8%-8.15%p.a.

The amounts outstanding will be settled in cash. No guarantees have been given or received. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

Transactions between the Group and its associates were eliminated in the preparation of the consolidated financial statements of the Group to the extent of the Group's share in profits and losses of the associate resulting from these transactions.

AASB124.17

AASB124.18

Disclosures about transactions (other than key management personnel compensation) with related parties shall be made separately for each of the following categories:

- (a) the parent;
- (b) entities with joint control or significant influence over the entity;
- (c) subsidiaries;
- (d) associates;
- (e) joint ventures in which the entity is a venturer;
- (f) key management personnel of the entity or its parent; and
- (g) other related parties.

Source reference

49. Related party transactions (cont'd)

Terms and conditions of related party transactions

AASB124.21 Disclosures that related party transactions were made on terms equivalent to those that prevail in arm's length transactions are made only if such terms can be substantiated.

Separate disclosure of individual transactions

AASB124.22 Items of a similar nature may be disclosed in aggregate except when separate disclosure is necessary for an understanding of the effects of related party transactions on the financial statements of the entity.

(d) Parent entities

AASB124.12, Aus12.1(a), AASB127.Aus40.1(a) The parent entity in the Group is DTT Group Limited. DTT Group Limited's parent entity and the ultimate parent entity is DTT Ultimate Limited. DTT Ultimate Limited is incorporated in the United States of America.

AASB124.12 If neither the entity's parent nor the ultimate controlling party produces financial reports available for public use, the name of the next most senior parent that does so shall also be disclosed.

AASB124.Aus12.1 When any of the parent entities and/or ultimate controlling parties named above is incorporated or otherwise constituted outside Australia, an entity shall:

- (a) identify which of those entities is incorporated overseas and where; and
- (b) disclose the name of the ultimate controlling entity incorporated within Australia.

50. Remuneration of auditors

ASIC-CO 98/100 An entity shall consider the extent to which ASIC Class Order 98/0100 permits information about the remuneration of auditors to be rounded.

	Consolidated		Company	
	2006 \$	2005 \$	2006 \$	2005 \$
Auditor of the parent entity				
AASB101.Aus126.1 (a), (b), Aus126.2(a), (b), s.300(11B)(a) Audit or review of the financial report	442,627	406,239	124,602	123,823
Preparation of the tax return	300,000	352,000	-	-
Other non-audit services [describe]	-	-	-	-
	742,627	758,239	124,602	123,823
Related practice of the parent entity auditor				
AASB101.Aus126.1 (c), Aus126.2(c), s.300(11B)(a) Other non-audit services [describe]	-	-	-	-
	-	-	-	-
Other auditors				
AASB101.Aus126.2(d) Auditing the financial report	237,250	419,634		
Review of the financial report	-	-		
AASB101.Aus126.2 (e), s.300(11B)(a) Preparation of the tax return	-	-		
Other non-audit services [describe]	-	-		
	237,250	419,634		
Related practice of the other auditors				
AASB101.Aus126.2 (f), s.300(11B)(a) Other non-audit services [describe]	-	-		
	-	-		

s.300(11B)(a),(11C)(a) The auditor of DTT Group Limited is Deloitte Touche Tohmatsu.

Remuneration of international associates of Deloitte Touche Tohmatsu Australia shall be disclosed under 'Other auditors'.

AASB101.Aus126.1(b) Aus126.2(b), (c), (e), (f) The nature and amount of each of the non-audit services provided by the auditor of the parent entity, the auditor of a subsidiary in the group, or a related practice of the auditor of a subsidiary, shall be disclosed separately in the notes to the financial statements.

AASB101.Aus126.1(c) The nature and amount of each category of non-audit services provided by a related practice of the auditor of a parent entity shall be disclosed in the notes to the financial statements.

Source reference

50. Remuneration of auditors (cont'd)

Listed companies

Note: This disclosure may be made in either the directors' report or in the financial report.

s.300(11B)(a), (11C)

Listed companies must disclose details of the amounts paid or payable to each auditor for non-audit services provided during the year by the auditor (or by another person or firm on the auditor's behalf). For the purposes of this requirement, the details required are the name of the auditor, and the dollar amount that the listed company or any entity that is part of the consolidated entity paid, or is liable to pay, for each of those non-audit services.

51. Supplementary information

AASB121.55, 57

When an entity presents its financial statements in a currency that is different from its functional currency, it shall describe the financial statements as complying with A-IFRS only if they comply with all the requirements of each applicable Accounting Standard and each applicable Interpretation of those Accounting Standards. When an entity displays its financial statements or other financial information in a currency that is different from either its functional currency or its presentation currency and these requirements are not met, it shall:

- (a) clearly identify the information as supplementary information to distinguish it from the information that complies with A-IFRS;
- (b) disclose the currency in which the supplementary information is displayed; and
- (c) disclose the entity's functional currency and the method of translation used to determine the supplementary information.

52. Subsequent events

AASB110.21

The financial report shall disclose for each material category of subsequent events (other than those events whose financial effects have already been brought to account):

- (a) the nature of the event; and
- (b) an estimate of its financial effect, or a statement that such an estimate cannot be made.

AASB110.22

Examples of events occurring after reporting date that do not provide evidence about conditions existing at the reporting date include:

- a major business combination after the reporting date or disposing of a major subsidiary;
- announcing a plan to discontinue an operation;
- major purchases of assets, classifications of assets as held for sale, other disposals of assets, or expropriation of major assets by government;
- the destruction of a major production plant by a fire after the reporting date;
- announcing, or commencing the implementation of, a major restructuring;
- major ordinary share transactions and potential ordinary share transactions after the reporting date;
- abnormally large changes after the reporting date in asset prices or foreign exchange rates
- changes in tax rates or tax laws enacted or announced after the reporting date that have a significant effect on current and deferred tax assets and liabilities;
- entering into significant commitments or contingent liabilities, for example, by issuing significant guarantees; and
- commencing major litigation arising solely out of events that occurred after the reporting date.

AASB110.8, 19

The effects of events after reporting date providing evidence of conditions that existed at the reporting date shall be brought to account rather than disclosed by way of note to the financial statements. If an entity receives information after the reporting date about conditions that existed at the reporting date, it shall update disclosures that relate to these conditions, in the light of the new information.

Businesses combinations after reporting date

AASB3.66(b), 67, 71

An entity shall disclose information that enables users of its financial report to evaluate the nature and financial effect of business combinations that were effected after the reporting date but before the financial report was authorised for issue. To give effect to this principle, the acquirer shall disclose, for each business combination, unless such disclosure would be impractical:

- (a) the names and descriptions of the combining entities or businesses;
- (b) the acquisition date;
- (c) the percentage of voting equity instruments acquired;

Source reference

52. Subsequent events (cont'd)

- (d) the cost of the combination and a description of the components of that cost, including any costs directly attributable to the combination. When equity instruments are issued or issuable as part of the cost, the following shall also be disclosed:
 - i. the number of equity instruments issued or issuable; and
 - ii. the fair value of those instruments and the basis for determining that fair value. If a published price does not exist for the instruments at the date of exchange, the significant assumptions used to determine fair value shall be disclosed. If a published price exists at the date of exchange but was not used as the basis for determining the cost of the combination, that fact shall be disclosed together with: the reasons the published price was not used; the method and significant assumptions used to attribute a value to the equity instruments; and the aggregate amount of the difference between the value attributed to, and the published price of, the equity instruments;
- (e) details of any operations the entity has decided to dispose of as a result of the combination;
- (f) the amounts recognised at the acquisition date for each class of the acquiree's assets, liabilities and contingent liabilities, and the carrying amounts of each of those classes, determined in accordance with Accounting Standards, immediately before the combination;
- (g) the amount of any excess recognised in profit or loss, and the line item in the income statement in which the excess is recognised;
- (h) a description of the factors that contributed to a cost that results in the recognition of goodwill – a description of each intangible asset that was not recognised separately from goodwill and an explanation of why the intangible asset's fair value could not be measured reliably – or a description of the nature of any excess recognised in profit or loss; and
- (i) the amount of the acquiree's profit or loss since the acquisition date included in the acquirer's profit or loss for the period.

The disclosures are effectively the same as for business combinations that have occurred during the period as illustrated in note 43.

If disclosure of any of this information would be impractical, that fact shall be disclosed, together with an explanation of why this is the case.

Source reference

Additional stock exchange information as at 16 March 2007

ASX4.10 Additional stock exchange information must be current as at a date not earlier than 6 weeks before the annual report is sent to security holders.

Number of holders of equity securities

ASX19.12 Equity securities include shares, units, options over issued or unissued securities, rights to any one of the former securities and convertible securities.

ASX4.10.5 Ordinary share capital

14,844,000 fully paid ordinary shares are held by 709 individual shareholders
2,500,000 partly paid ordinary shares, paid to 71 cents, are held by 709 individual shareholders. 29 cents per share may be called up in the event of winding up the company.

ASX4.10.6 All issued ordinary shares carry one vote per share, however, partly paid shares do not carry the rights to dividends.

ASX4.10.5 Preference share capital

ASX4.10.16 1,200,000 10% converting non-participating preference shares are held by 6 individual shareholders
3,000,000 7% redeemable cumulative preference shares are held by 8 individual shareholders.

ASX4.10.6 All issued converting non-participating preference shares and redeemable cumulative preference shares carry one vote per share, however, the right to vote is restricted to meetings convened for the purpose of reducing the capital or winding-up or sanctioning the sale of the undertaking of the Company or where the proposition to be submitted to the meeting directly affects their rights and privileges or when the dividend on their particular class of preference shares is in arrears for more than six months.

ASX4.10.5 Convertible notes

4,500,000 5.5% fully paid convertible notes are held by 354 individual noteholders.

ASX4.10.6 Convertible notes do not carry a right to vote.

ASX4.10.5 Options

ASX4.10.16 196,000 options are held by 30 individual optionholders.

ASX4.10.6 Options do not carry a right to vote.

ASX4.10.7 **Distribution of holders of equity securities**

ASX19.12 Equity securities include shares, units, options over issued or unissued securities, rights to any one of the former securities and convertible securities.

	Fully paid ordinary shares	Partly paid ordinary shares	Redeemable preference shares	Converting non-participating preference shares	Convertible notes	Options
1 – 1,000	672	692	-	-	326	18
1,001 – 5,000	18	7	-	-	13	10
5,001 – 10,000	5	3	-	-	5	-
10,001 – 100,000	8	4	3	5	6	2
100,001 and over	6	3	5	1	4	-
	709	709	8	6	354	30

ASX4.10.8 Holding less than a marketable parcel

	87	337
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ASX4.10.4 **Substantial shareholders**

Ordinary shareholders	Fully paid ordinary shares		Partly paid ordinary shares	
		Number		Number
DTT Ultimate Limited		8,500,000		1,416,667
XYZ Nominees Limited		1,000,000		166,667
Walker Pty Ltd		1,000,000		166,667
		10,500,000		1,750,001

Source reference

s.9

A substantial holder, in relation to a company and a trust which is a registered managed investment scheme, a substantial holder under s.671B of the Corporations Act.

A person has a substantial shareholding in a body corporate, or listed registered managed investment scheme, if:

- (a) the total votes attached to voting shares in the body, or voting interests in the scheme, in which they or their associates:
 - i. have relevant interests; and
 - ii. would have a relevant interest but for subsection 609(6) (exchange traded options) or 609(7) (conditional agreements);
 is 5% or more of the total number of votes attached to voting shares in the body, or interests in the scheme; or
- (b) the person has made a takeover bid for voting shares in the body, or voting interests in the scheme, and the bid period has started and not yet ended.

s.9

A voting share means an issued share in the body that carries any voting rights beyond the following:

- (a) a right to vote while a dividend (or part of a dividend) in respect of the share is unpaid;
- (b) a right to vote on a proposal to reduce the body's share capital;
- (c) a right to vote on a resolution to approve the terms of a buy-back agreement;
- (d) a right to vote on a proposal that affects the rights attached to the share;
- (e) a right to vote on a proposal to wind the body up;
- (f) a right to vote on a proposal for the disposal of the whole of the body's property, business and undertaking; and
- (g) a right to vote during the body's winding up.

ASX4.10.9

Twenty largest holders of quoted equity securities

Ordinary shareholders	Fully paid ordinary shares		Partly paid ordinary shares	
	Number	Percentage	Number	Percentage
DTT Ultimate Limited	10,500,000	70.74	1,416,667	56.67
XYZ Nominees Limited	1,000,000	6.74	166,667	6.67
Walker Pty Ltd	1,000,000	6.74	166,667	6.67
The Perri Family Trust	500,000	3.37	83,333	3.33
Hays Nominees Limited	200,000	1.35	33,333	1.33
P.T. Young	200,000	1.35	33,333	1.33
DTT Superannuation Trust	100,000	0.67	16,667	0.67
Inkerman Pty Limited	50,000	0.34	8,333	0.33
Watson Nominees Limited	50,000	0.34	8,333	0.33
P.H. Taylor	50,000	0.34	8,167	0.33
C.W. Gouday	20,000	0.13	3,333	0.13
K.B. Cai	20,000	0.13	3,333	0.13
T.P. Kowood	20,000	0.13	3,333	0.13
W.L. Yeo Family Trust	12,270	0.08	1,000	0.04
Stock Pty Limited	10,000	0.07	1,667	0.07
D.E. Portier	10,000	0.07	1,667	0.07
A.L. Laff	10,000	0.07	1,667	0.07
P.D. Kimm	10,000	0.07	1,667	0.07
C.P. Daniels	8,751	0.06	-	-
C.J. Chambers	5,000	0.03	833	0.03
Hill Nominees Limited	-	-	833	0.03
	13,776,021	92.82	1,960,833	78.43

Source reference

Convertible noteholders	Convertible notes	
	Number	Percentage
Woodstock Nominees Limited	2,500,000	55.56
Kowski Nominees Limited	400,000	8.89
Walker Pty Ltd	400,000	8.89
Smith Trust	200,000	4.44
Giles Nominees Limited	75,000	1.67
P.T. Young	75,000	1.67
Insurance Company Limited	30,000	0.67
P.H Taylor Family Trust	15,000	0.33
Watson Nominees Limited	15,000	0.33
C.W. Gouday	15,000	0.33
K.B. Cai	10,000	0.22
T.P. Saw	10,000	0.22
Stock Pty Limited	10,000	0.22
Hill Nominees Limited	10,000	0.22
A.L. Lauff	10,000	0.22
P.C. Ford	5,000	0.11
Hanky Pty Limited	5,000	0.11
D.E. Randall	5,000	0.11
Lamon Trust	5,000	0.11
Sang Nominees Limited	5,000	0.11
	3,800,000	84.43

ASX4.10.16

Unquoted equity security holdings greater than 20%

	Number
<u>Converting non-participating preference shares</u>	
DTT Ultimate Limited	930,000
	930,000

Disclosure of the name of the holder and the number of equity securities held, where a person holds more than 20% of the equity securities in an unquoted class, is not required where the securities were issued or acquired under an employee incentive scheme.

ASX4.10.10

Company secretary

Mr A.B. Grey

ASX4.10.11

Registered office

10th Floor
DTT Centre
255 Deloitte Street
MELBOURNE VIC 3000
Tel: (03) 9208 7000

Principal administration office

1st Floor
167 Admin Ave
MELBOURNE VIC 3000
Tel: (03) 9208 5000

ASX4.10.12

Share registry

DTT Share Registry Services
Level 1
225 George St
SYDNEY NSW 2000
Tel: (02) 9322 7000

Source reference

Other ASX information

All listed entities

ASX4.10.14

The number and class of restricted securities or securities subject to voluntary escrow that are on issue, and the date that the escrow period ends, must be disclosed.

ASX4.10.18

An entity shall disclose whether there is a current on-market buy-back. That is, if an Appendix 3C has been given to the ASX for an on-market buy-back and no Appendix 3F has been given to the ASX for that buy-back.

ASX4.10.21

A summary of any issues of securities approved for the purposes of Item 7 of s.611 of the Corporations Act which have not yet been completed must be disclosed.

Stock exchange listings

ASX4.10.13

Where the entity is listed on a stock exchange other than the Australian Stock Exchange, the name of that exchange must be disclosed.

For listed mining companies

ASX5.6

Statements in the annual report must comply with Appendix 5A of the Listing Rules.

For listed mining exploration companies

ASX4.10.15

A list of interests in mining tenements held, where they are situated, and the percentage interest therein must be disclosed.

For listed investment entities

ASX4.10.20

Listed investment entities must disclose:

- (a) a list of all investments held by it and its child entities;
- (b) the total number of transactions in securities during the reporting period, together with the total brokerage paid or accrued during the period; and
- (c) the total management fees paid or accrued during the reporting period, together with a summary of any management agreement.

ASX19.12

An investment entity is an entity which, in ASX's opinion, is an entity to which both of the following apply:

- its activities or the principal part of its activities consist of investing (directly or through a child entity) in listed or unlisted securities or futures contracts; and
- its objectives do not include exercising control over or managing any entity, or the business of any entity, in which it invests.

In deciding whether an entity is an investment entity ASX will normally have regard to factors including the extent of board representation, the size of the holdings, the investment period and the amount of cash held by the entity.

For recently listed entities

ASX4.10.19

In the first two annual financial reports after admission to the ASX, where an entity is admitted under ASX Listing Rule 1.3.2(b) or is required to comply with ASX Listing Rule 1.3.2(b) because of the application of ASX Listing Rule 11.1.3, the entity must state whether the entity used the cash and assets in a form readily convertible to cash that it had at the time of admission in a way consistent with its business objectives. If the use was not consistent, an explanation of how the cash and assets were used must be disclosed.

Disclosure of circumstances affecting preliminary final report with full year documents

ASX4.5A

If the entity is or becomes aware of any circumstances which are likely to materially affect the results or other information contained in the preliminary final report (the Appendix 4E) given to ASX, the entity must also give ASX an explanation of the circumstances and the effects the circumstances are expected to have on the entity's current or future financial performance or financial position.

This rule does not apply if the entity has already given ASX the information under ASX Listing Rule 4.3D.

Our Signals

Recruit and retain the best – our people are talented, enthusiastic, self-starters, team players who are bursting with potential. They are people with whom we have a lifetime association.

Talk straight – when we talk, it's open, regular, honest, constructive two-way communication between our people and our clients.

Empower and trust – we encourage a sense of ownership and pride by giving responsibility and delegating authority.

Continuously grow and improve – we have an environment that respects the individual, rewards achievements, welcomes change and encourages a lifetime of learning – with ourselves and our clients.

Aim to be famous – we aim to reach for the stars – and beyond. To be thought leaders, showcasing our clients and our team's talent and expertise.

Play to win-think globally – winning is our stated objective. It is also our state of mind.

Have fun and celebrate – there is never a wrong time to celebrate and have fun – recognising, appreciating, acknowledging and learning from the experiences and success shared between our client and Deloitte teams.

Our culture – our essence

Culture at Deloitte does not just happen – we work at it.

It's the sum total of the actions of our people, it's the way we treat others – it's the way we behave. Our seven Signals embody these values. Our passion for teamwork and exceptional client service is our point of difference.

At Deloitte, we live and breathe our culture.

Our internationally experienced professionals strive to deliver seamless, consistent services wherever our clients operate. Our mission is to help our clients and our people excel.

Recent awards and achievements

- 'Accounting Services Firm of the Year' – CFO Awards (Sept 2006)
- Employer of Choice for Women citation for the fifth year in a row by the EOWA (Equal Opportunity for Women in the Workplace Agency) Business Achievement Awards (Feb 2006)
- voted the World's 'Best Securitisation Accounting Firm' for the eighth year running in the international Securitisation Report' (Jan 2006)
- named number one non-investment banking firm for global corporate reorganisation by 'The Deal' (Dec 2005)
- rated as a 'Leader' in ERM Consulting achieving the highest overall score in the evaluation. (Oct 2005) *
* Enterprise Risk Management – Oct 2005
- EOWA Business Achievement Awards (Sept 2005)
Deloitte CEO, Giam Swiegers: winner of 'Leading CEO for the Advancement of Women' in the Australian Government's EOWA Business Achievement Awards
- winner of the 'Most Innovative Firm' in BRW–St George Client Choice Awards (Mar 2005)
- Accounting Services Special Award, CFO Magazine Awards (Aug 2004)
- voted #1 globally as the top transfer pricing network in the world by Euromoney's 2004 edition of the 'Expert Guide to the World's Leading Transfer Pricing Advisers' (Feb 2004)
- ranked #1 by Asia Insurance Review in recognition of Trowbridge Deloitte's outstanding standard of services. 'Service Provider of the Year' (Oct 2003)
- ranked #2 in annual list of 'Top 100 accounting firms', by BRW (July 2003)
- voted #1 in Euromoney's 'World's Leading Tax Advisers' Guide (2002)



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