

Section B:
Illustrative
annual report

Section B

Illustrative annual report for financial years ending on or after 30 June 2009

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About the illustrative annual report

Purpose

This illustrative 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, Regulatory Guides and Media Releases.

Elucidation Limited is assumed to have transitioned to the Australian equivalents to IFRS in June 2006, and accordingly, is not a first-time adopter of A-IFRS. Users should refer to AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards' for specific requirements regarding an entity's first A-IFRS compliant financial report.

This illustration is not designed to meet specific needs of specialised industries. Rather, it is intended to meet the needs of the 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 illustration 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 illustration 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 1	'First-time Adoption of Australian Equivalents to International Financial Reporting Standards'
AASB 4	'Insurance Contracts'
AASB 6	'Exploration for and Evaluation of Mineral Resources'

Note: While this illustration 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 2 to the financial statements

AASB 129	'Financial Reporting in Hyperinflationary Economies'
AASB 134	'Interim Financial Reporting' (other than as noted)
AASB 141	'Agriculture'
AASB 1004	'Contributions'
AASB 1023	'General Insurance Contracts'
AASB 1038	'Life Insurance Contracts'
AASB 1049	'Financial Reporting by General Government Sectors'
AAS 25	'Financial Reporting by Superannuation Plans'
AAS 27	'Financial Reporting by Local Governments'
AAS 29	'Financial Reporting by Government Departments'
AAS 31	'Financial Reporting by Governments'
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'

Further, unless otherwise specified, this illustration only includes references to Standards not yet effective (and not early adopted) in the context of illustrating the disclosures specified by AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors'.

We see this publication as an illustration and strongly encourage preparers of financial statements to ensure that disclosures made are relevant, practical and useful.

Source references

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

Abbreviations used in this illustration 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
ASA	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
ASIC-RG	Australian Securities and Investments Commission Regulatory Guide
ASX	Australian Stock Exchange Limited Listing Rule

Elucidation Limited

ACN 123 456 789

Annual report for the financial year ended 30 June 2009

Source reference

Corporate governance statement

ASX4.10.3

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 – Revised Corporate Governance Principles and Recommendations'. Where a recommendation has not been followed the entity must justify the reason for the non-compliance. If a recommendation has been followed for only part of the period, the entity must state the period during which it had been followed.

ASX Guidance Note
9A

Recommendations

The ASX Corporate Governance Council released a second Edition of Corporate Governance Principles and Recommendations during August 2007. In addition, during December 2007, the ASX reissued Guidance Note 9A 'Corporate Governance – ASX Corporate Governance Council – Revised Corporate Governance Principles and Recommendations' to include discussion of the revised Principles. The change in the reporting requirement applies to the annual reporting periods commencing on or after 1 January 2008.

It is important that listed entities refer to the complete documents when preparing their reports as they provide comprehensive and invaluable guidance in relation to implementation of the Principles and Recommendations. The recommendations of the ASX Corporate Governance Council, including corporate governance practices and suggested disclosures, are set out below. The recommendations are differentiated between the eight core principles that the ASX Corporate Governance Council believes underlie good corporate governance. Entities must disclose any instances of non-compliance with these recommendations.

Principle 1 - Lay solid foundations for management and oversight

Formalise and disclose the functions reserved to the board and those delegated to management. Companies should establish and disclose the respective roles and responsibilities of board and management.

- 1.1 Companies should establish the functions reserved to the board and those delegated to senior executives and disclose these functions.
- 1.2 Content of a director's letter upon appointment
- 1.3 Companies should disclose the process for evaluating the performance of senior executives.
- 1.4 Companies should provide the information indicated in the Guide to reporting on Principle 1, that covers:
 - a. an explanation for any departure from the above recommendations
 - b. whether a performance evaluation for senior executives has taken place in the reporting period and whether it was in accordance with the process disclosed.

A statement of matters reserved for the board, or the board charter or the statement of areas of delegated authority to senior executives should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section.

Principle 2 - Structure the board to add value

- 2.1 A majority of the board should be independent directors.
 - a. Relationships affecting independence status.
- 2.2 The chair should be an independent director.
- 2.3 The roles of chair and chief executive officer should not be exercised by the same individual.
- 2.4 The board should establish a nomination committee.
- 2.5 Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.
- 2.6 Companies should provide the information indicated in the Guide to reporting on Principle 2 as noted below:
 - 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 director's independence;
 - the existence of any of the relationships listed as affecting independence status of directors, and an explanation of why the board considers a director to be independent notwithstanding the existence of these relationships;
 - 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 period of office held by each director as at the date of the annual report;

Source reference

- the names of members of the nomination committee and their attendance at meetings of the committee, or where a company does not have a nomination committee, how the functions of a nomination committee are carried out;
- whether a performance evaluation for the board, its committees and directors has taken place in the reporting period and whether it was in accordance with the process disclosed; and
- an explanation of any departures from the above Recommendations 2.1 to 2.6.

Principle 3: Companies should actively promote ethical and responsible decision making

- 3.1 Companies should establish a code of conduct and disclose the code or a summary of the code as to:
- the practices necessary to maintain confidence in the company's integrity;
 - the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and
 - the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.
- 3.2 Companies should establish a policy concerning trading in company securities by directors, senior executives and employees and disclose the policy or a summary of that policy.
- 3.3 Companies should provide an explanation of any departures from Recommendation 3.1 to 3.3 in the corporate governance statement in the annual report.

Principle 4 - Safeguard integrity in financial reporting

- 4.1. The board should establish an audit committee.
- 4.2. Structure the audit committee so that it consists of:
- only non-executive directors;
 - a majority of independent directors;
 - an independent chair, who is not chair of the board; and
 - at least three members.
- 4.3. The audit committee should have a formal charter.
- 4.4. Disclose the following information in the corporate governance statement in the annual report:
- details of the names and qualifications of those appointed to the audit committee and their attendance at meetings of the committee, or, where a company does not have an audit committee, how the functions of an audit committee are carried out;
 - the number of meetings of the audit committee and the names of the attendees; and
 - explanation of any departures from Recommendations 4.1 to 4.4.

Principle 5 - Make timely and balanced disclosures

- 5.1 Companies should establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.
- 5.2 Companies should provide an explanation of any departures from Recommendations 5.1 or 5.2 in the corporate governance statement in the annual report.

Principle 6 - Respect the rights of shareholders

- 6.1 Design and disclose a communications policy to promote effective communication with shareholders and encourage effective participation at general meetings.
- 6.2. An explanation of any departure from Recommendations 6.1 or 6.2 should be included in the corporate governance statement in the annual report.

Principle 7 - Recognise and manage risk

- 7.1 Companies should establish policies on risk oversight and management of material business risks and disclose a summary of those policies.
- 7.2 The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.

Source reference

- 7.3 The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a system of risk management and internal control and that the system is operating effectively in all material aspects in relation to financial reporting risks.
- 7.4 The following material should be included in the corporate governance statement in the annual report:
- explanation of any departures from Recommendations 7.1 to 7.4;
 - whether the board has received the report from management under Recommendation 7.2; and
 - whether the board has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) under Recommendation 7.3.

Principle 8 - Remunerate fairly and responsibly

- 8.1. The board should establish a remuneration committee. (Refer to section 300A of the Corporations Act and AASB 124 'Related Party Disclosures' for disclosure of remuneration policies and procedures.)
- 8.2. Clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.
- 8.3. The following material or a clear cross-reference to the location of the material should be included in the corporate governance statement in the annual report:
- the names of the members of the remuneration committee and their attendance at the meetings of the committee or where a company does not have a remuneration committee, how the functions of a remuneration committee are carried out;
 - the existence and terms of any schemes for retirement benefits, other than superannuation, for non-executive directors; and
 - an explanation of any departures from Recommendations 8.1 to 8.3.

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 the board charter, or the statement of areas of delegated authority to senior executives (Principle 1);
- a description of the procedure for the selection and appointment of new directors and the re-election of incumbent directors (Principle 2);
- the charter of the nomination committee, or a summary of the role, rights, responsibilities and membership requirements for that committee (Principle 2);
- the board's policy for the nomination and appointment of directors (Principle 2);
- any applicable code of conduct, or a summary (Principle 3);
- the trading policy, or a summary of its main provisions (Principle 3);
- the audit committee charter (Principle 4);
- information on procedures for the selection and appointment of the external auditor and for the rotation of external audit engagement partners (Principle 4);
- the policies or a summary of the policies and procedures designed to guide compliance with ASX Listing Rule disclosure requirements (Principle 5);
- a description of how the company will communicate with its shareholders (Principle 6);
- a description of the company's policies on risk oversight and management of material business risks (Principle 7);
- the charter of the remuneration committee or a summary of the role, rights, responsibilities and membership requirements for that committee (Principle 8); and
- a summary of the company's policy on prohibiting entering into transactions in associated products which limit the economic risk of participating in unvested entitlements under any equity-based remuneration schemes (Principle 8).

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.

ASX Guidance Note
9A

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

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 Elucidation Limited submit herewith the annual financial report of the company for the financial year ended 30 June 2009. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Information about the directors and senior management

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, joined the Board in 2000 in a non-executive capacity and is a non-executive director of the ultimate holding company, ELC Ultimate Limited. Mr C.J. Chambers is also a director of Eastwood Limited. He is a member of the audit committee and the risk management committee.
Mr P.H. Taylor	Chief Executive Officer, joined the Board in 1997. Mr P.H. Taylor was previously the CEO at a large manufacturing company.
Ms F.R. Ridley	Chartered Accountant, joined the Board in 2006 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, joined the Board in July 2009. He previously held various senior management positions in manufacturing and wholesale companies.
Mr B.M. Stavrinidis	Director of Merchant Bank Limited, joined the Board in 2005 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, joined the Board in 2002 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, joined the Board in 2008 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 the whole of the financial year and since the end of the financial year except for:

- Mr W.K. Flinders – resigned 20 July 2008
- Ms S.M. Saunders – appointed 1 August 2008, resigned 30 July 2009
- Mr A.K. Black – appointed 21 July 2009

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:

<u>Name</u>	<u>Company</u>	<u>Period of directorship</u>
Mr C.J. Chambers	Eastwood Limited	Since 2007
	Yarwood Limited	2006 – 2008

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;
- 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.

Directors' shareholdings [listed companies only]
s.300(11)(a), (b), (c) 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.

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

s.608 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.

s.608 It does not matter how remote the relevant interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.

s.608, s.609 Refer s.608 and s.609 of the Corporations Act 2001 for more information about when a person has a relevant interest in a security.

Although s.300(11)(a)-(c) 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 party to or 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.

Remuneration of directors and senior management

Information about the remuneration of directors and senior management is set out in the remuneration report of this directors' report, on pages B12 to B20.

Share options granted to directors and senior management

s.300(1)(d) The directors' report should include details of options that are:

- granted over unissued shares or unissued interests during or since the end of the financial year; and
- granted to any of the directors or any of the 5 most highly remunerated officers of the company (other than the directors); and
- granted to them as part of their remuneration.

s.300(3) The disclosures required by s.300(1)(d) (illustrated on page B6), s.300(1)(e) and s.300(1)(f) cover:

- options over unissued shares and interests of the company, registered scheme or disclosing entity; and
- if consolidated financial statements are required – options over unissued shares and interests of any controlled entity that is a company, registered scheme or disclosing entity.

s.300(5) The details of an option granted during or since the end of the financial year should include:

- the identity of the company, registered scheme or disclosing entity granting the option;
- the name of the person to whom the option is granted; and
- 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 140,870 share options were granted to the following directors and to the five highest remunerated officers of the company as part of their remuneration:

Directors and senior management	Number of options granted	Issuing entity	Number of ordinary shares under option
P.H. Taylor	88,000	Elucidation Limited	88,000
T.L. Smith	32,036	Elucidation Limited	32,036
W.L. Lee	6,250	Elucidation Limited	6,250
L.J. Jackson	6,250	Elucidation Limited	6,250
C.P. Daniels	4,167	Elucidation Limited	4,167
N.W. Wright	4,167	Elucidation Limited	4,167

Company secretary [public companies only]

s.300(10)(d)

Mr A.B. Grey, Chartered Accountant, held the position of company secretary of Elucidation Limited at the end of the financial year. He joined Elucidation Limited in 2004 and previously held the company secretary position at a large manufacturing company. He is a 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.

Principal activities

s.299(1)(c)

The consolidated entity's principal activities in the course of the financial year were the manufacture of electronic equipment and leisure goods, and the construction and renovation of residential properties.

During the financial year the consolidated entity sold its toy business. Details of the sale are contained in note 41 and note 42(b) to the financial statements. During the year the board of directors decided to dispose of the bicycle business. Details of the planned disposal are contained in note 41 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:

- (a) the operations of the consolidated entity;
- (b) the financial position of the consolidated entity; and
- (c) 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
10

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.

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;

Source reference

- (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 toy business. The consolidated entity is also seeking to dispose of its bicycle business, in order to focus its operations towards the manufacture and distribution of electronic equipment and leisure goods 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(1)(e), 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), s.299(3)

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. 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-RG 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 (e.g. 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 30 June 2008, 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 October 2008.
- s.300(1)(a) In respect of the financial year ended 30 June 2009, 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 March 2009.
- s.300(1)(a) In respect of the financial year ended 30 June 2009, 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 20 June 2009.
- s.300(1)(a) In respect of the financial year ended 30 June 2009, an interim dividend of 20.33 cents per share franked to 100% at 30% corporate income tax rate was paid to the holders of redeemable cumulative preference shares on 20 June 2009.
- s.300(1)(b) In respect of the financial year ended 30 June 2009, 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 3 October 2009.

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 to the financial statements in accordance with AASB 101 'Presentation of Financial Statements'.

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(3) The disclosures required by s.300(1)(d) (illustrated on page B6), s.300(1)(e) and s.300(1)(f) cover:
- (a) options over unissued shares and interests of the company, registered scheme or disclosing entity; and
- (b) if consolidated financial statements are required – options over unissued shares and interests of any controlled entity that is a company, registered scheme or disclosing entity.
- 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.

Source reference

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.

s.300(1)(e), s.300(3), s.300(6)

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

Issuing entity	Number of shares under option	Class of shares	Exercise price of option	Expiry date of options
Elucidation Limited	136,000	Ordinary	\$1.00	30 September 2009
Elucidation Limited	60,000	Ordinary	\$1.00 ^(a)	27 March 2010

^(a) These share options can only be exercised once the share price of Elucidation 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 the company or of any other body corporate or registered scheme.

s.300(1)(f), s.300(3), s.300(7)

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

Issuing entity	Number of shares issued	Class of shares	Amount paid for shares	Amount unpaid on shares
Elucidation 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 end of 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.

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 end of 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 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		Held	
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

Source reference

s.300(10)	Disclosure of directors' meetings is not required for a public company which is a wholly-owned controlled entity of another company.
	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 company that is 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 47 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 47 to the financial statements do not compromise the external auditor's independence, based on advice received from the Audit Committee, for the following reasons: <ul style="list-style-type: none">• 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(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.
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; (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.

Source reference

Auditor's independence declaration

s.298(1)(c)

The auditor's independence declaration is included on page B21 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 five successive financial years to six or seven 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.

[Report continues over the page]

Source reference

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

Remuneration report [all disclosing entities that are companies]

This illustrative remuneration report is suitable for use as a **guide** only and will not be appropriate for use by all companies required to prepare a remuneration report. Each company shall consider its respective circumstances and amend the disclosures as necessary.

Defined terms

s.300A(1B)(a)

A company executive of the company 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:

- (a) 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
- (b) in relation to a partnership – means a person (other than a partner) who:
 - i. makes, or participates in making, decisions that affect the whole, or a substantial part, of the business of the partnership; or
 - ii. has the capacity to affect significantly the partnership's financial standing; and
- (c) in relation to a trust – means a person (other than a trustee) who:
 - i. makes, or participates in making, decisions that affect the whole, or a substantial part, of the business of the trust; or
 - ii. has the capacity to affect significantly the financial standing of the trust; and
- (d) in relation to a joint venture – means a person (other than a director or secretary of the corporation participating in the joint venture) who:
 - i. makes, or participates in making, decisions that affect the whole, or a substantial part, of the business of the joint venture; or
 - ii. has the capacity to affect significantly the financial standing of the joint venture.

s.9

Group executives for a consolidated entity means:

- the directors of the companies or bodies within the consolidated entity;
- the secretaries of the companies or bodies within the consolidated entity;
- the senior managers of any corporation within the consolidated entity;
- the partners, and senior managers, of any partnership within the consolidated entity;
- 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(1AAA),
AASB124.9

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

Source reference

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

Prescribed details in relation to remuneration

The prescribed details in relation to remuneration referred to in s.300A(1)(c) are detailed in Regulation 2M.3.03 of the Corporations Regulations 2001. The prescribed details must be provided in respect of the following persons:

- (a) if consolidated financial statements are required – each member of the key management personnel for the consolidated entity;
- (b) if consolidated financial statements are not required – each member of the key management personnel for the company;
- (c) if consolidated financial statements are required – each of the 5 named relevant group executives who receive the highest remuneration for that year; and
- (d) in any case – each of the 5 named company executives who receive the highest remuneration for that year.

s.300A(1)(d), (1)(da),
(1)(e)

Note, s.300A(1)(d), s.300A(1)(da) and s.300A(1)(e) specify further remuneration details that must be made in the remuneration report in respect of the persons noted above.

Persons who are covered by more than one of the categories of identified s.300A(1)(c) persons

s.300A(1)

If a person is covered by more than one of the following groups:

- (a) if consolidated financial statements are required – each member of the key management personnel for the consolidated entity;
- (b) if consolidated financial statements are not required – each member of the key management personnel for the company;
- (c) one of the 5 named company executives who receive the highest remuneration for the year; or
- (d) one of the 5 named relevant group executives who receive the highest remuneration for the year (if consolidated financial statements are required),

details of the person's remuneration are only required in the report under one of the groups.

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).

This remuneration report, which forms part of the directors' report, sets out information about the remuneration of Elucidation Limited's directors and its senior management for the financial year ended 30 June 2009. The prescribed details for each person covered by this report are detailed below under the following headings:

- director and senior management details
- remuneration policy
- relationship between the remuneration policy and company performance
- remuneration of directors and senior management
- key terms of employment contracts.

Reg2M.3.03(1)
(Item 1-4)

Director and senior management 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 A.K. Black (appointed 21 July 2009)
Mr B.M. Stavrinidis
Mr W.K. Flinders (resigned 20 July 2008)
Ms S.M. Saunders (appointed 1 August 2008, resigned 30 July 2009)

Reg2M.3.03(1)
(Item 1-3, 5)

The term 'senior management' is used in this remuneration report to refer to the following persons. Except as noted, the named persons held their current position for the whole of the financial year and since the end of the financial year:

W.L. Lee (Chief Financial Officer – ELC Investments Pty Ltd)
L.J. Jackson (Chief Marketing Officer – ELC Sales Pty Ltd)
C.P. Daniels (Chief Operations Officer, resigned 3 July 2009)
N.W. Wright (General Manager – Electronic equipment division, resigned 27 June 2009)
T.L. Smith (General Manager – Leisure goods division, appointed 3 July 2008)
A.B. Grey (Company Secretary)

Source reference

s.300A, Reg2M.3.03

s.300A of the Corporations Act 2001 and Regulation 2M.3.03 prescribe information that must be disclosed in respect of the following persons:

- (a) if consolidated financial statements are required – each member of the key management personnel for the consolidated entity; and
- (b) if consolidated financial statements are not required – each member of the key management personnel for the company; and
- (c) if consolidated financial statements are required – each of the 5 named relevant group executives who receive the highest remuneration for that year; and
- (d) in any case – each of the 5 named company executives who receive the highest remuneration for that year.

For the purposes of this illustrative annual report, the persons listed above under 'senior management' represent the five highest paid group executives (excluding executive directors) and five highest paid company executives of Elucidation Limited. The group executives together with the directors of the company represent the key management personnel of the consolidated entity. This illustrative annual report also illustrates the inclusion of Mr A.B. Grey as one of the five highest paid company executives of Elucidation Limited who is not also a group executive or a member of the key management personnel of the consolidated entity.

Remuneration policy

s.300A(1)(a)

The directors' report must include discussion of:

- (a) board policy for determining, or in relation to, the nature and amount (or value, as appropriate) of remuneration of key management personnel for the company; and
- (b) if consolidated financial statements are required – board policy in relation to the nature and amount (or value, as appropriate) of remuneration of key management personnel for the consolidated entity.

s.300A(1)(f)

The report must also include such other matters related to the policy or policies referred to in s.300A(1)(a) above as are prescribed by the regulations.

Relationship between the remuneration policy and company performance

Extent (or otherwise) of remuneration being dependent on satisfaction of a performance condition

A disclosing entity that is a company must disclose:

s.300A(1)(e)(i)

- (a) an explanation of the relative proportions of those elements of the remuneration of a s.300A(1)(c) identified person that are related to performance and those elements of the person's remuneration that are not;

s.300A(1)(d)

- (b) if an element of the remuneration of a s.300A(1)(c) identified person 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;

s.300A(1)(da)

- (c) if an element of the remuneration of a s.300A(1)(c) identified person consists of securities of a body – discussion of board policy in relation to the person limiting his or her exposure to risk in relation to the securities, and the mechanism to enforce the policy; and

s.300A(1)(ba)

- (d) if an element of the remuneration of a member of key management personnel for the company, or if consolidated financial statements are required, for the consolidated entity, 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;
 - 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:
 - (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.

Source reference

Discussion of the relationship between the remuneration policy and company performance

s.300A(1)(b) The directors' report must include discussion of the relationship between the remuneration policy for key management personnel and the company's performance.

s.300A(1AA) Without limiting the requirements of s.300A(1)(b), the discussion under that subsection of the company's performance must specifically deal with:

- 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) 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:

- i. dividends paid by the company to its shareholders during that year;
- ii. changes in the price at which shares in the company are traded between the beginning and the end of that year;
- iii. any return of capital by the company to its shareholders during that year that involves:
 - (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)(b) Illustrated below is an example of how an entity may present information to comply with s.300A(1AA) and s.300A(1AB). Alternatively, an entity may elect to present such information graphically. The illustrative tables must be accompanied by discussion relevant to explaining the relationship between the remuneration policy and company performance.

s.300A(1AA), (1AB) The tables below set out summary information about the consolidated entity's earnings and movements in shareholder wealth for the five years to 30 June 2009:

	30 June 2009 \$'000	30 June 2008 \$'000	30 June 2007 \$'000	30 June 2006 \$'000	30 June 2005 \$'000
Revenue	208,931	232,034	217,054	205,321	200,058
Net profit before tax	41,018	45,131	42,567	40,243	39,011
Net profit after tax	26,552	30,332	28,217	26,211	26,208

	30 June 2009	30 June 2008	30 June 2007	30 June 2006	30 June 2005
Share price at start of year	\$2.65	\$2.59	\$2.61	\$2.54	\$1.90
Share price at end of year	\$3.37	\$2.65	\$2.59	\$2.61	\$2.54
Interim dividend ¹	17.85cps	12.71cps	12.71cps	10.00cps	10.00cps
Final dividend ^{1,2}	26.31cps	19.36cps	19.36cps	15.00cps	15.00cps
Basic earnings per share	112.3cps	129.9cps	133.0cps	123.5cps	123.5cps
Diluted earnings per share	106.6cps	124.1cps	127.5cps	118.4cps	118.4cps

¹ Franked to 100% at 30% corporate income tax rate.

² Declared after the balance date and not reflected in the financial statements.

In addition, during 2009 Elucidation Limited repurchased 5,603 thousand shares for \$17,011 thousand. The shares were repurchased at the prevailing market price on the date of the buy-back.

Source reference

Remuneration of directors and senior management

Reg2M.3.03(1)
(Item 6-9, 11)

	Short-term employee benefits				Post-employment benefits	Other long-term employee benefits	Share-based payment	Total
	Salary & fees	Bonus	Non-monetary	Other	Superannuation		Options & rights	
2009	\$	\$	\$	\$	\$	\$	\$	\$
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	261,600	-	66,280	1,240	30,000	5,400	105,600	470,120
W.L. Lee	183,712	10,000	6,796	-	17,937	8,788	7,500	234,733
L.J. Jackson	187,928	-	16,481	-	20,000	4,572	7,500	236,481
C.P. Daniels	185,500	-	14,805	-	20,000	-	5,000	225,305
N.W. Wright	184,000	-	12,761	-	17,708	-	5,000	219,469
T.L. Smith	180,000	-	4,734	-	16,716	1,000	8,663	211,113
A.B. Grey	150,000	-	11,450	-	15,000	2,354	-	178,804
								<u>2,150,603</u>

Reg2M.3.03(1)
(Item 6-9, 11), (2)

	Short-term employee benefits				Post-employment benefits	Other long-term employee benefits	Share-based payment	Total
	Salary & fees	Bonus	Non-monetary	Other	Superannuation		Options & rights	
2008	\$	\$	\$	\$	\$	\$	\$	\$
Non-executive directors								
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
Executive officers								
P.H. Taylor	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
A.B. Grey	145,000	-	10,500	-	14,500	1,000	-	171,000
								<u>2,028,830</u>

Reg2M.3.03(1)
(Item 10)

No director or senior management person appointed during the period received a payment as part of his or her consideration for agreeing to hold the position.

Reg2M.3.03(1)
(Item 6-11)

Payments and benefits

The tables above do not illustrate all the payments and benefits specified by Regulation 2M.3.03 that shall be disclosed, if present. Disclosure of the following payments and benefits in respect of each s.300A(1)(c) identified person is required:

- the person's short-term employee benefits, divided into at least the following components:
 - (a) cash salary, fees and short-term compensated absences;
 - (b) short-term cash profit-sharing and other bonuses;
 - (c) non-monetary benefits;
 - (d) other short-term employee benefits;
- the person's post-employment benefits, divided into at least the following components:
 - (a) pension and superannuation benefits;
 - (b) other post-employment benefits;
- the person's long-term employee benefits other than benefits mentioned in items 6 and 7, separately identifying any amount attributable to a long-term incentive plan;
- the person's termination benefits;

Source reference

- for any position the person started to hold during the financial year, 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:
 - (a) the monetary value of the payment; and
 - (b) the date of the payment;
- share-based payments made to the person, divided into at least the following components:
 - (a) equity-settled share-based payment transactions, showing separately:
 - (i) shares and units; and
 - (ii) options and rights;
 - (b) cash-settled share-based payment transactions;
 - (c) all other forms of share-based payment compensation (including hybrids).

Total of a person's compensation

Disclosure of the total compensation for each identified person is not specifically required by s.300A or Regulation 2M.3.03, however Deloitte recommend that it be made as a matter of good practice.

Comparative information

Reg2M.3.03(2) For items 6-9 and 11 of Regulation 2M.3.03, information of the kind described in the item (refer page B16 and above) for the previous financial year must also be disclosed in the financial year to which the item relates (to give comparative information for the purposes of the item), but this does not apply in relation to the first financial year in which paragraph 300A(1)(c) of the Corporations Act 2001 applies in relation to a person.

Bonuses and share-based payments granted as compensation for the current financial year

Reg2M.3.03(1)
(Item 12)

Bonuses

Mr. W.L. Lee was granted a cash bonus of \$10,000 on 12 June 2009. The bonus was given, on successful acquisition by the consolidated entity, for his identification of the distribution business of Minus Pty Limited as an advantageous investment opportunity earlier in the reporting period. No other bonuses were granted during 2009.

Reg2M.3.03(1)
(Item 12(b), (c), 15(b)(ii), (b)(iii), (b)(v))

Employee share option plan

Elucidation Limited operates an ownership-based scheme for executives and senior employees of the consolidated entity. 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 Elucidation 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 consolidated entity'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
- reduction in warranty claims
- results of client satisfaction surveys
- reduction in 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.

Reg2M.3.03(1)
(Item 12(a), 15(b)(i), (b)(iv), (b)(v))

During the financial year, the following share-based payment arrangements were in existence

Options series	Grant date	Expiry date	Grant date fair value	Vesting date
(1) Issued 30 September 2007	30/09/07	30/09/08	\$1.15	Vests at date of grant
(2) Issued 31 March 2008	31/03/08	31/03/09	\$1.18	Vests at date of grant
(3) Issued 30 September 2008	30/09/08	30/09/09	\$1.20	Vests at date of grant
(4) Issued 29 March 2009	29/03/09	27/03/10	\$1.05	Vests when the Elucidation Limited share price exceeds \$4.00

Reg2M.3.03(1)
(Item 12(g), 15(b)(vi))

There are no further service or performance criteria that need to be met in relation to options granted under series (1) – (3) before the beneficial interest vests in the recipient. Executives and senior employees receiving options under option series (4) are entitled to the beneficial interest under the option when the performance condition (share price exceeds \$4.00) is met only if they continue to be employed with the company at that time.

Source reference

s.300A(1)(e)(vi),
Reg2M.3.03(1)
(Item 12(e), (f),
15(a))

The following grants of share-based payment compensation to directors and senior management relate to the current financial year:

Name	Option series	During the financial year				% of compensation for the year consisting of options
		No. granted	No. vested	% of grant vested	% of grant forfeited	
Mr P.H. Taylor	(1) Issued 30 Sep 08	88,000	88,000	100%	n/a	22.5%
W.L. Lee	(1) Issued 30 Sep 08	6,250	6,250	100%	n/a	3.2%
L.J. Jackson	(1) Issued 30 Sep 08	6,250	6,250	100%	n/a	3.2%
C.P. Daniels	(1) Issued 30 Sep 08	4,167	4,167	100%	n/a	2.2%
N.W. Wright	(1) Issued 30 Sep 08	4,167	4,167	100%	n/a	2.3%
T.L. Smith	(4) Issued 29 Mar 09	32,036	nil	nil	nil	4.1%

Reg2M.3.03(1)
(Item 16)

During the year, the following directors and senior management exercised options that were granted to them as part of their compensation. Each option converts into one ordinary share of Elucidation Limited.

Name	No. of options exercised	No. of ordinary shares of Elucidation Limited issued	Amount paid	Amount unpaid
Mr P.H. Taylor	50,000	50,000	\$50,000	\$nil
W.L. Lee	6,250	6,250	\$6,250	\$nil
L.J. Jackson	6,250	6,250	\$6,250	\$nil
C.P. Daniels	4,167	4,167	\$4,167	\$nil
N.W. Wright	4,167	4,167	\$4,167	\$nil

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

The following table summarises the value of options granted, exercised or lapsed during to directors and senior management:

	Value of options granted at the grant date (i) \$	Value of options exercised at the exercise date \$	Value of options lapsed at the date of lapse (ii) \$
P.H. Taylor	105,600	88,000	-
W.L. Lee	7,500	15,750	-
L.J. Jackson	7,500	15,750	-
C.P. Daniels	5,000	10,501	-
N.W. Wright	5,000	10,501	-
T.L. Smith	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) The value of options lapsing during the period due to the failure to satisfy a vesting condition is determined assuming the vesting condition had been satisfied.

Compensation

For each grant of a cash bonus, performance related bonus or share-based payment compensation benefit made to a s.300A(1)(c) identified person, whether part of a specific contract for services or not, the remuneration report must include the terms and conditions of each grant affecting compensation in the reporting period or a future reporting period, including the following:

- the grant date;
- the nature of the compensation;
- the service and performance criteria used to determine the amount of compensation;
- 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 (see also 'alterations and modifications' below);
- the percentage of the bonus or grant for the financial year that was paid to the period, or that vested in the person, in the financial year;
- the percentage of the bonus or grant for the financial year that was forfeited by the person (because the person did not meet the service and performance criteria for the bonus or grant) in the financial year;
- the financial years, after the financial year which the report 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
- estimates of the maximum and minimum possible total value of the bonus or grant (other than option grants) for financial years after the financial year to which the report relates.

Reg2M.3.03(1)
(Item 12)

Source reference

Reg2M.3.03(3)

Options and rights over equity instruments

A disclosure required by Regulation 2M.3.03(1)(Item 15) and Regulation 2M.3.03(1)(Item 16) must:

- (a) be separated into each class of equity instrument; and
- (b) identify each class of equity instrument by:
 - i. the name of the issuing entity;
 - ii. the class of equity instrument; and
 - iii. if the instrument is an option or right – the class and number of equity instruments for which it may be exercised.

Reg2M.3.03(1)
(Item 15)

If options and rights over an equity instrument issued or issuable by the disclosing entity or any of its subsidiaries have been provided as compensation to a s.300A(1)(c) identified person during the reporting period:

- (a) the number of options and the number of rights that:
 - i. have been granted; and
 - ii. have vested
 during the reporting period;
- (b) the terms and conditions of each grant made during the reporting period, including:
 - i. the fair value per option or right at grant date; and
 - ii. the exercise price per share or unit; and
 - iii. the amount, if any, paid or payable, by the recipient; and
 - iv. the expiry date; and
 - v. the date or dates when the options or rights may be exercised; and
 - vi. a summary of the service and performance criteria that must be met before the beneficial interest vests in the person.

Reg2M.3.03(1)
(Item 16)

If an equity instrument that is issued or issuable by the disclosing entity or any of its subsidiaries has been provided as a result of the exercise during the reporting period of options and rights that have been granted as compensation to a person:

- (a) the number of equity instruments;
- (b) if the number of options or rights exercised differs from the number of equity instruments disclosed under paragraph (a) – the number of options or rights exercised;
- (c) the amount paid per instrument; and
- (d) the amount unpaid per instrument.

Reg2M.3.03(1)
(Item 14)

Alterations and modifications

If the terms of share-based payment transactions (including options or rights) granted as compensation to key management personnel have been altered or modified by the issuing entity during the reporting period:

- (a) the date of the alteration;
- (b) the market price of the underlying equity instrument at the date of the alteration;
- (c) the terms of the grant of compensation immediately before the alteration, including:
 - i. the number and class of the underlying equity instruments, exercise price; and
 - ii. the time remaining until expiry; and
 - iii. each other condition in the terms that affects the vesting or exercise of an option or other right;
- (d) the new terms; and
- (e) the difference between:
 - i. the total of the fair value of the options or other rights affected by the alteration immediately before the alteration; and
 - ii. the total of the fair value of the options or other rights immediately after the alteration.

Source reference

Key terms of employment contracts

- The report must also include, for each s.300A(1)(c) identified person:
- (a) 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;
 - (b) for each contract for services between a person and the disclosing entity (or any of its subsidiaries), any further explanation that is necessary in addition to those prescribed in s.300A(1)(ba) (refer page B14) and Regulation 2M.3.03(1)(Item 12) (refer page B18) to provide an understanding of:
 - i. how the amount of compensation in the current reporting period was determined; and
 - ii. how the terms of the contract affect compensation in future periods.

s.298(2) This directors' report is 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

Sydney, 11 September 2009

Source reference

Deloitte.

Deloitte Touche Tohmatsu
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The Board of Directors
Elucidation Limited
167 Admin Ave
SYDNEY, NSW 2000

11 September 2009

Dear Board Members,

Elucidation 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 Elucidation Limited.

As lead audit partner for the audit of the financial statements of Elucidation Limited for the financial year ended 30 June 2009, 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

Liability limited by a scheme approved under Professional Standards Legislation.

Source reference

<p>s.307C(1), (3)</p>	<p>If an audit firm, audit company or individual auditor 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:</p> <ul style="list-style-type: none"> (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: <ul style="list-style-type: none"> (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.
<p>s.307C(5)(a)</p>	<p>The auditor's independence declaration must be given when the audit report is given to the directors of the company, registered scheme or disclosing entity (other than when the conditions in s.307(5A) are satisfied – see below) and must be signed by the person making the declaration.</p>
<p>s.307(5A)</p>	<p>A declaration under s.307C(1) or s.307C(3) in relation to a financial report for a financial year satisfies the conditions in this subsection if:</p> <ul style="list-style-type: none"> (a) the declaration is given to the directors of the company, registered scheme or disclosing entity before the directors pass a resolution under s.298(2) in relation to the directors' report for the financial year; and (b) a director signs the directors' report within 7 days after the declaration is given to the directors; and (c) the auditors' report on the financial report is made within 7 days after the directors' report is signed; and (d) the auditors' report includes either of the following statements: <ul style="list-style-type: none"> i. a statement to the effect that the declaration would be in the same terms if it had been given to the directors at the time that auditors' report was made; ii. a statement to the effect that circumstances have changed since the declaration was given to the directors, and setting out how the declaration would differ if it had been given to the directors at the time the auditor's report was made.
<p>s.307C(5B)</p>	<p>An individual auditor or lead auditor is not required to give a declaration under s.307C(1) and s.307C(3) in respect of a contravention if:</p> <ul style="list-style-type: none"> (a) the contravention was a contravention by a person of s.324CE(2) or s.324CG(2) (strict liability contravention of specific independence requirements by individual auditor or audit firm), or s.324CF(2) (contravention of independence requirements by members of audit firms); and (b) the person does not commit an offence because of s.324CE(4), s.324CF(4) or s.324CG(4) (quality control system defence).

Source reference

Independent auditor's report to the members of Elucidation Limited

An independent auditor's report shall be prepared by the auditor in accordance with the Australian Auditing Standards.

Duty to form an opinion

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

- 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);
 - 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;
 - whether the auditor has been given all information, explanations and assistance necessary for the conduct of the audit;
 - whether the company, registered scheme or disclosing entity has kept financial records sufficient to enable a financial report to be prepared and audited;
 - whether the company, registered scheme or disclosing entity has kept other records and registers as required by the Corporations Act 2001;
 - if the directors' report for the financial year includes a remuneration report, whether the auditor is of the opinion that the remuneration report complies with s.300A of the Corporations Act 2001. If not of that opinion, the auditor's report must say why; and
 - when an entity, in accordance with Accounting Standard AASB 101 'Presentation of Financial Statements', has included in the notes to the financial statements an explicit and unreserved statement of compliance with IFRSs, whether the auditor is of the opinion that the financial report complies with IFRSs. The auditor is only required to include in the audit report this opinion where the auditor agrees with the entity's statement of compliance,
- 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

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

The auditor is required to report any defect or irregularity in the financial report.

The audit report must include any statements or disclosures required by the auditing standards.

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

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.

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 Regulatory Guide 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.

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 39 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

Sydney, 11 September 2009

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 illustrative financial report. These include:

- | | | |
|-----------------|-----|--|
| AASB101.Aus45.1 | (a) | the financial report shall be presented in the English language; |
| AASB101.44 | (b) | the financial report shall be identified clearly and distinguished from other information in the same published document; |
| AASB101.49 | (c) | financial reports shall be presented at least annually; |
| AASB101.49 | (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: <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 recognised income and expense/statement of changes in equity, cash flow statement and related notes are not entirely comparable; |
| AASB101.46 | (e) | each component of the financial report shall be identified clearly; |
| AASB101.46 | (f) | the following information shall be displayed prominently, and repeated where necessary for a proper understanding of the information presented: <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, auditor's independence declaration, independent auditor's report and on the face of the financial statements); 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; iv. the presentation currency; and v. the level of rounding used in presenting amounts in the financial report; and |
| AASB101.46(a) | | |
| AASB101.46(b) | | |
| AASB101.46(c) | | |
| AASB101.46(d) | | |
| AASB101.46(e) | | |
| AASB101.27 | (g) | the presentation and classification of items in the financial report shall be retained from one period to the next unless: <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 having regard to the criteria for the selection and application of accounting policies in AASB 108; or ii. an Accounting Standard requires a change in presentation. |
| AASB101.27(a) | | |
| AASB101.27(b) | | |

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:

- | | | |
|----------------|-----|---|
| AASB101.126(a) | (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);
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 illustrative financial statements. |
| AASB101.126(b) | (b) | a description of the nature of the entity's operations and its principal activities; and
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. |
| AASB101.126(c) | (c) | the name of the parent entity of the entity and the ultimate parent entity of the consolidated entity.
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 46 to the illustrative financial statements. |

Source reference

Notes to the financial statements

AASB101.103

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 4 to the illustrative 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 3 to the illustrative 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, auditor's independence declaration and independent auditor's 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'.

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**Income statement
for the financial year ended 30 June 2009**

(Alt 1: example of expenses disclosed by function)

	Note	Consolidated		Company	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Continuing operations					
Revenue	6	140,871	151,765	18,518	15,187
Cost of sales		(87,871)	(91,798)	(2,360)	(2,301)
Gross profit		53,000	59,967	16,158	12,886
Other revenue	6	3,608	2,351	12,203	12,716
Other income	8	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		(2,637)	(2,579)	(50)	(40)
Profit before tax	8	29,548	32,138	20,069	17,973
Income tax expense	9	(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	8,41	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)	33	112.3	129.9		
Diluted (cents per share)	33	106.6	124.1		
From continuing operations:					
Basic (cents per share)	33	70.9	82.8		
Diluted (cents per share)	33	67.3	79.1		

Notes to the financial statements are included on pages B44 to B178.

Source references: AASB101.81, 82, 83 and 88, AASB112.77, AASB127.33, AASB133.66 and 68, AASB5.33(a), AASB101.46(c)

**Income statement
for the financial year ended 30 June 2009**

(Alt 2: example of expenses disclosed by nature)

	Note	Consolidated		Company	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Continuing operations					
Revenue	6	144,479	154,116	30,721	27,903
Other income	8	934	1,005	252	41
Share of profits of associates and jointly controlled entities accounted for using the equity method	14	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		(70,365)	(85,364)	(1,905)	(2,462)
Employee benefits expense	8	(9,803)	(11,655)	(5,068)	(4,951)
Depreciation and amortisation expense	8	(12,193)	(13,878)	(48)	(45)
Finance costs	7	(5,034)	(6,023)	(2,933)	(1,653)
Impairment of non-current assets	15,17	(219)	-	-	-
Consulting expense		(3,120)	(1,926)	-	-
Other expenses		(9,195)	(7,844)	(930)	(900)
Profit before tax	8	29,548	32,138	20,069	17,973
Income tax expense	9	(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	8,41	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)	33	112.3	129.9		
Diluted (cents per share)	33	106.6	124.1		
From continuing operations:					
Basic (cents per share)	33	70.9	82.8		
Diluted (cents per share)	33	67.3	79.1		

Notes to the financial statements are included on pages B44 to B178.

Source references: AASB101.78, 81, 82, 83 and 88, AASB112.77, AASB127.33, AASB133.66 and 68, AASB5.33(a), AASB101.46(c)

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 Australian 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 (see note 8); 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>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 (see note 8). 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 30 June 2009**

	Note	Consolidated		Company	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Current assets					
Cash and cash equivalents	42(a)	20,199	19,778	8,552	6,681
Trade and other receivables	10	19,570	17,230	16,443	14,749
Other financial assets	11	8,757	6,949	2,438	208
Inventories	12	31,364	30,242	220	240
Current tax assets	9	85	60	-	-
Other	19	-	-	-	-
		79,975	74,259	27,653	21,878
Non-current assets classified as held for sale	13	22,336	-	-	-
Total current assets		102,311	74,259	27,653	21,878
Non-current assets					
Investments accounted for using the equity method	14	8,425	7,269	-	-
Other financial assets	11	10,411	9,656	93,784	99,095
Property, plant and equipment	15	111,235	134,461	476	505
Investment property	16	136	132	-	-
Deferred tax assets	9	-	-	-	37
Goodwill	17	20,208	24,060	-	-
Other intangible assets	18	9,739	11,325	-	-
Other	19	-	-	-	-
Total non-current assets		160,154	186,903	94,260	99,637
Total assets		262,465	261,162	121,913	121,515
Current liabilities					
Trade and other payables	22	16,820	21,495	2,798	4,118
Borrowings	23	22,446	25,600	22,277	32,038
Other financial liabilities	24	104	18	-	-
Current tax liabilities	9	5,149	5,878	4,624	4,643
Provisions	25	3,283	3,142	112	96
Other	26	306	264	-	-
		48,108	56,397	29,811	40,895
Liabilities directly associated with non-current assets classified as held for sale	27	3,684	-	-	-
Total current liabilities		51,792	56,397	29,811	40,895
Non-current liabilities					
Borrowings	23	32,611	31,478	27,049	7,000
Other financial liabilities	24	-	-	-	-
Deferred tax liabilities	9	4,565	3,673	173	-
Provisions	25	2,298	2,326	20	48
Other	26	180	270	-	-
Total non-current liabilities		39,654	37,747	27,242	7,048
Total liabilities		91,446	94,144	57,053	47,943
Net assets		171,019	167,018	64,860	73,572
Equity					
Issued capital	30	32,777	48,672	32,777	48,672
Reserves	31	3,907	3,376	1,663	1,181
Retained earnings	32	110,330	94,965	30,420	23,719
		147,014	147,013	64,860	73,572
Amounts recognised directly in equity relating to non-current assets classified as held for sale		-	-	-	-
Equity attributable to equity holders of the parent		147,014	147,013	64,860	73,572
Minority interest		24,005	20,005	-	-
Total equity		171,019	167,018	64,860	73,572

Notes to the financial statements are included on pages B44 to B178.

Source references: AASB101.68, 68A, 69 and 70, AASB127.33, AASB5.38, AASB101.46(c)

Source reference

Source reference	Current/non-current vs. liquidity presentation
AASB101.51, 52	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; ii. held primarily for the purpose of being traded; 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; ii. is held primarily for the purpose of being traded; 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 these illustrative 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 the 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 the 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 issue.
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'.

AASB112.71

Income taxes

An entity shall offset current tax assets and current tax liabilities if, and only if, the entity

- (a) has a legally enforceable right to set-off the recognised amounts; and
- (b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

AASB112.74

An entity shall offset deferred tax assets and deferred tax liabilities if, and only if:

- (a) the entity has a legally enforceable right to set-off current tax assets against current tax liabilities; and
- (b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - i. the same taxable entity; or
 - ii. different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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 30 June 2009

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

	Note	Consolidated		Company	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Gain/(loss) on revaluation of property	16,31	-	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	31	94	81	31	(55)
Gain/(loss) on cash flow hedges taken to equity	31	436	316	-	-
Exchange differences arising on translation of foreign operations	31	75	121	-	-
Actuarial gain/(loss) on defined benefit plans		-	-	-	-
Other [describe]		-	-	-	-
Income tax on items taken directly to equity	9	(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 on cash flow hedges	31	(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	31	(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	32	-	(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	32	-	-	-	-
Attributable to minority interests		-	-	-	-
		-	-	-	-

Notes to the financial statements are included on pages B44 to B178.

Source references: AASB101.96, AASB128.39, 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 30 June 2009**
(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 July 2007	45,797	1,775	1,100	807	51
Effects of changes in accounting policies:					
Effects of changes in the accounting for customer loyalty programmes	-	-	-	-	-
As restated	45,797	1,775	1,100	807	51
Gain/(loss) on revaluation of property (note 15)	-	-	-	-	1,643
Increase/(decrease) arising from a change in existing decommissioning, restoration or similar liabilities	-	-	-	-	-
Gain/(loss) on available-for-sale investments (note 31)	-	-	-	-	-
Gain/(loss) on cash flow hedges	-	-	-	-	-
Exchange differences arising on translation of foreign operations (note 31)	-	-	-	-	-
Related income tax (note 9)	-	-	-	-	(493)
Net income recognised directly in equity	-	-	-	-	1,150
Transfers (net of any related tax):					
Transfer to profit or loss on cash flow hedges (note 31)	-	-	-	-	-
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 (note 31)	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-
Payment of dividends (note 34)	-	-	-	-	-
Balance at 30 June 2008	45,797	1,775	1,100	807	1,201
Balance at 1 July 2008	45,797	1,775	1,100	807	1,201
Gain/(loss) on available-for-sale investments (note 31)	-	-	-	-	-
Gain/(loss) on cash flow hedges	-	-	-	-	-
Exchange differences arising on translation of foreign operations (note 31)	-	-	-	-	-
Related income tax (note 9)	-	-	-	-	-
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 (note 31)	-	-	-	-	-
Transfer of income tax related to the gain/loss recycled on disposal of foreign operation (note 31)	-	-	-	-	-
Profit for the period	-	-	-	-	-
Total recognised income and expense	-	-	-	-	-
Recognition of share-based payments	-	-	-	-	-
Transfer from equity-settled employee benefits reserve (note 30,31)	338	-	-	-	-
Issue of shares under share option plan (note 30,45)	314	-	-	-	-
Issue of shares for consulting services performed (note 30)	8	-	-	-	-
Issue of converting non-participating preference shares (note 30)	-	-	100	-	-
Issue of convertible notes	-	-	-	-	-
Share issue costs (note 30)	-	-	(6)	-	-
Share buy-back (note 30)	(16,456)	-	-	-	-
Share buy-back costs (note 30)	(277)	-	-	-	-
Transfer to retained earnings (note 31)	-	-	-	-	(3)
Payment of dividends (note 34)	-	-	-	-	-
Related income tax (note 9)	83	-	1	-	-
Balance at 30 June 2009	29,807	1,775	1,195	807	1,198

Notes to the financial statements are included on pages B44 to B178.

Source references: AASB101.8(c)(i), 96, 97, 104, Int1.6(d)

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.

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	-	-	73,896	124,294	17,242	141,536
-	-	-	-	-	-	(21)	(21)	-	(21)
470	-	258	140	-	-	73,875	124,273	17,242	141,515
-	-	-	-	-	-	-	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	-	-	94,965	147,013	20,005	167,018
527	338	278	225	-	-	94,965	147,013	20,005	167,018
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)
-	-	-	(120)	-	-	-	(120)	-	(120)
-	-	-	36	-	-	-	36	-	36
-	-	-	-	-	-	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	-	110,330	147,014	24,005	171,019

**Statement of changes in equity
for the financial year ended 30 June 2009**
(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 July 2007	45,797	1,775	1,100	807	-
Effects of changes in accounting policies:	-	-	-	-	-
As restated	45,797	1,775	1,100	807	-
Gain/(loss) on revaluation of property (note 15)	-	-	-	-	2
Gain/(loss) on available-for-sale investments (note 31)	-	-	-	-	-
Gain/(loss) on cash flow hedges	-	-	-	-	-
Exchange differences arising on translation of foreign operations	-	-	-	-	-
Related income tax (note 9)	-	-	-	-	(1)
Net income recognised directly in equity	-	-	-	-	1
Transfers (net of related tax):					
Transfer to profit or loss on cash flow hedges (note 31)	-	-	-	-	-
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 (note 31)	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-
Payment of dividends (note 34)	-	-	-	-	-
Balance at 30 June 2008	45,797	1,775	1,100	807	1
Balance at 1 July 2008	45,797	1,775	1,100	807	1
Gain/(loss) on available-for-sale investments (note 31)	-	-	-	-	-
Gain/(loss) on cash flow hedges	-	-	-	-	-
Exchange differences arising on translation of foreign operations (note 31)	-	-	-	-	-
Related income tax (note 9)	-	-	-	-	-
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 (note 30,31)	338	-	-	-	-
Issue of shares under share option plan (note 30,45)	314	-	-	-	-
Issue of shares for consulting services performed (note 30)	8	-	-	-	-
Issue of converting non-participating preference shares (note 30)	-	-	100	-	-
Issue of convertible notes	-	-	-	-	-
Share issue costs (note 30)	-	-	(6)	-	-
Share buy-back (note 30)	(16,456)	-	-	-	-
Share buy-back costs (note 30)	(277)	-	-	-	-
Transfer to retained earnings (note 31)	-	-	-	-	-
Payment of dividends (note 34)	-	-	-	-	-
Related income tax (note 9)	83	-	1	-	-
Balance at 30 June 2009	29,807	1,775	1,195	807	1

Notes to the financial statements are included on pages B44 to B178.

Source references: AASB101.8(c)(i), 96,97, 104, Int1.6(d)

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.

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

<p>AASB101.96</p>	<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.
<p>AASB101.96, AASB119.93B</p>	<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 must present this format, i.e. a statement of recognised income and expense. The entity cannot present the more detailed statement as allowed below.</p> <p>An illustrative example of a statement of recognised income and expense is presented on page B35.</p>
<p>AASB101.97</p>	<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 B36 to B39.</p>
<p>AASB101.98</p>	<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>
<p>AASB101.99</p>	<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.</p> <p>Examples of items of income and expense recognised directly in equity not illustrated in these illustrative 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 30 June 2009
(example of direct method)

	Note	Consolidated		Company	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Cash flows from operating activities					
Receipts from customers		204,158	227,649	17,072	14,374
Payments to suppliers and employees		(156,841)	(174,195)	(9,071)	(8,101)
Interest and other costs of finance paid	7	(5,184)	(6,186)	(2,905)	(1,653)
Income taxes paid	9	(13,574)	(14,082)	(10,741)	(9,642)
Net cash provided by/(used in) operating activities	42(f)	28,559	33,186	(5,645)	(5,022)
Cash flows from investing activities					
Payment for investment securities		(5,393)	(10,588)	(114)	(100)
Proceeds on sale of investment securities		3,604	2,410	208	320
Interest received	6	2,315	1,304	3,248	1,747
Dividends received		196	179	8,945	10,961
Amounts advanced to related parties		(5,147)	(5,020)	(3,737)	(9,012)
Proceeds from repayment of related party loans		4,598	3,417	7,474	3,871
Payments for property, plant and equipment	15	(22,943)	(11,887)	(55)	(28)
Proceeds from sale of property, plant and equipment	15	9,872	22,295	50	107
Payments for investment properties	16	(10)	(12)	-	-
Payments for intangible assets	18	(6)	(358)	-	-
Development costs paid		(502)	(440)	-	-
Additional interests acquired in associates and jointly controlled entities	14	(10)	-	-	-
Proceeds from sale of businesses	42(b)	7,566	-	-	-
Payment for businesses	40	(622)	-	-	-
Net cash (used in)/provided by investing activities		(6,482)	1,300	16,019	7,866
Cash flows from financing activities					
Proceeds from issues of equity securities		414	-	414	-
Payment for share issue costs		(6)	-	(6)	-
Payment for share buy-back to:					
- equity holders of the parent	30,32	(17,011)	-	(17,011)	-
- minority interests		-	-	-	-
Payment for share buy-back costs		(277)	-	(277)	-
Proceeds from issue of debt securities	23	22,450	-	22,450	-
Payment for debt issue costs		(595)	-	(595)	-
Proceeds from borrowings	23	7,828	5,541	7,823	6,540
Repayment of borrowings	23	(27,754)	(30,310)	(14,956)	(3,210)
Dividends paid to:					
- equity holders of the parent	34	(6,635)	(6,479)	(6,635)	(6,479)
- minority interests		-	-	-	-
Net cash used in financing activities		(21,586)	(31,248)	(8,793)	(3,149)
Net increase in cash and cash equivalents		491	3,238	1,581	(305)
Cash and cash equivalents at the beginning of the financial year					
Effects of exchange rate changes on the balance of cash held in foreign currencies		(55)	25	-	-
Cash and cash equivalents at the end of the financial year	42(a)	19,836	19,400	8,050	6,469

Notes to the financial statements are included on pages B44 to B178.

AASB 107 applying to annual reporting periods beginning on or after 1 July 2007 allows entities to report cash flows from operating activities using either the direct method (as illustrated above), or the indirect method. Entities are encouraged to report cash flows from activities using the direct method.

Source references: AASB107.1, 10, 18, 19, 28, 31, 34, 35, and 39

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.

AASB107.18

Entities shall report cash flows from operations using the direct method or indirect method.

AASB107.19

Entities are encouraged to report cash flows from operating activities using the direct method.

AASB107.Aus20.1

When the direct method is used, a reconciliation of cash flows arising from operating activities to profit or loss shall be disclosed in the financial report.

Investing activities

AASB107.16

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.

Financing activities

AASB107.17

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.

Source reference

Interest and dividends

- AASB107.31 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.
- 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 may be classified as a financing cash flow because they are a cost of obtaining financial resources. Alternatively, dividends paid may be classified as a component of cash flows from operating activities in order to assist users to determine the ability of an entity to pay dividends out of operating cash flows.

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 which reports its interest in a jointly controlled entity (see AASB 131 'Interests in Joint Ventures') using proportionate consolidation, includes in its consolidated cash flow statement its proportionate share of the jointly controlled entity's cash flows. An entity which reports such an interest using the equity method 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.

Source reference													
	<p>1. General information</p> <p>Elucidation Limited (the company) is a public company listed on the Australian Stock Exchange (trading under the symbol 'EXD'), incorporated in Australia and operating in Australia, North America and Asia.</p> <p>Elucidation Limited's registered office and its principal place of business are as follows:</p>												
AASB101.126(a), AASB101.46(a)													
AASB101.126(a)	<table border="0"> <thead> <tr> <th style="text-align: left;">Registered office</th> <th style="text-align: left;">Principal place of business</th> </tr> </thead> <tbody> <tr> <td>10th Floor</td> <td>1st Floor</td> </tr> <tr> <td>ALD Centre</td> <td>167 Admin Ave</td> </tr> <tr> <td>255 Deloitte Street</td> <td>SYDNEY NSW 2000</td> </tr> <tr> <td>SYDNEY NSW 2000</td> <td>Tel: (02) 9208 5000</td> </tr> <tr> <td>Tel: (02) 9208 7000</td> <td></td> </tr> </tbody> </table>	Registered office	Principal place of business	10th Floor	1st Floor	ALD Centre	167 Admin Ave	255 Deloitte Street	SYDNEY NSW 2000	SYDNEY NSW 2000	Tel: (02) 9208 5000	Tel: (02) 9208 7000	
Registered office	Principal place of business												
10th Floor	1st Floor												
ALD Centre	167 Admin Ave												
255 Deloitte Street	SYDNEY NSW 2000												
SYDNEY NSW 2000	Tel: (02) 9208 5000												
Tel: (02) 9208 7000													
AASB101.126(b)	The entity's principal activities are the manufacturing and distribution of electronic equipment and leisure goods.												
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.'												
	<p>2. 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 statements 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> <p>The financial statements were authorised for issue by the directors on 11 September 2009.</p>												
AASB101.Aus13.2, Aus13.3, Aus13.4, 14, Aus14.1, AASB127.42(a)													
AASB110.17													
AASB101.103(a) AASB101.46(d), 108(a)	<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>												
ASIC-CO 98/100	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.												
ASIC-CO 98/100, AASB101.46(e)	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.												
AASB101.113	<p>Critical accounting judgements and key sources of estimation uncertainty</p> <p>In the application of the Group's accounting policies, 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 other factors that are considered to be relevant. 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. Refer to note 3 for a discussion of critical judgements in applying the entity's accounting policies, and key sources of estimation uncertainty.</p>												

Source reference

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

AASB108.28

Changes in accounting policies on initial application of Accounting Standards

When initial application of an Accounting Standard has an effect on the current period or any prior period, or 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 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.

The above information would likely be disclosed in the accounting policy note of the relevant item and the relevant note for the item, or a change in accounting policy note.

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

- Customer Loyalty Programmes

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 33.

Early adoption of Accounting Standards

The directors have elected under s.334(5) of the Corporations Act 2001 to apply AASB 8 'Operating Segments' and AASB 2007-3 'Amendments to Australian Accounting Standards arising from AASB 8', even though the Standards are not required to be applied until annual reporting periods beginning on or after 1 January 2009.

AASB 8 is a disclosure standard which has resulted in a redesignation of the Group's reportable segments (see note 5), but has no impact on the reported results or financial position of the Group. The operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

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:

- (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:
 - 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

Source reference	
	<p>2. Significant accounting policies (cont'd)</p>
	<p>(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.</p>
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.
	<p>Changes in accounting policy since the most recent interim financial report</p>
AASB134.26	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.
AASB134.27	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.
AASB101.108(b)	The following significant accounting policies have been adopted in the preparation and presentation of the financial report:
	<p>Significant accounting policies</p>
AASB101.108-112	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><u>Materiality</u></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: <ul 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.
	<p>Going concern basis</p>
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.
	<p>Example accounting policies</p>
	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: <ul style="list-style-type: none"> • to expense all borrowing costs as they are incurred or to capitalise borrowing costs that relate to qualifying assets (this option is eliminated under the revised Standard effective for annual reporting periods beginning on or after 1 January 2009);
AASB123.7, 10	

Source reference

2. Significant accounting policies (cont'd)

AASB139.98, 99	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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 AASB139.92	<ul style="list-style-type: none"> • to recognise investments on settlement date or on trade date; • 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	<ul style="list-style-type: none"> • 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';
AASB112.78	<ul style="list-style-type: none"> • to present exchange differences on deferred foreign tax liabilities or assets recognised in the income statement as deferred tax expense (income);
AASB138.72	<ul style="list-style-type: none"> • 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 AASB140.6	<ul style="list-style-type: none"> • to measure investment property under either the cost model or the fair value model; • to classify and account for property interests held under operating leases as investment properties on a property-by-property basis;
AASB131.30 AASB120.23	<ul style="list-style-type: none"> • to account for jointly controlled entities using proportionate consolidation; • to account for government grants in the form of a non-monetary asset at a nominal amount;
AASB120.24	<ul style="list-style-type: none"> • to present government grants related to assets as a deduction from the carrying amount of the asset;
AASB120.29	<ul style="list-style-type: none"> • to deduct government grants received and recognised in the income statement in reporting the related expense; or
AASB107.18	<ul style="list-style-type: none"> • to prepare the statement of cash flows using either the direct or the indirect method.
AASB3.3(b) AASB141 AASB6	<p>Entities may also need to disclose the manner in which they account for:</p> <ul style="list-style-type: none"> • business combinations involving entities under common control; • biological assets or agricultural produce; or • exploration and evaluation activities.

(a) Basis of consolidation

AASB127,
AASB101.46(b)

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.

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.

Source reference

2. Significant accounting policies (cont'd)

(b) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3 'Business Combinations' are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations', which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

(c) Joint venture arrangements

Jointly controlled assets

Interests in jointly controlled assets in which the Group is a venturer and 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 2(g).

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 2(u)).
- a right to a net return in the form of cash or other financial assets, the Group recognises a financial asset (refer note 2(m)).

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.

AASB131

Source reference

2. Significant accounting policies (cont'd)

AASB 131 amended through AASB 2007-4.30 allows entities the option of accounting for their interests in jointly controlled entities by way of proportionate consolidation instead of the equity method referred to below.

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 or, if the Group has significant influence, by using the equity method (refer note 2(m)).

(d) Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations'. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments.

Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of the acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of the acquisition, after reassessment, is recognised immediately in profit or loss.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

(e) Foreign currency

The individual financial statements of each group entity are presented in its functional currency being the currency of the primary economic environment in which the entity operates. 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 Elucidation 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 including the translation method set out in AASB 121 paragraphs 39 and 42.

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 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 at 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.

Source reference	
	<p>2. Significant accounting policies (cont'd)</p> <p>Exchange differences are recognised in profit or loss in the period in which they arise except for:</p> <ul style="list-style-type: none"> • 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 2(r)); • exchange differences on transactions entered into in order to hedge certain foreign currency risks (refer note 2(z)); and • 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. <p>On consolidation, the assets and liabilities of the Group's foreign operations are translated into Australian dollars at exchange rates prevailing on the balance sheet date. Income and expense items 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 foreign currency translation reserve. Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed.</p> <p>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.</p>
AASB123.5(e)	
AASB139.72	
AASB121.15	
Int1031	<p>(f) Goods and services tax</p> <p>Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:</p> <ol style="list-style-type: none"> 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. <p>The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.</p> <p>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 within operating cash flows.</p>
AASB118.35(a)	<p>(g) 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>
AASB118.35(a)	<p>The revenue accounting policies that follow are generic and must be adapted to suit the specific circumstances of each entity. The entity should disclose the accounting policies adopted for each significant category of revenue recognised in the period including the methods adopted to determine the stage of completion of transactions involving the rendering of services.</p>
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 • 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 set out in note 2(h).</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>

Source reference

2. Significant accounting policies (cont'd)

Sale of goods

Appropriate accounting policy to be inserted for the sale of goods.

Sales of goods that result in award credits for customers under the Group's Pluspoint Scheme are accounted for as multiple element revenue transactions and the fair value of the consideration received or receivable is allocated between the goods supplied and the loyalty points granted. The consideration allocated to the loyalty points is measured by reference to their fair value is the amount for which the loyalty points could be sold separately. Such consideration is not recognised as revenue at the time of the initial sale transaction, but is deferred and recognised as revenue when the loyalty points are redeemed and the Group's obligations have been fulfilled. Deferred loyalty programme revenue is included in other liabilities.

The adoption of Interpretation 13 'Customer Loyalty Programmes' has resulted in a change to the Group's revenue recognition policy for its customer loyalty programme. The Pluspoint Scheme, operated for the benefit of online customers, falls within the scope of Interpretation 13. Under the Pluspoint Scheme, online customers purchasing the Group's electronic equipment are entitled to register and, dependent on the level of purchases within the following 12 months, they receive loyalty points which can be used to obtain discounts on subsequent purchases. In the past, the Group has accounted for the Pluspoint Scheme by recognising full consideration from the on-line sales as revenue, with a separate liability for the estimated cost of the subsequent discounts. However, the Interpretation requires that such transactions be accounted for as 'multiple element revenue transactions' and that the consideration received in the initial sales transaction be allocated between the sale of equipment and the discount entitlements that are earned by the customer.

The change in accounting policy has been applied retrospectively in accordance with the transitional provisions of the Interpretation. The impact of this change in accounting policy at the start of the comparative period has been to reduce provisions for the Group by \$63 thousand, to increase deferred revenue by \$94 thousand, and to require the recognition of a deferred tax asset of \$10 thousand, with a corresponding adjustment for the net effect of \$21 thousand against opening retained earnings. For the Group, revenue for the year ended 30 June 2009 has been reduced by \$47 thousand (2008:\$75 thousand), cost of sales reduced by \$28 thousand (2008:\$42 thousand) and tax expense reduced by \$6 thousand (2008:\$10 thousand). Profit for the year ended 30 June 2009 has, therefore been reduced by \$13 thousand (2008:\$23 thousand) on adoption of the new accounting policy. At 30 June 2009, deferred revenue in relation to the scheme amounted to \$216 thousand (2008:\$169 thousand) and the related deferred tax asset amounted to \$26 thousand (2008:\$20 thousand) for the Group.

Royalties

AASB118.30(c)

Royalty revenue is recognised on the number of units that are sold in accordance with the substance of the relevant agreement.

Dividend and interest revenue

AASB118.30(c)

Dividend revenue from investments is recognised when the Group's right to receive payment has been established.

AASB118.30(a)

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.

Rental income

Revenue from operating leases is recognised in accordance with the Group's accounting policy outlined in note 2(s).

AASB111.39(b),
39(c)

(h) **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.

Source reference

AASB120.39(a),
Int110

2. Significant accounting policies (cont'd)

(i) 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 non-current 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.

(j) Share-based payments

Equity-settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument 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 44.

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 equity instruments that will eventually vest.

At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with corresponding adjustment to the equity-settled employee benefits reserve.

The policy described above is applied to all equity-settled share based payments that were granted after 7 November 2002 that vested after 1 January 2005. No amount has been recognised in the financial statements in respect of the other equity-settled share-based payments.

Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods and services received, except where the 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 the 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.

(k) Income tax

Current tax

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

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.

AASB2.46, 11-12

AASB2.10, 13

AASB112.12, 46

AASB112.15, 24

Source reference

2. Significant accounting policies (cont'd)

AASB112.39, 44

Deferred tax (cont'd)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries 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.

AASB112.58

Current and deferred tax for the period

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.

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.

Int1052.16(b)

Tax consolidation

The company and all its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian taxation law. Elucidation 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 9. 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:

Source reference

2. Significant accounting policies (cont'd)

The company and all its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian taxation law. Elucidation 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 9 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
- 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. Elucidation 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 9. 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.

Source reference

2. Significant accounting policies (cont'd)

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.

AASB107.46

(l) **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, which are subject to an insignificant risk of changes in value and have a maturity of three months or less at the date of acquisition.

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

AASB7.21

(m) **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. Further information regarding equity accounted investments is detailed in note 2(d).

AASB139.9

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 (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) 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:

- has been acquired principally for the purpose of selling in the near future;
- 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
- is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- (a) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- (b) the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- (c) it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as fair value through profit and loss.

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 43.

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.

Source reference

2. Significant accounting policies (cont'd)

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 43. 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.

AASB132.35

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

AASB139.61

For equity instruments, including listed or unlisted shares, objective evidence of impairment includes information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered. A significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment for unlisted shares classified as available-for-sale.

AASB139.58, 59

For all other financial assets, including redeemable notes classified as available-for-sale and finance lease receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

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 financial assets including uncollectible trade receivables is reduced by the impairment loss through the use of an 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.

Source reference

2. Significant accounting policies (cont'd)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

AASB102.36(a)

(n) **Inventories**

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

AASB5

(o) **Non-current assets held for sale**

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 sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

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

AASB116.73(a), (b)

(p) **Property, plant and equipment**

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are carried in the balance sheet at fair value, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Fair value is determined on the basis of an independent valuation prepared by external valuation experts, based on discounted cash flows or capitalisation of net income, as appropriate. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the balance sheet date.

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.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Plant and equipment, leasehold improvements are stated at cost less accumulated depreciation and impairment. Construction in progress is stated at cost. Cost includes expenditure that is directly attributable to the acquisition or construction 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.

Source reference

2. Significant accounting policies (cont'd)

AASB116.73(a), (b)

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.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

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

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.

AASB140.75(a)

(q) 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 and 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.

AASB123.29(a)

(r) 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.

AASB117

(s) 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 income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

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.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Source reference

2. Significant accounting policies (cont'd)

Group as lessee

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 2(r). 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 the period in which they are incurred.

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.

AASB3.51, 54

(t) 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 Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised at the date of the acquisition. Goodwill is subsequently measured at its cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units, or groups of cash-generating units, expected to benefit from the synergies of the business combination. Cash-generating units or groups of cash-generating units 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 cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (or groups of cash-generating units), the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or groups of cash-generating units) and then to the other assets of the cash generating units pro-rata on the basis of the carrying amount of each asset in the cash-generating unit (or groups of cash-generating units). 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 cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal of the operation.

AASB138.118(b)

(u) Intangible assets

Intangible assets acquired separately

Intangible assets acquired separately 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 in these accounting estimates being accounted for on a prospective basis.

Source reference

2. Significant accounting policies (cont'd)

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period as incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- 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.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

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

Capitalised development	5 years
Patents	10 – 20 years
Trademarks	20 years
Licences	20 years

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 2(v).

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.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

(v) Impairment of long-lived assets excluding goodwill

At each reporting date, the Group reviews the carrying amounts of its 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.

AASB138.118(a)

AASB136

Source reference

AASB136

2. Significant accounting policies (cont'd)

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 immediately in profit or loss, unless the relevant asset is carried at revalued amount, in which case the impairment loss is treated as a revaluation decrease (refer note 2(p)).

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 immediately in profit or loss, 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 2(p)).

AASB119

(w) 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 employees have rendered service entitling them to the contributions.

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.

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.

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

AASB119.92,
120A(a)

AASB137

(x) 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 reimbursement 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.

Source reference

2. Significant accounting policies (cont'd)

AASB137

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.

Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the date of acquisition. At subsequent reporting dates, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with AASB 137 'Provisions, Contingent Liabilities and Contingent Assets' and the amount initially recognised less cumulative amortisation recognised in accordance with AASB 118 'Revenue'.

Provision for restoration and rehabilitation

A provision for restoration and rehabilitation is recognised when there is a present obligation as a result of production 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 the facilities and restoring the affected areas.

(y) 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. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

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 of the obligation under the contract, as determined under AASB 137 'Provisions, Contingent Liabilities and Contingent Assets'; and
- the amount initially recognised less, where appropriate, cumulative amortisation in accordance with the revenue recognition policies described in note 2(g).

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 are classified as at fair value through profit or loss where the financial liability is either held for trading or it is designated as at fair value through profit or loss.

AASB132.29, 32

Source reference

AASB7.B5(a)

2. Significant accounting policies (cont'd)

A financial liability is held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near future; or
- it 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
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading is designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

AASB7.B5(e)

Financial liabilities 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 interest paid on the financial liability. Fair value is determined in the manner described in note 43.

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.

AASB 7.21

(z) 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 foreign exchange forward contracts and interest rate swaps. Further details of derivative financial instruments are disclosed in note 43 to the financial statements.

Derivatives are initially recognised at fair value at 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 a hedging derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

AASB 7.17

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

2. 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 instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Note 43 contains details of the fair values of the derivative instruments used for hedging purposes. Movements in the hedging reserve in equity are also detailed in note 31.

Where a statement of changes in equity is presented, the above sentence should refer to that statement rather than note 31.

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 item 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, or 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 in the same line of the income statement as the recognised hedged item. 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. 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 and included in the 'other expenses or other income' line of the income statement.

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

Source reference

2. Significant accounting policies (cont'd)

(aa) Standards and Interpretations issued not yet effective

AASB108.30, 31

At the date of authorisation of the financial report, the Standards and Interpretations listed below were in issue but not yet effective.

AASB108.30, 31

Initial application of the following Standards will not affect any of the amounts recognised in the financial report, but will change the disclosures presently made in relation to the Group and the Company's financial report:

AASB 108.31(a), (c), (d)

	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
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AASB108.30, 31

- AASB 101 'Presentation of Financial Statements' (revised September 2007), AASB 2007-8 'Amendments to Australian Accounting Standards arising from AASB 101', AASB 2007-10 'Further Amendments to Australian Accounting Standards arising from AASB 101'

1 January 2009

30 June 2010

Where an entity, which does not have on issue any debt or equity securities that are traded in a public market (and is not in the process of issuing any class of instruments in a public market), adopts AASB 8 before its application date, the following wording may be used:
"The [directors] have elected under s.334(5) of the Corporations Act 2001 to apply Accounting Standards AASB 8 'Operating Segments' and AASB 2007-3 'Amendments to Australian Accounting Standards arising from AASB 8' in the current accounting period, even though those Standards are not required to be applied until annual reporting periods beginning on or after 1 January 2009. Because the [group/company] does not have on issue any debt or equity securities that are traded in a public market and is not in the process of issuing any class of instruments in a public market, the [group/company] is not required to present segment reporting information under AASB 8, and accordingly none has been provided in this financial report."

Initial application of the following Standards/Interpretations is not expected to have any material impact on the financial report of the Group and the Company:

Initial application of some Standards/Interpretations may be expected to have a material impact on the financial report of the Group and/or the Company, or may not yet have been evaluated. In such cases, the above wording may need to be amended.

	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
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- AASB 123 'Borrowing Costs' (revised), AASB 2007-6 'Amendments to Australian Accounting Standards arising from AASB 123'
- AASB 3 'Business Combinations' (revised), AASB 127 'Consolidated and Separate Financial Statements' (revised) and AASB 2008-3 'Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127'
- AASB 2008-1 'Amendments to Australian Accounting Standard - Share-based Payments: Vesting Conditions and Cancellations'
- AASB 2008-2 'Amendments to Australian Accounting Standards - Puttable Financial Instruments and Obligations arising on Liquidation'

1 January 2009

30 June 2010

AASB 3 (business combinations occurring after the beginning of annual reporting periods beginning 1 July 2009), AASB 127 and AASB 2008-3 (1 July 2009)

30 June 2010

1 January 2009

30 June 2010

1 January 2009

30 June 2010

Source reference

2. Significant accounting policies (cont'd)

(aa) Standards and Interpretations issued not yet effective (cont'd)

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
• AASB 2008-5 'Amendments to Australian Accounting Standards arising from the Annual Improvements Project'	1 January 2009	30 June 2010
• AASB 2008-6 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project'	1 July 2009	30 June 2010
• AASB 2008-7 'Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate'	1 January 2009	30 June 2010
• AASB 2008-8 'Amendments to Australian Accounting Standards – Eligible Hedged Items'	1 July 2009	30 June 2010
• AASB Interpretation 15 'Agreements for the Construction of Real Estate'	1 January 2009	30 June 2010
• AASB Interpretation 16 'Hedges of a Net Investment in a Foreign Operation'	1 October 2008	30 June 2010
• AASB Interpretation 17 'Distributions of Non-cash Assets to Owners', AASB 2008-13 'Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-cash Assets to Owners'	1 July 2009	30 June 2010
The initial application of the expected issue of an Australian equivalent accounting Standard/Interpretation to the following Standard/interpretation is not expected to have a material impact on the financial report of the Group and the Company:		
Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
• IFRIC 18 'Transfers of Assets from Customers'	1 July 2009*	30 June 2010

*IFRIC 18 applies to transfers of assets from customers received on or after 1 July 2009

AASB108.31

The following example disclosures illustrate the requirements regarding the nature and impact of impending changes. Adapt the disclosures below to reflect the entity's policies and circumstances. In some cases, an entity may not yet have determined the impact and therefore may state "The potential effect of the revised Standards/Interpretations on the Group and the Company's financial report has not yet been determined."

AASB108.31(a),(b)

AASB 123 'Borrowing Costs'

The Standard eliminates the option of expensing borrowing costs related to qualifying assets, instead requiring capitalisation. Transitional provisions require prospective application to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after the application date.

This Standard will have no impact on the Group and the Company's financial report as the Group and the Company currently adopt the practice of capitalising borrowing costs which are directly attributable to the acquisition, construction or production of qualifying assets.

AASB 3 'Business Combinations', AASB 127 'Consolidated and Separate Financial Statements' and AASB 2008-3 'Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127'

AASB108.31(a),(b)

The Standard introduces greater emphasis on the use of fair value through increasing the

judgement and subjectivity around business combination accounting and requiring greater involvement of valuation experts. Further volatility in the income statement will be introduced through the separate accounting for transaction costs, changes in the fair value of contingent consideration, settlement of pre-existing contracts and share-based payments.

The Standard also focuses on changes in control as a significant economic event, with requirements to remeasure interests to fair value on gaining or losing control, and to recognise all transactions between controlling and non-controlling shareholders whilst control is retained in equity.

The impact of revised Standards will depend on the nature of the future business combinations. However:

- transaction costs (\$xxx) capitalised as at year end related to business combinations that have not yet been finalised will need to be written off.
- deferred tax assets not recognised on the accounting for business combinations prior to the end of the financial year that subsequently are recognised will be recognised in profit or loss (or equity where required by AASB 112)
- changes in ownership interest in a subsidiary occurring after the end of the financial year, regardless of whether the subsidiary was acquired in a business combination that occurred prior to the application of AASB 3 (2008), will be accounted for as an equity transaction.

AASB 2008-1 'Amendments to Australian Accounting Standard - Share-based Payments: Vesting Conditions and Cancellations'

The Standard clarifies for share-based payments what are vesting conditions and restricts the definition to include only service conditions and performance conditions. It also amends the definition of performance conditions to require the completion of a service period in addition to specified performance targets and to specify that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment.

Due to the nature of the Group's share-based payments, the initial application of the Standard is not expected to have any impact on the Group and the Company's financial report.

AASB 2008-2 'Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations Arising on Liquidation'

The Standard amends the criteria for debt/equity classification by permitting certain puttable financial instruments and instruments (or components of instruments) that impose on the entity an obligation to deliver to another party a pro-rata share of the net assets of the entity only on liquidation, to be classified as equity, subject to specified criteria being met.

Due to the nature of the Group's financial instruments the impact of initial application of the Standard is not expected to have an impact on the Group and the Company's financial report.

AASB 2008-5 'Amendments to Australian Accounting Standards arising from the Annual Improvements Project' and AASB 2008-6 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project'

The Standards have led to a number of changes in detail of the Group's accounting policies, some of which are terminology only, and some of which are substantive but are not expected to have any impact on the Group and the Company's financial report. Only three of the improvements are expected to have an impact on the Group's and Company's financial report.

- AASB 138 *Intangible assets* has been amended to state that an entity can recognise a prepayment asset for advertising or promotional expenditure only up to the point at which the entity has the right to access the goods purchased or up to the point of receipt of services. Mail order catalogues have been specifically identified as a form of advertising and promotional activities. In the past, the Group has recognised the inventories of catalogues held as an asset up to the date of dispatch. As at 30 June 2009, the Group has inventories of \$xxx (2008: \$xxx) which on adoption of the Standard will be retrospectively adjusted against retained earnings.
- AASB 140 *Investment Property* has been amended to include within its scope investment property in the course of construction, and to require such property to be measured at fair value (where that fair value is reliably determinable), with changes in fair value recognised in profit or loss. The Group has previously accounted for such assets at cost less accumulated impairment losses under AASB 116 *Property, Plant and Equipment*. The change will be applied prospectively and therefore will not impact the current reported results.
- AASB 120 *Accounting for Government Grants and Disclosure for Government Assistance* has been amended to require that the benefit of a government loan at a below-market rate of interest be treated as a government grant. This accounting treatment was not permitted prior to these amendments. The change will be applied prospectively and therefore will not impact historical government grants.

AASB 2008-7 'Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate'

The amendments:

- remove the definition of the cost method from AASB 127 *Consolidated and Separate Financial Statements* and replace it with a requirement to present dividends as income in

AASB108.31(a),(b)

- the separate financial statements of the investor;
- implement consequential amendments to AASB 136 *Impairment of Assets*, introducing a new indicator of impairment for investments in subsidiaries, jointly controlled entities and associates where a dividend has been recognised; and
 - require the separate financial statements of a new parent formed as the result of a specific type of reorganisation to measure the cost of its investments in the previous parent at the carrying amount of its share of the equity items of the previous parent at the date of the reorganisation.

The Standard will be applied prospectively and will therefore have no impact on previous accounting for dividends or group reorganisations.

AASB 2008-8 'Amendments to Australian Accounting Standards – Eligible Hedged Items'

The Standard amends AASB 139 *Financial Instruments: Recognition and Measurement* to clarify hedge accounting with respect to identifying inflation as a hedged risk or portion and hedging with options.

Initial application of the Standard is not expected to have any material impact on the Group and the Company's financial report due to the nature of their hedging relationships.

AASB Interpretation 15 'Agreements for the Construction of Real Estate'

The Interpretation provides guidance on how to determine whether an agreement for the construction of real estate is within the scope of AASB 111 *Construction Contracts* or AASB 118 *Revenue* and, accordingly, when revenue from the construction should be recognised. If the agreement allows the buyer limited ability to influence the design of the real estate (i.e. not the ability to specify or change major structural elements) it does not meet the definition of a construction contract and would, therefore, be accounted for as either the provision of services or the sale of goods under AASB 118.

Under the current accounting policy, the Group and the Company account for revenue for the construction of real estate under AASB 118 as a sale of goods. The majority of agreements do not allow the buyer to influence the design of the real estate, and therefore the impact on the Group and the Company's financial report is not expected to be material.

AASB Interpretation 16 'Hedges of a Net Investment in a Foreign Operation'

The Interpretation deals with the following issues with respect to net investment hedging:

- which foreign currency risks qualify for hedge accounting, and what amount can be designated;
- where within the group, the hedging instrument can be held; and
- what amount should be reclassified to profit or loss when the hedged foreign operation is disposed of.

This Interpretation will be applied prospectively with any amounts previously recognised directly in equity related to now ineligible hedge accounting relationships continuing to be deferred until the hedged item affects profit or loss. Therefore no adjustments will be required on adoption and as at year end the Group does not have any hedging relationships that will cease to qualify for hedge accounting under the new guidance.

AASB Interpretation 17 'Distributions of Non-cash Assets to Owners' and AASB 2008-13 'Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-cash Assets to Owners'

The Interpretation requires a dividend payable to be recognised when the dividend is appropriately authorised and is no longer at the discretion of the entity. A dividend payable must be measured at the fair value of the non-cash assets to be distributed. On settlement of the dividend payable any difference between the dividend payable and the carrying amount of the assets distributed must be recognised in profit or loss.

This Interpretation will be applied prospectively and will therefore have no impact on the Group and the Company's financial report prior to 1 July 2009.

IFRIC 18 'Transfers of Assets from Customers'

The Interpretation clarifies the accounting for the transfers of items of property, plant and equipment by entities that receive such transfers from their customers. When an item of property, plant and equipment transferred meets the definition of an asset from the perspective of the recipient, the recipient should recognise the asset at its fair value on the date of transfer, with the credit recognised as revenue in accordance with AASB 118 *Revenue*.

This Interpretation will be applied prospectively to transfers of assets from customers received on or after 1 July 2009. Therefore no adjustments will be required on adoption and no changes in accounting policy are expected which will impact future transfers.

Source reference

AASB108.30

Accounting Standards and Interpretations issued and not yet effective

When an entity has not applied a new Accounting Standard that has been issued but is not yet effective, the entity shall disclose:

- (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:

- (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:
 - 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.

(ab) Comparative amounts

AASB101.38, 39

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.

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

2. 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

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

AASB101.113

Critical judgements in applying the entity's accounting policies

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

[Describe, for example:]

Revenue recognition

Note 8 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 July to December 2008, 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 2010. 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.

Inventories

Note 12 sets out the categories of inventory carried. The net realisable value of inventories is the estimated selling price in the ordinary course of business less estimated costs to sell which approximates fair value less cost to sell. The key assumptions require the use of management judgement and are reviewed annually. These key assumptions are the variables affecting the estimated costs to sell and the expected selling price. Any reassessment of cost to sell or selling price in a particular year will affect the cost of goods sold.

Held-to-maturity financial assets

The directors have reviewed the Group's held-to-maturity financial assets in the light of its capital maintenance and liquidity requirements and have confirmed the Group's positive intention and ability to hold those assets to maturity. The carrying amount of the held-to-maturity financial assets is \$[thousand] (2008: \$[thousand]). Details of these assets are set out in note 11.

Employee entitlements

Management judgement is applied in determining the following key assumptions used in the calculation of long service leave at balance date:

- future increases in wages and salaries;
- future on cost rates; and
- experience of employee departures and period of service.

Refer to note 25 for further details on the key management judgements used in the calculation of long service leave.

AASB101.116, 120

Key sources of estimation uncertainty

The following are 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:

Intangible assets

Useful lives of intangible assets with finite lives are reviewed annually. Any reassessment of useful lives in a particular year will affect the amortisation expense (either increasing or decreasing) through to the end of the reassessed useful life for both the current and future years. Details of the assumptions used are provided in note X.

Source reference

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

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 (2008: \$24,060 thousand) after an impairment loss of \$15 thousand (2008: nil) was recognised during the current financial year. Details of the impairment loss calculation are provided in note 17.

Useful lives of property, plant and equipment

AASB108.39

As described in note 2(p), 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 to 5 years, 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>
2009	9
2010	7
2011	4
2012	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.

Fair value of derivatives and other financial instruments

As described in note 43, management uses their judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates. The estimation of fair value of unlisted shares includes some assumptions not supported by observable market prices or rates. The carrying amount of the share is \$5,251 thousand (2008: \$5,096 thousand). Details of assumptions used and of the end results of sensitivity analyses regarding these assumptions are provided in note 43.

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

4. 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

AASB8.20

5. Segment information

AASB8.Aus2.1

AASB 8 'Operating Segments' supersedes AASB 114 'Segment Reporting' effective for periods beginning on or after 1 January 2009. The Standard applies to the separate or individual financial statements of an entity, and the consolidated financial statements of a group with a parent, whose debt or equity instruments are traded in a public market or that files, or is in the process of filing, financial statements with a securities commission or other regulatory organisation for the purposes of issuing instruments in a public market.

AASB8.4

If a financial report contains both the consolidated financial statements of a parent that is within the scope of AASB 8 as well as the parent's separate financial statements, segment information is required only in the consolidated financial statements.

Accordingly, fewer Australian entities will be required to present segment information on adoption of the Standard. In order to early adopt the Standard, an election must be made in writing by the directors in accordance with s.334(5) of the Corporations Act 2001 and the fact that the standard has been early adopted must be disclosed.

AASB 8 was issued together with AASB 2007-3 'Amendments to Australian Accounting Standards arising from AASB 8', which specifies the consequential amendments to other Australian Accounting Standards arising from adoption of AASB 8, including amendments to AASB 136 'Impairment of Assets'. AASB 2007-3 is similarly effective for reporting periods beginning on or after 1 January 2009. Earlier application is permitted. However, if an entity chooses to apply AASB 8 for an earlier period, AASB 2007-3 shall also be applied for that earlier period. In this publication, we have illustrated the adoption of the AASB 8 and AASB 2007-3 requirements with effect from 1 July 2007.

For periods beginning before 1 January 2009, entities required to disclose segment information in their annual financial reports, but that do not elect to adopt AASB 8 and AASB 2007-3 in advance of their effective dates, should continue to apply the requirements of AASB 114.

AASB8.Aus2.3,
AASB2007-3.6

**Alt 1 – Entities adopting AASB 8 and AASB 2007-3 in advance of their effective dates
Adoption of AASB 8 'Operating Segments'**

The Group has adopted AASB 8 'Operating Segments' and AASB 2007-3 'Amendments to Australian Accounting Standards' arising from AASB 8 in advance of their effective dates, with effect from 1 July 2008. AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. In contrast, the predecessor standard (AASB 114 'Segment Reporting') required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's 'system of internal financial reporting to key management personnel' serving only as the starting point for the identification of such segments. As a result, following the adoption of AASB 8, the identification of the Group's reportable segments has changed.

AASB8.22(a), (b)

Products and services from which reportable segments derive their revenues

In prior years, segment information reported externally was analysed on the basis of the types of goods supplied by the Group's operating divisions (i.e. electronic equipment, leisure goods, construction services, toys and 'other'). However, information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of performance is more specifically focused on the category of customer for each type of goods.

The principal categories of customer for these goods are direct sales, retail outlets, wholesalers and internet sales. The Group's reportable segments under AASB 8 are, therefore, as follows:

- electronic equipment
- direct sales
- wholesalers and retail outlets
- internet sales
- leisure goods
- wholesalers
- retail outlets
- other.

The leisure goods segment supply sports shoes and equipment, outdoor play equipment and, prior to discontinuation (see below), toys and bicycles.

Other operations include the construction of residential properties; the development, and the leasing out of specialised storage equipment.

One operation was discontinued in the period. In prior years, the Group was involved in the manufacture and sale of toys, which was reported as a separate segment under AASB 114. That operation was discontinued with effect from 30 May 2009 (see note 42). For AASB 8 purposes, the toy operation is included in the leisure goods reportable segments.

Source reference

5. Segment information (cont'd)

The directors have also announced a plan to dispose of the Group's bicycle business (see note 42). The bicycle business is included in the leisure goods reportable segments under AASB 8.

Information regarding the Group's reportable segments is presented below. Amounts reported for the previous corresponding period have been restated to conform to the requirements of AASB 8.

Segment revenues and results

AASB8.23, 23(a)

The following is an analysis of the Group's revenue and results by reportable operating segment for the periods under review:

	Revenue		Segment profit	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Continuing operations				
Electronic equipment:				
Direct sales	45,509	47,641	8,107	12,691
Wholesalers and retail outlets	20,194	22,534	7,265	5,954
Internet sales	27,516	29,624	6,632	5,348
Leisure goods:				
Wholesalers	13,514	18,332	3,252	4,110
Retail outlets	20,452	18,646	4,921	4,372
Other	13,686	14,988	2,545	4,412
	140,871	151,765	32,722	36,887
Share of profits of associates and jointly controlled entities accounted for using the equity method			1,186	1,589
Interest revenue			2,315	1,304
Finance costs			(5,034)	(6,023)
Central administration costs and directors' salaries			(2,934)	(2,666)
Other income			1,293	1,047
Profit before tax from continuing operations			29,548	32,138
Discontinued operations				
Leisure goods:				
Wholesalers	26,505	32,035	4,606	7,034
Retail outlets	37,900	45,808	6,560	7,507
	64,405	77,843	11,166	14,541
Interest revenue			-	-
Central administration costs and directors' salaries			(1,486)	(1,414)
Finance costs (note 7)			(150)	(134)
Gain on disposal of operation			1,940	-
Profit before tax from discontinued operations			11,470	12,993
Consolidated revenue (excluding interest and other revenue)	205,276	229,608		

AASB8.28(a)

Source reference

5. Segment information (cont'd)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable operating segment for the periods under review:

	Assets		Liabilities	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Electronic equipment:				
Direct sales	65,584	59,263	22,491	20,138
Wholesalers and retail outlets	48,596	46,061	20,935	20,079
Internet sales	32,700	32,850	12,840	13,918
Leisure goods:				
Wholesalers	29,851	33,942	9,152	10,262
Retail outlets	33,032	44,432	9,978	11,146
Other	25,024	20,680	6,026	8,742
Total segment assets and liabilities	234,787	237,228	81,422	84,285
Unallocated assets and liabilities	27,678	23,934	10,024	9,859
Consolidated total assets and liabilities	262,465	261,162	91,446	94,144

For the purpose of monitoring segment performance and allocating resources between segments, the chief operating decision maker monitors the tangible, intangible and financial assets, other than those disclosed in the 'other financial assets' line of the balance sheet and investments accounted for using the equity method, attributable to each segment.

Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments. Goodwill has been allocated to reportable segments as described in note 17.

For the purpose of monitoring segment performance by the chief operating decisionmaker, all liabilities apart from other financial liabilities, current and deferred tax liabilities and other liabilities are allocated to reportable segments. Liabilities used jointly by reportable segments are allocated on the basis of total capital required by individual reportable segments.

AASB8.23(e), 24(b)

Other segment information

	Depreciation and amortisation		Additions to non-current assets	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Electronic equipment:				
Direct sales	3,797	3,039	3,889	3,135
Wholesalers and retail outlets	3,176	3,466	3,120	2,560
Internet sales	1,867	2,329	2,980	2,278
Leisure goods:				
Wholesalers	2,414	3,108	3,250	1,851
Retail outlets	2,889	4,240	3,560	987
Other	1,036	1,168	3,124	466
	15,179	17,350	19,923	11,277

AASB8.23(i)

In addition to the depreciation and amortisation reported above, impairment losses of \$204 thousand and \$15 thousand (2007: nil) were recognised in respect of property, plant and equipment and goodwill, respectively. These impairment losses were attributable to the following reportable segments:

AASB8.20

Property, plant and equipment (note 15)

Electronic equipment:

	2009 \$'000	2008 \$'000
Direct sales	113	-
Wholesalers and retail outlets	45	-
Internet sales	46	-
	204	-

Goodwill (note 17)

	2009 \$'000	2008 \$'000
Other (construction)	15	-
Total impairment loss	219	-

Source reference

5. Segment information (cont'd)

AASB8.23(i)

Material other non-cash expenses are set out below:

	2009 \$'000	2008 \$'000
Electronic equipment:		
Direct sales	145	48
Wholesalers and retail outlets	155	52
Internet sales	151	55
Leisure goods:		
Wholesalers	25	30
Retail outlets	-	-
Other (construction)	9	35

Major products and services

AASB8.32

The Group's revenues from its major products and services were as follows:

	2009 \$'000	2008 \$'000
Continuing operations		
Electronic equipment	93,219	99,799
Sports shoes and equipment	21,003	22,850
Outdoor play equipment	12,963	14,128
Construction	5,298	4,773
Other	8,388	10,215
	<u>140,871</u>	<u>151,765</u>
Discontinued operations		
Toys	54,505	69,180
Bicycles	9,900	8,663
	<u>64,405</u>	<u>77,843</u>
Consolidated revenue (excluding interest and other revenue)	<u>205,276</u>	<u>229,608</u>

Geographical information

AASB8.33

The Group operates in three principal geographical areas – Australia, North America and Asia. The Group's revenue from external customers and information about its segment assets (non-current assets excluding investments in associates, finance lease receivables and 'other' financial assets) by geographical location are detailed below:

AASB8.33(a), (b)

	Revenue from external customers		Non-current assets	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Australia	148,560	151,739	98,421	118,343
North America	25,898	43,562	21,411	25,745
Asia	25,485	25,687	16,085	19,341
Other	5,333	8,620	5,401	6,549
	<u>205,276</u>	<u>229,608</u>	<u>141,318</u>	<u>169,978</u>

Revenues from external customers are attributed to individual countries based on the invoiced address for the goods.

Information about major customers

AASB8.34

Included in revenues arising from direct sales of electronic equipment of \$45,509 thousand (2008: \$47,641 thousand) are revenues of approximately \$25,600 thousand (2008: \$19,800 thousand) which arose from sales to the Group's largest customer.

Information about profit or loss, assets and liabilities

AASB8.23

An entity must report a measure for each segment of:

- (a) profit or loss; and
- (b) total assets.

If a measure of liabilities for each reportable segment is provided to the chief operating decision maker on regular basis, this must also be disclosed.

Source reference

5. Segment information (cont'd)

The following must be disclosed about each reportable segment, if the specified amounts are included in the measure of segment profit or loss as reviewed by the chief operating decision maker, or are otherwise regularly provided to the chief operating decision maker, even if it is not included in that measure of segment profit or loss:

- revenues from external customers;
- revenues from transactions with other operating segments of the same entity;
- interest revenue;
- interest expense;
- depreciation and amortisation;
- material items of income and expense;
- the entity's interest in profit or loss of associates and joint ventures accounted for by the equity method;
- income tax expense or income; and
- material non-cash items other than depreciation and amortisation.

Interest revenue and interest expense must be reported separately (if included in the measure of segment profit or loss reviewed by the chief operating decision maker) for each reportable segment, unless:

- (a) a majority of the segment's revenues are from interest; and
- (b) the chief operating decision maker relies primarily on net interest revenue to assess the performance of the segment and make decisions about resources to be allocated to the segment.

In that situation, an entity may report that segment's interest revenue net of its interest expense and disclose that it has done so.

AASB8.24

If the items specified below are included in the measure of segment assets, the following should be disclosed:

- (a) the amount of investment in associates and joint ventures accounted for using the equity method; and
- (b) the amounts of additions to non-current assets other than financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts.

Measurement

At a minimum, the following must be disclosed:

AASB8.27

(a) the basis of accounting for any transactions between reportable segments;

AASB8.27(a)

(b) the nature of differences between the measurement of the:

AASB8.27(b)

- i. profits or losses of the reportable segments and the entity's profit or loss before income tax expense/(income) and discontinued operations;
- ii. assets of the reportable segments and the entity's assets; and
- iii. liabilities of the reportable segments and the entity's liabilities (if disclosed); and

AASB8.27(c)

AASB8.27(d)

(c) if not apparent from the reconciliations;

AASB8.27(e)

- i. the nature of any changes from prior periods in the measurement methods used to determine reported segment profit or loss and the effect, if any, on the measure of segment profit or loss; and

AASB8.27(f)

- ii. the nature and effect of asymmetrical allocations to reportable segments (for example when allocating depreciation expense to a segment, but not allocating the depreciable assets to that segment).

Reconciliations must be provided for the following:

AASB8.28(a)

(a) the total of reportable segments' revenues to the entity's revenue;

AASB8.28(b)

(b) the total of reportable segments' measures of profit or loss to the entity's profit or loss before tax expense and discontinued operations;

AASB8.28(c)

(c) the total of the reportable segments' assets to the entity's assets;

AASB8.28(d)

(d) the total of reportable segments' amounts for every other material item of information disclosed to the corresponding amount for the entity; and

AASB8.28(e)

(e) the total of reportable segments' liabilities to the entity's liabilities, if segment liabilities are reported (segment liabilities must be reported if a measure of liabilities is regularly provided to the chief operating decision maker).

Source reference

5. Segment information (cont'd)

Change in structure of internal organisation

AASB8.29

If the structure of the internal organisation has changed in a manner that has caused the composition of the reportable segments to change, it must be disclosed whether corresponding items of segment information for earlier periods have been restated.

AASB8.30

If segment information for earlier periods, including interim periods, are not restated to reflect the change, the entity must disclose in the year that the change occurs the segment information on both the old and new basis of segmentation (unless the information is not available and the cost to develop it would be excessive).

Alt 2 – Entities continuing to apply AASB 114

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.

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. This example also includes the disclosure of intersegment sales.

Products and services within each business segment

For management purposes, the Group is organised into three major operating divisions – electronic equipment, leisure goods and construction. These divisions are the basis on which the Group reports its primary segment information. The principal products and services of each of these division are as follows:

- electronic equipment – the manufacture and sale of electronic equipment within Australia and overseas
- leisure goods – the manufacture and sale of sports shoes and equipment, outdoor play equipment and bicycles in Australia and overseas
- construction – the construction and renovation of residential properties in Australia.

Other operations include the development, sale and installation of computer software for specialised business applications, and the leasing out of specialised storage equipment.

During the financial year, the Group disposed of its toy manufacturing business (which was reported as a separate segment in prior years) and the Board of directors announced a plan to dispose of its bicycle business, which is included in the leisure goods segment described above (see note 41).

AAB114.51

Segment revenues

	External sales		Inter-segment (i)		Other		Total	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Continuing operations								
Electronic equipment	93,219	99,799	-	-	-	-	93,219	99,799
Leisure goods (excluding bicycles)	33,966	36,978	-	-	-	-	33,966	36,978
Construction	5,298	4,773	-	-	-	-	5,298	4,773
Other	8,388	10,215	-	-	-	-	8,388	10,215
Discontinued operations								
Toys	54,505	69,180	-	-	-	-	54,505	69,180
Leisure goods	9,900	8,663	-	-	-	-	9,900	8,663
Total of all segments							205,276	229,608
Eliminations							-	-
Unallocated							-	-
Consolidated revenue (excluding interest and other revenue)							205,276	229,608

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.

Source reference

5. Segment information (cont'd)

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.

Segment revenue includes a joint venturer's share of the revenue of a jointly controlled entity that is accounted for by proportionate consolidation in accordance with AASB 131 'Interests in Joint Ventures'

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.

AASB114.52

Segment result

	2009 \$'000	2008 \$'000
Continuing operations		
Electronic equipment	22,004	23,993
Leisure goods (excluding bicycles)	8,173	8,482
Construction	1,820	2,776
Other	725	1,636
	<u>32,722</u>	<u>36,887</u>
Eliminations	-	-
Unallocated	(3,174)	(4,749)
Profit before tax	29,548	32,138
Income tax expense	(11,306)	(11,801)
Profit for the year from continuing operations	<u>18,242</u>	<u>20,337</u>
Discontinued operations		
Toys	7,561	10,193
Leisure goods – bicycles	2,119	2,934
	<u>9,680</u>	<u>13,127</u>
Eliminations	-	-
Unallocated	1,790	(134)
Profit before tax	11,470	12,993
Income tax expense	(3,160)	(2,998)
Profit for the year from discontinued operations (note 41)	<u>8,310</u>	<u>9,995</u>
Profit for the year	<u>26,552</u>	<u>30,332</u>

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	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Electronic equipment	146,880	138,174	56,266	54,135
Leisure goods	62,883	66,962	17,130	16,389
Construction	18,078	14,012	6,894	6,785
Toys	-	11,412	-	5,019
Other	6,946	6,668	1,132	1,957
Total of all segments	<u>234,787</u>	<u>237,228</u>	<u>81,422</u>	<u>84,285</u>
Eliminations	-	-	-	-
Unallocated	27,678	23,934	10,024	9,859
Consolidated	<u>262,465</u>	<u>261,162</u>	<u>91,446</u>	<u>94,144</u>

AASB114.67

Source reference

5. Segment information (cont'd)

Other segment information

		Electronic equipment \$'000	Leisure goods \$'000	Construction \$'000	Toys \$'000	Other \$'000
	2009					
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	3,099	6,317	-	2,000
AASB136.129(a)	Impairment losses:					
	Recognised in profit or loss	204	-	15	-	-
	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	8,840	2,738	967	2,565	69
AASB114.61	Significant other non-cash expenses	451	5	9	20	-
AASB114.59	Significant revenues or expenses [describe]	-	-	-	-	-
		Electronic equipment \$'000	Leisure goods \$'000	Construction \$'000	Toys \$'000	Other \$'000
	2008					
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	6,486	325	1,500	2,500	466
AASB136.129(a)	Impairment losses:					
	Recognised in profit or loss	-	-	-	-	-
	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	8,834	4,146	1,021	3,202	147
AASB114.61	Significant other non-cash expenses	155	30	35	60	-
AASB114.59	Significant revenues or expenses [describe]	-	-	-	-	-

Disclosure of significant non-cash expenses

AASB114.61 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.

Source reference

5. Segment information (cont'd)

Disclosure of specific revenues and expenses

AASB114.59

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.

AASB114.60

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.

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 electronic equipment manufacturing facilities in Canada with sales offices in the United States and Canada. There is also a bicycle manufacturing facility and sales offices located in Wisconsin in the United States.
Asia	the Group operates electronic equipment 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	
	2009	2008	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Australia	148,560	151,739	171,132	172,275	10,459	5,760
North America	25,898	43,562	31,961	32,240	5,567	2,888
Asia	25,485	25,687	31,301	32,263	3,897	2,629
Other	5,333	8,620	393	450	-	-

Information on geographical segments (secondary reporting format)

AASB114.69

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

- (a) 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;
- (b) 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
- (c) 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.

Information on business segments (secondary reporting format)

AASB114.70

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:

- (a) segment revenue from external customers;
- (b) the total carrying amount of segment assets; and
- (c) 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).

Source reference

5. Segment information (cont'd)

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.

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

6. 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	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
	Continuing operations			
AASB118.35(b)(i)	102,422	101,960	18,518	15,187
AASB118.35(b)(ii)	33,151	45,032	-	-
AASB111.39(a)	5,298	4,773	-	-
	140,871	151,765	18,518	15,187
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
AASB7.20(d)	-	-	-	-
	2,315	1,304	3,248	1,747
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
AASB7.20(b)	Investment revenue earned on financial assets that are not at fair value through profit or loss			
	2,471	1,458	12,193	12,708
	Rental revenue:			
AASB117.47(e)	-	-	-	-
	Operating lease rental revenue:			
AASB140.75(f)(i)	14	11	-	-
AASB117.56(b)	-	-	-	-
	4	3	-	-
	18	14	-	-
AASB118.35(b)(iv)	579	428	-	-
	540	451	10	8
	3,608	2,351	12,203	12,716
	144,479	154,116	30,721	27,903
	Discontinued operations			
	Revenue from the sale of goods (note 41)			
	64,405	77,843	-	-
	208,884	231,959	30,721	27,903

A portion of the Group's revenue from the sale of goods denominated in foreign currencies is cash flow hedged. The amounts disclosed above for revenue from the sale of goods include the recycling of the effective amount of the foreign currency derivatives that are used to hedge foreign currency revenue. The amount included in the Group's revenue from continuing operations is \$nil (2008: \$nil) and revenue from discontinued operations is \$nil (2008: \$nil). The amount included in the company's revenue from continuing operations is \$nil (2008: \$nil) and revenue from discontinued operations is \$nil (2008: \$nil).

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

7. Finance costs

AASB 123 'Borrowing Costs' (revised) and AASB 2007-6 'Amendments to Australian Accounting Standards arising from AASB 123' has been issued, effective for annual reporting periods beginning on or after 1 January 2009. These Standards eliminate the option of expensing borrowing costs relating to qualifying assets. Further information about the Standards is provided in Section A 'What's new in financial reporting?'.

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

	Consolidated		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Interest on bank overdrafts and loans	4,415	6,186	2,136	1,653
Interest on obligations under finance leases	75	54	-	-
Dividends on cumulative preference shares classified as financial liabilities	610	-	610	-
Interest on convertible notes	110	-	110	-
Interest on perpetual notes	52	-	52	-
Other interest expense	25	-	25	-
Total interest expense	5,287	6,240	2,933	1,653
Less: amounts included in the cost of qualifying assets	(11)	(27)	-	-
	5,276	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	(120)	(86)	-	-
Unwinding of discounts on provisions	28	30	-	-
Unwinding of discount on costs to sell non-current assets classified as held for sale	-	-	-	-
	5,184	6,157	2,933	1,653
Attributable to:				
Continuing operations	5,034	6,023	2,933	1,653
Discontinued operations (note 41)	150	134	-	-
	5,184	6,157	2,933	1,653

AASB123.29(c) The weighted average capitalisation rate on funds borrowed generally is 8.0%p.a. (2007: 7.8%p.a.).

Finance costs

AASB123.4, 5 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.

Capitalised borrowing costs

AASB123.17, 21 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.

8. Profit for the year before tax**(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	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
AASB101.87(c)	6	67	-	-	6	67	14	-	-	-	14	-
AASB101.87(d)	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	1,940	-	1,940	-	-	-	-	-	-	-
AASB120.39(b)	731	930	-	-	731	930	226	33	-	-	226	33
AASB121.52(a)	114	-	30	49	144	49	12	8	-	-	12	8
AASB7.20(a)(i)	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
AASB7.20(a)(i)	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
AASB140.76(d)	-	8	-	-	-	8	-	-	-	-	-	-
AASB7.20(a)(ii)	-	-	-	-	-	-	-	-	-	-	-	-
	83	-	-	-	83	-	-	-	-	-	-	-
	934	1,005	1,970	49	2,821	1,046	252	41	-	-	252	41
AASB121.52(a)	-	(117)	-	-	-	(117)	-	-	-	-	-	-
AASB140.76(d)	(6)	-	-	-	(6)	-	-	-	-	-	-	-
AASB101.87(c)	-	-	-	-	-	-	-	(2)	-	-	-	(2)
	(6)	(117)	-	-	(6)	(117)	-	(2)	-	-	-	(2)
	928	888	1,970	49	2,898	937	252	39	-	-	252	39

(b) Other expenses

Profit for the year includes the following expenses:

AASB102.36(d)	(87,871)	(91,798)	(39,933)	(48,020)	(127,804)	(139,818)	(2,360)	(2,301)	-	-	(2,360)	(2,301)
AASB102.36(e)	(12,312)	(8,980)	-	-	(12,312)	(8,980)	-	-	-	-	-	-
AASB102.36(f)	-	-	-	-	-	-	-	-	-	-	-	-
	(12,312)	(8,990)	-	-	(12,312)	(8,990)	-	-	-	-	-	-

Source reference

8. Profit for the year before tax (cont'd)

	Consolidated						Company					
	Continuing		Discontinued		Total		Continuing		Discontinued		Total	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
AASB7.20(a)(iv)	40	(430)	-	-	40	(430)	(2)	(1)	-	-	(2)	(1)
AASB140.75(f)(ii), (iii)												
	Direct operating expenses of investment properties:											
	(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)	-	-	-	-	-	-	-	-	-	-	-	-
AASB138.126	(502)	(440)	-	-	(502)	(440)	-	-	-	-	-	-
AASB117.31(c)	-	-	-	-	-	-	-	-	-	-	-	-
	Operating lease rental expenses:											
AASB117.35(c)	(2,008)	(2,092)	-	-	(2,008)	(2,092)	-	-	-	-	-	-
AASB117.35(c)	-	-	-	-	-	-	-	-	-	-	-	-
AASB117.35(c)	-	-	-	-	-	-	-	-	-	-	-	-
	(2,008)	(2,092)	-	-	(2,008)	(2,092)	-	-	-	-	-	-
	Employee benefit expense (vi):											
	Post employment benefits:											
AASB119.46	(135)	(108)	(25)	(40)	(160)	(148)	(25)	(30)	-	-	(25)	(30)
AASB119.120A(g)	(596)	(556)	-	-	(596)	(556)	-	-	-	-	-	-
	(731)	(664)	(25)	(40)	(756)	(704)	(25)	(30)	-	-	(25)	(30)
AASB2.50	Share-based payments:											
AASB2.51(a)	(201)	(333)	(5)	(5)	(206)	(338)	(156)	(188)	-	-	(156)	(188)
	-	-	-	-	-	-	-	-	-	-	-	-
AASB2.51(a)	(201)	(333)	(5)	(5)	(206)	(338)	(156)	(188)	-	-	(156)	(188)
AASB119.142	-	-	-	-	-	-	-	-	-	-	-	-
	(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)

Source reference

8. Profit for the year before tax (cont'd)

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.

AASB101.86

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.

AASB120.39(b),
39(c)

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.

AASB102.36(d), 38

Inventory

(iv) The write-down of inventory to net realisable value would be included in the cost of sales line on the face of the income statement where classification by function is used, and in the changes in inventory line where classification by nature is used.

Reversal of previous write-downs of inventory

(v) 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.

AASB102.36(g)

Disclosure of information about the nature of expenses

(vi) Entities classifying expenses by function shall disclose additional information on the nature of expenses, including depreciation and amortisation expense and employee benefit expense. An explanation of the amounts that are included in each of the cost of sales, distribution, marketing, administration and other lines on the face of the income statement should be given as best practice of the interpretation of AASB 101.93.

AASB101.93

Example:

Impairment losses are included in the line item 'Cost of sales' in the income statement.

AASB136.126(a)

Where this additional information is disclosed in a separate note, the line item should be included in the disclosure.

Source reference

9. Income taxes
Income tax recognised in profit or loss

	Consolidated		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
AASB112.79	Tax expense/(income) comprises:			
AASB112.80(a)	Current tax expense/(income) in respect of the current year			
AASB112.80(b)	12,979	14,357	6,144	5,528
AASB112.80(e)	Adjustments recognised in the current year in relation to the current tax of prior years			
	-	-	-	-
	Benefit arising from previously unrecognised tax losses, tax credits or temporary differences of a prior period that is used to reduce current tax expense			
	-	-	-	-
	12,979	14,357	6,144	5,528
AASB112.80(c)	Deferred tax expense/(income) relating to the origination and reversal of temporary differences			
	1,487	442	34	19
AASB112.80(d)	Effect of changes in tax rates and laws			
AASB112.80(f)	Benefit arising from previously unrecognised tax losses, tax credits or temporary differences of a prior period that is used to reduce deferred tax expense			
	-	-	-	-
AASB112.80(g), 56	Write-downs (reversals of previous write-downs) of deferred tax assets			
	-	-	-	-
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
	Total tax expense/(income)			
	14,466	14,799	6,178	5,547
	Attributable to:			
	Continuing operations			
	11,306	11,801	6,178	5,547
	Discontinued operations (note 41)			
	3,160	2,998	-	-
	14,466	14,799	6,178	5,547

Amendment to income tax disclosures

AASB 2007-4 introduces an option for entities to choose between two methods of explaining the relationship between tax expense/(income) and accounting profit. The two possible methods are:

- a numerical reconciliation between tax expense/(income) and the product of accounting profit multiplied by the applicable tax rate (this option is illustrated below); and
- a numerical reconciliation between the average effective tax rate and applicable tax rate, disclosing also the basis on which the applicable tax rate is computed.

AASB112.81(c)(i) 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:

Profit from continuing operations	29,548	32,138	20,069	17,973
Profit from discontinued operations	11,470	12,993	-	-
Profit from operations	41,018	45,131	20,069	17,973
Income tax expense calculated at 30%	12,306	13,539	6,021	5,392
AASB112.84	Effect of revenue that is exempt from taxation			
	(30)	-	-	-
AASB112.84	Effect of expenses that are not deductible in determining taxable profit			
	2,250	1,321	1,242	783
	Effect of tax concessions (research and development and other allowances)			
	(75)	(66)	-	-
	Impairment losses on goodwill that are not deductible			
	5	-	-	-
AASB112.60(c)	Effect of changes in the expected manner of recovery of assets			
	-	-	-	-
	Effect of adopting tax consolidation during the prior period			
	-	-	-	-

Source reference

9. Income taxes (cont'd)

		Consolidated		Company	
		2009	2008	2009	2008
		\$'000	\$'000	\$'000	\$'000
	Effect of transactions within the tax-consolidated group that are exempt from taxation	-	-	(1,085)	(628)
AASB112.65	Effect of revaluations of assets for taxation purposes	-	-	-	-
AASB112.84	Previously unrecognised and unused tax losses and tax offsets now recognised as deferred tax assets	-	-	-	-
	Previously unrecognised deferred taxes associated with investments in subsidiaries, branches and associates, and interests in joint ventures	-	-	-	-
AASB112.84	Effect of different tax rates of subsidiaries operating in other jurisdictions	10	5	-	-
AASB112.81(d)	Effect on deferred tax balances due to the change in income tax rate from xx% to xx% (effective [insert date])	-	-	-	-
AASB112.80(d)	Effect of changes in tax laws on deferred tax balances	-	-	-	-
		14,466	14,799	6,178	5,547
AASB112.80(b)	Adjustments recognised in the current year in relation to the current tax of prior years	-	-	-	-
		14,466	14,799	6,178	5,547

AASB112.81(c)(i) 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, an explanation must be given. The following example can be adapted as necessary:
'The corporate tax rate in Country Z 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>					
	Share-issue expenses	(1)	-	(1)	-
	Share buy-back expenses	(8)	-	(8)	-
		(9)	-	(9)	-
<u>Deferred tax</u>					
Arising on income and expenses taken directly to equity:					
AASB112.62(a)	Property revaluations	-	493	-	1
AASB112.62(c)	Translation of foreign operations (note 31)	22	36	-	-
	Revaluations of financial instruments treated as cash flow hedges	131	95	-	-
	Revaluations of available-for-sale financial assets	28	24	9	(16)
	Actuarial movements on defined benefit plans	-	-	-	-
	Equity accounting adjustments	-	-	-	-

Source reference

9. Income taxes (cont'd)

	Consolidated		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Arising on transfers to profit or loss:				
From equity on cash flow hedges	(114)	(86)	-	-
On disposal of a foreign operation	(36)	-	-	-
Arising on transactions with equity participants:				
Initial recognition of the equity component of compound financial instruments	242	-	242	-
Share issue and buy-back expenses deductible over 5 years	(75)	-	(75)	-
Excess tax deductions related to share-based payments	-	-	-	-
Other [describe]	-	-	-	-
	198	562	176	(15)
	189	562	167	(15)
Current tax assets and liabilities				
<u>Current tax assets</u>				
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	-	-
<u>Current tax liabilities</u>				
Income tax payable attributable to:				
Parent entity	1,022	1,015	1,022	1,015
Entities in the tax-consolidated group	3,618	3,638	3,602	3,628
Other	509	1,225	-	-
Franking deficit tax payable	-	-	-	-
Other [describe]	-	-	-	-
	5,149	5,878	4,624	4,643
	5,149	5,878	4,624	4,643

Deferred tax balances

The following illustrative disclosure is considered 'best practice'. 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. Best practice would have all the deferred tax assets and deferred tax liabilities disclosed separately, albeit in the same note.

Source reference

9. Income taxes (cont'd)

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

AASB112.81(a), (g)

2009	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	(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
Customer loyalty programme	20	6	-	-	-	-	-	26
Other [describe]	(181)	(32)	-	-	-	-	-	(213)
	(3,675)	(1,637)	(348)	150	513	-	-	(4,997)
Unused tax losses and credits:								
Tax losses	-	-	-	-	-	-	-	-
Foreign tax credits	-	-	-	-	-	-	-	-
Other [describe]	2	-	-	-	-	-	-	2
	2	-	-	-	-	-	-	2
	(3,673)	(1,637)	(348)	150	513	-	-	(4,995)

Presented in the balance sheet as follows:

Deferred tax (liability) attributable to:

Continuing operations	(4,565)
Directly associated with assets held for sale (note 41)	(430)
	<u>(4,995)</u>

Deferred tax asset attributable to:

Continuing operations	-
Discontinued operations (note 41)	-
	<u>(4,995)</u>

Source reference

9. Income taxes (cont'd)

AASB112.81(a), (g)

2008	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
Customer loyalty programme	10	10	-	-	-	-	-	20
Other [describe]	(97)	(84)	-	-	-	-	-	(181)
	(2,583)	(530)	(648)	86	-	-	-	(3,675)
Unused tax losses and other credits								
Tax losses	-	-	-	-	-	-	-	-
Foreign tax credits	-	-	-	-	-	-	-	-
Other [describe]	-	2	-	-	-	-	-	2
	-	2	-	-	-	-	-	2
	(2,583)	(528)	(648)	86	-	-	-	(3,673)

Presented in the balance sheet as follows:

Deferred tax (liability)	(3,673)
Deferred tax asset	-
	<u>(3,673)</u>

AASB112.81(a), (g)

2009	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 [describe]	10	-	-	-	-	-	-	10
	10	-	-	-	-	-	-	10
	37	(34)	(176)	-	-	-	-	(173)

Source reference

9. Income taxes (cont'd)

Company

2009
\$'000

Presented in the balance sheet as follows:

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

AASB112.81(a), (g)

2008	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
	<u>41</u>	<u>(29)</u>	<u>15</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27</u>
Unused tax losses and other credits								
Tax losses	-	-	-	-	-	-	-	-
Foreign tax credits	-	-	-	-	-	-	-	-
Other [describe]	-	10	-	-	-	-	-	10
	<u>-</u>	<u>10</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10</u>
	<u>41</u>	<u>(19)</u>	<u>15</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37</u>

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.

Unrecognised deferred tax assets

AASB112.81(e)

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

	Consolidated		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Tax losses – revenue (expires [date])	-	-	-	-
Tax losses – capital (expires [date])	-	-	-	-
Unused tax credits (expires [date])	-	-	-	-
Temporary differences	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Source reference

9. Income taxes (cont'd)

Unrecognised taxable temporary differences associated with investments and interests

	Consolidated		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
AASB112.81(f) 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] (company \$[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

9. 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 Elucidation Limited. The members of the tax-consolidated group are identified at note 39.

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, Elucidation 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 Elucidation 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	
	2009 \$'000	2008 \$'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

9. Income taxes (cont'd)

	Company	
	2009 \$'000	2008 \$'000
Accounts affected		
Dividend revenue	-	-
Investments in subsidiaries	-	-
Share capital*	-	-
Reserves*		
[describe]	-	-
Retained earnings		
[describe]	-	-
Net amount (as above)	-	-

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

10. Trade and other receivables

	Consolidated		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Trade receivables (i), (ii)	19,114	17,818	16,439	14,738
Allowance for doubtful debts	(798)	(838)	(6)	(4)
	18,316	16,980	16,433	14,734
Finance lease receivable (note 37)	-	-	-	-
Allowance for uncollectible minimum lease payments	-	-	-	-
	-	-	-	-
Deferred sales proceeds (note 42(b))	960	-	-	-
Operating lease receivable	-	-	-	-
Amounts due from customers under construction contracts (note 29)	240	230	-	-
Goods and services tax recoverable	-	-	-	-
Other [describe]	54	20	10	15
	19,570	17,230	16,443	14,749

AASB139.63

(i) The average credit period on sales of goods and rendering of services 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 and rendering of services, determined by reference to past default experience. The Group has provided fully for all receivables over 120 days because historical experience is that receivables past due beyond 120 days are generally not recoverable. Trade receivables between 60 days and 120 days are provided for based on estimated irrecoverable amounts from the sale of goods and rendering of services, determined by reference to past default experience.

AASB7.36(c), 34(c)

Before accepting any new customers, the Group uses an external scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed twice a year. 80% of the trade receivables that are neither past due nor impaired have the best credit scoring attributable under the external credit scoring system used by the Group. Of the trade receivables balance at the end of the year, \$2.3 million (2008: \$2.1 million) is due from Company E, the Group's largest customer (see notes 5 and 44). There are no other customers who represent more than 5% of the total balance of trade receivables.

AASB7.37

Included in the Group's trade receivable balance are debtors with a carrying amount of \$1.8 million (2008: \$1.5 million) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The average age of these receivables is 84 days (2008: 85 days).

Source reference

10. Trade and other receivables (cont'd)

AASB7.13, 14(a) (ii) During the period, the Group transferred \$1,052 thousand (2008: \$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 23). 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.

AASB7.37(a) Ageing of past due but not impaired

	Consolidated		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
60 – 90 days	1,430	1,383	1,105	975
90 – 120 days	357	151	267	315
Total	1,787	1,534	1,372	1,290

AASB7.16 Movement in the allowance for doubtful debts

Balance at the beginning of the year	838	1,268	4	5
Impairment losses recognised on receivables	-	(430)	(2)	(1)
Amounts written off as uncollectible	-	-	-	-
Amounts recovered during the year	-	-	-	-
Impairment losses reversed	(40)	-	-	-
Unwind of discount	-	-	-	-
Balance at the end of the year	798	838	6	4

AASB7.33(a), (b) In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

AASB7.37(b), (c) Included in the allowance for doubtful debts are individually impaired trade receivables with a balance of \$40 thousand (2008: \$nil) which have been placed under liquidation. The impairment recognised represents the difference between the carrying amount of these trade receivables and the present value of the expected liquidation proceeds. The Group does not hold any collateral over these balances.

AASB7.37(b) Ageing of impaired trade receivables

60 – 90 days	2	-	-	-
90 – 120 days	6	-	-	-
120+ days	32	-	-	-
Total	40	-	-	-

Derecognition of financial assets

AASB7.13 An entity may have either transferred a financial asset in such a way that part or all of the financial assets do not qualify for derecognition. The entity must disclose for each class of such financial assets:

- the nature of the assets;
- the nature of the risks and rewards of ownership to which the entity remains exposed;
- when the entity continues to recognise all of the asset, the carrying amounts of the asset and of the associated liability; and
- 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 liabilities.

Source reference
AASB7.7

11. Other financial assets

	Consolidated		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Investments carried at cost:				
<u>Non-current</u>				
Investments in subsidiaries (note 39)	-	-	66,298	66,298
Investments in associates	-	-	-	-
Investments in jointly controlled entities	-	-	-	-
	-	-	66,298	66,298
Derivatives that are designated and effective as hedging instruments carried at fair value:				
<u>Current</u>				
Foreign currency forward contracts	244	220	-	-
Interest rate swaps	72	37	-	-
<u>Non-current</u>				
Interest rate swaps	212	140	-	-
	528	397	-	-
Financial assets carried at fair value through profit or loss:				
<u>Current</u>				
[describe]	-	-	-	-
<u>Non-current</u>				
[describe]	-	-	-	-
	-	-	-	-
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

Source reference

11. Other financial assets (cont'd)

- AASB7.7 (i) The Group holds bills of exchange returning a variable rate of interest. The weighted average interest rate on these securities is 7.10%p.a. (2008: 7.0%p.a.). The bills have maturity dates ranging between 3 to 18 months from reporting date.
- AASB7.7 (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 September 2009.
- AASB7.7 (iii) The Group holds listed redeemable notes returning 7%p.a. The notes are redeemable at par value in 2012.
- AASB128.37(d) (iv) The Group holds 20% (2008: 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% of the ordinary share capital is controlled by one shareholder, who also manages the day-to-day operations of that company.
- AASB124.17 (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 46(b) and 46(c).
- AASB7.7 (vi) Receivables from entities within the wholly-owned group include amounts arising under the Group's tax funding arrangement and amounts reimbursable to Elucidation 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.

AASB7.25 For each class of financial assets, an entity shall disclose the fair value of that class of asset in a way that permits it to be compared with its carrying amount except for:

- (a) when the carrying amount is a reasonable approximation of fair value;
- (b) an investment in equity instruments that do not have a quoted market price in an active market; and
- (c) for a contract containing a discretionary participation feature.

AASB7.12 **Reclassification of financial assets**
If the entity has reclassified a financial asset as

- (a) one measured at cost or amortised cost, rather than at fair value; or
- (b) at fair value, rather than at cost or amortised cost,

it must disclose the amount reclassified into and out of each category and the reason for that reclassification.

12. Inventories

	Consolidated		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
AASB102.36(b) Raw materials	9,142	10,322	42	44
AASB102.36(b) Work in progress	4,490	4,354	36	46
AASB102.36(b) Finished goods at cost	10,567	8,708	142	150
Finished goods at net realisable value	7,165	6,858	-	-
AASB102.36(b)	31,364	30,242	220	240
Classified as part of a discontinued operation (note 41)	2,090	-	-	-
	33,454	30,242	220	240

AASB101.52 Inventories of \$1,290 thousand (2008: \$860 thousand) are expected to be recovered after more than twelve months.

AASB102.3(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.

Source reference

13. Non-current assets classified as held for sale

	Consolidated		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Land held for sale (i)	1,260	-	-	-
Assets related to the bicycle business (note 41)	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 at reporting date.

14. Investments accounted for using the equity method

AASB128.38

AASB131.38, 57

Investments in associates	6,721	5,811	-	-
Investments in jointly controlled entities	1,704	1,458	-	-
	8,425	7,269	-	-
Reconciliation of movement in investments accounted for using the equity method				
Balance at 1 July	7,269	5,705	-	-
Share of profit for the year	1,186	1,589	-	-
	8,455	7,294	-	-
Dividends	(40)	(25)	-	-
Additions	10	-	-	-
Balance at 30 June	8,425	7,269	-	-

Although not required by the Accounting Standards, it is viewed as best practice to provide a reconciliation between the opening and closing balance for the period.

Name of entity	Country of incorporation	Principal activity	Ownership interest	
			2009 %	2008 %
Associates				
ELC Malaysia Limited (i)	Malaysia	Transport	35	35
ELC Logistics Limited (ii)	Australia	Logistics	17	17
ELC Vietnam Limited	Vietnam	Transport	35	25
Jointly controlled entities				
ELC China Limited	China	Electronics	20	20
ELC Partnership	Australia	Oil	25	25
ELC India Limited (i)	India	Cloth manufacturer	25	21

AASB128.37(a)

AASB131.56

AASB128.37(a)

AASB128.37(c)

AASB128.37(e)

- (i) The published fair value for the investment in ELC Malaysia Limited is \$2,231 thousand (2008: \$2,069 thousand), and for ELC India Limited is \$587 thousand (2008: \$536 thousand).

- (ii) Although the Group holds less than 20% of the equity shares of ELC Logistics Limited, and it has less than 20% of the voting power in shareholder meetings, the Group exercises significant influence by virtue of its contractual right to appoint two directors to the board of directors of that company.

Where the financial statements of an associate used in applying the equity method are of a reporting date or for a period that is different to the investor/venturer, the following wording may be used as a guide:

'The reporting date of [associate] is [date]. For the purposes of applying the equity method of accounting, the financial statements of the [associate] for the year ended [date] (2008: [date]) have been used, and appropriate adjustments have been made for the effects of significant transactions between that date and 30 June 2009 (2008: 30 June 2008).'

Source reference

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

Summarised financial information in respect of the Group's associates is set out below:

		Consolidated	
		2009	2008
		\$'000	\$'000
Financial position:			
AASB128.37(b)	Total assets	40,406	35,910
AASB128.37(b)	Total liabilities	(9,047)	(9,617)
	Net assets	31,359	26,293
	Group's share of associates' net assets	6,700	5,785
Financial performance:			
AASB128.37(b)	Total revenue	5,645	6,984
AASB128.37(b)	Total profit for the year	3,212	3,694
AASB128.38	Group's share of associate's profit/(loss)	935	1,589

Summarised financial information in respect of the Group's jointly controlled entities is set out below:

Financial position:			
AASB131.56	Current assets	734	708
AASB131.56	Non-current assets	1,792	1,560
AASB131.56	Current liabilities	(376)	(391)
AASB131.56	Non-current liabilities	(184)	(210)
	Net assets	1,966	1,667
	Group's share of jointly controlled entities' net assets	1,684	1,433
Financial performance:			
AASB131.56	Income	6,409	4,920
AASB131.56	Expenses	3,047	2,725
	Group's 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 \$35 thousand (2008: \$25 thousand) from its associates and dividends of \$5 thousand (2008: nil) from its jointly controlled entities.

Contingent liabilities and capital commitments

AASB128.37(f),
40(a), AASB131.54,
55

The Group's share of the contingent liabilities of associates and jointly controlled entities is disclosed in note 36.

The Group's share of the capital commitments and other expenditure commitments of associates and jointly controlled entities is disclosed in note 35.

Recognition for jointly controlled entities

AASB131.30, 38

A venturer must recognise its interest in a jointly controlled entity using proportionate consolidation or the equity method.

AASB131.34

When proportionate consolidation is used, there are two reporting formats available:

- combining the share of assets, liabilities, income and expenses of the jointly controlled entity with the similar items, line by line in its financial statements; or
- separate line items for the entity's share of the assets, liabilities, income and expenses of the jointly controlled entity in its financial statements.

AASB131.35

Assets or liabilities may not be set-off unless a legal right to set-off exists and the offsetting represents the expectation as to the realisation of the asset or settlement of the liability.

AASB131.46,
AASB127.37

An interest in a jointly controlled entity and associates that are not classified as held for sale in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations' must be accounted for in a venturer's separate financial statements

- at cost; or
- in accordance with AASB 139 'Financial Instruments: Recognition and Measurement'.

AASB127.39

Investments in jointly controlled entities and associates that are accounted for in accordance with AASB 139 'Financial Instruments: Recognition and Measurement' in the consolidated financial statements must be accounted for in the same way in the investor's separate financial statements.

AASB131.42

Interests in jointly controlled entities that are classified as held for sale in accordance with AASB 5 must be accounted for in accordance with that Standard.

As result of the issue of Exposure Draft 157 (ED 157 as noted below), proportionate consolidation is not illustrated in this publication.

Source reference

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

ED 157 'Joint Arrangements'

The Exposure Draft (ED) proposes that the form of an arrangement should not be the most significant factor in the determination of the appropriate accounting for the arrangement. This is unlike the approach taken in AASB 131 'Interests in Joint Ventures' which closely aligns the accounting requirements to the legal structure of joint venture arrangements, with only jointly controlled entities being singled out for equity accounting.

The ED effectively adopts a 'substance over form' approach to the accounting for joint venture arrangements, focusing on the rights and obligations contractually agreed to by the parties. The ED proposes that:

- a party to a joint arrangement should recognise its contractual rights and obligations (and the related income and expenses) in accordance with applicable IFRSs;
- a party should recognise an interest in a joint venture using the equity method; and
- proportionate consolidation would not be permitted.

The comment period on the ED closed in November 2007, and at the date of this publication going to print no further information on the implementation of the suggested changes has been published. For more information on the proposals, refer to Deloitte Accounting alert 2007/18, available from www.deloitte.com.au.

Disclosure in aggregate or individually

AASB128.37(b) AASB 128 'Investments in Associates' states that disclosure of summarised financial information is to be made in aggregate.

AASB131.56 AASB 131 'Interest in Joint Ventures' states that for jointly controlled entities the aggregate amounts of each of current assets, long-term assets, current liabilities, long-term liabilities, income and expenses related to its interests in joint ventures must be disclosed. This disclosure is required irrespective of whether jointly controlled entities are accounting for using the equity method of accounting or proportionate consolidation.

Restrictions on fund transfers

AASB128.37(f) 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 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) The entity shall disclose the unrecognised share of losses of an associate, both for the period and cumulatively, if recognition of the associate's share of losses has been discontinued.

Associate not accounted for using equity method

AASB128.13, 37(h) The entity must disclose the fact that an associate is not accounted for using the equity method in accordance with the exceptions from equity accounting listed in paragraph 13 of AASB 128.

AASB128.37(i) Summarised financial information of associates not accounted for using the equity method must be disclosed either individually or in groups. This information must include the amounts of total assets, total liabilities, revenues and profit or loss.

Different reporting dates or reporting periods

AASB128.24, 25 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.

Source reference

15. 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	Construction in progress at cost \$'000	Total \$'000	
Gross carrying amount							
AASB116.73(d)	Balance at 1 July 2007	14,750	13,666	306	156,534	630	185,886
AASB116.73(e)(i)	Additions (ii)	-	1,205	-	10,657	40	11,902
AASB116.73(e)(ii)	Disposals (iii)	-	-	-	(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 July 2008	16,358	14,908	306	139,905	670	172,147
AASB116.73(e)(i)	Additions (ii)	-	-	-	22,983	-	22,983
AASB116.73(e)(ii)	Disposals (iii)	(1,530)	(1,184)	(16)	(19,147)	(624)	(22,501)
AASB116.73(e)(iii)	Acquisitions through business combinations (note 40)	-	-	-	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 30 June 2009	13,568	12,367	290	123,410	46	149,681
Accumulated depreciation/ amortisation and impairment							
AASB116.73(d)	Balance at 1 July 2007	-	(1,521)	(30)	(25,019)	(378)	(26,948)
AASB116.73(e)(ii)	Disposals (iii)	-	-	-	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)(vii)	Net foreign currency exchange differences	-	-	-	-	-	-
AASB116.73(e)(ix)	Other [describe]	-	-	-	-	-	-
AASB116.73(d)	Balance at 1 July 2008	-	(2,415)	(85)	(34,678)	(508)	(37,686)
AASB116.73(e)(ii)	Disposals (iii)	-	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)(vii)	Net foreign currency exchange differences	-	-	-	-	-	-
AASB116.73(e)(ix)	Other [describe]	-	-	-	-	-	-
AASB116.73(d)	Balance at 30 June 2009	-	(2,881)	(134)	(35,413)	(18)	(38,446)
AASB117.31(a)	Net book value						
	As at 30 June 2008	16,358	12,493	221	105,227	162	134,461
	As at 30 June 2009	13,568	9,486	156	87,997	28	111,235

Source reference

15. 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	Construction in progress at cost \$'000	Total \$'000
Gross carrying amount							
AASB116.73(d)	Balance at 1 July 2007	44	85	-	567	-	696
AASB116.73(e)(i)	Additions	-	-	-	28	-	28
AASB116.73(e)(ii)	Disposals	-	-	-	(117)	-	(117)
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)	2	-	-	-	-	2
AASB116.73(e)(viii)	Net foreign currency exchange differences	-	-	-	-	-	-
AASB116.73(e)(ix)	Other [describe]	-	-	-	-	-	-
AASB116.73(d)	Balance at 1 July 2008	46	85	-	478	-	609
AASB116.73(e)(i)	Additions	5	20	-	30	-	55
AASB116.73(e)(ii)	Disposals	(10)	(20)	-	(14)	-	(44)
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)	-	-	-	-	-	-
AASB116.73(e)(viii)	Net foreign currency exchange differences	-	-	-	-	-	-
AASB116.73(e)(ix)	Other [describe]	-	-	-	-	-	-
AASB116.73(d)	Balance at 30 June 2009	41	85	-	494	-	620
Accumulated depreciation/ amortisation and impairment							
AASB116.73(d)	Balance at 1 July 2007	-	(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)
AASB116.73(e)(viii)	Net foreign currency exchange differences	-	-	-	-	-	-
AASB116.73(e)(ix)	Other [describe]	-	-	-	-	-	-
AASB116.73(d)	Balance at 1 July 2008	-	(14)	-	(90)	-	(104)
AASB116.73(e)(ii)	Disposals	-	1	-	7	-	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	-	(8)	-	(40)	-	(48)
AASB116.73(e)(viii)	Net foreign currency exchange differences	-	-	-	-	-	-
AASB116.73(e)(ix)	Other [describe]	-	-	-	-	-	-
AASB116.73(d)	Balance at 30 June 2009	-	(21)	-	(123)	-	(144)
AASB117.31(a)	Net book value						
	As at 30 June 2008	46	71	-	388	-	505
	As at 30 June 2009	41	64	-	371	-	476

Source reference

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

- AASB136.130(a)-(g) (i) During the period, the Group carried out a review of the recoverable amount of its manufacturing plant and equipment, having regard to its ongoing programme of modernisation and the introduction of new product lines. These assets are used in the Group's electronic equipment reportable segments. The review led to the recognition of an impairment loss of \$179 thousand that has been recognised in profit or loss. The recoverable amount of the relevant assets has been determined on the basis of their value in use. The discount rate used in measuring value in use was 9% per annum. The discount rate used when the recoverable amount of these assets was previously estimated in 2008 was 8% per annum.
- AASB136.131 Additional impairment losses recognised in respect of property, plant and equipment in the year amounted to \$25 thousand. These losses are attributable to greater than anticipated wear and tear.
- AASB136.126(a), (b) Of the charge for the year, impairment losses of \$80 thousand (2008: \$nil) has been included in occupancy expenses and the remainder in other expenses.
- AASB117.31(a) (ii) For additions by the Group during the period, an amount of \$40 thousand (2008: \$15 thousand) was in relation to assets under finance lease.
Included in the Group's plant and equipment at 30 June 2009 are assets under finance leases with a net book value of \$16 thousand (2008: \$70 thousand)
- (iii) For disposals by the Group during the period, \$5,662 thousand net book value related to the discontinued operations (note 42(b)), and \$400 thousand net book value was part of a non-cash consideration for the acquisition of the distribution business of Minus Pty Ltd (refer note 40).
- AASB116.75(a) There was no depreciation during the period that was capitalised as part of the cost of other assets.

Freehold land and buildings carried at revaluation

- AASB116.77(a), (b), (c), (d) 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 was 30 June 2008. The directors are of the view that there were no significant changes to the fair value at 30 June 2009.
- AASB116.77(e) Had the Group's land and buildings (other than land and buildings classified as held for sale or included in a disposal group) been measured on a historical cost basis, their carrying amount would have been as follows:

	Consolidated		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Freehold land	11,957	14,750	39	44
Buildings	9,455	12,460	64	71

- AASB116.74(a) Bank loans for the Group of \$4,000 thousand (2008: \$6,344 thousand), and for the company of \$2,000 thousand (2008: \$2,500 thousand) are secured by a mortgage over the Group's freehold land and buildings (refer note 23).

Compensation from third parties

- AASB116.74(d) 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.

Property, plant and equipment stated at revalued amounts

- AASB116.35 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:
- (a) 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
- (b) 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

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

Impairment of revalued property, plant and equipment

AASB136.5

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 .

Additional disclosures

AASB116.79

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.

16. Investment property

AASB140.76

AASB140.76(a)

AASB140.76(b)

AASB140.76(a)

AASB140.76(c)

AASB140.76(d)

AASB140.76(e)

AASB140.76(f)

AASB140.76(g)

AASB140.76

	Consolidated		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<u>At fair value</u>				
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 [describe]	-	-	-	-
Balance at end of financial year	136	132	-	-

AASB140.75(d), (e)

The fair value of the Group's investment property at 30 June 2009 (30 June 2008) 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. Messrs R & P Trent are members of the Australian Institute of Valuers, and they have appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The valuation, which conforms to Australian Valuation Standards, was arrived at by reference to market evidence of transaction prices for similar properties.

Source reference	
	16. 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	<p>Adjustment for recognised assets and liabilities</p> <p>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.</p>
AASB140.78	<p>Inability to determine fair value reliably</p> <p>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:</p> <ol style="list-style-type: none"> (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: <ol style="list-style-type: none"> 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)	<p>Property interests held under operating leases treated as investment property</p> <p>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.</p>
AASB140.79	<p>Investment properties measured under the cost model</p> <p>An entity that applies the cost model shall disclose, in addition to the disclosures illustrated in notes 2(q), 8, 16 and 35 to these model financial statements:</p> <ol style="list-style-type: none"> (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: <ol style="list-style-type: none"> 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: <ol style="list-style-type: none"> 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

17. Goodwill

		Consolidated		Company	
		2009	2008	2009	2008
		\$'000	\$'000	\$'000	\$'000
		Gross carrying amount			
AASB3.75(a)	Balance at beginning of financial year	24,060	24,060	-	-
AASB3.75(b)	Additional amounts recognised from business combinations occurring during the period (note 40)	390	-	-	-
AASB3.75(c)	Reduction arising from realisation of deferred tax assets not previously recognised	-	-	-	-
AASB3.75(d)	Derecognised on disposal of a subsidiary	(3,080)	-	-	-
AASB3.75(d)	Reclassified as held for sale (note 41)	(1,147)	-	-	-
AASB3.75(f)	Effects of foreign currency exchange differences	-	-	-	-
AASB3.75(g)	Other [describe]	-	-	-	-
AASB3.75(h)	Balance at end of financial year	<u>20,223</u>	<u>24,060</u>	<u>-</u>	<u>-</u>
		Accumulated impairment losses			
AASB3.75(a)	Balance at beginning of financial year	-	-	-	-
AASB3.75(e)	Impairment losses for the year (i)	(15)	-	-	-
AASB3.75(d)	Derecognised on disposal of a subsidiary	-	-	-	-
AASB3.75(d)	Classified as held for sale	-	-	-	-
AASB3.75(f)	Effect of foreign currency exchange differences	-	-	-	-
AASB3.75(h)	Balance at end of financial year	<u>(15)</u>	<u>-</u>	<u>-</u>	<u>-</u>
		Net book value			
AASB3.74, 75	At the beginning of the financial year	24,060	24,060	-	-
AASB3.74, 75	At the end of the financial year	<u>20,208</u>	<u>24,060</u>	<u>-</u>	<u>-</u>

AASB3.76,
AASB136.126(a),
130

(i) During the financial year, the Group assessed the recoverable amount of goodwill, and determined that goodwill associated with the Group's construction activities was impaired by \$15 thousand (2008: nil). The recoverable amount of the construction activities was assessed by reference to the cash-generating unit's value in use. A discount factor of 10% per annum. (2008: 10% per annum) was applied in the value in use model.

AASB136.131

The main contributing factor to the impairment of the cash-generating unit was a change during the year in building regulations, requiring registration and certification of builders for government contracts, and the directors' decision not to register the Group's Murphy Construction operating unit within ELC International Limited for such purposes. The directors have decided to focus the Group's construction activities through the other operating units in ELC International Limited and have consequently determined to write-off the goodwill directly related to the activities of Murphy Construction. No write-down of the carrying amounts of other assets in the cash-generating unit was necessary. The goodwill is included in the 'other' reportable segment disclosed in note 5.

AASB136.126(a)

Of the charge for the year, \$15 thousand (2008: \$nil) has been included in administration expenses.

AASB136.134, 135

Allocation of goodwill to cash-generating units

Goodwill has been allocated for impairment testing purposes to the following cash-generating units:

- leisure goods – retail outlets
- electronic equipment – internet sales
- other

The carrying amount of goodwill allocated to the global leisure goods cash-generating unit, the global electronic equipment cash-generating unit and to the global construction operations cash-generating unit is significant in comparison with the total carrying amount of goodwill. The carrying amount of goodwill allocated to other cash-generating units is not.

Before recognition of impairment losses, the carrying amount of goodwill (other than goodwill classified as held for sale) was allocated to the following cash-generating units:

Source reference

17. Goodwill (cont'd)

	Consolidated	
	2009 \$'000	2008 \$'000
Leisure goods – retail outlets	9,840	9,480
Electronic equipment – internet sales	8,478	8,478
Other		
Toy operations	-	3,080
Construction operations – Murphy Construction	15	15
Construction operations – other	1,500	1,500
Bicycle operations	-	1,147
Financial operations	139	-
Distribution operations	251	-
	20,223	24,060

Leisure goods – retail outlets

The recoverable amount of this cash-generating unit 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. (2008: 9.5%p.a.).

Cash flow projections during the budget period for the cash-generating unit are based on the same expected gross margins during the budget period and the consumer price inflation during the budget period. The cash flows beyond that five year period have been extrapolated using a steady 5%p.a. growth rate which is the projected long-term average growth rate for the international leisure good market. 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 the cash-generating unit.

Electronic equipment – internet sales

The recoverable amount of the 'electronic equipment – internet sales' segment and cash generating unit 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% per annum. (2008: 10% per annum.). Cash flows beyond that five year period have been extrapolated using a steady 11% per annum 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 internet sales cash-generating unit benefits from the protection of a 20-year patent on its Series Z electronic equipment, granted in 2004, which is still acknowledged as being one of the top models in the market. Management believes that an 11% per annum growth rate is reasonable in the light of that patent, and of other electronic equipment-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 'electronic equipment – internet sales' carrying amount to exceed its recoverable amount.

Other - Construction operations – Murphy Construction

AASB136.131

The goodwill associated with the Murphy Construction operating unit arose when that business was acquired as part of ELC International Limited by the Group in 2006. The business has continued to operate on a satisfactory basis, but without achieving any significant increase in market share. During the year, the government of Australia introduced new regulations requiring registration and certification of builders for government contracts. In the light of the disappointing performance of the Murphy Construction operating unit since its acquisition and the decision to focus the Group's construction activities through the other operating units in ELC International Limited, management has decided not to register the Murphy Construction operating unit for this purpose, which means that it has no prospects of obtaining future contracts. Management has consequently determined to write-off the goodwill directly related to Murphy Construction. No other write-down of the assets of Murphy Construction is considered necessary. Contracts in progress at the year end will be completed without loss to the Group.

Other - Construction operations – other

The recoverable amount of the Group's remaining construction operations has been 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. (2008: 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 construction operations operates. Management believes that any reasonably possible further change in the key assumptions on which recoverable amount is based would not cause the construction operations carrying amount to exceed its recoverable amount.

Source reference

17. Goodwill (cont'd)

Key assumptions

The key assumptions used in the value in use calculations for the leisure goods and electronic equipment cash-generating units are as follows:

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 reflect past experience, except for the growth factor, which is consistent with management's plans for focusing operations in these markets. Management believes that the planned market share growth per year for the next five years is reasonably achievable.
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;
- (c) for an individual asset:
 - i. the nature of the asset; and
 - ii. if the entity reports segment information in accordance with AASB 8 'Operating Segments', the reportable segment to which the asset belongs;
- (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 8 'Operating Segments');
 - 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 8, by reportable segment; 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;
- (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.

AASB136.131

An entity shall disclose the following information for the aggregate 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.

Source reference

17. Goodwill (cont'd)

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; and
- (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

17. 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; and
- (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

18. Other intangible assets

		Consolidated				
		Capitalised development \$'000	Patents \$'000	Trademarks \$'000	Licences \$'000	Total \$'000
Gross carrying amount						
AASB138.118(c)	Balance at 1 July 2007	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 July 2008	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 30 June 2009	3,594	5,825	4,711	6,940	21,070
Accumulated amortisation and impairment						
AASB138.118(c)	Balance at 1 July 2007	(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 or loss	-	-	-	-	-
AASB138.118(e)(v), AASB136.130(b)	Reversals of impairment losses charged to profit or loss	-	-	-	-	-
AASB138.118(e)(vii)	Net foreign currency exchange differences	-	-	-	-	-
AASB138.118(e)(viii)	Other [describe]	-	-	-	-	-
AASB138.118(c)	Balance at 1 July 2008	(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 or loss	-	-	-	-	-
AASB138.118(e)(v), AASB136.130(b)	Reversals of impairment losses charged to profit or loss	-	-	-	-	-
AASB138.118(e)(vii)	Net foreign currency exchange differences	-	-	-	-	-
AASB138.118(e)(viii)	Other [describe]	-	-	-	-	-
AASB138.118(c)	Balance at 30 June 2009	(2,400)	(1,456)	(4,005)	(3,470)	(11,331)
Net book value						
	As at 30 June 2008	1,906	4,660	942	3,817	11,325
	As at 30 June 2009	1,194	4,369	706	3,470	9,739

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

(i) Of the charge for the year, \$1,350 thousand (2008: \$1,290 thousand) has been included in marketing expenses and the remainder in other expenses.

Source reference

18. Other intangible assets (cont'd)

Significant intangible assets

AASB138.122(b)

The Group holds a patent for the manufacture of its Series Z electronic components. The carrying amount of the patent of \$2,250 thousand (2008: \$2,400 thousand) will be fully amortised in 15 years (2008: 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:

- (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:

- (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:

- (a) by class of intangible assets:
 - 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.

AASB138.128

Other information

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'.

Source reference

19. Other assets

	Consolidated		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<u>Current</u>				
Prepayments	-	-	-	-
Other [describe]	-	-	-	-
	-	-	-	-
<u>Non-current</u>				
Prepayments	-	-	-	-
Other [describe]	-	-	-	-
	-	-	-	-
	-	-	-	-

20. Assets received as collateral

AASB7.15

When an entity holds collateral (of financial or non-financial assets) and is permitted to sell or repledge in the absence of default by the owner of the collateral, it shall disclose:

- the fair value of the collateral held;
- the fair value of any such collateral sold or repledged and whether the entity has an obligation to return it; and
- any material terms and conditions associated with its use of this collateral.

AASB7.38

When assets are obtained during the reporting period by taking possession of collateral it holds as security, or calling on other credit enhancements, and such assets meet the recognition criteria in other Australian Accounting Standards, an entity shall disclose the nature and carrying amount of the assets obtained, and when the assets are not readily convertible into cash, its policies for disposing such assets or for using them in its operations.

21. Assets pledged as security

AASB102.36(h),
AASB116.74(a),
AASB7.14,
AASB138.122(d),
AASB140.75(g)

In accordance with the security arrangements of liabilities, as disclosed in note 23 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 other than in an event of default.

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)
AASB7.14

- the carrying amount of inventories pledged as security for liabilities
- the existence and carrying amounts of intangible assets whose title is restricted and the carrying amounts of intangible assets pledged as security for liabilities
- the carrying amount of the property, plant and equipment pledged and the related existence and amounts of restrictions on title
- the existence and amounts of restrictions on the realisability of investment property or the remittance of income and proceeds of disposal
- the carrying amount of financial assets pledged as collateral for liabilities or contingent liabilities, and any material terms and conditions relating to its pledge.

22. Trade and other payables

	Consolidated		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Trade payables (i)	16,784	21,480	2,798	4,118
Cash-settled share-based payments (note 44) (ii)	-	-	-	-
Amounts due to customers under construction contracts (note 29)	36	15	-	-
Goods and services tax payable	-	-	-	-
Other [describe]	-	-	-	-
	16,820	21,495	2,798	4,118

Source reference

22. Trade and other payables (cont'd)

- AASB7.7 (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] (2008: \$[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.

23. Borrowings

	Consolidated		Company	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Unsecured – at amortised cost				
<u>Current</u>				
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]	-	-	-	-
<u>Non-current</u>				
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				
<u>Current</u>				
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 37)	9	54	-	-
Other [describe]	-	-	-	-
<u>Non-current</u>				
Bank loans (ix)	10,982	11,060	6,000	7,000
Other loans (iv), (ix)	575	649	-	-
Finance lease liabilities (xi) (note 37)	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

Source reference	
	<p>23. Borrowings (cont'd)</p> <p>Summary of borrowing arrangements:</p>
AASB7.7	(i) Bills of exchange with a variable interest rate were issued in 2003. The current weighted average interest rate on the bills is 6.80%p.a. (2008: 6.80%p.a.).
AASB101.52, AASB7.7	(ii) Payables to entities within the wholly-owned group include amounts arising under the entity's tax funding arrangement (refer to note 9 for details). A market rate of interest is charged on outstanding intercompany loan balances, which are repayable at call. The company expects to settle approximately half of the outstanding balance within the next twelve months.
AASB7.7	(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 (2008: 8.0%p.a. - 8.2%p.a.).
AASB7.7	(iv) Fixed rate loans with a finance company with maturity periods not exceeding 3 years (2008: 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 43).
AASB7.7	(v) 3,000,000 7% redeemable cumulative preference shares were issued on 1 December 2008 at an issue price of \$5.00 per share. The shares are redeemable on 30 November 2011 at \$5.00 per share.
AASB7.7	(vi) 4,500,000 5.5% convertible notes were issued on 1 March 2009 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 January 2013 and 28 February 2013. Unconverted notes mature at \$1.00 on 1 March 2013.
AASB7.7	The net proceeds received from the issue of the convertible loan notes have been allocated to a liability element and an equity component. The interest charge for the year is calculated by applying an effective interest rate of 8.0%p.a. to the liability component.
AASB7.7	(vii) 2,500 6% perpetual notes were issued on 27 February 2009 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 (note 15).
	(x) Secured by a charge over the Group's trade receivables (note 10).
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 finance lease liabilities is 8.30%p.a. (2008: 8.32%p.a.).
	The unused facilities available on the Group's bank overdrafts are \$482 thousand (2008: \$436 thousand).
	<p>Breach of loan agreement</p>
AASB7.18	During the financial year, the Group was late in paying interest for the first quarter on one of its loans with a carrying amount of \$5 million. The delay arose because of a temporary lack of funds on the date interest was payable due to a technical problem on settlement. The interest payment outstanding of \$107 thousand was repaid in full on the following day, including the additional interest and penalty. The lender did not request accelerated repayment of the loan and the terms of the loan have not changed. Management has reviewed the Group's settlement procedures to ensure that such circumstances do not recur.
AASB7.18	<p>Defaults and breaches</p> <p>For loans payable recognised at the reporting date, an entity must disclose:</p>
	(a) details of any defaults during the period of principal, interest, sinking fund, or redemption terms of those loans payable;
	(b) the carrying amount of the loans payable in default at the reporting date; and
	(c) whether the default was remedied, or the terms of the loans payable were renegotiated, before the financial statements were authorised for issue.
AASB7.19	If during the period there were breaches of loan agreement terms other than those illustrated in the above note, an entity shall disclose the same information as in the above note if those breaches permitted the lender to demand accelerated repayment (unless the breaches were remedied, or the terms of the loan were renegotiated, on or before the reporting date.)

Source reference

24. Other financial liabilities

	Consolidated		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Financial guarantee contracts				
Current	24	18	-	-
Non-current	-	-	-	-
	24	18	-	-
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]	-	-	-	-
	-	-	-	-
Financial liabilities carried at fair value through profit or loss				
Non-derivative financial liabilities designated as at fair value through profit or loss	-	-	-	-
Held for trading derivatives that are not designated in hedge accounting relationships	-	-	-	-
Held for trading non-derivative financial liabilities	-	-	-	-
	-	-	-	-
	104	18	-	-
Disclosed in the financial statements as:				
Current other financial liabilities	104	18	-	-
Non-current other financial liabilities	-	-	-	-
	104	18	-	-

Disclosure

AASB7.8(e), (f)

An entity shall disclose on either the face of the balance sheet or in the notes the carrying amount of:

- (a) financial liabilities at fair value through profit or loss, showing separately
 - i. those designated as such upon initial recognition; and
 - ii. those classified as held for trading in accordance with AASB 139; and
- (b) financial liabilities measured at amortised cost

AASB7.10

If an entity has designated a financial liability as at fair value through profit or loss in accordance with paragraph 9 of AASB 139, it shall disclose:

- (a) the amount of change during the period, and cumulatively, in the fair value of the financial liability that is attributable to changes in the credit risk of that liability. This is 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 the entity believes more faithfully represents the amount of change in its fair value that is attributable to the changes in credit risk of the liability; and
- (b) the difference between the financial liabilities carrying amount and the amount the entity would be contractually required to pay at maturity to the holder of the obligation.

Source reference

24. Other financial liabilities (cont'd)

Changes in market conditions (as referred to in (i) above) that give rise to market risk include changes in a benchmark interest rate, the price of another entity's financial instrument, a commodity price, a foreign exchange rate or an index of prices or rates. For contracts that include a unit-linking feature, changes in market conditions include changes in the performance of the related internal or external investment fund.

The entity shall disclose:

- (a) the methods used to comply with the requirements of (i) as noted above, and
- (b) if the entity believes that the disclosure it has given to comply with (i) above does not faithfully represent the change in fair value of the financial liability attributable to changes in its credit risk, the reasons for reaching this conclusion and the factors it believes are relevant.

AASB7.11

25. Provisions

	Consolidated		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<u>Current</u>				
Employee benefits (i)	2,478	2,492	110	92
Warranty	528	295	-	-
Onerous lease contracts (note 37)	277	355	2	4
Restructuring and termination costs	-	-	-	-
Decommissioning costs	-	-	-	-
Other [describe]	-	-	-	-
	3,283	3,142	112	96
<u>Non-current</u>				
Employee benefits	1,794	1,896	20	48
Onerous lease contracts (note 37)	504	430	-	-
	2,298	2,326	20	48
	5,581	5,468	132	144

AASB137.84(a)

AASB137.84(b)

AASB137.84(c)

AASB137.84(d)

AASB137.84(e)

AASB137.84(a)

	Consolidated			
	Warranty (ii) \$'000	Onerous lease contracts (iii) \$'000	Restructuring and termination costs (iv) \$'000	Decommissioning costs (v) \$'000
Balance at 1 July 2008	295	785	-	-
Additional provisions recognised	338	378	-	-
Payments made	(90)	(310)	-	-
Reductions resulting from re-measurement or settlement without cost	(15)	(100)	-	-
Unwinding of discount and effect of changes in the discount rate	-	28	-	-
Other [describe]	-	-	-	-
Balance at 30 June 2009	528	781	-	-

AASB137.84(a)

AASB137.84(b)

AASB137.84(c)

AASB137.84(d)

AASB137.84(e)

AASB137.84(a)

	Company			
	Warranty (ii) \$'000	Onerous lease contracts (iii) \$'000	Restructuring and termination costs (iv) \$'000	Decommissioning costs (v) \$'000
Balance at 1 July 2008	-	4	-	-
Additional provisions recognised	-	2	-	-
Payments made	-	(4)	-	-
Reductions resulting from re-measurement or settlement without cost	-	-	-	-
Unwinding of discount and effect of changes in the discount rate	-	-	-	-
Other [describe]	-	-	-	-
Balance at 30 June 2009	-	2	-	-

Source reference

25. Provisions (cont'd)

- 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 (2008: \$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 outflow of economic benefits that will be required under the Group's 12-month warranty program for certain electronic equipment. 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 under non-cancellable onerous operating lease contracts, 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 the facilities and restore the affected areas at the Group's manufacturing sites. The estimate has been made on the basis of quotes obtained from restoration specialists.

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.

26. Other liabilities

	Consolidated		Company	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Current				
AASB120.39(b) Lease incentives (note 37)	90	90	-	-
Deferred government grants	-	-	-	-
Deferred Revenue	216	169	-	-
Other [describe]	-	5	-	-
	306	264	-	-
Non-current				
AASB120.39(b) Lease incentives (note 37)	180	270	-	-
Deferred government grants	-	-	-	-
	180	270	-	-
	486	534	-	-

Source reference

26. Other liabilities (cont'd)

AASB120.60

Government grants related to assets, including non-monetary grants at fair value, must be presented on the balance sheet by either setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

One method sets up the grant as deferred income which is recognised as income on a systematic and rational basis over the useful life of the asset. The other method deducts the grant in arriving at the carrying amount of the asset. The grant is recognised as income over the life of a depreciable asset by way of a reduced depreciation charge. In this illustrative annual financial report government grants have been recognised as deferred income.

27. Liabilities directly associated with non-current assets classified as held for sale

	Consolidated		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Liabilities related to the bicycle business (note 41)	3,684	-	-	-
Other [describe]	-	-	-	-
	3,684	-	-	-

28. Defined benefit superannuation plan

Defined benefit plans

AASB119.120A(b)

The Group operates a defined benefit superannuation plan for qualifying employees of its subsidiary ELC Investments Pty Ltd, and previously for employees of ELC Sales Pty Ltd. Under the plan, 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.

The Group operates funded defined benefit plans for qualifying employees of its subsidiaries in Australia. 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.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2009 by Mr. F.G. Ho, Fellow of the Institute of Actuaries in Australia (2008: 30 June 2008 by Mr F.G. Ho, Fellow of the Institute of Actuaries in Australia). The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

AASB119.120A(q)

The Group expects to make a contribution of \$440 thousand (2008: \$440 thousand) to the defined benefit plan during the next financial year.

AASB119.120A(n)

The principal assumptions used for the purposes of the actuarial valuations were as follows:

(expressed as weighted averages)

AASB119.120A(n)(i)
AASB119.120A(n)(ii)
AASB119.120A(n)(iv)
AASB119.120A(n)(iii)
AASB119.120A(n)(vi)

Discount rate(s)
Expected return on plan assets
Expected rate(s) of salary increase
Expected return on reimbursement rights
Other [describe]

Valuation at 30 June	
2009 %	2008 %
5.52	5.20
12.08	10.97
5.00	5.00
-	-
-	-

Source reference

28. Defined benefit superannuation plan (cont'd)

Amounts recognised in profit or loss in respect of these defined benefit plans are as follows:

	Consolidated		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
AASB119.120A(g)(i)	633	572	-	-
AASB119.120A(g)(ii)	264	237	-	-
AASB119.120A(g)(iii)	(536)	(479)	-	-
AASB119.120A(g)(iv)	-	-	-	-
AASB119.120A(g)(v)	235	226	-	-
AASB119.120A(g)(vi)	-	-	-	-
AASB119.120A(g)(vii)	-	-	-	-
AASB119.120A(g)(viii)	-	-	-	-
	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] (2008: [amount]) has been included in cost of sales and the remainder in administration expenses.'			
AASB119.120A(h)(i)	-	-	-	-
AASB119.120A(h)(ii)	-	-	-	-
	-	-	-	-
AASB119.120A(i)	-	-	-	-
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:			
AASB119.120A(d)	5,380	4,788	-	-
	(4,872)	(4,436)	-	-
	508	352	-	-
AASB119.120A(d)	-	-	-	-
	508	352	-	-
AASB119.120A(f)(i)	-	-	-	-
AASB119.120A(f)(ii)	-	-	-	-
AASB119.120A(f)(iii)	-	-	-	-
AASB119.120A(f)(iv)	-	-	-	-
AASB119.120A(f)(v)	-	-	-	-
	508	352	-	-

Source reference

28. Defined benefit superannuation plan (cont'd)

Movements in the present value of the defined benefit obligations in the current period were as follows:

	Consolidated		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
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	-	-

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.

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	
	2009 %	2008 %	2009 \$'000	2008 \$'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 (2008: \$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 Elucidation Limited with a fair value of \$380 thousand (2008: \$252 thousand) and property occupied by a subsidiary of Elucidation Limited with a fair value of \$622 thousand (2008: \$620 thousand).

Source reference

28. Defined benefit superannuation plan (cont'd)

The history of experience adjustments is as follows:

		Consolidated			
		2009	2008	2007	2006
		\$'000	\$'000	\$'000	\$'000
AASB119.120A(p)(i)	Fair value of plan assets	4,872	4,436	4,400	4,280
AASB119.120A(p)(i)	Present value of defined benefit obligation	(5,380)	(4,788)	(4,672)	(4,354)
AASB119.120A(p)(i)	Surplus/(deficit)	(508)	(352)	(272)	(243)
AASB119.120A(p)(ii)	Experience adjustments on plan liabilities	455	135	210	192
AASB119.120A(p)(ii)	Experience adjustments on plan assets	220	(91)	156	123

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.

AASB119.120(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.

An entity shall disclose the following in relation to plan assets:

- AASB119.120A(j) (a) the percentage or amount that each major category of plan assets constitutes of the fair value of the total plan assets;
- AASB119.120A(k) (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
- AASB119.120A(l) (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.

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.

Offsetting defined benefit assets against defined benefit liabilities

AASB119.116 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) (a) the assumed medical cost trend rates, together with the other key assumptions used;
- AASB119.120A(o) (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.

Source reference

28. Defined benefit superannuation plan (cont'd)

Multi-employer plans

AASB119.30

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 illustrative financial statements:

- (a) the fact that the plan is a defined benefit plan;
- (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.

Defined benefit plans that share risks between various entities under common control

AASB119.34, 34A

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 for 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 for 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.

29. Construction contracts

Contracts in progress at the reporting date:

AASB111.40(a)

Construction costs incurred plus recognised profits less recognised losses to date
Less: progress billings

	Consolidated		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Construction costs incurred plus recognised profits less recognised losses to date	1,517	1,386	-	-
Less: progress billings	(1,313)	(1,171)	-	-
	204	215	-	-

Recognised and included in the financial statements as amounts due:

AASB111.42(a)

From customers under construction contracts (note 10)

	240	230	-	-
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AASB111.42(b)

To customers under construction contracts (note 22)

	(36)	(15)	-	-
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	204	215	-	-
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AASB111.40(b), (c)

At 30 June 2009, retentions held by customers for contract work amount to \$55 thousand (2008: \$69 thousand). Advances received from customers for contract work amounted to \$84 thousand (2008: \$115 thousand).

Source reference

30. 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	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
AASB101.76(a)(ii) 14,844,000 fully paid ordinary shares (2008: 20,130,000)	29,807	45,797	29,807	45,797
AASB101.76(a)(ii) 2,500,000 partly paid ordinary shares (2008: 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 (2008: 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.

	2009		2008	
	No.	\$'000	No.	\$'000
	'000	\$'000	'000	\$'000
Fully paid ordinary shares				
AASB101.97(c) Balance at beginning of financial year	20,130	45,797	20,130	45,797
AASB101.76(a)(iv) Issue of shares under employee share option plan (note 44)	314	314	-	-
AASB101.76(a)(iv) Transfer from equity-settled employee benefits reserve (note 31)	-	338	-	-
AASB101.76(a)(iv) Issue of shares for consulting services (i)	3	8	-	-
AASB101.76(a)(iv), 97(a) Share buy-back	(5,603)	(16,456)	-	-
AASB101.76(a)(iv) Share buy-back costs	-	(277)	-	-
AASB101.76(a)(iv) Related income tax	-	83	-	-
AASB101.76(a)(iv) Balance at end of financial year	14,844	29,807	20,130	45,797

AASB101.76(a)(v) Fully paid ordinary shares carry one vote per share and carry the right to dividends.
AASB2.48 (i) The fair value was determined by reference to the going market rate for similar consulting services.

During the period, the Group executed a publicly announced share buy-back programme resulting from a decision by the Group to keep to core business activities until a stable return for shareholders is achieved over a five year period. All the shares purchased are cancelled. There was one purchase made during the year under the share buy-back programme during June 2009 and 5,603 thousand shares were bought back in this transaction.

Source reference

30. Issued capital (cont'd)

AASB2.49 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 explain why it was unable to do so.

	2009		2008	
	No. '000	\$'000	No. '000	\$'000
Partly paid ordinary shares				
AASB101.97(c) Balance at beginning of financial year	2,500	1,775	2,500	1,775
AASB101.76(a)(iv) Movements [describe]	-	-	-	-
AASB101.76(a)(iv) Balance at end of financial year	2,500	1,775	2,500	1,775

AASB101.76(a)(v) Partly paid ordinary shares carry one vote per share but do not carry the right to dividends.

	2009		2008	
	No. '000	\$'000	No. '000	\$'000
Converting non-participating preference shares				
AASB101.97(c) Balance at beginning of financial year	1,100	1,100	1,100	1,100
AASB101.76(a)(iv) Issue of shares	100	100	-	-
AASB101.76(a)(iv) Share issue costs	-	(6)	-	-
AASB101.76(a)(iv) Related income tax	-	1	-	-
AASB101.76(a)(iv) Balance at end of financial year	1,200	1,195	1,100	1,100

AASB101.76(a)(v) 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 May 2014. Converting non-participating preference shares have no right to share in any surplus assets or profits.

Redeemable cumulative preference shares

3,000,000 7% redeemable cumulative preference shares were issued by the company in the current financial year. These have been classified as liabilities (refer note 23).

Share options granted under the employee share option plan

AASB101.76(a)(vii) In accordance with the provisions of the employee share option plan, as at 30 June 2009, 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 September 2009, and the remainder expiring on 27 March 2010. As at 30 June 2008, executives and senior employees had options over 290,000 ordinary shares, in aggregate, with 140,000 of those options expiring 30 September 2008, and the remainder expiring on 31 March 2009.

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 44 to the financial statements.

Other share options on issue

AASB101.76(a)(vii) 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 30 June 2009, the company has [number] share options on issue (2008: [number]), exercisable on a 1:1 basis for [number] ordinary shares of the company (2008: [number]) at an exercise price of \$[amount]. The options expire between [date] and [date] (2008: [date] and [date]), and carry no rights to dividends and no voting rights.'

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 [].'

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.

Source reference

31. 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.

AASB128.39 An investor's share of changes recognised directly in the associate's equity shall be recognised directly in equity by the investor and must be disclosed in the statement of changes in equity as required by AASB 101 'Presentation of Financial Statements'.

	Consolidated		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'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

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 earnings. There is no policy of regular transfer.

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 (note 9)	-	(493)	-	(1)
Reversal of deferred tax liability on revaluation (note 9)	-	-	-	-
Transferred to retained earnings (note 32)	(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

AASB101.76(b)

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 earnings.

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 through a transfer directly to retained earnings. 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

Source reference

31. Reserves (cont'd)

	Consolidated		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
AASB101.97(c)	Investments revaluation reserve			
	527	470	35	74
AASB132.94(k)(ii)	94	81	31	(55)
AASB132.94(k)(ii)	-	-	-	-
AASB132.94(k)(ii)	-	-	-	-
	-	-	-	-
	(28)	(24)	(9)	16
	<u>593</u>	<u>527</u>	<u>57</u>	<u>35</u>
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			
	338	-	338	-
	206	338	206	338
	(338)	-	(338)	-
	-	-	-	-
	<u>206</u>	<u>338</u>	<u>206</u>	<u>338</u>
AASB101.76(b)	The equity-settled employee benefits reserve arises on the grant of share options to executives and senior employees 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 employees is made in note 44 to the financial statements.			
AASB101.97(c)	Hedging reserve			
	278	258	-	-
AASB7.23(c)	Gain/(loss) recognised on cash flow hedges:			
	209	(41)	-	-
	227	357	-	-
	-	-	-	-
	(131)	(95)	-	-
AASB7.23(d)	Transferred to profit or loss:			
	(3)	-	-	-
	(120)	(86)	-	-
	-	-	-	-
	37	26	-	-
AASB7.23(e)	Transferred to initial carrying amount of hedged item:			
	(257)	(201)	-	-
	77	60	-	-
	-	-	-	-
	<u>317</u>	<u>278</u>	<u>-</u>	<u>-</u>
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

31. Reserves (cont'd)

AASB7.23(d)

Gains and losses transferred from equity into profit or loss during the period are included in the following line items in the income statement:

	Consolidated		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Revenue				
Other income	-	-	-	-
Finance costs	(120)	(86)	-	-
Other expenses	(3)	-	-	-
Income tax expense	37	26	-	-
Other [describe]	-	-	-	-
	(86)	60	-	-

AASB101.97(c)

Foreign currency translation reserve

AASB121.52(b)

Balance at beginning of financial year

AASB121.52(b)

Translation of foreign operations

AASB121.52(b)

Deferred tax arising from translation

AASB121.52(b)

(Gain)/loss recycled on disposal of foreign subsidiary (note 41)

AASB121.52(b)

Income tax related to the gain/ loss recycled on disposal of subsidiary

AASB121.52(b)

Other [describe]

AASB121.52(b)

Balance at end of financial year

225	140	-	-
75	121	-	-
(22)	(36)	-	-
(120)	-	-	-
36	-	-	-
-	-	-	-
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.

AASB101.97(c)

Option premium on convertible notes

Balance at beginning of financial year

Issue of convertible notes

Related income tax

Balance at end of financial year

-	-	-	-
834	-	834	-
(242)	-	(242)	-
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 January 2012 and 28 February 2012. Unconverted notes mature at \$1.00 on 1 March 2012.

The following 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. The 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.

	Consolidated		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
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	-	-	-	-

Source reference

31. Reserves (cont'd)

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 2(k); and
- the amounts payable or receivable by the company under the terms of the tax funding arrangement (refer note 9).

32. 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	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
AASB101.97(b) Balance at beginning of financial year	94,965	73,896	23,719	17,772
Effects of changes in accounting policy:				
Customer loyalty programme	-	(21)	-	-
Restated opening balance	94,965	73,875	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 34)	(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 28)	-	-	-	-
AASB101.97(b) Related income tax	-	-	-	-
AASB101.97(b) Transfer from asset revaluation reserve (note 31)	3	-	-	-
AASB101.97(b) Other [describe]	-	-	-	-
AASB101.97(b) Balance at end of financial year	<u>110,330</u>	<u>94,965</u>	<u>30,420</u>	<u>23,719</u>

33. Earnings per share

AASB133.Aus1.1 This Standard applies to each entity that is required to prepare financial reports in accordance with Part 2M.3 of the Corporations Act 2001 and that is:

- a reporting entity whose ordinary shares or potential ordinary shares are publicly traded; or
- a reporting entity that is in the process of issuing ordinary shares or potential ordinary shares in public markets; or
- an entity that discloses earnings per share.

Note that this paragraph has been amended through AASB 2007-4 to include a larger scope of entities.

Previously AASB 133 only applied to listed entities, entities that had ordinary shares on issue and were in the process of listing, and entities that disclose 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.

Source reference

33. Earnings per share (cont'd)

		Consolidated	
		2009	2008
		Cents	Cents
		per share	per share
	Basic earnings per share		
	From continuing operations	70.9	82.8
AASB133.68	From discontinued operations	41.4	47.1
	Total basic earnings per share	112.3	129.9
	Diluted earnings per share		
	From continuing operations	67.3	79.1
AASB133.68	From discontinued operations	39.3	45.0
	Total diluted earnings per share	106.6	124.1
	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)		2009	2008
		\$'000	\$'000
	Net profit	22,552	27,569
	Other [describe]	-	-
AASB133.70(a)	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)
AASB133.70(a)	Earnings used in the calculation of basic EPS from continuing operations	14,242	17,574
		2009	2008
		No.'000	No.'000
AASB133.70(b)	Weighted average number of ordinary shares for the purposes of basic earnings per share	20,082	21,230
	Diluted earnings per share		
	The earnings used in the calculation of diluted earnings per share is as follows:		
AASB133.70(a)		2009	2008
		\$'000	\$'000
	Net profit	22,552	27,569
	Other [describe]	-	-
AASB133.70(a)	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)
AASB133.70(a)	Earnings used in the calculation of diluted EPS from continuing operations	14,242	17,574
		2009	2008
		No.'000	No.'000
AASB133.70(b)	Weighted average number of ordinary shares used in the calculation of basic EPS	20,082	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]	-	-
AASB133.70(b)	Weighted average number of ordinary shares used in the calculation of diluted EPS	21,166	22,215
AASB133.70(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:		
		2009	2008
		No.'000	No.'000
	Convertible notes	4,500	-
	Other [describe]	-	-
		4,500	-

Source reference

33. 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 the year ended 30 June 2009 and 30 June 2008, 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	
	2009 Cents per share	2008 Cents per share	2009 Cents per share	2008 Cents per share
Customer loyalty programme	(0.06)	(0.11)	(0.06)	(0.10)
Other [describe]	-	-	-	-
Total impact of changes in accounting policies	(0.06)	(0.11)	(0.06)	(0.10)

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 7 'Financial Instruments: Disclosures'.

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.

AASB133.67

Comparative information

Earnings per share is presented for every period for which an income statement is presented.

AASB133.73

Use of alternative earnings figures

If an entity discloses, in addition to basic and diluted earnings per share, amounts per share using a reported component of the income statement other than one required by AASB 133, such amounts shall be calculated using the weighted average number of ordinary shares determined in accordance with AASB 133. Basic and diluted amounts per share relating to such a component shall be disclosed with equal prominence and presented in the notes to the financial statements. An entity shall indicate the basis on which the numerator(s) is (are) determined, including whether amounts per share are before tax or after tax. If a component of the income statement is used that is not reported as a line item in the income statement, a reconciliation shall be provided between the component used and a line item that is reported in the income statement.

Source reference

34. Dividends

		2009		2008	
		Cents per share	Total \$'000	Cents per share	Total \$'000
Recognised amounts					
<u>Fully paid ordinary shares</u>					
AASB101.Aus126.3	Interim dividend:				
	Fully franked at a 30% tax rate	17.85	2,618	12.71	2,559
AASB101.Aus126.3	Final dividend:				
	Fully franked at a 30% tax rate	19.36	3,897	18.93	3,810
AASB101.95		37.21	6,515	31.64	6,369
<u>Converting non-participating preference shares</u>					
AASB101.95, Aus126.4	Final dividend:				
	Fully franked at a 30% tax rate	10.00	120	10.00	110
AASB101.95			<u>6,635</u>		<u>6,479</u>
Unrecognised amounts					
<u>Fully paid ordinary shares</u>					
AASB101.125(a)	Final dividend:				
	Fully franked at a 30% tax rate	26.31	3,905	19.36	3,897

On 31 August 2009, the directors declared a fully franked final dividend of 26.31 cents per share to the holders of fully paid ordinary shares in respect of the financial year ended 30 June 2009, to be paid to shareholders on 3 October 2009. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. If approved, the dividend will be paid to all shareholders on the Register of Members on 28 September 2009. The total estimated dividend to be paid is \$3,905 thousand.

In addition, during the year, dividends of \$610 thousand (2008: \$nil) were paid on redeemable cumulative preference shares classified as liabilities (note 7 and note 23).

		Company	
		2009 \$'000	2008 \$'000
AASB101.Aus126.4	Adjusted franking account balance	13,760	12,767
AASB101.Aus126.5	Impact on franking account balance of dividends not recognised	(1,674)	(1,670)
AASB112.81(i)	Income tax consequences of unrecognised dividends	-	-

Best practice disclosure

		Company	
		2009 \$'000	2008 \$'000
Franking account balance at 1 July		x	x
Tax paid		x	x
Franking credits received		x	x
Franking credits attached to dividends paid:			
- as interim or final dividends		(x)	(x)
- as special dividends		(x)	(x)
- as part of an off-market buy-back		(x)	(x)
Franking credits debited by the Commissioner of Taxation in accordance with para 177EA(5)(a) of the ITAA 1936		(x)	(x)
Other movements		x	x
Franking account balance at 30 June		x	x
Franking credits that will arise from the payment of income tax payable as at the reporting date		x	x
Franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date		x	x
Franking credits available for future reporting periods		x	x
Franking credits that will arise from the payment 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.		(x)	(x)
Net franking credits available		<u>x</u>	<u>x</u>

Source reference

34. 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.Aus126.4

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.Aus126.4

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.Aus126.5

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 practicably 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.

35. Commitments for expenditure

AASB101.Aus126.6

(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	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'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

35. Commitments for expenditure (cont'd)

	Consolidated		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
	<u>Group's share of jointly controlled entities' capital commitments</u>			
	28	22	-	-
	-	-	-	-
	-	-	-	-
AASB128.40(a)	28	22	-	-
	<u>Group's share of jointly controlled entities' capital commitments</u>			
	110	20	-	-
	-	-	-	-
	-	-	-	-
AASB131.54	110	20	-	-
AASB117.47, 56	(b) Lease commitments			
	Finance lease liabilities and non-cancellable operating lease commitments are disclosed in note 37 to the financial statements.			
AASB101.Aus126.6	(c) Other expenditure commitments			
	<u>Investment property</u>			
	-	-	-	-
	-	-	-	-
	-	-	-	-
AASB140.75(h)	-	-	-	-
	<u>Intangible assets</u>			
	-	-	-	-
	-	-	-	-
	-	-	-	-
AASB138.122(e)	-	-	-	-
	<u>Group's share of associates and equity accounted jointly controlled entities other expenditure commitments.</u>			
	5	4	-	-
	7	5	-	-
	15	22	-	-
AASB128.37(f)	27	31	-	-
	<u>Group's share of jointly controlled entities' other expenditure commitments</u>			
	-	-	-	-
	-	-	-	-
	-	-	-	-
AASB131.55	-	-	-	-
	<u>Other [describe]</u>			
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-

Source reference

36. Contingent liabilities and contingent assets

Entities should carefully consider whether circumstances that may have formerly been disclosed as a contingent liability meet the definition of a financial guarantee contract and should be accounted for in accordance with AASB 139 'Financial Instruments: Recognition and Measurement'.

Examples of more common arrangements that would qualify as financial guarantee contracts and which are 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 financiers providing borrowings to subsidiaries.

	Consolidated		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Contingent liabilities				
Court proceedings (i)	-	-	-	-
Contingent liabilities incurred by the Group arising from interests in joint ventures (ii)	110	116	-	-
Group's share of associates' contingent liabilities (iii)	-	-	-	-
Contingent assets				
Faulty goods claim (iv)	140	-	-	-

- AASB137.86(a)
- AASB131.54(a)
- AASB128.40(a)
- AASB137.89
- 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 is exposed to a share of contingent liabilities of its 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

36. 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. Such circumstances would generally qualify as a financial guarantee contract, and should be recognised in accordance with AASB 139 'Financial Instruments: Recognition and Measurement'.

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.

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 in respect of 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.

37. Leases

[Disclosures for lessees]

Finance leases

Leasing arrangements

AASB117.31(e) 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. The Group's obligation under finance leases are secured by the lessor's title to the leased assets.

Source reference

37. Leases (cont'd)

Finance lease liabilities

AASB117.31(b),
AASB7.7, 31

	Minimum future lease payments				Present value of minimum future lease payments			
	Consolidated		Company		Consolidated		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'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 23)								
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.

Operating leases

Leasing arrangements

AASB117.35(d)

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 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 commitments

	Consolidated		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'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 25)				
Current	277	355	2	4
Non-current	504	430	-	-
Lease incentives (note 26)				
Current	90	90	-	-
Non-current	180	270	-	-
	1,051	1,145	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.

[Disclosures for lessors]

Finance leases

Leasing arrangements

AASB117.47(f)

[A general description about the lessor's material leasing arrangements shall be disclosed.]

Source reference

37. Leases (cont'd)

Finance lease receivables

	Minimum future lease receivables				Present value of minimum future lease receivables			
	Consolidated		Company		Consolidated		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'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 10)								
Current trade and other receivables					-	-	-	-
Non-current trade and other receivables					-	-	-	-
					-	-	-	-

* Minimum future lease payments receivable include the aggregate of all lease payments receivable and any guaranteed residual.

Operating leases

Leasing arrangements

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.

Non-cancellable operating lease receivables

	Consolidated		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'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), AASB7.7, 31
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.

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.

Source reference

37. Leases (cont'd)

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 15, 16 and 18 to these illustrative 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).

38. 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:

AASB131.56

Name of venture	Principal activity	Output interest	
		2009 %	2008 %
ELC Gallop	Horse shoe production	52	50
ELC Colour	Paint production	60	60

AASB131.56

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	
	2009 \$'000	2008 \$'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

Capital commitments and contingent liabilities

Capital commitments and contingent liabilities arising from the Group's interests in joint ventures are disclosed in notes 36 and 37 respectively.

Source reference

39. Subsidiaries

AASB127.42(b),
AASB124.12

Name of subsidiary	Country of incorporation	Ownership interest	
		2009 %	2008 %
ELC Investments Pty Limited (ii), (iii)	Australia	100	100
ELC Finance Pty Limited (ii), (iii)	Australia	100	-
ELC Sales Pty Ltd (ii), (iii)	Australia	100	100
ELC International Ltd	Australia	80	80
ELC USA Incorporated	USA	100	100
ELC Corporation	USA	-	100
ELC Japan Limited	Japan	100	100

(i) Elucidation Limited is the head entity within the tax-consolidated group.

(ii) These companies are members of the tax-consolidated group.

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(iii) These wholly-owned subsidiaries have entered into a deed of cross guarantee with Elucidation Limited pursuant to ASIC Class Order 98/1418 and are relieved from the requirement to prepare and lodge an audited financial report. ELC Finance Pty Limited became a party to the deed of cross guarantee on 15 December 2008.

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The consolidated income statement and balance sheet of the entities party to the deed of cross guarantee are:

	Consolidated	
	2009 \$'000	2008 \$'000
Income statement		
Revenue	90,669	92,440
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	(42,208)	(51,202)
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	(5,343)	(2,986)
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	10,666	13,791
Other financial assets	8,757	6,949
Inventories	21,641	25,174
Current tax assets	85	60
	59,328	63,773
Non-current assets classified as held for sale	1,260	-
Total current assets	60,588	63,773
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
Goodwill	16,788	16,788
Other intangible assets	9,739	11,325
Total non-current assets	118,104	125,121
Total assets	178,692	188,894

Source reference

39. Subsidiaries (cont'd)

	Consolidated	
	2009 \$'000	2008 \$'000
Current liabilities		
Trade and other payables	8,119	9,594
Borrowings	28,042	30,000
Other financial liabilities	104	18
Current tax payables	5,149	5,878
Provisions	1,893	1,501
Other	216	169
	43,523	47,160
Liabilities directly associated with non-current assets classified as held for sale	-	-
Total current liabilities	43,523	47,160
Non-current liabilities		
Borrowings	20,249	20,862
Other financial liabilities	-	-
Deferred tax liabilities	3,955	3,203
Provisions	1,379	1,396
Total non-current liabilities	25,583	25,461
Total liabilities	69,106	72,621
Net assets	109,586	116,273
Equity		
Issued capital	32,777	48,672
Reserves	3,713	3,151
Retained earnings*	73,096	64,450
	109,586	116,273
Amounts recognised directly in equity relating to non-current assets classified as held for sale	-	-
Total equity	109,586	116,273
* Retained earnings		
Retained earnings as at beginning of the financial year	64,450	58,165
Net profit	15,836	12,764
Dividends provided for or paid	(6,635)	(6,479)
Share buy-back	(555)	-
Retained earnings as at end of the financial year	73,096	64,450

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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.

AASB127.40(c)

Other disclosures

The consolidated financial statements shall disclose the nature of the relationship between the parent and a subsidiary 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.

Source reference

40. Acquisition of businesses

AASB3.67(a), (b), (c), (d)

Names of businesses acquired	Principal activity	Date of acquisition	Proportion of shares acquired (%)	Cost of acquisition \$'000
2009				
ELC Finance Pty Limited	Financial Distribution	15/12/08	100	430
Minus Pty Limited		30/05/09	-	792
				1,222
2008				
[describe]				-
				-

AASB3.67(f), AASB107.40(a), (c), (d)

Net assets acquired	ELC 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	
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

AASB107.40

Net cash flow on acquisitions

	Consolidated		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Total purchase consideration	1,222	-	-	-
Less: non-cash consideration for Minus Pty Ltd	(400)	-	-	-
Consideration paid in cash	822	-	-	-
Less: cash and cash equivalent balances acquired	(200)	-	-	-
	622	-	-	-

AASB3.69

The initial accounting for the acquisition of ELC Finance Pty Limited ('ELC Finance') has only been provisionally determined at reporting date. ELC Finance became wholly owned on acquisition and has joined the company's tax-consolidated group (refer note 9). For tax purposes, the tax values of ELC 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.

Source reference

40. Acquisition of businesses (cont'd)

Goodwill arose in the business combination because the cost of the combination included a control premium paid to acquire ELC 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 ELC Finance. These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured.

AASB3.67(i)

Included in the net profit for the period is \$35 thousand attributable to the additional business generated by ELC Finance, 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 July 2008, 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, 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 is encouraged.

The following illustrative paragraph should be adapted to each entity's circumstances:

In determining the 'pro-forma' revenue and profit of the Group had ELC Finance and the distribution business of 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 an one-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.

Source reference

40. Acquisition of businesses (cont'd)

Disclosure of excess on acquisition

AASB3.67(g), (h)

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.

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:

- (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:

- (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.

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:

- (a) the amount and an explanation of any gain or loss recognised in the current period that:
 - 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

41. Discontinued operations

Disposal of toy manufacturing operations

AASB5.41,
AASB101.87(e)

On 28 March 2009, the Board of Directors entered into a sale agreement to dispose of the Group's toy manufacturing operations. The proceeds on the sale 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 toy manufacturing business is consistent with the Group's long-term policy to focus its activities in the electronic equipment and other leisure goods markets. The disposal was completed on 30 May 2009, on which date control of the toy manufacturing operations passed to the acquirer.

Plan to dispose of the bicycle business

AASB5.41,
AASB101.87(e)

On 30 May 2009, the Board of Directors announced a plan to dispose of the Group's bicycle business, which involves the manufacturing and sale of bicycles. The disposal is consistent with the Group's long-term policy to focus its activities in the electronic equipment and other leisure goods markets. The Group is actively seeking a buyer for its bicycle business and expects to complete the sale by 31 January 2010. On initial reclassification of these operations as held for sale, the Group has not recognised any impairment losses.

The bicycle business has been classified and accounted for at 30 June 2009 as a disposal group held for sale.

AASB5.34

The combined 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	
		2009	2008
		\$'000	\$'000
	Profit for the year from discontinued operations:		
AASB5.33(b)(i)	Revenue (note 6)	64,405	77,843
	Other income (note 8)	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 7)	(150)	(134)
	Other expenses	(218)	(235)
		(54,905)	(64,899)
	Profit before tax	9,530	12,993
AASB5.33(b)(i), 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

41. 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	
	2009	2008
	\$'000	\$'000
Goodwill	1,147	-
Property, plant and equipment	15,684	-
Inventories (note 12)	2,090	-
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 (note 9)	(430)	-
Total liabilities associated with assets classified as held for sale	(3,684)	-
Net assets classified as 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; and

- (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

41. 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:

- 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;
- 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
- 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 description of the non-current asset (or disposal group);
- 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;
- 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
- 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.

42. 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	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'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 41)	175	-	-	-
	19,836	19,400	8,050	6,469

Source reference

AASB107.40

42. Notes to the cash flow statement (cont'd)

(b) Business disposed

During the financial year, the Group disposed of its toy manufacturing operations. Details of the disposal are as follows:

	Consolidated		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Consideration				
Cash and cash equivalents	7,854	-	-	-
Deferred sales proceeds (note 10)	960	-	-	-
	8,814	-	-	-
Book value of net assets sold				
<u>Current assets</u>				
Cash and cash equivalents	288	-	-	-
Trade and other 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>				
Trade and other 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 of	(288)	-	-	-
	7,566	-	-	-

AASB107.43

(c) Non-cash financing and investing activities

During the current 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 40. This disposal is not reflected in the cash flow statement.

During the prior 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.

AASB107.50(a)

(d) 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	-	-

Source reference

42. Notes to the cash flow statement (cont'd)

	Consolidated		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Secured bank loan facilities with various maturity dates through to 2011 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

AASB7.39(a)

The Group has access to financing facilities at reporting date as indicated above. The Group expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets. The Group expects to maintain a current debt to equity ratio, with 20-25% limits increasing to 25%. This will be achieved through the issue of new debt and the increased use of secured bank loan facilities.

Details of credit standby arrangements and a summary of the used and unused loan facilities are not required by AASB 7 'Financial Instruments: Disclosures'. AASB 107 'Cash Flow Statements' however encourages such disclosure since it may be relevant to users understanding the financial position and liquidity of an entity.

(e) 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

(f) Reconciliation of profit for the period to net cash flows from operating activities

Where the direct method is used by an entity, a reconciliation of the cash flows from operating activities to profit or loss must be disclosed.

Profit for the year	26,552	30,332	13,891	12,426
(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 (note 41)	(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	(935)	(1,589)	-	-
Share of jointly controlled entities' profit	(251)	-	-	-
Depreciation and amortisation	15,179	17,350	48	45
Foreign exchange (gain)/loss	130	68	-	-
Equity-settled share-based payment	214	338	164	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	-	-	-
Capitalised interest expense	(11)	(27)	-	-
Development costs expensed	502	440	-	-
Fair value gain/(loss) on derivatives	433	316	-	-
Non-cash movements in financial guarantee liabilities	6	(12)	-	-
Increase/(decrease) in current tax liability	(754)	189	(19)	25
Increase/(decrease) in deferred tax balances	1,646	528	43	19
(Increase)/decrease in amounts due under the tax-funding arrangement	-	-	(4,587)	(3,501)

Source reference

42. Notes to the cash flow statement (cont'd)

	Consolidated		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Changes in net assets and liabilities, net of effects from acquisition and disposal of businesses:				
(Increase)/decrease in assets:				
Trade and other receivables	(3,279)	(3,898)	(1,694)	(862)
Inventories	(6,128)	(6,008)	20	(45)
Other assets	(131)	-	-	-
Increase/(decrease) in liabilities:				
Trade and other payables	(561)	(3,308)	(1,320)	(621)
Provisions	113	20	(12)	10
Other liabilities	32	(15)	-	-
Net cash from operating activities	<u>28,559</u>	<u>33,186</u>	<u>(5,645)</u>	<u>(5,022)</u>

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 amounts of the cash flows from each of operating, investing and financing activities related to interests in joint ventures reported using proportionate consolidation;
- (c) 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
- (d) the amount of the cash flows arising from the operating, investing and financing activities of each reported industry and geographical segment (refer also note 5).

AASB107.51

The separate disclosure of cash flows that represent increases in operating capacity and cash flows that are required to maintain operating capacity is useful in enabling the user to determine whether the entity is investing adequately in the maintenance of its operating capacity.

AASB107.52

The disclosure of segmental cash flows enables users to obtain a better understanding of the relationship between the cash flows of the business as a whole and those of its component parts and the availability and variability of segmental cash flows.

43. Financial instruments

Removal of parent entity relief

AASB 7 'Financial Instruments: Disclosure' does not include similar relief to AASB 132 'Financial Instruments: Disclosure and Presentation' which permitted certain disclosures to be made only with respect to the consolidated financial statements where the separate financial statements of the parent were presented together with the consolidated financial statements of the Group. On adoption of AASB 7, entities will be required to provide the disclosures specified by AASB 7, including any comparative information presented, in respect of both the company and the Group.

AASB7.6

When disclosure by class of financial instrument is required by AASB 7, an entity shall group financial instruments into classes that are appropriate to the nature of the information disclosed and that take into account the characteristics of those financial instruments. An entity shall provide sufficient information to permit reconciliation to the line items presented in the balance sheet.

Source reference

43. Financial instruments (cont'd)

The disclosures in the below note have been tailored to this illustrative entity, and 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 entity, and the significance of judgements and estimates made to the results and financial position.

AASB7.34(a)

Summary qualitative data presented about the entity's exposure to risk at reporting date is based on information provided internally to key management personnel of the entity.

AASB101.124A,
124B

(a) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group's overall strategy remains unchanged from 2008.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 23, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in notes 30, 31 and 32 respectively.

The Group operates globally, primarily through subsidiary companies established in the markets in which the Group trades. None of the Group's entities are subject to externally imposed capital requirements.

Operating cash flows are used to maintain and expand the group's manufacturing and distribution assets, as well as to make the routine outflows of tax, dividends and repayment of maturing debt.

The Group's policy is to borrow centrally, using a variety of capital market issues and borrowing facilities, to meet anticipated funding requirements.

Gearing ratio

The Group's risk management committee reviews the capital structure on a semi-annual basis. As a part of this review the committee considers the cost of capital and the risks associated with each class of capital. The Group has a target gearing ratio of 20-25% in line with the industry norm, that is determined as the proportion of net debt to equity. Based on recommendations of the committee the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

The gearing ratio at year end was as follows:

	Consolidated		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Financial assets				
Debt (i)	55,057	57,078	49,326	39,038
Cash and cash equivalents	(19,836)	(19,400)	(8,050)	(6,469)
Net debt	35,221	37,678	41,276	32,569
Equity (ii)	171,040	167,039	64,860	73,572
Net debt to equity ratio	21%	23%	64%	44%

(i) Debt is defined as long- and short-term borrowings, as detailed in note 23.

(ii) Equity includes all capital and reserves.

Externally imposed capital requirements

When an entity is subject to externally imposed capital requirements, it should disclose the nature of those requirements and how those requirements are incorporated into the management of capital.

AASB101.124B(d)

When the entity has not complied with such externally imposed capital requirements, it shall disclose the consequences of such non-compliance.

AASB101.124B(e)

Source reference

43. Financial instruments (cont'd)
(b) Categories of financial instruments

	Consolidated		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Financial assets				
Fair value through profit or loss (FVTPL):				
AASB7.8(a)	-	-	-	-
AASB7.8(a)	-	-	-	-
Derivative instruments in designated				
hedge accounting relationships				
AASB7.8(b)	528	397	-	-
AASB7.8(c)	6,863	5,262	18	208
AASB7.8(c)	25,664	20,663	43,962	44,996
AASB7.8(d)	19,836	19,400	8,050	6,469
AASB7.8(d)	8,140	7,858	2,889	2,762
Financial liabilities				
Fair value through profit or loss (FVTPL):				
AASB7.8(e)	-	-	-	-
AASB7.8(e)	-	-	-	-
Derivative instruments in designated				
hedge accounting relationships				
AASB7.8(f)	80	-	-	-
AASB7.8(f)	75,131	78,573	52,124	43,156
AASB7.8	24	18	-	-

If the categories of financial instruments are apparent from the face of the balance sheet, the above table would not be required.

(i) Loans and receivables designated as at 'fair value through profit or loss'

	Consolidated		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
AASB7.9(c)	-	-	-	-
AASB7.9(c)	-	-	-	-

AASB7.9(a) At the reporting date there are no significant concentrations of credit risk relating to loans and receivables at fair value through profit or loss. The carrying amount reflected above represents the company's and the Group's maximum exposure to credit risk for such loans and receivables.

AASB7.9(b) 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 the amount by which any related credit derivatives or similar instruments mitigate that maximum exposure to credit risk.

AASB7.11(a) An entity shall disclose the methods used to comply with the requirements in AASB 7 to disclose the amount of change, during the period and cumulatively, in the fair value of the loan or receivable (or group of loans or receivables) designated at fair value through profit or loss that is attributable to changes in the credit risk of the financial asset.

AASB7.11(b) If the entity believes that the disclosure it has given to comply with the requirements in AASB 7 to disclose 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 the credit risk of the financial asset does not faithfully represent the change in the fair value of the financial asset attributable to changes in its credit risk, it shall disclose the reasons for reaching this conclusion and the factors it believes are relevant.

Source reference

43. Financial instruments (cont'd)

AASB7.9(d)

Credit derivatives over loans and receivables at fair value:

	Consolidated		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Opening fair value	-	-	-	-
Realised during the period	-	-	-	-
Change in fair value	-	-	-	-
Closing fair value	-	-	-	-

(ii) Financial liabilities designated as at 'fair value through profit or loss'

AASB7.10(a)

Cumulative changes in fair value attributable to changes in credit risk (i)

	-	-	-	-
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AASB7.10(a)

Changes in fair value attributable to changes in credit risk recognised during the period (i)

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

AASB7.10(b)

Difference between carrying amount and maturity amount:

Financial liabilities at fair value	-	-	-	-
Amount payable at maturity	-	-	-	-
	-	-	-	-

(i) The change in fair value attributable to change in credit risk is calculated as the difference between total change in fair value of cumulative preference shares of \$[thousand] and the change in fair value of preference shares due to change in market risk factors alone (\$[thousand]). The change in fair value due to market risk factors was calculated using benchmark interest yield curves as at the balance sheet date holding credit risk margins constant. The fair value of cumulative redeemable preference shares was estimated by discounting future cash flows using quoted benchmark interest yield curves as at the reporting date and by obtaining lender quotes for borrowing of similar maturity to estimate credit risk margin.

AASB7.11(a)

An entity shall disclose the methods used to comply with the requirements in AASB 7 to disclose the amount of change, during the period and cumulatively, in the fair value of the financial liability that is attributable to changes in the credit risk of the financial liability.

AASB7.11(b)

If the entity believes that the disclosure it has given to comply with the requirements in AASB 7 to disclose the amount of change, during the period and cumulatively, in the fair value of the financial liability that is attributable to changes in the credit risk of the financial liability does not faithfully represent the change in the fair value of the financial liability attributable to changes in its credit risk, the reasons for reaching this conclusion and the factors it believes are relevant.

AASB7.31

(c) 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 analyse 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 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.

Source reference

43. Financial instruments (cont'd)

Financial risk management

AASB7.31	An entity shall disclose information that enables users of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the entity is exposed at the reporting date.
AASB7.32	AASB 7 requires certain disclosures be made about the nature and extent of risks arising from financial instruments. These disclosures focus on the risks that arise from financial instruments and how they have been managed. These risks typically include, but are not limited to, credit risk, liquidity risk and market risk.
AASB7.33	For each type of risk arising from financial instruments, an entity shall disclose: <ul style="list-style-type: none"> (a) the exposures to risk and how they arise; (b) its objectives, policies and processes for managing the risk and the methods used to measure the risk; and (c) any changes in (a) or (b) from the previous period.
AASB7.34	For each type of risk arising from financial instruments, an entity shall disclose: <ul style="list-style-type: none"> (a) summary quantitative data about its exposure to that risk at the reporting date. This disclosure shall be based on the information provided internally to key management personnel of the entity, for example the entity's board of directors or chief executive officer; (b) the disclosures about credit risk, liquidity risk and market risk required by the standard (refer AASB 7 paragraphs 36 to 42), to the extent not provided in (a), unless the risk is not material; and (c) concentrations of risk if not apparent from (a) and (b).
AASB7.34, appB8	Disclosure of concentrations of risk shall include: <ul style="list-style-type: none"> (a) a description of how management determines concentrations; (b) a description of the shared characteristic that identifies each concentration (e.g. counterparty, geographical area, currency or market); and (c) the amount of the risk exposure associated with all financial instruments sharing that characteristic.

AASB7.33	<p>(d) Market risk</p> <p>The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (refer note 43(f)) and interest rates (refer note 43(g)). The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign currency risk, including:</p> <ul style="list-style-type: none"> • foreign exchange forward contracts to hedge the exchange rate risk arising on the export of electronic equipment to the United States and Japan; • currency swaps to manage the foreign currency risk associated with foreign currency denominated borrowings; • interest rate forward contracts to manage interest rate risk; and • interest rate swaps to mitigate the risk of rising interest rates. <p>At a Group level, market risk exposures are measured using value-at-risk (VaR), supplemented by sensitivity analysis, and stress scenario analysis. At a company level, market risks are managed through sensitivity analysis and stress scenario analysis.</p>
AASB7.33(c)	There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk from the previous period.

Market risk – sensitivity analysis

AASB7.40	An entity shall disclose: <ul style="list-style-type: none"> (a) a sensitivity analysis for each type of market risk to which the entity is exposed at the reporting date, showing how profit or loss and equity would have been affected by changes in the relevant risk variable that were reasonably possible at that date;
AASB7.appB19	In determining what a reasonably possible change in the relevant risk variable is, an entity should consider: <ul style="list-style-type: none"> i. the economic environments in which it operates. A reasonably possible change should not include remote or 'worst case' scenarios or 'stress tests'. Moreover, if the rate of change in the underlying risk variable is stable, the entity need not alter the chosen reasonably possible change in the risk variable; and ii. the time frame over which it is making the assessment. The sensitivity analysis shall show the effects of changes that are considered to be reasonably possible over the period until the entity will next present these disclosures, which is usually its next annual reporting period; <ul style="list-style-type: none"> (b) the methods and assumptions used in preparing the sensitivity analysis; and (c) changes from the previous period in the methods and assumptions used, and the reasons for such changes.

Source reference

43. Financial instruments (cont'd)

AASB7.41

If an entity prepares a sensitivity analysis, such as value-at-risk, that reflects interdependencies between risk variables (e.g. interest rates and exchange rates) and uses it to manage financial risks, it may use that sensitivity analysis in place of the analysis specified above. The entity shall also disclose:

- (a) an explanation of the method used in preparing such a sensitivity analysis, and of the main parameters and assumptions underlying the data provided; and
- (b) an explanation of the objective of the method used and of limitations that may result in the information not fully reflecting the fair value of the assets and liabilities involved.

AASB7.42

When the sensitivity analyses disclosed are unrepresentative of a risk inherent in a financial instrument (e.g. because the year-end exposure does not reflect the exposure during the year), the entity shall disclose that fact and the reason it believes the sensitivity analyses are unrepresentative.

AASB7.41

(e) Value at Risk (VaR) analysis

The VaR risk measure estimates the potential loss in pre-tax profit over a given holding period for a specified confidence level. The VaR methodology is a statistically defined, probability-based approach that takes into account market volatilities as well as risk diversification by recognising offsetting positions and correlations between products and markets. Risks can be measured consistently across all markets and products, and risk measures can be aggregated to arrive at a single risk number. The one-day 99% VaR number used by the Group reflects the 99% probability that the daily loss will not exceed the reported VaR.

VaR methodologies employed to calculate daily risk numbers include the historical and variance-covariance approaches. In addition to these two methodologies, Monte Carlo simulations are applied to the various portfolios on a monthly basis to determine potential future exposure.

While VaR captures the Group's daily exposure to currency and interest rate risk, sensitivity analysis evaluates the impact of a reasonably possible change in interest or foreign currency rates over a year. The longer time frame of sensitivity analysis complements VaR and helps the Group to assess its market risk exposures. Details of sensitivity analysis for foreign currency risk are set out in note 43(f) below and, for interest rate risk, in note 43(g) below.

Historical VaR (99%, one-day) by risk type	Average		Minimum		Maximum		Year end	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Foreign exchange	980	1,340	546	943	1,200	1,600	980	1,350
Interest rate	115	60	85	45	150	95	105	55
Diversification	(45)	(40)					(55)	(50)
Total VaR exposure	1,050	1,360					1,030	1,355

While VaR captures the Group's daily exposure to currency and interest rate risk, sensitivity analysis evaluates the impact of a reasonably possible change in interest or foreign currency rates over a year. The longer time frame of sensitivity analysis complements VaR and helps the Group to assess its market risk exposures. Details of sensitivity analysis for foreign currency risk are set out in (f) below, and for interest rate risk in (g) below.

(f) Foreign currency risk management

AASB7.33, 34

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.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

	Liabilities		Assets	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
US dollars	8,297	7,469	1,574	1,671
Japanese Yen	186	135	-	-
Other	-	-	-	-

Source reference

43. Financial instruments (cont'd)

Foreign currency sensitivity analysis

The Group is mainly exposed to US dollars (USD) and Japanese Yen.

AASB7.40(b)

The following table details the Group's sensitivity to a 10% increase and decrease in the Australian Dollar against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number indicates an increase in profit or loss and other equity where the Australian Dollar strengthens against the respective currency. For a weakening of the Australian Dollar against the respective currency there would be an equal and opposite impact on the profit and other equity, and the balances below would be negative.

	USD Impact					Japanese Yen Impact					
	Consolidated		Company			Consolidated		Company			
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000		
AASB7.40(a)	Profit or loss	834	1,792	-	-	(i)	134	257	-	-	(iii)
AASB7.40(a)	Other equity	962	1,232	-	-	(ii)	70	69	-	-	(iv)

- (i) This is mainly attributable to the exposure outstanding on USD receivables and payables at year end in the Group.
- (ii) This is mainly as a result of the changes in fair value of derivative instruments designated as cash flow hedges.
- (iii) This is mainly attributable to the exposure to outstanding Japanese Yen payables at the year end.
- (iv) This is mainly as a result of the changes in fair value of derivative instruments designated as cash flow hedges.

AASB7.33(c)

The Group's sensitivity to foreign currency has decreased during the current period mainly due to the disposal of USD investments and the reduction in USD sales in the last quarter of the financial year which has resulted in lower USD denominated trade receivables.

AASB7.35

If the quantitative data disclosed as at the reporting date are unrepresentative of an entity's exposure to risk during the period, an entity shall provide further information that is representative.

Forward foreign exchange contracts

AASB7.22, 33, 34

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	
	2009	2008	2009	2008	2009	2008	2009	2008
			FC'000	FC'000	\$'000	\$'000	\$'000	\$'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	80	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
<u>Net investment hedge</u>								
Sell US Dollars								
3 to 6 months	0.763	-	1,000	-	1,297	-	12	-
							169	220
Company								
[describe]	-	-	-	-	-	-	-	-

Source reference

43. Financial instruments (cont'd)

The table above provides an example of summary quantitative data about exposure to foreign exchange risks at the reporting date that an entity may provide internally to key management personnel.

The Group has entered into contracts to supply electronic equipment 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.

AASB7.23(a)

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 (2008: 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 purchases, which are designated into cash flow hedges.

AASB7.23(a)

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 (2008: 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 amount of the raw materials. It is anticipated that the raw materials will be converted into inventory and sold within 12 months after purchase at which stage the amount deferred in equity will impact profit or loss.

AASB7.23(a)

At the start of the third quarter, the Group reduced its forecasts on sales of electronic equipment 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.

AASB7.33, 34

(g) Interest rate risk management

The company and the Group are exposed to interest rate risk as entities in the Group borrow 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.

The company and the Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity analysis

AASB7.40(b)

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

AASB7.40(a)

At reporting date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's:

- net profit would increase by \$93 thousand and decrease by \$119 thousand (2008: increase by \$43 thousand and decrease by \$57 thousand). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.
- other equity reserves would increase by \$19 thousand and decrease by \$26 thousand (2008: increase by \$12 thousand and decrease by \$17 thousand) mainly as a result of the changes in the fair value of available-for-sale fixed rate instruments.

AASB7.33(c)

The Group's sensitivity to interest rates has decreased during the current period mainly due to the reduction in variable rate debt instruments and the increase in interest rate swaps.

Source reference

43. Financial instruments (cont'd)

Interest rate swap contracts

AASB7.22, 33, 34

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 rate 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 end 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:

Cash flow hedges

Outstanding floating for fixed contracts	Average contracted fixed interest rate		Notional principal amount		Fair value	
	2009 %	2008 %	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'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 table above provides an example of summary quantitative data about exposure to interest rate risks at the reporting date that an entity may provide internally to key management personnel.

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.

AASB7.22, 23(a)

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 period that the floating interest payments on debt impact profit or loss.

Fair value hedges

Outstanding fixed pay floating contracts	Average contracted fixed interest rate		Notional principal amount		Fair value	
	2009 %	2008 %	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Consolidated						
Less than 1 year	8.15	-	3,701	-	(5)	-
[describe]	-	-	-	-	-	-
			3,701	-	(5)	-
Company						
[describe]	-	-	-	-	-	-
			-	-	-	-

The table above provides an example of summary quantitative data about exposure to interest rate risks at the reporting date that an entity may provide internally to key management personnel.

AASB7.39(a)

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.

AASB7.24(a)

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. During the period the hedge was 100% effective in hedging the fair value exposure to interest rate movements and as a result the carrying amount of the loan was adjusted by \$5 thousand which was included in profit or loss at the same time that the fair value of the interest rate swap was included in profit or loss.

Source reference

43. Financial instruments (cont'd)

(h) Other price risks

The Group is exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments.

Equity price sensitivity

AASB7.40(b)

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date.

AASB7.40(a)

At reporting date, if the equity prices had been 5%p.a. higher or lower:

- net profit for the year ended 30 June 2009 would have been unaffected as the equity investments are classified as available-for-sale and no investments were disposed of or impaired; and
- other equity reserves would decrease/increase by \$7 thousand (2008: decrease/increase by \$8 thousand) for the Group and \$2 thousand (2008: \$3 thousand) for the company, mainly as a result of the changes in fair value of available-for-sale shares.

The Group's sensitivity to equity prices has not changed significantly from the prior year.

AASB7.36, appB8

(i) 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 only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses publicly available financial information and its own trading record to rate its major customers. 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 Group's maximum exposure to credit risk without taking account of the value of any collateral obtained:

AASB7.36(a)

Financial assets and other credit exposures	Maximum credit risk	
	2009 \$'000	2008 \$'000
Consolidated		
Guarantee provided by a subsidiary to secure financing for an associate's subsidiary	18,000	15,000
Company		
Guarantee provided under the deed of cross guarantee	11,980	24,624
	29,980	39,624

AASB7.36(b)

An entity shall disclose a description of collateral held as security and other credit enhancements in respect of the amounts disclosed above.

Source reference

43. Financial instruments (cont'd)

AASB7.appB10

Activities that give rise to credit risk and the associated maximum exposure to credit risk include, but are not limited to:

- granting loans and receivables to customers and placing deposits with other entities. In these cases, the maximum exposure to credit risk is the carrying amount of the related financial assets;
- entering into derivative contracts, for example, foreign exchange contracts, interest rate swaps and credit derivatives. When the resulting asset is measured at fair value, the maximum exposure to credit risk at the reporting date will equal the carrying amount;
- granting financial guarantees. In this case, the maximum exposure to credit risk is the maximum amount the entity could have to pay if the guarantee is called on, which may be significantly greater than the amount recognised as a liability; and
- making a loan commitment that is irrevocable over the life of the facility or is revocable only in response to a material adverse change. If the issuer cannot settle the loan commitment net in cash or another financial instrument, the maximum credit exposure is the full amount of the commitment. This is because it is uncertain whether the amount of any undrawn portion may be drawn upon in the future. This may be significantly greater than the amount recognised as an asset.

AASB7.33, 39(b)

(j) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, who have 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. Included in note 42(d) is a listing of additional undrawn facilities that the company/Group has at its disposal to further reduce liquidity risk.

AASB7.34, 35, 39(a)

Liquidity and interest risk tables

The following tables detail the company's and the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

Best practice

If managing covenants is critical to managing the liquidity of a company, management should take this into account when presenting the liquidity analysis. The actual remaining maturity could be significantly different from the contractual remaining maturity resulting from breach of covenants.

Consolidated

	Weighted average effective interest rate %	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years
		\$'000	\$'000	\$'000	\$'000	\$'000
2009						
Non-interest bearing	-	12,081	9,209	3,933	-	-
Finance lease liability	7.00	1	2	7	6	-
Variable interest rate instruments	8.18	893	339	3,136	6,890	-
Fixed interest rate instruments	7.56	1,735	4,825	12,389	30,035	2,898
Financial guarantee contracts	-	-	-	-	-	-
		14,710	14,375	19,465	36,931	2,898
2008						
Non-interest bearing	-	11,181	11,622	4,570	-	-
Finance lease liability	7.00	5	10	43	44	-
Variable interest rate instruments	8.08	7,701	1,409	7,045	24,921	-
Fixed interest rate instruments	8.03	1,554	3,129	7,238	15,945	-
Financial guarantee contracts	-	-	-	-	-	-
		20,441	16,170	18,896	40,910	-

At the year end it was not probable that the counterparty to the financial guarantee contract will claim under the contract. Consequently, the amount included above is nil.

Source reference

43. Financial instruments (cont'd)

Company

	Weighted average effective interest rate	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years
	%	\$'000	\$'000	\$'000	\$'000	\$'000
2009						
Non-interest bearing	-	467	2,364	4,591	-	-
Variable interest rate instruments	8.29	664	169	743	6,102	-
Fixed interest rate instruments	7.52	16,978	1,968	2,250	23,669	2,898
Financial guarantee contracts	-	-	-	-	-	-
		18,109	4,501	7,584	29,771	2,898
2008						
Non-interest bearing	-	1,153	2,999	4,609	-	-
Variable interest rate instruments	8.18	6,680	253	4,774	1,522	-
Fixed interest rate instruments	8.10	20,169	2,351	4,650	2,701	-
Financial guarantee contracts	-	-	-	-	-	-
		28,002	5,603	14,033	4,223	-

At the year end it was not probable that the counterparty to the financial guarantee contract will claim under the contract. Consequently, the amount included above is nil.

AASB7.34, 35

The following table details the company's and the Group's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the company/Group anticipates that the cash flow will occur in a different period.

Consolidated

	Weighted average effective interest rate	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years
	%	\$'000	\$'000	\$'000	\$'000	\$'000
2009						
Non-interest bearing	-	11,216	9,426	993	-	-
Finance lease receivable	-	-	-	-	-	-
Variable interest rate instruments	5.75	20,979	1,367	3,944	2,448	-
Fixed interest rate instruments	7.38	42	85	2,815	2,681	-
		32,237	10,878	7,752	5,129	-
2008						
Non-interest bearing	-	8,493	8,516	281	-	-
Variable interest rate instruments	4.83	20,418	1,125	5,204	1,911	-
Fixed interest rate instruments	7.00	-	-	-	2,600	-
		28,911	9,641	5,485	4,511	-

Company

	Weighted average effective interest rate	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years
	%	\$'000	\$'000	\$'000	\$'000	\$'000
2009						
Non-interest bearing	-	8,216	8,219	8	-	-
Variable interest rate instruments	7.28	8,552	18	-	27,000	-
Fixed interest rate instruments	7.53	203	407	1,873	2,889	-
		16,971	8,644	1,881	29,889	-
2008						
Non-interest bearing	-	7,367	7,370	12	-	-
Variable interest rate instruments	7.45	6,681	100	108	32,511	-
Fixed interest rate instruments	7.00	-	-	-	2,684	-
		14,048	7,470	120	35,195	-

Source reference

AASB7.34, 35

43. Financial instruments (cont'd)

The following table details the Group's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted net cash inflows/(outflows) on the derivative instrument that settle on a net basis and the undiscounted gross inflows/(outflows) on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the reporting date.

The company does not hold any derivative financial instruments (2008: nil).

	Less than 1 month \$'000	1-3 months \$'000	3 months to 1 year \$'000	1-5 years \$'000	5+ years \$'000
2009					
Net settled:					
Interest rate swaps	11	13	45	173	52
Forward exchange contracts	42	83	47	-	-
Gross settled:					
Foreign currency exchange forward contracts	-	-	-	-	-
Currency swaps	-	-	-	-	-
	53	96	92	173	52
2008					
Net settled:					
Interest rate swaps	7	7	25	113	37
Forward exchange contracts	68	137	17	-	-
Gross settled:					
Foreign currency exchange forward contracts	-	-	-	-	-
Currency swaps	-	-	-	-	-
	75	144	42	113	37

AASB7.B14

The amounts disclosed in the maturity analysis are the contractual undiscounted cash flows, for example:

- (a) gross finance lease obligations (before deducting finance charges);
- (b) prices specified in forward agreements to purchase financial assets for cash;
- (c) net amounts for pay-floating/receive-fixed interest rate swaps for which net cash flows are exchanged;
- (d) contractual amounts to be exchanged in a derivative financial instrument (e.g. a currency swap) for which gross cash flows are exchanged; and
- (e) gross loan commitments.

AASB7.27

(k) Fair value of financial instruments

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
- 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 using prices from observable current market transactions
- 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
- the fair value of financial guarantee contracts is determined using option pricing models where the main assumptions are the probability of default by the specified counterparty extrapolated from market-based credit information and the amount of loss, given the default.

Quoted prices

Financial assets in this category include perpetual notes, bills of exchange and debentures. Financial liabilities in this category include bills of exchange and perpetual notes.

Derivatives

Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

Source reference

43. Financial instruments (cont'd)

AASB7.27

The financial statements include holdings in unlisted shares which are measured at fair value (note 11). 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% (2008: 4.9%) and a risk adjusted discount factor of 12.2% (2008: 11.9%) are used.

Included in note 43(h) is a sensitivity analysis of the valuation to change in key inputs to the model; reasonably possible changes in these assumptions do not significantly change the fair value recognised.

AASB7.25, 29(a)

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:

	2009		2008	
	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:				
Debentures	500	502	-	-
<u>Financial liabilities</u>				
Borrowings:				
Bills of exchange	358	360	916	920
Redeemable cumulative preference shares	15,000	14,950	-	-
Loans from other related parties	12,917	12,976	-	-
Loans from other entities	3,701	3,713	-	-
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	-	-
Loans from other related parties	74	75	-	-
Loans from other entities	3,695	3,705	-	-
Convertible notes	4,144	4,150	-	-
Perpetual notes	1,905	2,500	-	-

Assumptions used in determining fair value of financial assets and liabilities

Redeemable cumulative preference shares and loans from other entities

The interest rate used to discount cash flows was 7.43% based on the quoted swap rate for an 18 months loan of 7.15% and holding credit risk margin constant.

Loans from other related parties

The interest rate used to discount cashflows was 7.18% based on the quoted swap rate for a 12 month loan of 6.85% and holding credit risk margin constant.

Convertible notes

The fair value of the liability component of convertible notes is determined assuming redemption on 1 September 2011 and using a 7.95% interest rate based on a quoted swap rate of 6.8% for a 32 months loan and holding the credit risk margin constant. Refer to note 23 (vi) for terms of the notes.

Source reference

43. Financial instruments (cont'd)

Fair value determined using valuation techniques

AASB7.27(c)

The Group shall disclose whether the fair values recognised or disclosed in the financial report are determined in whole or in part using a valuation technique based on assumptions that are not supported by prices from observable current market transactions in the same instrument (i.e. without modification or repackaging) and not based on available observable market data. For fair values that are recognised in the financial report, if changing one or more of those assumptions to reasonably possible alternative assumptions would change fair value significantly, the entity shall state this fact and disclose the effect of those changes. For this purpose, significance shall be judged with respect to profit or loss, and total assets or total liabilities, or, when changes in fair value are recognised in equity, total equity.

AASB7.27(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

AASB7.29(b), (c), 30

Disclosures of fair value are not required for:

- an investment in equity instruments that do not have a quoted market price in an active market; or derivatives linked to such equity instruments that is measured at cost in accordance with AASB 139 because its fair value cannot be measured reliably; or
- for a contract containing a discretionary participation feature (as described in AASB 4) if the fair value of that feature cannot be measured reliably.

In the cases described above an entity shall disclose information to help users of the financial report make their own judgments about the extent of possible differences between the carrying amount of those financial assets or financial liabilities and their fair value, including:

- (a) the fact that fair value information has not been disclosed for these instruments because their fair value cannot be measured reliably;
- (b) a description of the financial instruments, their carrying amount, and an explanation of why fair value cannot be measured reliably;
- (c) information about the market for the instruments;
- (d) information about whether and how the entity intends to dispose of the financial instruments; and
- (e) if financial instruments whose fair value previously could not be reliably measured are derecognised, that fact, their carrying amount at the time of derecognition, and the amount of gain or loss recognised.

Accounting for deferred 'day 1' gains

AASB7.28

Where an entity is precluded from recognising a 'day 1' gain or loss on a financial instrument the entity shall disclose, by class of financial instrument:

- (a) its accounting policy for recognising that difference in profit or loss to reflect a change in factors (including time) that market participants would consider in setting a price; and
- (b) the aggregate difference yet to be recognised in profit or loss at the beginning and end of the period and a reconciliation of changes in the balance of this difference.

Compound financial instruments with multiple embedded derivatives

AASB7.17

If an entity has issued an instrument that contains both a liability and an equity component and the instrument has multiple embedded derivatives whose values are interdependent (such as a callable convertible debt instrument), it shall disclose the existence of those features.

Source reference

44. 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 Group 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 Elucidation 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
- reduction in warranty claims
- results of client satisfaction surveys
- reduction in 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 30 September 2007 (*)	140,000	30/09/07	30/09/08	1.00	1.15
(2) Issued 31 March 2008 (*)	150,000	31/03/08	31/03/09	1.00	1.18
(3) Issued 30 September 2008 (*)	160,000	30/09/08	30/09/09	1.00	1.20
(4) Issued 29 March 2009 (**)	60,000	29/03/09	27/03/10	1.00	1.05

(*) In accordance with the terms of the share-based arrangement, options issued during the financial year ended 30 June 2008, and on 30 September 2008, vest at the date of their issue.

(**) In accordance with the terms of the share-based arrangement, options issued on 29 March 2009 will vest when the share price of Elucidation 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 (2008: \$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

44. 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:

	2009		2008	
	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:

2009 Options series	Number exercised	Exercise date	Share price at exercise date \$
(1) Issued 30 September 2007	30,000	05/07/08	2.50
(1) Issued 30 September 2007	45,000	31/07/08	2.25
(1) Issued 30 September 2007	65,000	15/09/08	2.75
(2) Issued 31 March 2008	65,000	03/01/09	2.95
(2) Issued 31 March 2008	85,000	28/02/09	3.15
(3) Issued 30 September 2008	24,000	20/06/09	3.50
	314,000		

2008 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 (2008: \$1.00), and a weighted average remaining contractual life of 145 days (2008: 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 22.

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 providing 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 (2008: \$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

44. 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; and
- (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

45. 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	
	2009 \$	2008 \$	2009 \$	2008 \$
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]

AASB 2008-4 Amendments to Australian Accounting Standard – Key Management Personnel Disclosures by Disclosing Entities

AASB 2008-4 amended AASB 124 to exclude disclosing entities that are companies from the application of AASB 124 paragraphs Aus25.2 to Aus25.6, and Aus25.7.1 and Aus25.7.2 with regards to disclosure required in the notes to their financial reports. Disclosing entities that are companies are now required to disclose such information as part of the s.300A remuneration report.

The illustrative disclosures presented below still include these disclosures because AASB 2008-4 does not amend the requirements in respect of managed investment schemes and other disclosing entities that are not companies.

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).

AASB124.Aus25.2,
Aus25.3

Details of key management personnel

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 July 2008
- S.M. Saunders (Non-executive director), appointed 1 August 2008, resigned 30 July 2009
- P.H. Taylor (Director, Chief Executive Officer)
- W.L. Lee (Chief Financial Officer – ELC Investments Pty Ltd)
- L.J. Jackson (Chief Marketing Officer – ELC Sales Pty Ltd)
- C.P. Daniels (Chief Operations Officer), resigned 3 July 2009
- N.W. Wright (General Manager – Electronic equipment division), resigned 27 June 2009
- T.L. Smith (General Manager – Leisure goods division), appointed 3 July 2008

AASB124.Aus25.3(a)

Further, A.K. Black was appointed as a non-executive director on 21 July 2009.

Source reference

45. Key management personnel compensation
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;
 - iii. a summary of the methods used in assessing whether the performance condition is satisfied and an explanation of why those methods were chosen;
 - 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	
	2009 \$	2008 \$	2009 \$	2008 \$
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:

Source reference

45. Key management personnel compensation (cont'd)

The compensation of each member of the key management personnel of the Group for the current year is set out below:

AASB124.Aus25.4

2009	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 for the prior year is set out below:

2008	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

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.

AASB124.Aus25.4(c)

Source reference	
	45. 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 March 2009. Mr P.H. Taylor and other executives were granted share options on 30 September 2008. Further details of the options granted are contained in notes 44 and 46 to the financial statements.
AASB124.Aus25.5(d)	(ii) Mr W.L. Lee was granted a cash bonus of \$10,000 on 12 June 2009. 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 30 September 2007. Further details of the options granted are contained in notes 44 and 46 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: <ul style="list-style-type: none"> (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: <ul style="list-style-type: none"> (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

46. Related party transactions
(a) Equity interests in related parties

Equity interests in subsidiaries

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 39 to the financial statements.

In addition, ELC Investments Pty Ltd holds 100% of the share options of ELC International Ltd, giving the company the right to purchase an additional 500,000 ordinary shares of ELC International Ltd at \$1.20 each. The share options may be exercised during the period from 1 January 2011 to 30 June 2012.

Equity interests in associates and joint ventures

Details of interests in associates and joint ventures are disclosed in note 14 to the financial statements.

Equity interests in other related parties

Elucidation Limited holds 3% of the ordinary share capital of ELC Related plc, a subsidiary of one of the Group's associates.

(b) Transactions with key management personnel

i. Key management personnel compensation

Details of key management personnel compensation are disclosed in note 45 to the financial statements.

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
2009	-	33,167	-	-	2,420,000	3
2008	-	-	-	-	-	-

AASB124.16,
Aus25.4

AASB124.Aus25.8
(a), Aus25.8.1,
Aus25.8.2

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 \$
2009						
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
2008						
[describe]						

AASB124.Aus25.8
(b), Aus25.8.1

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

46. Related party transactions (cont'd)

iii. Key management personnel equity holdings [disclosing entities only]

Fully paid ordinary shares of Elucidation Limited

AASB124.Aus25.7
(a), (b), Aus25.7.2(a),
Aus25.7.4

	Balance at 1 July No.	Granted as compensation No.	Received on exercise of options No.	Net other change No.	Balance at 30 June No.	Balance held nominally No.
2009						
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	-
2008						
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 Elucidation Limited

	Balance at 1 July No.	Granted as compensation No.	Received on exercise of options No.	Net other change No.	Balance at 30 June No.	Balance held nominally No.
2009						
C.J. Chambers	-	-	-	3,000	3,000	-
P.H. Taylor	-	-	-	15,000	15,000	-
2008 [describe]						

AASB124.Aus25.7,
Aus25.7.1(a),
Aus25.7.3

Share options of Elucidation Limited

	Balance at 1 July No.	Granted as compensation No.	Exercised No.	Net other change No.	Bal at 30 June No.	Bal vested at 30 June No.	Vested but not exercisable No.	Vested and exercisable No.	Options vested during year No.
2009									
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	-	-	-	-
2008									
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 (2008: nil) were exercised by key management personnel at an exercise price of \$1 per option for 70,834 ordinary shares in Elucidation Limited (2008: 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 2009 and 2008 financial years are contained in notes 44 and 45 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

46. Related party transactions

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:

		Consolidated	
		2009	2008
		\$	\$
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	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 ELC Finance Pty Ltd. The debentures return interest of 6% p.a., payable monthly. The debentures mature on 3 September 2009.

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

46. 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 Elucidation Limited and ELC 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:

- Elucidation Limited advanced \$2,420,000 in loans to its key management personnel (2008: nil)
- Elucidation Limited repaid loans owing to key management personnel of its parent entity, ELC Ultimate Limited of \$948,012 (2008: \$nil)

No amounts were provided for doubtful debts relating to receivables owing to the Group from key management personnel of Elucidation Limited or its parent at reporting date (2008: \$nil).

At reporting date 30 June 2009, 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 30 June 2008, 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 Elucidation Limited and its related parties

AASB124.17

During the financial year, the following transactions occurred between the company and its other related parties:

- Elucidation 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
- Elucidation Limited received dividends of \$8,945,000 (2008: \$10,961,000) from its subsidiaries
- Elucidation Limited made dividend payments totalling \$4,000,050 to its parent entity (2008: \$3,415,200). The parent entity, ELC Ultimate Limited, holds 70.74% of the fully paid ordinary share capital of Elucidation Limited (2008: 52.16%), 56.67% of the partly-paid ordinary shares on issue (2008: 56.67%), and 77.5% of the converting non-participating preference shares on issue (2008: 84.55%)
- Elucidation Limited provided accounting and administration services totalling \$120,123 (2008: \$80,000) to its subsidiaries for no consideration
- Elucidation Limited received management services from its parent entity, ELC Ultimate Limited, for no charge. The total value of the services received was \$522,000 (2008: \$495,000)

Source reference

46. Related party transactions (cont'd)

- Elucidation Limited contributed \$25,000 (2008: \$30,000) to its defined contribution plan
- Elucidation Limited received interest income of \$1,712,956 (2008: \$1,230,000) from its subsidiaries on its intercompany loan receivables. The weighted average interest rate on the loans is 8.00% (2008: 8.00%). Interest is receivable on the last business day of each month
- Elucidation Limited made interest payments of \$995,114 (2008: \$987,541) to its subsidiaries and interest payments of \$25,000 (2008: \$315,000) to its parent entity. The weighted average interest rate on the loans is 8.10% (2008: 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:

- Current loans totalling \$16,006,321 are repayable to subsidiaries (2008: \$19,924,253)
- Current loans totalling \$74,098 are repayable to ELC Ultimate Limited (2008: \$6,302,246)
- Net receivables of \$3,602,458 are owing from subsidiaries for amounts due under the tax funding arrangement (2008: \$3,628,195)
- Loan receivables totalling \$20,994,282 are receivable from subsidiaries (2008: \$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

AASB124.17

During the financial year ended 30 June 2009, the following transactions occurred between the Group and its other related parties:

- subsidiaries of Elucidation Limited contributed cash totalling \$440,000 to the Group's defined benefit superannuation plans (2008: \$400,000). Cash contributions of \$135,000 (2008: \$118,000) were made to the defined contribution plan
- associates of Elucidation Limited sold goods totalling \$3,991,456 (2008: \$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 (2008: \$18,000)
- interest payments of \$1,855,562 (2008: \$2,651,000) were made by group entities to ELC Ultimate Limited on intercompany loan payables. The weighted average interest rate on the loans is 8.10% (2008: 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 (2008: \$3,088,120)
- loans totalling \$11,969,000 are repayable to ELC Ultimate Limited (2008: \$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.

AASB124.18

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

46. 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), AASB101.126(c) The parent entity in the Group is Elucidation Limited. Elucidation Limited's parent entity and the ultimate parent entity is ELC Ultimate Limited. ELC 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.

47. 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	
	2009 \$	2008 \$	2009 \$	2008 \$
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) AASB101.Aus126.2(e) s.300(11B)(a)				
Audit or review of the financial report	237,250	419,634		
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 Elucidation 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.

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.

Source reference

48. 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.

49. 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.

Business 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;
- (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:

 - (i) the reasons the published price was not used;
 - (ii) the method and significant assumptions used to attribute a value to the equity instruments; and
 - (iii) the aggregate amount of the difference between the value attributed to, and the published price of, the equity instruments;

Source reference

49. Subsequent events (cont'd)

- (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 40.

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 11 September 2009

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
ELC 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
ELC 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
ELC 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. Lauff	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>	
ELC 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
ALD Centre
255 Deloitte Street
SYDNEY NSW 2000
Tel: (02) 9208 7000

Principal administration office

1st Floor
167 Admin Ave
SYDNEY NSW 2000
Tel: (02) 9208 5000

ASX4.10.12

Share registry

ELC 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.