



Grant Thornton

# Example Consolidated RDR Financial Statements

Grant Thornton CLEARR RDR  
Example Pty Ltd

30 June 2011



# Introduction

## Example Consolidated RDR Financial Statements 2011

The preparation of financial statements in accordance with Australian Accounting Standards (AASBs) [Australian Equivalents to International Financial Reporting Standards (AIFRS)] has been challenging over the last reporting season with the implementation of new disclosure requirements in respect of business combinations, segment reporting and the presentation of the primary statements within the financial report. The upcoming reporting season sees a period of consolidation and refinement, as there are minimal changes to the financial reporting requirements. However, preparers need to be wary of the next oncoming wave of changes currently unfolding in the next couple of years with the completion of the various convergence projects between the International Accounting Standards Board (IASB)/Financial Accounting Standards Board (FASB), especially in the areas of financial instruments, revenue and leasing.

Should preparers like to discuss the recent developments within these areas and how these may impact upon your business, please contact your local Grant Thornton Australia contact, or the National Accounting Support (NAS) team on [nationalaudit.support@au.gt.com](mailto:nationalaudit.support@au.gt.com). There are also various publications (TA and EI Alerts) on our website [www.grantthornton.com.au](http://www.grantthornton.com.au) which provide an overview of these developments.

Grant Thornton Australia is pleased to publish *Example RDR Consolidated Financial Statements 2011*, which is based on the recent Grant Thornton International publication, however has been tailored to the Australian Reduced Disclosure Regime (RDR) and regulatory environment. This publication is intended to illustrate the 'look and feel' of RDR financial statements and to provide a realistic example of their presentation.

*Example Consolidated RDR Financial Statements 2011* is based on the activities and results of Grant Thornton CLEAR RDR Example Pty Ltd and subsidiaries (the Group) - a fictional IT entity that has been preparing AIFRS financial statements for several years. The Group have decided to early adopt the relevant pronouncement arising from the RDR to annual reporting period beginning 1 July 2010. The form and content of AIFRS financial statements depend of course on the activities and transactions of each reporting entity. Our objective in preparing *Example Consolidated Financial Statements 2011* was to illustrate one possible approach to financial reporting by an entity engaging in transactions that are 'typical' across a range of non-specialist sectors. However, as with any example, this illustration does not envisage every possible transaction and cannot therefore be regarded as comprehensive. Management is responsible for the fair presentation of financial statements and therefore may find other approaches more appropriate in their specific circumstances.

*Example Consolidated RDR Financial Statements 2011* has been reviewed and updated to reflect changes in AASBs that are effective for the year ending 30 June 2011. However, no account has been taken of any new developments published after **31 December 2010**. The Grant Thornton website contains any updates that are relevant for 30 June 2011 financial statements including our June 2011 ‘Updated Accounting Standards issued by the IASB/AASB but not yet applicable’.

#### Using this publication

In some areas alternative presentation and disclosure approaches are also illustrated in the Appendices.

For further guidance on the Standards and Interpretations applied, reference is made to Australian Accounting Standards and Interpretations sources throughout the document on the left hand side of each page.

The use of this publication is not a substitute for the use of a comprehensive and up to date disclosure checklist to ensure completeness of the disclosures in RDR financial statements.

#### **Andrew Archer**

National Head of Audit & Assurance  
Grant Thornton Australia Ltd  
April 2011

# Contents

	<b>Page</b>
Directors' Report	6
Auditor's Independence Declaration	10
Statement of Financial Position	11
Statement of Comprehensive Income	16
Statement of Changes in Equity	20
Statement of Cash Flows	23
Notes to the Consolidated Financial Statements	
1. General Information and Statement of Compliance	25
2. Changes in Accounting Policies	26
3. Summary of Accounting Policies	27
4. Acquisitions and Disposals	47
5. Jointly Controlled Entities	49
6. Investments in Associates	49
7. Revenue	49
8. Goodwill	49
9. Other Intangible Assets	50
10. Property, Plant and Equipment	51
11. Leases	52
12. Investment Property	53
13. Financial Assets and Liabilities	54
14. Deferred Tax Assets and Liabilities	59
15. Inventories	61
16. Trade and Other Receivables	61
17. Cash and Cash Equivalents	62
18. Assets and Disposal Groups Classified as Held For Sale and Discontinued Operations	63
19. Equity	64
20. Employee Remuneration	64
21. Provisions	69

	<b>Page</b>
22. Trade and Other Payables	70
23. Other Liabilities	70
24. Finance Income and Finance Costs	71
25. Other Financial Items	72
26. Income Tax Expense	73
27. Non Cash Investing and Financing Activities	74
28. Related Party Transactions	74
29. Contingent Assets and Contingent Liabilities	75
30. Parent Entity Information	76
31. Post-Reporting Date Events	76
32. Authorisation of Financial Statements	76
 Directors Declaration	 77
Independent Auditor's Report	78
 Appendix A: Organising the income statement by function of expenses	 80
Appendix B: Statement of comprehensive income presented in two statements	84
Appendix C: Statement of cashflows presented using the indirect method	87

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# Directors' Report

The Directors of Grant Thornton CLEARR RDR Example Pty Ltd ('Grant Thornton CLEARR') present their Report together with the financial statements of the consolidated entity, being Grant Thornton CLEARR ('the Company') and its controlled entities ('the Group') for the year ended 30 June 2011 and the Independent Audit Report thereon.

CA 300(1)(c)

## Director details

The following persons were directors of Grant Thornton CLEARR during or since the end of the financial year.

Mr Blake Smith  
 Ms Beth King  
 Mr Simon Murphy  
 Mrs Alison French  
 Mr William Middleton – appointed 28 May 2011

CA 299(1)(c)

## Principal activities

During the year, the principal activities of entities within the Group were:

- Sale, customisation and integration of IT and telecommunications systems;
- Maintenance of IT and telecommunications systems; and
- Internet based selling of hardware and software products.

There have been no significant changes in the nature of these activities during the year.

CA 299(1)(a)

## Review of operations and financial results

The operating result of the Group has increased to \$15.4m (2010: \$13.5m); this is mainly due to the cost control measures implemented during the year which have allowed increased revenue with a lower proportionate cost base.

Additional capital raising activities were undertaken during the year which raised \$16.7m and allowed the Group to fund the Goodtech acquisition via a cash settlement as well as positioning the Group in a strong cash position for 2011 / 2012 to allow for future acquisitions, if appropriate opportunities arise.

The acquisitions and disposals which have occurred during the year are in line with the Group's strategy to increase online sales capacity.

Goodwill of \$2.4m arising on acquisition of Goodtech (as described below) is primarily related to growth expectations, expected future profitability, the substantial skill and expertise of Goodtech's workforce and expected cost synergies.

CA 299(1)(b)

### Significant changes in the state of affairs

During the year, the following changes occurred within the Group:

- Acquisition of Goodtech GmbH
  - On 30 September 2010, the Group acquired 100% of the equity instruments of Goodtech GmbH (Goodtech), a Hamburg (Euroland) based business, thereby obtaining control. The acquisition was made to enhance the Group's position in the retail market for computer and telecommunications hardware in Euroland. Goodtech is a significant business in Euroland in the Group's targeted market. The cost of the acquisition was \$16.06m which was settled in cash.
- Disposal of Highstreet
  - On 31 March 2011, the Group disposed of its 100% equity interest in its subsidiary, Highstreet Limited. The subsidiary was classified as held for sale in the 2010 financial statements. There was a loss on disposal of \$29,000.
- Issue of share capital
  - On 31 March 2011, the Group issued 1,500,000 shares as part of its capital raising program which resulted in proceeds of \$16.7m, each share has the same terms and conditions as the existing ordinary shares.

CA 300(1)(a)

### Dividends

In respect of the current year, a fully franked interim dividend of \$3,000,000 (25c per share) was paid on 31 March 2011 (2010: \$nil).

CA 300(1)(b)

In addition to the interim dividend and since the end of the financial year, directors have declared a fully franked final dividend of \$6,885,000 (50c per share) to be paid on 15 October 2011 (2010: \$nil).

CA 299(1)(d)

### Events arising since the end of the reporting period

Apart from the final dividend declared, there are no other matters or circumstances that have arisen since the end of the year that has significantly affected or may significantly affect either:

- The entity's operations in future financial years;
- The results of those operations in future financial years; or
- The entity's state of affairs in future financial years.



CA 299(1)(e)

**Likely developments**

Information on likely developments in the Group's operations and the expected results have not been included in this report because the directors believe it would likely result in unreasonable prejudice to the Group.

CA 300(1)(d)

CA 300(1)(e)

**Unissued shares under option**

Unissued ordinary shares of Grant Thornton CLEARR under option at the date of this report are:

Date options granted	Expiry date	Exercise price of shares (\$)	Number under option
5 July 2006	31 July 2011	5.74	90,749
1 July 2007	30 June 2012	6.24	29,175
1 August 2010	30 June 2015	7.61	100,000
			219,924

All options expire on the earlier of their expiry date or termination of the employee's employment. These options were issued under either the Star or Stay programme (described in note 20.2 to the financial statements) and have been allotted to individuals on conditions that they serve specified time periods as an employee of the Group before becoming entitled to exercise the options. These options do not entitle the holder to participate in any share issue of the Company.

CA 300(1)(f)

**Shares issued during or since the end of the year as a result of exercise**

During or since the end of the financial year, the Company issued ordinary shares as a result of the exercise of options as follows (there were no amounts unpaid on the shares issued):

Date options granted	Issue price of shares (\$)	Number of shares issued
1 July 2007	6.24	270,000

CA 299 (1f)	<p><b>Environmental legislation</b></p> <p>Grant Thornton CLEARRR operations are not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a State or Territory in Australia.</p>
CA 300 (1g)	<p><b>Indemnities given and insurance premiums paid to auditors and officers</b></p> <p>During the year, Grant Thornton CLEARRR paid a premium to insure officers of the Group. The officers of the Group covered by the insurance policy include all directors.</p> <p>The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Group.</p> <p>Details of the amount of the premium paid in respect of the insurance policies is not disclosed as such disclosure is prohibited under the terms of the contract.</p> <p>The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer or auditor of the Group against a liability incurred as such by an officer or auditor.</p>
CA 307C	<p>A copy of the auditor's independence declaration as required under s307C of the Corporations Act 2001 is included on page 10 of this financial report and forms part of this Directors report.</p>
CA 300(14) / (15)	<p><b>Proceedings of behalf of the Company</b></p> <p>No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.</p>
ASIC CO 98/100	<p><b>Rounding of amounts</b></p> <p>Grant Thornton CLEARRR is a type of Company referred to in ASIC Class Order 98/100 and therefore the amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable), or in certain cases, to the nearest dollar under the option permitted in the class order.</p>
CA 298 (2a)	<p>Signed in accordance with a resolution of the directors.</p>
CA 298 (2c)	<p>Blake Smith Director</p>
CA 298 (2b)	<p>31 August 2011</p>

# Auditor's Independence Declaration

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## To the Directors of Grant Thornton CLEARR RDR Example Pty Ltd

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Grant Thornton CLEARR RDR Example Pty Ltd for the year ended 30 June 2011, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants

A Archer  
Director – Audit & Assurance

Sydney, 31 August 2011

## Comments: Statement of Financial Position

The statement of financial position complies with AASB 101 *Presentation of Financial Statements* (Revised 2007).

The statement of financial position includes a current/non-current distinction. When presentation based on liquidity is reliable and more relevant, the entity can choose to present the statement of financial position in order of liquidity (AASB 101.60). The entity will then not present a current/non-current distinction in the statement of financial position.

The Example Consolidated RDR Financial Statements 2011 use the terminology in AASB 101 (Revised 2007), however an entity may use other titles (eg balance sheet) for the primary financial statements (AASB 01.10).

# Statement of Financial Position

As of 30 June 2011

AASB 101.51(c) AASB 101.51(d-e)	<b>Assets</b>	<b>Notes</b>	<b>2011 \$'000</b>	<b>2010 \$'000</b>
AASB 101.60, AASB 101.66	<b>Current</b>			
AASB 101.54(g)	Inventories	15	18,548	17,376
AASB 101.54(h)	Trade and other receivables	16	33,629	25,628
AASB 101.55	Derivative financial instruments	13	582	212
AASB 101.54(d)	Other short-term financial assets	13	655	649
AASB 101.54(n)	Current tax assets		-	308
AASB 101.54(i)	Cash and cash equivalents	17	34,789	11,237
AASB 101.60	Current assets		88,203	55,410
AASB 101.54(j)	Assets and disposal group classified as held for sale	18	103	3,908
AASB 101.60, AASB 101.66	<b>Non-current</b>			
AASB 101.57	Goodwill	8	5,041	3,537
AASB 101.54(c)	Other intangible assets	9	17,424	13,841
AASB 101.54(a)	Property, plant and equipment	10	22,439	20,647
AASB 101.54(e), AASB 128.38	Investments accounted for using the equity method	6	430	23
AASB 101.54(b)	Investment property	12	12,662	12,277
AASB 101.54(d)	Other long-term financial assets	13	3,765	3,880
AASB 101.54(o), AASB 101.56	Deferred tax assets	14	-	225
AASB 101.60	Non-current assets		61,761	54,430
AASB 101.55	<b>Total assets</b>		<b>150,067</b>	<b>113,748</b>

This statement should be read in conjunction with the notes to the financial statements.

Grant Thornton CLEAR RDR Example Ltd  
Example Consolidated Financial Statements  
30 June 2011

## Statement of Financial Position

As of 30 June 2011

AASB 101.57				
AASB 101.51(c)	<b>Liabilities</b>	<b>Notes</b>	<b>2011</b>	<b>2010</b>
AASB 101.51(d-e)			<b>\$'000</b>	<b>\$'000</b>
AASB 101.60,	<b>Current</b>			
AASB 101.69				
AASB 101.54(l)	Provisions	21	1,215	3,345
AASB 101.55	Employee benefits	20	1,467	1,496
AASB 101.54(k)	Trade and other payables	22	9,059	7,096
AASB 101.54(m)	Borrowings	13	4,815	3,379
AASB 101.54(n)	Current tax liabilities		3,102	-
AASB 101.54(m)	Derivative financial instruments	13	-	160
AASB 101.55	Other liabilities	23	2,758	3,475
AASB 101.55	Current liabilities		22,416	18,951
AASB 101.54(p)	Liabilities included in disposal group held for sale	18	-	449
AASB 101.60,	<b>Non-current</b>			
AASB 101.69				
AASB 101.55	Employee benefits	20	11,224	10,812
AASB 101.54(m)	Borrowings	13	21,000	21,265
AASB 101.54(k)	Trade and other payables	22	4,096	4,608
AASB 101.55	Other liabilities	23	2,020	1,500
AASB 101.54(o),	Deferred tax liabilities	14	5,397	3,775
AASB 101.56				
AASB 101.55	Non-current liabilities		43,737	41,960
AASB 101.55	<b>Total liabilities</b>		<b>66,153</b>	<b>61,360</b>

This statement should be read in conjunction with the notes to the financial statements.

# Statement of Financial Position

As of 30 June 2011

		Notes	2011 \$'000	2010 \$'000
AASB 101.55	<b>Net assets</b>		83,914	52,388
	<b>Equity</b>			
	Equity attributable to owners of the parent:			
AASB 101.54(r)	Share capital	19	33,415	15,050
AASB 101.55	Other components of equity		1,385	671
AASB 101.54(r)	Retained earnings		48,401	36,075
			83,201	51,796
AASB 101.54(q)	Non-controlling interest		713	592
AASB 101.55	<b>Total equity</b>		83,914	52,388

This statement should be read in conjunction with the notes to the financial statements.

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## Comments: Statement of Comprehensive Income

The statement of comprehensive income has been prepared in accordance with AASB 101 *Presentation of Financial Statements* (Revised 2007), which introduced the concept of a statement of comprehensive income. The statement of comprehensive income may be presented in one of the following ways:

- ☐ in a **single** statement of comprehensive income, or
- ☐ in **two** statements: a statement displaying components of profit or loss (separate income statement) and a statement of comprehensive income.

The example financial statements illustrate a statement of comprehensive income in a **single** statement. A two statement presentation is shown in Appendix B.

This statement of comprehensive income format illustrates an example of the 'nature of expense method'. See Appendix A for a format illustrating the 'function of expense' or 'cost of sales' method.

This statement of comprehensive income presents an 'operating profit' subtotal, which is commonly seen but is not required or defined in AASB's. Where this subtotal is provided, the figure disclosed should include items that would normally be considered to be operating. It is inappropriate to exclude items clearly related to operations (eg inventory write-downs and restructuring and relocation expenses) on the basis that they do not occur regularly or are unusual in amount (see AASB 101 Basis for Conclusions paragraph 56).

This statement of comprehensive income includes an amount representing the entity's share of profit from equity accounted investments. This amount represents profit after tax and non-controlling interest in those investments (as indicated in the Illustrative Financial Statement Structure in AASB 101).

AASB 101 (Revised 2007) requires the entity to disclose reclassification adjustments and related tax effects relating to components of other comprehensive income either on the face of the statement or in the notes.

In this example the entity reclassification adjustments and current year gains and losses relating to other comprehensive income on the face of the statement of comprehensive income (AASB 101.92). An entity may instead present reclassification adjustments in the notes, in which case the components of other comprehensive income are presented after any related reclassification adjustments (AASB 101.94).

# Statement of Comprehensive Income

as of 30 June 2011

		Notes	2011 \$'000	2010 \$'000
AASB 101.51(c)				
AASB 101.51(d-e)				
AASB 101.82(a)	Revenue	7	206,193	191,593
AASB 101.85	Other income		427	641
AASB 101.85	Changes in inventories		(7,823)	(5,573)
AASB 101.85	Costs of material		(42,634)	(40,666)
AASB 101.85	Employee benefits expense	20	(114,190)	(108,673)
AASB 101.85	Change in fair value of investment property	12	310	175
AASB 101.85	Depreciation, amortisation and impairment of non-financial assets		(7,942)	(6,061)
AASB 101.85	Other expenses		(12,722)	(12,285)
	<b>Operating profit</b>		<b>21,619</b>	<b>19,151</b>
AASB 101.82(c)	Share of profit from equity accounted investments	6	60	12
AASB 101.82(b)	Finance costs	24	(3,473)	(3,594)
AASB 101.85	Finance income	24	994	793
AASB 101.85	Other financial items	25	3,388	3,599
	<b>Profit before tax</b>		<b>22,588</b>	<b>19,961</b>
AASB 101.82(d)	Tax expense	26	(7,132)	(6,184)
	<b>Profit for the year from continuing operations</b>		<b>15,456</b>	<b>13,777</b>
AASB 101.82(e)	Loss for the year from discontinued operations	18	(9)	(325)
AASB.101.82(f)	<b>Profit for the year</b>		<b>15,447</b>	<b>13,452</b>
AASB.101.82(g)	<b>Other comprehensive income:</b>			
AASB.116.77(f)	Revaluation of land	10	303	-
	Cash flow hedging	13		
AASB 7.23(c-d)	- current year gains (losses)		367	(47)
AASB 101.92	- reclassification to profit or loss		260	(425)
	Available-for-sale financial assets	13		

This statement should be read in conjunction with the notes to the financial statements

# Statement of Comprehensive Income

As of 30 June 2011

	Notes	2011 \$'000	2010 \$'000
AASB 7.20(a)(ii)	- current year gains (losses)	113	35
AASB 101.92	- reclassification to profit or loss	(50)	-
AASB 121.52(b)	Exchange differences on translating foreign operations	(664)	(341)
AASB 101.82(h)	Share of other comprehensive income of equity accounted investments	5	-
AASB 101.92	- reclassification to profit or loss	(3)	-
AASB 101.90	Income tax relating to components of other comprehensive income	85	95
	Other comprehensive income for the period, net of tax	416	(683)
AASB 101.82(i)	Total comprehensive income for the period	15,863	12,769
	Profit for the year attributable to:		
AASB 101.83(a)(i)	Non-controlling interest	121	116
AASB 101.83(a)(ii)	Owners of the parent	15,236	13,336
		15,447	13,452
	Total comprehensive income attributable to:		
AASB 101.83(b)(i)	Non-controlling interest	121	116
AASB 101.83(b)(ii)	Owners of the plant	15,742	12,653
		15,863	12,769

This statement should be read in conjunction with the notes to the financial statements

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# Statement of Changes in Equity

For the year ended 30 June 2011

		Share Capital \$'000	Share Option reserve 1 \$'000	Translation reserve \$'000	Revaluation reserve \$'000	Available- for-Sale financial Assets \$'000	Cash Flow hedges \$'000	Retained earnings \$'000	Total attributable to owners of parent \$'000	Non- controlling interest \$'000	Total equity \$'000
AASB 101.51 (d-e)	Balance at 1 July 2009	15,050	-	(113)	689	-	312	22,739	38,677	476	39,153
AASB 101.106(d)	Employee share-based payment options	-	466	-	-	-	-	-	466	-	466
AASB 101.106(d)(iii)	Transactions with owners	-	466	-	-	-	-	-	466	-	466
AASB 101.106(d)(i)	Profit for the year	-	-	-	-	-	-	13,336	13,336	116	13,452
AASB 101.106(d)(ii)	Other comprehensive income: Cash flow hedges										
AASB 7.23(c)	- current year gains (losses)	-	-	-	-	-	(47)	-	(47)	-	(47)
AASB 7.23(d)	- Reclassification to profit or loss	-	-	-	-	-	(425)	-	(425)	-	(425)
AASB 7.20 (a)(ii)	Available-for-sale financial assets										
	- Current year gains (losses)	-	-	-	-	35	-	-	35	-	35
	- Reclassification to profit or loss	-	-	-	-	-	-	-	-	-	-
AASB 121.52(b)	Exchange differences on translating foreign operations	-	-	(341)	-	-	-	-	(341)	-	(341)
AASB 101.82(h)	Equity Accounted investments	-	-	-	-	-	-	-	-	-	-
AASB 101.82(h)	- reclassification to profit or loss	-	-	-	-	-	-	-	-	-	-
AASB 112.81(a)	Income tax relating to components of other comprehensive income	-	-	95	-	-	-	-	95	-	95

This statement should be read in conjunction with the notes to the financial statements

# Statement of Changes in Equity

For the year ended 30 June 2011

		Share Capital \$'000	Share Option reserve 1 \$'000	Translation reserve \$'000	Revaluation reserve \$'000	Available- for-Sale financial Assets \$'000	Cash Flow hedges \$'000	Retained earnings \$'000	Total attributable to owners of parent \$'000	Non- controlling interest \$'000	Total equity \$'000
AASB 101.51 (d-e)											
AASB 101.106(a)	Total comprehensive income for the year	-	-	(246)	-	35	(472)	13,336	12,653	116	12,769
AASB 101.106(d)	Balance at 30 June 2010	15,050	466	(359)	689	35	(160)	36,075	51,796	592	52,388
AASB 101.106(d)	Balance at 1 July 2010	15,050	466	(359)	689	35	(160)	36,075	51,796	592	52,388
	Dividends	-	-	-	-	-	-	(3,000)	(3,000)	-	(3,000)
	Issue of share capital under share-based payment	1,685	-	-	-	-	-	-	1,685	-	1,685
	Employee share-based payment options	-	298	-	-	-	-	-	298	-	298
	Issue of share capital	16,680	-	-	-	-	-	-	16,680	-	16,680
AASB 101.106(d)(iii)	Transactions with owners	18,365	298	-	-	-	-	(3,000)	15,663	-	15,663
AASB 101.106(d)(i)	Profit for the year	-	-	-	-	-	-	15,326	15,326	121	15,447
AASB 101.106(d)(ii)	Other comprehensive income: Cash flow hedges										
AASB 7.23(c)	- Current year gains	-	-	-	-	-	367	-	367	-	367
AASB 7.23(d)	- Reclassified to profit or loss	-	-	-	-	-	260	-	260	-	260
AASB 7.20 (a)(ii)	Available-for-sale financial assets										
	-current year gains (losses)	-	-	-	-	113	-	-	113	-	113
	-reclassification to profit or loss	-	-	-	-	(50)	-	-	(50)	-	(50)

This statement should be read in conjunction with the notes to the financial statements

# Statement of Changes in Equity

For the year ended 30 June 2011

		Share Capital \$'000	Share Option reserve 1 \$'000	Translation reserve \$'000	Revaluation reserve \$'000	Available- for-Sale financial Assets \$'000	Cash Flow hedges \$'000	Retained earnings \$'000	Total attributable to owners of parent \$'000	Non- controlling interest \$'000	Total equity \$'000
AASB 101.51 (d-e) AASB 116.77(f)	Revaluation of land	-	-	-	303	-	-	-	303	-	303
AASB 121.52(b)	Exchange differences on translating foreign operations	-	-	(664)	-	-	-	-	(664)	-	(664)
AASB 101.82(h)	Equity accounted investments	-	-	-	-	-	5	-	5	-	5
AASB 101.82(h)	- Reclassification to profit or loss	-	-	-	-	-	(3)	-	(3)	-	(3)
AASB 112.81(a) AASB 101.90	Income tax relating to components of other comprehensive income	-	-	176	(91)	-	-	-	85	-	85
AASB 101.106(a)	Total comprehensive income for the year	-	-	(488)	212	63	629	15,326	15,742	121	15,863
AASB 101.106(d)	Balance at 30 June 2011	33,415	764	(847)	901	98	469	48,401	83,201	713	83,914

This statement should be read in conjunction with the notes to the financial statements

1 AASB 2 *Share-based Payment* requires an entity to recognise equity-settled share-based payment transactions as changes in equity but does not specify how this is presented, eg in a separate reserve within equity or within retained earnings. In our view, either approach would be allowed under IFRS's. Share option reserve has been credited with an increase in equity in this example (see also note 3.25).

# Statement of Cash Flows

For the year ended 30 June 2011

AASB 101.51(c) AASB 101.51(d-e)		Notes	2011 \$'000	2010 \$'000
AASB 107.10	<b>Operating services</b>			
	Receipts from customers		205,909	191,751
	Payments to suppliers and employees		(177,932)	(165,999)
	Income taxes paid		(1,948)	(5,588)
	Net cash from continuing operations		26,029	20,164
	Net cash from discontinued operations		(22)	811
	Net cash used in operating activities		26,007	20,975
AASB 107.10	<b>Investing activities</b>			
	Purchase of property, plant and equipment		(76)	(3,281)
	Proceeds from disposals of property, plant and equipment		86	-
	Purchase of other intangible assets		(3,666)	(3,313)
	Proceeds from disposals of other intangible assets		924	-
AASB 107.39	Acquisition of subsidiaries, net of cash	4	(15,714)	(12,076)
AASB 107.39	Proceeds from sale of subsidiaries, net of cash		3,117	-
	Proceeds from disposals and redemptions of non-derivative financial assets		228	132
AASB 107.31	Interest received	24	752	447
AASB 107.31	Dividends received	24	62	21
AASB 107.35	Taxes paid		(244)	(140)
	Net cash used in investing activities		(14,531)	(18,210)

This statement should be read in conjunction with the notes to the financial statements



# Statement of Cash Flows

For the year ended 30 June 2011

		Notes	2011 \$'000	2010 \$'000
AASB 107.10	<b>Financing activities</b>			
	Proceeds from bank loans		1,441	-
	Repayment of bank loans		(3,778)	(649)
	Proceeds from issue of share capital		18,365	-
AASB 107.31	Interest paid	24	(1,035)	(907)
AASB 107.31	Dividends paid		(3,000)	-
	Net cash from (used in) financing activities		11,993	(1,556)
AASB 107.45	Net change in cash and cash equivalents		23,469	1,209
	Cash and cash equivalents, beginning of year		11,259	10,007
AASB 107.28	Exchange differences on cash and cash equivalents		61	43
	- Included in disposal group	18	-	(22)
AASB 107.45	Cash and cash equivalents, end of year	17	34,789	11,237

This statement should be read in conjunction with the notes to the financial statements

# Notes to the consolidated financial statements

## 1 General information and statement of compliance

AASB 127.12  
AASB 127.43(a)

The financial report includes the consolidated financial statements and notes of Grant Thornton CLEARR RDR Example Pty Ltd and controlled entities ('consolidated group' or 'Group').

AASB 101.112(a)

Grant Thornton CLEARR RDR Example Pty Ltd and controlled entities have elected to early adopt the pronouncements AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements to the annual reporting period beginning 1 July 2010.

AASB 101.RDR 15.1  
Aus 15.1  
Aus 15.2  
Aus 15.4  
RDR 16.1

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards' reduced disclosure requirements of the Australian Accounting Standards Board and the Corporations Act 2001.

AASB 101.51 (c)  
AASB 110.17

The consolidated financial statements for the year ended 30 June 2011 (including comparatives) were approved and authorised for issue by the board of directors on 31 August 2011 (see note 32).

## 2 Changes in accounting policies

### 2.1 Overall considerations

AASB 101.117

The Group has adopted the following revisions and amendments to AASB's issued by the Australian Accounting Standards Board and IFRS issued by the International Accounting Standards Board, which are relevant to and effective for the Group's financial statements for the annual period beginning 1 July 2010<sup>2</sup>.

- Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project- AASB 2009-5
- Improvements to IFRSs- AASB 2010-03

Significant effects on current, prior or future periods arising from the first-time application of these new requirements in respect of presentation, recognition and measurement are described in notes 2.2 to 2.3.

### 2.2 Adoption of improvements to IFRSs 2009 – AASB 2009-5

AASB 108.28 (a)  
AASB 108.28 (c)

The *Improvements to IFRSs 2009* (issued as AASB 2009-5 *Further amendments to Australian Accounting Standards arising from the Annual Improvements Project*) made several minor amendments to IFRSs. The only amendment relevant to the Group relates to AASB 117 *Leases*. The amendment requires that leases of land are classified as finance or operating by applying the general principles of AASB 117. Prior to this amendment, AASB 117 generally required a lease of land to be classified as an operating lease. The Group has reassessed the classification of the land elements of its unexpired leases at 1 July 2010 on the basis of information existing at the inception of those leases and has determined that none of its leases require reclassification.

### 2.3 Adoption of Improvements to IFRSs 2010 - AASB 2010-3

The IASB has issued *Improvements to IFRS 2010* (2010 Improvements) which was issued in Australia as AASB 2010-3 *Amendments to Australian Accounting Standards arising from the Annual Improvement Project*. Most of these amendments become effective in annual periods beginning on or after 1 July 2010 or 1 January 2011. The 2010 Improvements amend certain provisions of AASB 3, clarify presentation of the reconciliation of each of the components of other comprehensive income and clarify certain disclosure requirements for financial instruments. The 2010 Improvements did not have a material impact on the Group's financial statements.

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2 The discussion of the initial application of IFRSs/AASBs needs to be disclosed only in the first financial statements after the new or revised rules have been adopted by the entity.

### 3 Summary of accounting policies

#### 3.1 Overall considerations

AASB 101.114 (b)  
AASB 101.117 (b)

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below<sup>3</sup>.

AASB 101.117 (a)

The consolidated financial statements have been prepared using the measurement bases specified by Australian Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

#### 3.2 Presentation of financial statements

AASB 101.81

The consolidated financial statements are presented in accordance with AASB 101 *Presentation of Financial Statements* (Revised 2007). The Group has elected to present the 'Statement of Comprehensive Income' as a single statement.

#### 3.3 Basis of consolidation

AASB 101.117 (a)  
AASB 101.117 (b)

The Group financial statements consolidate those of the parent company and all of its subsidiary undertakings drawn up to 30 June 2011. Subsidiaries are all entities over which the Group has the power to control the financial and operating policies. The Group obtains and exercises control through more than half of the voting rights. All subsidiaries have a reporting date of 30 June.

AASB 127.41 (a)  
AASB 127.41 (c)

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

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3 Disclosure of accounting policies shall reflect the facts and circumstances of the entity. In this set of example financial statements the accounting policies reflect the activities of the fictitious entity, Grant Thornton CLEARR RDR Example Pty Ltd and subsidiaries. The accounting policies should therefore in all cases be tailored to the facts and circumstances in place, which may prescribe that less extensive accounting policies are disclosed for the entity.

AASB 101.117 (a)  
AASB 101.117 (b)

### 3.4 Business combination

The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognised amount of any non-controlling interest in the acquiree and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (ie gain on a bargain purchase) is recognised in profit or loss immediately.

AASB 131.57  
AASB 101.117 (a)  
AASB 101.117 (b)

### 3.5 Investments in associates and joint ventures

Entities whose economic activities are controlled jointly by the Group and other ventures independent of the Group (joint ventures) are accounted for using the proportionate consolidation method, whereby the Group's share of the assets, liabilities, income and expenses is included line by line in the consolidated financial statements.

Associates are those entities over which the Group is able to exert significant influence but which are neither subsidiaries nor joint ventures. Investments in associates are initially recognised at cost and subsequently accounted for using the equity method.

Any goodwill or fair value adjustment attributable to the Group's share in the associate is not recognised separately and is included in the amount recognised as investment in associates.

The carrying amount of the investments in associates is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate. These changes include subsequent depreciation, amortisation or impairment of the fair value adjustments of assets and liabilities.

Unrealised gains and losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

Amounts reported in the financial statements of associates and jointly controlled entities have been adjusted where necessary to ensure consistency with the accounting policies of the Group.

### 3.6 Foreign currency translation

AASB 121.53

The consolidated financial statements are presented in Australian dollars (AUD), which is also the functional currency of the parent company.

AASB 101.117 (a)

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate).

AASB 101.117 (b)

Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at year end exchange rates are recognised in profit or loss.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not retranslated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the AUD (the Group's presentation currency) are translated into AUD upon consolidation. The functional currency of the entities in the Group have remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into AUD at the closing rate at the reporting date. Income and expenses have been translated into the Group's presentation currency at the average rate<sup>4</sup> over the reporting period. Exchange differences are charged/credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation the cumulative translation differences recognised in equity are reclassified to profit or loss and recognised as part of the gain or loss on disposal. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into AUD at the closing rate.

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<sup>4</sup> Note that the use of average rates is appropriate only if rates do not fluctuate significantly (AASB 121.40).

### 3.7 Revenue

Revenue comprises revenue from the sale of goods and the rendering of services plus the Group's share of the revenue of its joint ventures. Revenue from major products and services is shown in note 7.

AASB 118.35 (a)

Revenue is measured by reference to the fair value of consideration received or receivable by the Group for goods supplied and services provided, excluding sales taxes, rebates, and trade discounts.

The Group often enters into sales transactions involving a range of the Group's products and services (multiple components), for example for the delivery of hardware, software and related after-sales service. The Group applies the revenue recognition criteria set out below to each separately identifiable component of the sales transaction in order to reflect the substance of the transaction. The consideration received from these transactions is allocated to the separately identifiable component by taking into account the relative fair value of each component.

Revenue is recognised when the amount of revenue can be measured reliably, collection is probable, the costs incurred or to be incurred can be measured reliably, and when the criteria for each of the Group's different activities have been met. These activity-specific recognition criteria are based on the goods or solutions provided to the customer and the contract conditions in each case, and are described below.

AASB 101.117 (b)

#### Sale of goods (hardware or software)

Sale of goods comprises the sale of software and hardware, and is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods supplied. Significant risks and rewards are generally considered to be transferred to the buyer when the customer has taken undisputed delivery of the goods.

Revenue from the sale of hardware or software products with no significant service obligation is recognised on delivery. Where software or hardware requires significant tailoring, modification or integration the revenue is recognised using the percentage of completion method as described below.

When goods are sold together with customer loyalty incentives, the arrangement is considered a multiple-element arrangement. The consideration receivable is allocated between the components of the sale based on their fair values. Revenue from sales of incentives is recognised when they are redeemed by customers in exchange for products supplied by the Group.

AASB 101.117 (b)

#### Rendering of services

Services comprise after-sales service and maintenance, consulting, rental income and construction contracts for telecommunication solutions (see note 7).

The Group commits to extensive after-sales support and maintenance in its service segment. The amount of the selling price associated with the servicing agreement is deferred and recognised as revenue over the period during which the service is performed. This deferred income is included in 'other liabilities'.

Revenue from consulting services is recognised when the services are provided by reference to the stage of completion of the contract at the reporting date (see below for further information on the stage of completion).

Rental income from operating leases of the Group's investment properties is recognised on a straight-line basis over the term of the lease.

AASB 101.117 (b)

#### Construction contracts for telecommunication solutions

The Group provides telecommunication solutions specifically customised to each customer. These contracts specify a fixed price for the development and installation of IT and telecommunication systems, and are within the scope of AASB 111 *Construction Contracts*.

AASB 111.39 (b)  
AASB 118.35 (a)

When the outcome can be assessed reliably, contract revenue and associated costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the reporting date. Revenue is measured at the fair value of consideration received or receivable in relation to that activity.

When the Group cannot measure the outcome of a contract reliably, revenue is recognised only to the extent of contract costs that have been incurred and are recoverable. Contract costs are recognised 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 immediately in profit or loss.

AASB 101.117 (a)  
AASB 111.39 (c)  
AASB 101.122

The stage of completion of any construction contract is assessed by management by taking into consideration all information available at the reporting date. The Group's construction contracts usually define milestones for the project work to be carried out.

The maximum amount of revenue to be recognised for each milestone is determined by estimating relative contract fair values of each project phase, i.e. by comparing overall revenue that the Group expects from its construction contract with the profit expected to be made on fulfilling the corresponding milestone. Progress and related contract revenue in-between milestones is determined by comparing costs incurred to date with the total estimated costs estimated for that particular milestone (this procedure is sometimes referred to as the 'cost-to-cost' method).

The gross amount due from customers for contract work is presented as an asset within 'trade and other receivables' for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceeds progress billings. The gross amount due to customers for contract work is presented as a liability within 'other liabilities' for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less losses).

AASB 118.30

#### Interest and dividend income

Interest income and expenses are reported on an accrual basis using the effective interest method. Dividend income, other than those from investments in associates, are recognised at the time the right to receive payment is established.



### 3.8 Operating expenses

AASB 101.117 (b)

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin. Expenditure for warranties is recognised and charged against the associated provision when the related revenue is recognised.

### 3.9 Borrowing costs

AASB 101.117 (b)

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in 'finance costs' (see note 24).

### 3.10 Profit or loss from discontinued operations

AASB 101.117 (b)  
AASB 5.32

A discontinued operation is a component of the entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

AASB 5.33

Profit or loss from discontinued operations, including prior year components of profit or loss, are presented in a single amount in the statement of comprehensive income. This amount, which comprises the post-tax profit or loss of discontinued operations and the post-tax gain or loss resulting from the measurement and disposal of assets classified as held for sale (see also note 3.22), is further analysed in note 18.

AASB 5.34

The disclosures for discontinued operations in the prior year relate to all operations that have been discontinued by the reporting date for the latest period presented. Where operations previously presented as discontinued are now regarded as continuing operations, prior period disclosures are correspondingly re-presented.

### 3.11 Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. See note 8 for information on how goodwill is initially determined. Goodwill is carried at cost less accumulated impairment losses. Refer to note 3.15 for a description of impairment testing procedures.

### 3.12 Other intangible assets

AASB 138.118 (a)  
AASB 138.118 (b)

Other intangible assets include acquired and internally developed software used in production or administration and brand names and customer lists that qualify for recognition as an intangible asset in a business combination. They are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described in note 3.15. The following useful lives are applied:

- Software: 3-5 years
- Brand names: 15-20 years
- Customer lists: 4-6 years.

AASB 138.118 (d)	<p>Amortisation has been included within 'depreciation, amortisation and impairment of non-financial assets'.</p> <p>Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and install the specific software. Subsequent expenditure is expensed as incurred.</p>
AASB 101.117 (b)	<p>Costs associated with maintaining computer software, i.e. expenditure relating to patches and other minor updates as well as their installation, are expensed as incurred.</p>
AASB 101.117 (b)	<p>Research and Development Expenditure</p> <p>Expenditure on research (or the research phase of an internal project) is recognised as an expense in the period in which it is incurred.</p>
AASB 138.57	<p>Costs that are directly attributable to the development phase of new customised software for IT and telecommunication systems are recognised as intangible assets provided they meet the following recognition requirements:</p> <ul style="list-style-type: none"><li>• completion of the intangible asset is technically feasible so that it will be available for use or sale;</li><li>• the Group intends to complete the intangible asset and use or sell it;</li><li>• the Group has the ability to use or sell the intangible asset;</li><li>• the intangible asset will generate probable future economic benefits. Among other things, this requires that there is a market for the output from the intangible asset or for the intangible asset itself, or, if it is to be used internally, the asset will be used in generating such benefits;</li><li>• there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and</li><li>• the expenditure attributable to the intangible asset during its development can be measured reliably.</li></ul> <p>Development costs not meeting these criteria for capitalisation are expensed as incurred.</p>
AASB 138.118 (a) AASB 138.118 (b)	<p>Directly attributable costs include employee (other than directors) costs incurred on software development along with an appropriate portion of relevant overheads and borrowing costs. Internally generated software developments recognised as intangible assets are subject to the same subsequent measurement method as externally acquired software licences. However, until completion of the development project, the assets are subject to impairment testing only as described below in note 3.15.</p> <p>The gain or loss arising on the disposal of an intangible asset is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in profit or loss within 'other income' or 'other expenses'.</p>

### 3.13 Property, plant and equipment

AASB 116.73 (a)  
AASB 116.73 (b)  
AASB 116.73 (c)  
AASB 101.117 (a)

Land held for use in production or administration is stated at re-valued amounts. As no finite useful life for land can be determined, related carrying amounts are not depreciated. Revalued amounts are fair market values determined in appraisals by external professional valuers once every two years, unless market-based factors indicate a material change in fair value, in which case a further revaluation is performed.

AASB 101.117 (b)

Any revaluation surplus arising upon appraisal of land is recognised in other comprehensive income and credited to the 'revaluation reserve' in equity. To the extent that any revaluation decrease or impairment loss (see note 3.15) has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluations of land are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to retained earnings.

AASB 116.73 (a)  
AASB 101.117 (a)

Buildings, IT equipment and other equipment (comprising fittings and furniture) are carried at acquisition cost or manufacturing cost less subsequent depreciation and impairment losses.

Buildings that are leasehold property are also included in property, plant and equipment if they are held under a finance lease. Such assets are depreciated over their expected useful lives (determined by reference to comparable owned assets) or over the term of the lease, if shorter.

AASB 116.73 (b)  
AASB 116.73 (c)

Depreciation is recognised on a straight-line basis to write down the cost or valuation less estimated residual value of property, plant and equipment other than freehold land.

The periods generally applicable are:

- Buildings: 25-50 years
- IT equipment: 2-5 years
- Other equipment: 3-12 years.

Material residual value estimates and estimates of useful life are updated as required, but at least annually, whether or not the asset is re-valued.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within 'other income' or 'other expenses'.

### 3.14 Leased assets

AASB 101.117 (a)  
AASB 101.117 (b)

In accordance with AASB 117 *Leases*, the economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The related asset is then recognised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognised as a finance leasing liability, irrespective of whether some of these lease payments are payable up-front at the date of inception of the lease. Leases of land and buildings are classified separately and are split into a land and a building element, in accordance with the relative fair values of the leasehold interests at the date the asset is recognised initially.

Depreciation methods and useful lives for assets held under finance lease agreements correspond to those applied to comparable assets which are legally owned by the Group. The corresponding finance leasing liability is reduced by lease payments less finance charges, which are expensed as part of finance costs.

The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to profit or loss over the period of the lease.

All other leases are treated as operating leases. Payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

### 3.15 Impairment testing of goodwill, other intangible assets and property, plant and equipment

AASB 101.117 (b)

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

AASB 101.122  
AASB 101.117 (a)

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect their respective risk profiles as assessed by management.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

### 3.16 Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation, and are accounted for using the fair value model.

AASB 140.75 (a)  
AASB 140.75 (d)  
AASB 140.75 (e)

Investment properties are revalued annually and are included in the statement of financial position at their open market value. These are determined by external professional valuers with sufficient experience with respect to both the location and the nature of the investment property and supported by market evidence.

AASB 101.117 (b) Any gain or loss resulting from either a change in the fair value or the sale of an investment property is immediately recognised in profit or loss within 'change in fair value of investment property'.

Rental income and operating expenses from investment property are reported within 'revenue' and 'other expenses' respectively, and are recognised as described in notes 3.7 and 3.8.

### 3.17 Financial instruments

AASB 7.21  
AASB 101.117 (b) Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

AASB 101.117 (b) Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

AASB 101.117 (a) Financial assets and financial liabilities are measured initially at fair value adjusted by transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

Financial assets and financial liabilities are measured subsequently as described below.

AASB 101.117 (a) Financial assets  
For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- loans and receivables
- financial assets at fair value through profit or loss
- held-to-maturity investments
- available-for-sale financial assets.

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

AASB 7.B5 (f) All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within 'finance costs', 'finance income' or 'other financial items', except for impairment of trade receivables which is presented within 'other expenses'.

AASB 101.117 (a)  
AASB 101.117 (b) Loans and receivables  
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

AASB 7.B5 (f)	Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.
AASB 101.117 (a) AASB 1201.117 (b) Also: AASB 7.B5 (a)	<p><b>Financial assets at fair value through profit or loss</b></p> <p>Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply (see below).</p>
AASB 7.B5 (e)	Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of derivative financial instruments are determined by reference to active market transactions or using a valuation technique where no active market exists.
AASB 101.117 (a) AASB 101.117 (b)	<p><b>Held to maturity investments</b></p> <p>Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as held-to-maturity if the Group has the intention and ability to hold them until maturity. The Group currently holds listed bonds designated into this category.</p>
AASB 7.B5 (f)	Held-to-maturity investments are measured subsequently at amortised cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognised in profit or loss.
AASB 101.117 (a) AASB 101.117 (b) AASB 7.B5 (b)	<p><b>Available-for-sale financial assets</b></p> <p>Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Group's available-for-sale financial assets include listed securities and debentures, and the equity investment in XY Ltd.</p> <p>The equity investment in XY Ltd is measured at cost less any impairment charges, as its fair value cannot currently be estimated reliably. Impairment charges are recognised in profit or loss.</p>
AASB 101.117 (a) AASB 101.117 (b)	All other available-for-sale financial assets are measured at fair value. Gains and losses are recognised in other comprehensive income and reported within the available-for-sale reserve within equity, except for impairment losses and foreign exchange differences on monetary assets, which are recognised in profit or loss. When the asset is disposed of or is determined to be impaired the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income. Interest calculated using the effective interest method and dividends are recognised in profit or loss within 'finance income' (see note 3.7).

Reversals of impairment losses are recognised in other comprehensive income, except for financial assets that are debt securities which are recognised in profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognised.

AASB 101.117 (b)

#### Financial liabilities

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

AASB 101.117 (a)

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through profit or loss, that are carried subsequently at fair value with gains or losses recognised in profit or loss.

All derivative financial instruments that are not designated and effective as hedging instruments are accounted for at fair value through profit or loss.

AASB 101.117 (a)  
AASB 7.B5 (a)

The Group has designated some financial liabilities at fair value through profit or loss to reduce significant measurement inconsistencies between investment properties in the United States and related US-dollar bank loans with fixed interest rates. These investment properties are measured using the fair value model in AASB 140 *Investment Property*. Changes in the fair value of these assets are therefore recognised in profit or loss. The fair value of loans used to finance these assets correlates significantly with the valuation of the investment properties held by the Group, because both measures are highly reactive to the market interest rate for 30-year government bonds. The loans are managed and evaluated on a fair value basis through a quarterly management review in comparison with the property valuations. It is therefore the Group's accounting policy to designate such fixed interest rate loans as at fair value through profit or loss if they are secured by specific investment property assets that are held by the Group. This accounting policy reduces significantly what would otherwise be an accounting mismatch.

AASB 101.117 (b)

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within 'finance costs' or 'finance income'.

AASB 101.117 (b)

#### Derivative financial instruments

A specific accounting treatment is required for derivatives designated as hedging instruments in cash flow hedge relationships. To qualify for hedge accounting, the hedging relationship must meet several strict conditions with respect to documentation, probability of occurrence of the hedged transaction and hedge effectiveness. All other derivative financial instruments are accounted for at fair value through profit or loss.

AASB 7.22 (a)  
AASB 7.22 (c)

For the reporting periods under review, the Group has designated certain forward currency contracts as hedging instruments in cash flow hedge relationships. These arrangements have been entered into to mitigate currency exchange risk arising from certain legally binding sales and purchase orders denominated in foreign currency.

AASB 101.117 (a)

All derivative financial instruments used for hedge accounting are recognised initially at fair value and reported subsequently at fair value in the statement of financial position.

AASB 101.117 (b)

To the extent that the hedge is effective, changes in the fair value of derivatives designated as hedging instruments in cash flow hedges are recognised in other comprehensive income and included within the cash flow hedge reserve in equity. Any ineffectiveness in the hedge relationship is recognised immediately in profit or loss.



At the time the hedged item affects profit or loss, any gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and presented as a reclassification adjustment within other comprehensive income. However, if a non-financial asset or liability is recognised as a result of the hedged transaction, the gains and losses previously recognised in other comprehensive income are included in the initial measurement of the hedged item.

If a forecast transaction is no longer expected to occur or if the hedging instrument becomes ineffective, any related gain or loss recognised in other comprehensive income is transferred immediately to profit or loss.

### 3.18 Inventories

AASB 102.36 (a)  
AASB 101.117 (a)

Inventories are stated at the lower of cost and net realisable value. Cost includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. Costs of ordinarily interchangeable items are assigned using the first in, first out cost formula. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

### 3.19 Income taxes

AASB 101.117 (a)  
AASB 101.117 (b)

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, the Australian Taxation Office (ATO) and other fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

AASB 101.117 (a)

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

AASB 101.122

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income. For management's assessment of the probability of future taxable income to utilise against deferred tax assets, see note 3.29.

Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

AASB 101.117 (b)

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive



income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

### 3.20 Taxation of financial arrangements

Legislation is in place which changes the tax treatment of financial arrangements including the tax treatment of hedging transactions. The Group has assessed the potential impact of these changes on the Group's tax position and these are not considered to be significant. No impact has been recognised and no adjustments have been made to the deferred tax and income tax balances at 30 June 2011 (2010: \$Nil).

AASB 107.46

### 3.21 Cash and cash equivalents

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

AASB 101.117 (a)

### 3.22 Non-current assets and liabilities classified as held for sale and discontinued operations

When the Group intends to sell a non-current asset or a group of assets (a disposal group), and if sale within 12 months is highly probable, the asset or disposal group is classified as 'held for sale' and presented separately in the statement of financial position.

Liabilities are classified as 'held for sale' and presented as such in the statement of financial position if they are directly associated with a disposal group.

AASB 101.117 (b)

Assets classified as 'held for sale' are measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some 'held for sale' assets such as financial assets or deferred tax assets, continue to be measured in accordance with the Group's accounting policy for those assets. No assets classified as 'held for sale' are subject to depreciation or amortisation subsequent to their classification as 'held for sale'.

Any profit or loss arising from the sale or remeasurement of discontinued operations is presented as described in note 3.10.

AASB 101.79 (b)

### 3.23 Equity, reserves and dividend payments

Share capital represents the nominal value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits.

The revaluation reserve within equity comprises gains and losses due to the revaluation of property, plant and equipment. Foreign currency translation differences arising on the translation of the Group's foreign entities are included in the translation reserve (see note 3.6). Gains and losses on certain financial instruments are included in reserves for available-for-sale financial assets and cash-flow hedges respectively (see note 3.17).

Retained earnings include all current and prior period retained profits.

Dividend distributions payable to equity shareholders are included in 'other liabilities' when the dividends have been approved in a general meeting prior to the reporting date.

All transactions with owners of the parent are recorded separately within equity.

### 3.24 Post employment benefits and short-term employee benefits

AASB 101.117 (b)

The Group provides post employment benefits through defined benefit plans as well as various defined contribution plans.

A defined contribution plan is a superannuation plan under which the Group pays fixed contributions into an independent entity. The Group has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution. The Group contributes to several plans and insurances for individual employees that are considered defined contribution plans. Contributions to the plans are recognised as an expense in the period that relevant employee services are received.

Plans that do not meet the definition of a defined contribution plan are defined benefit plans. The defined benefit plan sponsored by the Group defines the amount of pension benefit that an employee will receive on retirement by reference to length of service and final salary. The legal obligation for any benefits remains with the Group, even if plan assets for funding the defined benefit plan have been set aside. Plan assets may include assets specifically designated to a long-term benefit fund as well as qualifying insurance policies.

The liability recognised in the statement of financial position for defined benefit plans is the present value of the defined benefit obligation (DBO) at the reporting date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs.

AASB 101.117 (a)

Management estimates the DBO annually with the assistance of independent actuaries. The estimate of its post-retirement benefit obligations is based on standard rates of inflation, medical cost trends and mortality. It also takes into account the Group's specific anticipation of future salary increases. Discount factors are determined close to each year-end by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

AASB 119.120A (a)

Actuarial gains and losses are not recognised as an expense unless the total unrecognised gain or loss exceeds 10% of the greater of the obligation and related plan assets. The amount exceeding this 10% corridor is charged or credited to profit or loss over the employees' expected average remaining working lives. Actuarial gains and losses within the 10% corridor are disclosed separately. Past service costs are recognised immediately in profit or loss, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

Interest expenses related to pension obligations are included in 'finance costs' in profit or loss. Return on plan assets is included in 'other financial items'. All other post employment benefit expenses are included in 'employee benefits expense'.

Short-term employee benefits, including annual leave entitlement, are current liabilities included in 'employee benefits', measured at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

### 3.25 Share-based employee remuneration

AASB 101.117 (b)

The Group operates equity-settled share-based remuneration plans for its employees. None of the Group's plans feature any options for a cash settlement.

AASB 101.117 (a)

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions).

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to 'share option reserve'.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up are allocated to share capital.

AASB 101.117 (b)

### 3.26 Provisions, contingent liabilities and contingent assets

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, product warranties granted, legal disputes or onerous contracts. Restructuring provisions are recognised only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it. Provisions are not recognised for future operating losses.

AASB 101.117 (a)

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

AASB 101.117 (a)

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised, unless it was assumed in the course of a business combination (see note 3.4). In a business combination, contingent liabilities are recognised on the acquisition date when there is a present obligation that arises from past events and the fair value can be measured reliably, even if the outflow of economic resources is not probable. They are subsequently measured at the higher amount of a comparable provision as described above and the amount recognised on the acquisition date, less any amortisation.

Possible inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets.

Interpretation 1031

### 3.27 Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

ASIC Class Order  
98/100  
AASB 101.51 (e)

### 3.28 Rounding of Amounts

The parent entity has applied the relief available to it under ASIC Class Order 98/100 and accordingly, amounts in the financial statements and directors' report have been rounded off to the nearest \$1,000.

AASB 101.122

### 3.29 Significant management judgement in applying accounting policies

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements. Critical estimation uncertainties are described in note 3.30.

#### Revenue

The Group commits to extensive after-sales support in its service segment. The amount of the selling price associated with the subsequent servicing agreement is deferred and recognised as revenue over the period during which the service is performed. The nature of services provided depends on the customers use of the products. Therefore management needs to exercise significant judgement in determining when to recognise income from after-sales services. In particular, this considers historical experience and requires knowledge of the customers and the markets in which the Group operates.

#### Construction contract revenue

The stage of completion of any construction contract is assessed by management by taking into consideration all information available at the reporting date. In this process management exercises significant judgement about milestones, actual work performed and the estimated costs to complete the work. Further information on the Group's accounting policy for construction contracts is provided in note 3.7.

#### Internally generated software and research costs

Management monitors progress of internal research and development projects by using a project management system. Significant judgement is required in distinguishing research from the development phase. Development costs are recognised as an asset when all the criteria are met, whereas research costs are expensed as incurred.

To distinguish any research-type project phase from the development phase, it is the Group's accounting policy to also require a detailed forecast of sales or cost savings expected to be generated by the intangible asset. The forecast is incorporated into the Group's overall budget forecast as the capitalisation of development costs commences. This ensures that managerial accounting, impairment testing procedures and accounting for internally-generated intangible assets are based on the same data.

Management also monitors whether the recognition requirements for development costs continue to be met. This is necessary as the economic success of any product development is uncertain and may be subject to future technical problems after the time of recognition.

#### Leases

In applying the classification of leases in AASB 117, management considers its leases of IT equipment as well as its main warehouse facilities as finance lease arrangements. In some cases, the lease transaction is not always conclusive, and management uses judgement in determining whether the lease is a finance lease arrangement that transfers substantially all the risks and rewards incidental to ownership.

#### Deferred tax assets

The assessment of the probability of future taxable income in which deferred tax assets can be utilised is based on the Group's latest approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the numerous jurisdictions in which the Group operates are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

#### Held-to-maturity investments

Management has confirmed its intention and ability to hold the bonds that are classified as held-to-maturity investments until they mature. This is based on the Group's current liquidity and capital maintenance requirements and plans.

### 3.30 Estimation uncertainty

When preparing the financial statements management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below.

### Impairment

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows (see note 3.15). In the process of measuring expected future cash flows management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Group's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

The Group has incurred an impairment loss of \$799,000 on goodwill in 2011 (2010: \$190,000) for its Telco Consult unit in order to reduce the carrying amount of goodwill to its recoverable amount (see note 8). If the discount rate of the Group's Telco Consult unit was increased by 1% a further impairment loss of \$300,000 would have to be recognised, of which \$245,000 would be written off against goodwill and \$55,000 against property, plant and equipment.

### Business combinations

On initial recognition, the assets and liabilities of the acquired business and the consideration paid for them are included in the consolidated financial statements at their fair values. In measuring fair value, management uses estimates of future cash flows and discount rates. Any subsequent change in these estimates would affect the amount of goodwill if the change qualifies as a measurement period adjustment. Any other change would be recognised in the statement of comprehensive income in the subsequent period. Details of acquired assets and liabilities assumed are given in note 4.

### Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets to the Group. The carrying amounts are analysed in notes 9 and 10. Actual results, however, may vary due to technical obsolescence, particularly relating to software and IT equipment.

### Construction contract revenue

The carrying amount of construction contracts of \$1,374,000 (2010: \$974,000), and revenue recognised from construction contracts, reflect management's best estimate about each contract's outcome and stage of completion. Management assesses the profitability of ongoing construction contracts and the order backlog at least monthly, using extensive project management procedures. For more complex contracts in particular, costs to complete and contract profitability are subject to significant estimation uncertainty.

### Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the times the estimates are made. The Group's core business is subject to technology changes which may cause selling prices to change rapidly. Moreover, future realisation of the carrying amounts of inventory assets of \$18,548,000 (2010: \$17,376,000) is affected by price changes in different market segments.

#### Defined benefit liability

Management estimates the defined benefit liability annually with the assistance of independent actuaries; however, the actual outcome may vary due to estimation uncertainties. The defined benefit liability of \$12,470,000 (2010: \$12,005,000) is based on standard rates of inflation, medical cost trends and mortality. It also takes into account the Group's specific anticipation of future salary increases. Discount factors are determined close to each year-end by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability. Estimation uncertainties exist particularly with regard to medical cost trends (analysis given in note 20.3), which may vary significantly in future appraisals of the Group's defined benefit obligations.

#### Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the note 13. In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

#### Provisions

The Group is currently defending certain lawsuits where the actual outcome may vary from the amount recognised in the financial statements. None of the provisions will be discussed here in further detail so as not to seriously prejudice the Group's position in the related disputes.

The amount recognised for warranties for which customers are covered for the cost of repairs is estimated based on management's past experience and the future expectations of defects.

#### Other liabilities

The amount recognised for deferred service income of \$2,123,000 (2010: \$2,291,000) has been estimated by management after observation of the services actually performed and detailed consideration of the types of service arrangements entered into. However, the actual outcome may vary due to unexpected changes in the pattern of services performed.

#### 4 Acquisitions and disposals

##### 4.1 Acquisition of Goodtech GmbH in 2010

AASB 3.B64 (a-c)

On 30 September 2010, the Group acquired 100% of the equity instruments of Goodtech GmbH (Goodtech), a Hamburg based business, thereby obtaining control.

The details of the business combination are as follows:

		<b>\$'000</b>
AASB 3.B64 (f)	<b>Fair value of consideration transferred</b>	
AASB 3.B64 (f)(i)	Amount settled in cash	16,058
AASB 3.B64 (f)(iii)	Fair value of contingent consideration	600
	<b>Total</b>	<b>16,658</b>
AASB 3.B64(i)	<b>Recognised amounts of identifiable net assets</b>	
	Property, plant and equipment	4,622
	Intangible assets	5,255
	Investments accounted for using the equity method	345
	Investment property	75
	<b>Total non-current assets</b>	<b>10,297</b>
	Inventories	8,995
	Trade and other receivables	7,792
	Cash and cash equivalents	567
	<b>Total current assets</b>	<b>17,354</b>
	Borrowings	(3,478)
	Deferred tax liabilities	(632)
	<b>Total non-current assets</b>	<b>(4,110)</b>
	Provisions	(1,320)
	Other liabilities	(2,312)
	Trade and other payables	(5,689)
	<b>Total non-current liabilities</b>	<b>(9,321)</b>
	<b>Identifiable net assets</b>	<b>14,220</b>
	<b>Goodwill on acquisition</b>	<b>2,438</b>

AASB 3.B64(f)(i) Consideration transferred  
The acquisition of Goodtech was settled in cash of \$16,058,000.

AASB 3.B64(g)(i-iii) The purchase agreement included an additional consideration of \$1,310,000, payable only if the average profits of Goodtech for 2011 and 2012 exceed a target level agreed by both parties. The additional consideration will be paid on 1 October 2012. The \$600,000 fair value of the contingent consideration liability initially recognised represents the present value of the Group's probability-weighted estimate of the cash outflow. It reflects management's estimate of a 50% probability that the targets will be achieved and is discounted using an interest rate of 4.4%<sub>05</sub>.

5 The determination of the acquisition-date fair value of the contingent consideration should consider the expected outcome of the contingency. This example illustrates one possible approach in estimating the fair value of contingent consideration.



#### 4.2 Acquisition of Good Buy Inc

AASB 3.66  
AASB 3.B64(a)  
AASB 3.B64(b)  
AASB 3.B64(c)

On 31 December 2009, the Group acquired 100% of the equity instruments of Good Buy Inc (Good Buy), a Delaware (USA) based business.

The total cost of acquisition includes the components stated below:

AASB 3.B64(f)

<b>Fair Value of consideration</b>	<b>\$'000</b>
Purchase price, settled in cash	<u>12,421</u>
Total cost of acquisition	<u>12,421</u>

AASB 3.B64(i)

The allocation of the purchase price to the assets and liabilities of Good Buy was completed in 2010. The amounts recognised at the acquisition date for each class of the acquiree's assets, liabilities and contingent liabilities are as follows:

	<b>\$'000</b>
Property, plant and equipment	3,148
Intangible assets	<u>3,005</u>
Total non-current assets	<u>6,153</u>
Inventories	5,469
Trade and other receivables	5,200
Cash and cash equivalents	<u>345</u>
Total current assets	<u>11,014</u>
Deferred tax liabilities	<u>(435)</u>
Non-current liabilities	<u>(435)</u>
Provisions and contingent liabilities	(1,234)
Other liabilities	(657)
Trade and other payables	<u>(4,989)</u>
Total current liabilities	<u>(6,880)</u>
Net identifiable assets and liabilities	<u>9,852</u>
<b>Goodwill on acquisition</b>	<u>2,569</u>

Disclosure of the carrying amounts of the acquiree's assets and liabilities immediately before the combination in accordance with IFRS was impracticable. Good Buy had not applied IFRS prior to its acquisition as at 30 June 2009. Therefore, essential data needed for pro-forma IFRS accounts of Good Buy prior to the date of acquisition was not available.

## 5 Jointly controlled entities

AASB 131.54  
AASB131.55

The Group has not incurred any contingent liabilities or other commitments relating to its joint venture.

## 6 Investments in associates

AASB 128.37(a)

The shares are not publicly listed on a stock exchange and hence published price quotes are not available.

AASB 128.40

The Group has not incurred any contingent liabilities or other commitments relating to its investments in associates.

## 7 Revenue

The Group's revenue may be analysed as follows for each major product and service category (excluding revenue from discontinued operations):

		2011 \$'000	2010 \$'000
AASB 118.35(b)	Sale of hardware	47,585	39,145
	Sale of software	24,513	20,165
	Other	4,079	4,121
AASB 118.35(b)(i)	Sale of goods	76,177	63,431
	After-sales service and maintenance	18,140	17,832
	Consulting	59,837	60,116
AASB 111.39(a)	Construction contracts for telecommunications solutions	50,973	49,186
	Other income	1,066	1,028
AASB 118.35(b)(ii)	Rendering of services	130,016	128,162
	Group revenue	206,193	191,593

## 8 Goodwill

AASB 3.B67(d)

The main changes in the carrying amounts of goodwill result from the acquisition of Good Buy in 2010 and Goodtech in 2011. The net carrying amount of goodwill can be analysed as follows:

		2011 \$'000
AASB 3.B67(d)	<b>Gross carrying amount</b>	
AASB 3.B67(d)(i)	Balance 1 July	3,727
AASB 3.B67(d)(ii)	Acquired through business combination	2,438
AASB 3.B67(d)(vi)	Net exchange difference	(135)
AASB 3.B67(d)(viii)	Balance 30 June	6,030
	<b>Accumulated impairment</b>	
AASB 3.B67(d)(i)	Balance 1 July	(190)
AASB 3.B67(d)(v)	Impairment loss recognised	(799)
AASB 3.B67(d)(vi)	Net exchange difference	-
AASB 3.B67(d)(viii)	Balance 30 June	(989)
	<b>Carrying amount at 30 June</b>	5,041

AASB 136.126(a)  
AASB 136.129(a)  
AASB 136.130(b) and  
(d)(i)

The related goodwill impairment loss of \$799,000 in 2011 (2010: \$190,000) was included within 'depreciation, amortisation and impairment of non-financial assets'.

## 9 Other intangible assets

The Group's other intangible assets comprise acquired software licences, own software developments, brand names and customer lists. The carrying amounts for the reporting periods under review can be analysed as follows:

		Acquired software licenses \$'000	Internally generated software \$'000	Brand names \$'000	Customer lists \$'000	Total \$'000
AASB 138.118	<b>Gross carrying amount</b>					
	Balance at 1 July 2010	13,608	14,794	760	374	29,536
AASB 138.118(e)(i)	Addition, separately acquired	440	-	-	-	440
	Addition, internally developed	-	3,306	-	-	3,306
	Acquisition through business combination	3,653	-	215	1,387	5,255
AASB 138.118(e)(ii)	Disposals	(1,159)	-	-	-	(1,159)
	Other charges	(73)	(54)	-	-	(127)
	Balance at 30 June 2011	<b>16,469</b>	<b>18,046</b>	<b>975</b>	<b>1,761</b>	<b>37,251</b>
	<b>Amortisation and impairment</b>					
	Balance at 1 July 2010	(6,063)	(9,381)	(162)	(89)	(15,695)
AASB 138.118(e)(vi)	Amortisation	(1,978)	(1,315)	(125)	(110)	(3,258)
AASB 138.118(e)(iv)	Impairment losses	-	(870)	-	-	(870)
AASB 138.118(e)(ii)	Disposals	350	-	-	-	350
	Other charges	(48)	(36)	-	-	(84)
	Balance at 30 June 2011	<b>(7,739)</b>	<b>(11,602)</b>	<b>(287)</b>	<b>(199)</b>	<b>(19,827)</b>
	<b>Carrying amount 30 June 2011</b>	<b>8,730</b>	<b>6,444</b>	<b>688</b>	<b>1,562</b>	<b>17,424</b>

AASB 138.126  
AASB 123.26(a)

Additions to research and development costs include capitalised borrowing costs of \$80,000 (2010: \$78,000). In addition to development costs capitalised, the Group expensed as 'other expenses' \$1,690,000 of research and development costs during the year (2010: \$1,015,000).

AASB138.122(e)

During the year the Group entered into an agreement to acquire enterprise resource planning software, to support the administration and control of the Group. Minimum contractual commitments resulting from this agreement are \$97,000 payable during 2012. No other material contractual commitments were entered into during 2011 or 2010.

AASB 138.118(d)  
AASB 136.126(a)  
AASB 138.122(d)

The impairment loss amounted to \$870,000 (2010: \$Nil). All amortisation and impairment charges (or reversals if any) are included within 'depreciation, amortisation and impairment of non-financial assets'. No intangible assets have been pledged as security for liabilities.

## 10 Property, plant and equipment

The Group's property, plant and equipment comprise land, buildings, IT equipment and other equipment primarily comprising fittings and furniture. The carrying amount can be analysed as follows:

		Land	Buildings	IT equipment	Other equipment	Total
		\$'000	\$'000	\$'000	\$'000	\$'000
	<b>Gross carrying amount</b>					
AASB 116.73(d)	Balance 1 July 2010	7,697	19,362	5,579	2,594	35,232
AASB 116.73(e)(i)	Additions	-	76	-	-	76
AASB 116.73(e)(iii)	Acquisition through business combination	730	1,221	2,306	365	4,622
AASB 116.73(e)(ii)	Disposals	-	(401)	-	-	(401)
AASB 116.73(e)(iv)	Revaluation increase	303	-	-	-	303
	Other charges	(21)	(81)	(79)	(54)	(235)
AASB 116.73(d)	Balance 30 June 2011	<b>8,709</b>	<b>20,177</b>	<b>7,806</b>	<b>2,905</b>	<b>39,597</b>
	<b>Depreciation and impairment</b>					
AASB 116.73(d)	Balance 1 July 2010	-	(12,159)	(1,503)	(923)	(14,585)
AASB 116.73(e)(ii)	Disposals	-	315	-	-	315
	Other charges	-	(54)	(53)	(36)	(143)
AASB 116.73(e)(vii)	Depreciation	-	(1,315)	(890)	(540)	(2,745)
AASB 116.73(d)	Balance 30 June 2011	-	(13,213)	(2,446)	(1,499)	(17,158)
	<b>Carrying amount 30 June 2011</b>	<b>8,709</b>	<b>6,964</b>	<b>5,360</b>	<b>1,406</b>	<b>22,439</b>

AASB 116.77(a)  
AASB 116.77(b)  
AASB 116.77(c)  
AASB 116.77(d)

The Group's land was re-valued on 23 April 2011 by independent valuers. The land was previously re-valued in April 2009. Fair values were estimated based on recent market transactions, which were then adjusted for specific conditions relating to the land.

The value of land recognised upon the acquisition of Goodtech (see note 4.1) was \$730,000. This land was not re-valued to fair value at the reporting date as management determined that the effect of changes in market prices between the acquisition and reporting dates is immaterial.

AASB 136.126(a)  
AASB 136.126(b)

All depreciation and impairment charges (or reversals if any) are included within 'depreciation, amortisation and impairment of non-financial assets'.

AASB 116.74(a)

The Group's land and buildings have been pledged as security for 'other bank borrowings' (see note 13.5).

AASB 116.74(c)

The Group has a contractual commitment to acquire IT equipment of \$1,304,000 payable in 2012. In 2011 or 2010 there were no other material contractual commitments.

## 11 Leases

### 11.1 Finance leases as lessee

AASB 117.31(a)

The Group's main warehouse and related facilities are held under a finance lease arrangement. The net carrying amount of the assets held under the lease is \$3,362,000 (2010: \$3,723,000). The assets are included under 'buildings' which form an integral part of 'property, plant and equipment' (see note 10).

Furthermore, the Group has leased IT equipment under finance lease arrangements. \$231,000 of the net carrying amount recognised as 'IT equipment' (see note 10) relates to leased IT equipment (2010: \$480,000).

Finance lease liabilities (see note 22) are secured by the related assets held under finance leases.

Future minimum finance lease payments at the end of each reporting period under review were as follows:

		Minimum lease payments due			
		Within 1	1 to 5 years	After 5	Total
		year		years	
		\$'000	\$'000	\$'000	\$'000
<b>30 June 2011</b>					
AASB 117.31(b)	Lease payments	727	1,415	3,539	5,681
<b>30 June 2010</b>					
AASB 117.31(b)	Lease payments	726	1,432	4,072	6,230

AASB 117.31(e)

The lease agreement for the main warehouse includes fixed lease payments and a purchase option at the end of the 10 year lease term. The agreement is non-cancellable but does not contain any further restrictions.

### 11.2 Operating leases as lessee

The Group's future minimum operating lease payments are as follows:

		Minimum lease payments due			
		Within 1	1 to 5 years	After 5	Total
		year		years	
		\$'000	\$'000	\$'000	\$'000
AASB 117.35(a)	30 June 2011	4,211	12,567	25,678	42,456
	30 June 2010	3,431	12,100	24,342	39,873

AASB 117.35(c)

Lease payments recognised as an expense during the period amount to \$3,568,000 (2010: \$3,398,000). This amount consists of minimum lease payments.

AASB 117.35(d)

The rental contract for the office and production building rented since 1 December 2002 at Great Place 152, Smallville has a non-cancellable term of 15 years. The building was subject to a sale and lease back transaction in 2002. A related gain was included in 'other liabilities' and is being amortised over the remaining non-cancellable lease term (see also note 23).

AASB 117.35(d)

The Group's operating lease agreements do not contain any contingent rent clauses. None of the operating lease agreements contain renewal or purchase options or escalation clauses or any restrictions regarding dividends, further leasing or additional debt.

### 11.3 Operating leases as lessor

The Group leases out investment properties on operating leases. Details of the leases are given in note 12.

## 12 Investment property

Investment property includes real estate properties in the surrounding area of the Group's headquarters and in the United States, which are owned to earn rentals and capital appreciation.

AASB 140.75(d) The fair values of investment properties were estimated using observable data on recent transactions and rental yields for similar properties.

Changes to the carrying amounts presented in the statement of financial position can be summarised as follows:

		<b>\$'000</b>
AASB 140.76	Carrying amount 1 July 2011	12,277
	Additions:	
AASB 140.76(b)	Through business combinations	75
	Other charges	22
AASB 140.76(d)	Net gain (loss) from fair value adjustments	288
AASB 140.76	Carrying amount 30 June 2011	<u>12,662</u>

AASB 140.75(g) Investment properties valued at \$8,327,000 are pledged as security for related borrowings.

AASB 117.56(c)  
AASB 117.56(b)  
AASB 117.56(a) The properties are all leased out on operating leases. The lease contracts are all non-cancellable for 8 years from the commencement of the lease. No contingent rents were recognised. Future minimum lease rentals are as follows:

		<b>Minimum lease payments due</b>			
		<b>Within 1</b>		<b>After 5</b>	
		<b>year</b>	<b>1 to 5 years</b>	<b>years</b>	<b>Total</b>
		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
AASB 117.56(a)	30 June 2011	1,075	5,375	2,090	8,540
	30 June 2010	1,030	5,150	1,978	8,158

### 13 Financial assets and liabilities

#### 13.1 Categories of financial assets and liabilities

The carrying amounts presented in the statement of financial position relate to the following categories of assets and liabilities:

		Notes	2011 \$'000	2010 \$'000
	<b>Financial assets</b>			
AASB 7.8(b)	Held-to-maturity investments			
	Bonds	13.2	2,814	2,992
AASB 7.8(d)	Available-for-sale financial assets			
	Securities and debentures	13.2	951	888
AASB 7.8(a)	Financial assets at fair value through profit or loss			
	Other short-term financial assets	13.3	655	649
	Derivative financial instruments	13.4	115	212
			770	861
AASB 7.7	Derivatives designated as cash flow hedging instruments (carried at fair value)			
	Derivative financial instruments	13.4	467	-
AASB 7.8(c)	Loans and receivables			
	Trade and other receivables	16	30,945	23,441
	Cash and cash equivalents	17	34,789	11,237
			65,734	34,678
	<b>Financial liabilities</b>			
AASB 7.8(e)	Financial liabilities at fair value through profit or loss:			
	Non current borrowings	13.5	7,700	7,965
	Current borrowings	13.5	250	255
			7,950	8,220
AASB 7.8(f)	Financial liabilities measured at amortised cost:			
	Non current:			
	Borrowings	13.5	13,300	13,300
	Current:			
	Borrowings	13.5	4,565	3,124
	Trade and other payables	22	8,547	6,590
			26,412	23,014
AASB 7.7	Derivatives designated as cash flow hedging instruments (carried at fair value)			
	Derivative financial instruments	13.4	-	160

AASB 7.27

See note 3.17 for a description of the accounting policies for each category of financial instruments. Information relating to fair values are presented in the related notes. The methods used to measure fair value are described in note 13.6.

### 13.2 Other long-term financial assets

Other long-term financial assets include the following investments:

	2011	2010
	\$'000	\$'000
AASB 7.8(b)		
Held-to-maturity investments:		
Bonds	2,814	2,992
AASB 7.8(d)		
Available-for-sale financial assets:		
Securities and debentures	951	888
Other long-term financial assets	3,765	3,880

AASB 7.7

#### Bonds

Held-to-maturity financial assets comprise zero coupon and US straight bonds with fixed interest rates between 5.5 and 6.2%. They mature in 2012 and 2013. The carrying amounts, measured at amortised cost of these financial assets are as follows:

	2011	2010
	\$'000	\$'000
AASB 7.8(b)		
Carrying amount at amortised cost:		
Zero coupon bonds	1,110	1,189
US straight bonds	1,704	1,803
AASB 7.8(b)		
Carrying amount	2,814	2,992

AASB 7.27(a)  
AASB 7.27(b)

These bonds are publicly traded, and fair values have been estimated by reference to their quoted bid prices at their reporting date. The fair value valuation for the US straight bonds also reflects the US-dollar spot rate as at the reporting date.

#### Securities and debentures

The carrying amounts of available-for-sale financial assets, comprising securities and debentures, are as follows:

	2011	2010
	\$'000	\$'000
Listed equity securities	421	343
Investment in XY Ltd	433	433
Listed debentures	97	112
AASB 7.8(d)		
Carrying amount	951	888

Other than the investment in XY Ltd, the assets are stated at fair value.



AASB 7.30(a)-(e)

The fair value of the Group's equity investment in XY Ltd cannot be reliably measured. This investment has therefore been stated at cost less impairment charges. An impairment charge of \$350,000 was recognised in 2010 within 'finance cost'.

### 13.3 Other short-term financial assets

In the reporting periods under review, other short-term financial assets include various investments in money market funds considered to be held for short-term trading.

AASB 7.8(a)

Financial assets at fair value through profit or loss:

	2011 \$'000	2010 \$'000
Money market funds	655	649

Money market funds are carried at fair value

### 13.4 Derivative financial instruments

The carrying amounts for the Group's derivative financial instruments may be further analysed as follows:

AASB 7.22(b)

#### Fair value:

	2011 \$'000	2010 \$'000
US-Dollar forward contracts – cash flow hedge	467	-
Other forward exchange contracts – held-for-trading	115	212
Derivative financial assets	582	212
US-Dollar forward contracts – cash flow hedge	-	(160)
Derivative financial liabilities	-	(160)
Net fair value of derivatives	582	52

All derivatives are measured at fair value

AASB 7.22(a)  
AASB 7.22(b)  
AASB 7.22(c)

The Group uses forward foreign exchange contracts to mitigate exchange rate exposure arising from forecast sales in US dollars and other currencies. All US-dollar forward exchange contracts have been designated as hedging instruments in cash flow hedges in accordance with AASB 139 *Financial Instruments: Recognition and Measurement*.

Other forward exchange contracts are considered by management to be part of economic hedge arrangements but have not been formally designated.

AASB 7.23(a)  
AASB 7.23(b)

The Group's US-dollar forward contracts relate to cash flows that have been forecasted for March-June 2012. All forecast transactions for which hedge accounting has been used are expected to occur.

AASB 7.23(c)

During 2011, a gain of \$367,000 was recognised in other comprehensive income (2010: a loss of \$47,000). The cumulative amount recorded in equity amounts to a gain of \$467,000 (2010: cumulative loss of \$160,000).

AASB 7.23(d)  
AASB 7.23(e) During 2011, a loss of \$260,000 (2010: net gain of \$425,000) was reclassified from equity into profit or loss within 'revenue'.

AASB 7.24(b) There was no significant ineffectiveness of cash flow hedges in 2011 and 2010.

### 13.5 Borrowings

Borrowings include the following financial liabilities:

	Current		Non-current	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
AASB 7.8(e) Financial liabilities at fair value through profit or loss:				
US-Dollar loans	250	255	7,700	7,965
AASB 7.8(f) Financial liabilities measured at amortised cost:				
Other bank borrowings	4,565	3,124	-	-
Non-convertible bond	-	-	8,300	8,300
Subordinated shareholder loan	-	-	5,000	5,000
Total carrying amounts	4,815	3,379	21,000	21,265

Other than the US-dollar loans, all borrowings are denominated in AUD.

AASB 7.27 Fair values of long-term financial liabilities have been determined by calculating their present values at the reporting date, using fixed effective market interest rates available to the Group. Except for the US-dollar loans, no fair value changes have been included in profit or loss for the period as financial liabilities are carried at amortised cost in the statement of financial position.

#### US-dollar loans at fair value through profit or loss:

US-dollar loans are at fair value through profit or loss to significantly reduce measurement inconsistencies (see note 3.17). The interest rate is fixed at 4%. US-dollar loans at fair value through profit or loss can be summarised as follows:

	2011	2010
	\$'000	\$'000
Carrying amount 1 July	8,220	8,380
Repayments	(300)	(230)
New borrowings	-	-
Change in fair values:		
Other market factors	30	70
Carrying amount 30 June	7,950	8,220

AASB 7.27 The fair value of the loans is measured as described in note 13.6.

AASB116.74(a)	<p><b>Borrowings at amortised cost:</b></p> <p>Other bank borrowings are secured by land and buildings owned by the Group (see note 10).</p>
AASB 124.17	<p>The subordinated shareholder loan was provided by Grant Thornton CLEARR RDR Example Pty Ltd's main shareholder, the LOM Investment Trust. It is perpetual and carries a fixed coupon of 4.0%. It is repayable only upon liquidation of Grant Thornton CLEARR RDR Example Pty Ltd.</p>
AASB 7.27	<p><b>13.6 Measurement of fair value</b></p> <p>The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.</p> <p><b>a) Listed securities and debentures</b></p> <p>All the listed equity securities and debentures are denominated in AUD and are publicly traded in Australia. Fair values have been determined by reference to their quoted bid prices at the reporting date.</p> <p><b>b) Money market funds</b></p> <p>The fair value of the Group's investments in money market funds has been determined by reference to their quoted bid prices at the reporting date. All money market funds are publicly traded on stock exchanges in Australia. Gains and losses are recorded within 'other financial items'.</p> <p><b>c) Derivatives</b></p> <p>Where derivatives are traded either on exchanges or liquid over-the-counter markets the Group uses the closing price at the reporting date. Normally, the derivatives entered into by the Group are not traded in active markets. The fair values of these contracts are estimated using a valuation technique that maximises the use of observable market inputs, e.g. market exchange and interest rates (Level 2). Most derivatives entered into by the Group are included in Level 2 and consist of foreign currency forward contracts. A few of the Group's derivative positions in foreign currency forward contracts are classified within Level 3. These primarily relate to positions in currencies for which markets are less developed.</p> <p><b>d) US-dollar loans</b></p> <p>The fair value of the loans is estimated using a valuation technique. All significant inputs into the model are based on observable market prices, e.g. market interest rates of similar loans with similar risk. The interest rate used for this calculation is 3.9%.</p>

#### 14 Deferred tax assets and liabilities

Deferred taxes arising from temporary differences and unused tax losses can be summarised as follows:

AASB 112.81(g)	Deferred tax liabilities (assets)	1 July 2010 \$'000	Recognised in other comprehensive income \$'000	Recognised in business combination \$'000	Recognised in profit and loss \$'000	30 June 2011 \$'000
	<b>Non-current assets</b>					
	Other intangible assets	847	(63)	444	30	1,258
	Property, plant and equipment	2,130	(22)	188	406	2,702
	Other long term financial assets	(95)	-	-	19	(76)
	Investment property	1,914	-	-	93	2,007
	<b>Current assets</b>					
	Trade and other receivables	(168)	-	-	38	(130)
	<b>Non-current liabilities</b>					
	Pension and other employee obligations	-	-	-	-	-
	<b>Current liabilities</b>					
	Provisions	(1,003)	-	-	639	(364)
	Unused tax losses	(75)	-	-	75	-
		3,550	(85)	632	1,300	5,397
	Recognised as:					
	Deferred tax asset	(225)				-
	Deferred tax liability	3,775				5,397

Deferred taxes for the comparative period ended 30 June 2010 can be summarised as follows:

AASB 112.81(g)	Deferred tax liabilities (assets)	1 July 2009 \$'000	Recognised in other comprehensive income \$'000	Included in disposal group \$'000	Recognised in business combination \$'000	Recognised in profit and loss \$'000	30 June 2010 \$'000
	<b>Non-current assets</b>						
	Other intangible assets	409	(27)	-	210	255	847
	Property, plant and equipment	1,528	(68)	-	225	445	2,130
	Other long term financial assets	-	-	-	-	(95)	(95)
	Investment property	1,861	-	-	-	53	1,914
	<b>Current assets</b>						
	Trade and other receivables	(34)	-	-	-	(134)	(168)
	<b>Non-current liabilities</b>						
	Pension and other employee obligations	-	-	-	-	-	-
	<b>Current liabilities</b>						
	Provisions	(1,320)	-	74	-	243	(1,003)
	Unused tax losses	(300)	-	-	-	225	(75)
		<u>2,144</u>	<u>(95)</u>	<u>74</u>	<u>435</u>	<u>992</u>	<u>3,550</u>
	Recognised as:						
	Deferred tax asset	<u>(520)</u>					<u>(225)</u>
	Deferred tax liability	<u>2,664</u>					<u>3,775</u>

The amounts recognised in other comprehensive income relate to revaluation of land and exchange differences on translating foreign operations.

AASB 112.81(e)

All deferred tax assets (including tax losses and other tax credits) have been recognised in the statement of financial position.

## 15 Inventories

Inventories recognised in the statement of financial position can be analysed as follows:

AASB 101.77		<b>2011</b>	<b>2010</b>
AASB 101.78(c)		<b>\$'000</b>	<b>\$'000</b>
AASB102.36(b)	Raw materials and consumables	7,737	17,907
	Merchandise	10,811	9,469
	Inventories	<u>18,548</u>	<u>17,376</u>

AASB 102.36(d)  
AASB 102.36(e) In 2011, a total of \$35,265,000 of inventories was included in profit and loss as an expense (2010: \$32,907,000). This includes an amount of \$361,000 resulting from write down of inventories (2010: \$389,000).

AASB 102.36(f) No reversal of previous write downs was recognised as a reduction of expense in 2010 or 2011.

AASB 102.36(g)  
AASB 102.36(h) None of the inventories are pledged as securities for liabilities.

## 16 Trade and other receivables

AASB 101.77		<b>2011</b>	<b>2010</b>
AASB 101.78(b)		<b>\$'000</b>	<b>\$'000</b>
	Trade receivables, gross	31,265	23,889
	Allowance credit losses	(432)	(560)
	Trade receivables	<u>30,833</u>	<u>23,329</u>
	Receivables due from ABC associates	112	112
	Financial assets	<u>30,945</u>	<u>23,441</u>
	Social security and other taxes	1,012	898
	Construction contracts for telecommunication solutions	1,374	974
	Prepayments	<u>298</u>	<u>315</u>
	Non financial assets	<u>2,684</u>	<u>2,187</u>
	Trade and other receivables	<u>33,629</u>	<u>25,628</u>

AASB 7.25  
AASB 7.29 All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

AASB 101.60 The receivable due from ABC associates relates to the remaining consideration due on the sale of a former subsidiary in 2009. The carrying amount of the receivable is considered a reasonable approximation of fair value as this financial asset (which is measured at amortised cost) is expected to be paid within six months, such that the time value of money is not significant.

AASB 7.16 The movement in the allowance for credit losses can be reconciled as follows:

<b>Reconciliation of bad debt loss</b>		<b>2011</b>	<b>2010</b>
		<b>\$'000</b>	<b>\$'000</b>
AASB 7.16	Balance 1 July	560	112
	Amounts written off (uncollectable)	(200)	(66)
	Impairment loss	72	514
	Impairments loss reversed	-	-
	Balance 30 June	<u>432</u>	<u>560</u>

### 16.1 Construction contracts

AASB 111.39(a) Revenue of \$50,973,000 (2010: \$49,186,000) relating to construction contracts for telecommunication solutions has been included in revenue for the current reporting period.

AASB 111.43 The amounts recognised in the statement of financial position relate to construction contracts in progress at the end of the reporting period. The amounts are calculated as the net amounts of costs incurred plus recognised profits, less recognised losses and progress billings. The carrying amounts of assets and liabilities are analysed as follows:

		<b>2011</b>	<b>2010</b>
		<b>\$'000</b>	<b>\$'000</b>
AASB 111.42(a)	Recognised as:		
	Due from customers for construction contract work, recognised in trade and other receivables	<u>1,374</u>	<u>974</u>
AASB 111.42(b)	Due to customers for construction contract work, recognised in other liabilities	<u>288</u>	<u>207</u>

### 17 Cash and cash equivalents

AASB 107.45 Cash and cash equivalents include the following components:

		<b>2011</b>	<b>2010</b>
		<b>\$'000</b>	<b>\$'000</b>
Cash at bank and in hand:			
	AUD	24,352	7,867
	GBP	2,087	674
	USD	1,392	449
	short term deposits (AUD)	<u>6,958</u>	<u>2,247</u>
	Cash and cash equivalents	<u>34,789</u>	<u>11,237</u>

AASB 107.48 Following the acquisition of Goodtech some bank deposits of the acquiree were temporarily not available for general use by the Group because of legal restrictions. The amount of cash and cash equivalents inaccessible to the Group as at 30 June 2011 amounts to \$500,000 (2010 and 2009: \$Nil). All the restrictions on bank deposits were removed by the time of the approval of the consolidated financial statements on 31 August 2011.

## 18 Assets and disposal groups classified as held for sale and discontinued operations

AASB 5.41(a)-(c)

In the middle of 2010 management decided to discontinue in-store sale of IT and telecommunications hardware. This decision was taken in line with the Group's strategy to focus on its web-based online retail business. Consequently, assets and liabilities allocable to Highstreet Ltd and subsidiaries (included in the retail segment) were classified as a disposal group. Revenue and expenses, gains and losses relating to the discontinuation of this subgroup have been eliminated from profit or loss from the Group's continuing operations and are shown as a single line item on the face of the statement of comprehensive income (see 'loss for the year from discontinued operations').

AASB 5.41(b)-(c)

Most of the assets and all of the liabilities have been disposed of in this transaction, however, the Group continues to own some former Highstreet storage facilities. Management expects to sell these remaining assets during 2012.

AASB 5.38

The carrying amounts of assets and liabilities in this disposal group is summarised as follows:

	2011 \$'000	2010 \$'000
Non current assets		
- Property, plant and equipment	103	2,578
- Deferred tax	-	227
Current assets		
- Inventories	-	1,081
- Cash and cash equivalents	-	22
Assets classified as held for sale	103	3,908
Non current liabilities		
- Deferred tax	-	-
Current liabilities		
- Provisions	-	(245)
- Trade and other payables	-	(190)
- Current tax liabilities	-	(14)
Liabilities classified as held for sale	-	(449)

AASB 5.33(c)

Cash flows generated by Highstreet Ltd and subsidiaries for the reporting periods under review until the disposal is summarised as follows:

	2011 \$'000	2010 \$'000
Operating activities	(22)	811
Investing activities	3,117	-
Financing activities	-	-
Cash flows from discontinued operations	3,095	811

Cash flows from investing activities relate solely to the proceeds from the sale of Highstreet Ltd.



## 19 Equity

### 19.1 Share capital

AASB 101.79(a)(iii)  
AASB 101.79(a)(v)

The share capital of Grant Thornton CLEARR RDR Example Pty Ltd consists only of fully paid ordinary shares, the shares do not have a par value. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting of Grant Thornton CLEARR RDR Example Pty Ltd.

	2011	2010
AASB 101.79(a)(iv)		
Shares issued and fully paid:		
Beginning of the year	12,000,000	12,000,000
Issued under share-based payments	270,000	-
Share issue	1,500,000	-
AASB 101.79(a)(ii)		
Shares issued and fully paid	13,770,000	12,000,000
Shares authorised for share-based payments	600,000	600,000
AASB 101.79(a)(i)		
Total shares authorised at 30 June	14,370,000	12,600,000

Additional shares were issued during 2010 relating to share-based payments (see note 20.2 for details on the Group's share-based employee remuneration schemes).

The Group issued 1,500,000 shares on 31 March 2011, corresponding to 12.5% of total shares issued. Each share has the same right to receive dividend and the repayment of capital and represents one vote at the shareholders' meeting of Grant Thornton CLEARR RDR Example Pty Ltd.

AASB 101.79(a)(vii)

The authorised shares that have not yet been issued have been authorised solely for use in the Group's share-based remuneration programmes (see note 20.2).

AASB 101.79(a)(vi)

None of the parent's shares are held by any company in the Group.

## 20 Employee remuneration

### 20.1 Employee benefits expense

Expenses recognised for employee benefits are analysed below:

	2011	2010
	\$'000	\$'000
AASB 119.142		
Wages, salaries	96,564	91,226
Social security costs	11,229	10,608
AASB 2RDR 50.1		
Share-based payments	298	466
Pensions – defined benefit plans	1,608	2,130
AASB 119.46		
Pensions – defined contribution plans	4,491	4,243
Employee benefits expense	114,190	108,673

## 20.2 Share-based employee remuneration

As at 30 June 2011 the Group maintained two equity settled share-based payment schemes for employee remuneration, the Star Programme and the Stay Programme.

AASB 2.45(a)

*The Star Programme*, is part of the remuneration package of the Group's senior management. Options will only vest subject to the achievement of the following total shareholder return performance condition. If the Company's total shareholder return (representing dividend per share plus increase in share price divided by initial share price) is in the top quartile of companies in the ASX 200 Index (the Index) over the vesting period, the full number of options will vest. For performance between median and upper quartile, vesting will occur on a straight-line basis so that 25% of the options vest for median performance and full vesting occurs for top quartile performance. No options will vest if the total shareholder return is below the median in the Index. In addition, persons eligible to participate in this programme have to be employed until the end of the arranged vesting period. Upon vesting, each option allows the holder to purchase one ordinary share at a discount of 20-25% of the market price determined at grant date.

AASB 2.45(a)

*The Stay Programme*, is part of the remuneration package of the Group's research and development and sales personnel. For the options granted to vest, persons eligible to participate in this programme have to remain employed for the agreed vesting period. The maximum term of the options granted under the Stay Programme ends on 31 July 2011. Upon vesting, each option allows the holder to purchase one ordinary share at a discount of 15-20% of the market price determined at grant date.

All share-based employee remuneration will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the options.

AASB 2.45 (b)

Share options and weighted average exercise prices are as follows for the reporting periods presented:

	Star Programme		Stay Programme	
	Number of shares	Weighted average exercise price (\$)	Number of share	Weighted average exercise price (\$)
Outstanding at 1 July 2009	300,000	6.24	95,250	5.81
Granted	-	-	-	-
Forfeited	(513)	6.24	(1,012)	5.81
Exercised	-	-	-	-
Expired	-	-	-	-
Outstanding at 30 June 2010	299,487	6.24	94,238	5.81
Granted	100,000	7.81	-	-
Forfeited	(312)	6.24	(3,489)	5.81
Exercised	(270,000)	6.24	-	-
Outstanding at 30 June 2011	129,175	7.45	90,749	5.81
Exercisable at 30 June 2010	-	-	-	-
Exercisable at 30 June 2011	29,175	6.24	-	-

AASB 2.RDR 46.1

The fair values of options granted were determined using a variation of the binomial option pricing model that takes into account factors specific to the share incentive plans, such as the vesting period. The total shareholder return performance condition related to the Star Programme, being a market condition, has been incorporated into the measurement by means of actuarial modelling.

AASB 2.RDR 50.1

In total, \$298,000 of employee remuneration expense (all of which related to equity-settled share-based payment transactions) has been included in profit or loss for 2011 (2010: \$466,000) and credited to share option reserve.

### 20.3 Employee benefits

The liabilities recognised for employee benefits in the statement of financial position consist of the following amounts:

	2011 \$'000	2010 \$'000
Non current:		
- Defined benefit plans	11,224	10,812
Current:		
- Defined benefit plans	1,246	1,193
- Other short term employee obligations	221	303
Current pension and other employee obligations	1,467	1,496

AASB 101.69

The current portion of these liabilities represents the Group's obligations to its current and former employees that are expected to be settled during 2012. Other short-term employee obligations arise mainly from accrued holiday entitlement at the reporting date and various pension payments. As none of the employees are eligible for early settlement of pension arrangements, the remaining part of pension obligations for defined benefit plans is considered non-current.

AASB 119.120A(b)

The Group has set up a partly funded pension scheme for mid-to senior management that was available to certain senior workers after completing five years service. According to the plan, a certain percentage of the current salary is converted into a pension component each year. Pensions under this scheme are paid out when a beneficiary has reached the age of 65.

6 In the statement of financial position, the current and non-current portion of the defined benefit obligation are presented separately to comply with AASB 101.60. However, paragraph 118 of AASB 119 *Employee Benefits* does not specify whether this disaggregation is needed. Therefore, an entity is also allowed to present the obligation as non-current in its entirety.

The defined benefit obligation for the reporting periods under review are as follows:

		<b>2011</b>
		<b>\$'000</b>
AASB 119.120A(c)	Defined benefit obligation 1 July	47,410
AASB 119.120A(c)(i)	All other charges	7,715
AASB 119.120A(c)(vi)	Benefits paid	(1,251)
	Defined benefit obligation 30 June	<u>53,874</u>

For determination of the pension obligation, the following actuarial assumptions were used:

		<b>2011</b>	<b>2010</b>
		<b>\$'000</b>	<b>\$'000</b>
AASB 119.120A(n)(i)	Discount rate	5.3%	5.5%
AASB 119.120A(n)(ii)	Expected rate of return on plan assets	7.2%	7.4%
AASB 119.120A(n)(iv)	Expected rate of salary increases	4.3%	4.2%
AASB 119.120A(n)(v)	Medical cost trend rates	4.4%	4.0%
AASB 119.120A(n)(vi)	Average life expectancies:		
	- Male, 65 years of age at reporting date	82.5	82.5
	- Female, 65 years of age at reporting date	84.5	84.5
	- Male, 45 years of age at reporting date	84.5	84.5
	- Female, 45 years of age at reporting date	87.5	87.5

AASB 101.125(a)  
AASB 101.125(b)

These assumptions were developed by management under consideration of expert advice provided by independent actuarial appraisers. These assumptions have led to the amounts determined as the Group's defined benefit obligations for the reporting periods under review and should be regarded as management's best estimate. However, the actual outcome may vary. Estimation uncertainties exist especially in regards to medical cost trends, which may vary significantly in future appraisals of the Group's defined benefit obligations.

The assets held for the Group's defined benefit obligations can be reconciled from the opening balance to the reporting date as follows:

		<b>2011</b>	<b>2010</b>
		<b>\$'000</b>	<b>\$'000</b>
AASB 119.120A(e)	Fair value of plan assets 1 July	32,575	29,901
AASB 119.120A(e)(i)	All other charges	9,074	1,938
AASB 119.120A(e)(iv)	Contributions by the Group	1,186	1,273
AASB 119.120A(e)(v)	Contributions by beneficiaries	658	650
AASB 119.120A(e)(vi)	Benefits paid	(1,251)	(1,187)
	Fair value of plan assets 30 June	<u>42,242</u>	<u>32,575</u>

AASB 119.120A(k) Plan assets do not comprise any of the Group's own financial instruments or any assets used by Group companies. Plan assets can be broken down into the following major categories of investments:

		<b>Total plan assets</b>	
		<b>2011</b>	<b>2010</b>
AASB 119.120A(j)	Real estate funds	27%	27%
	Equity investment funds	50%	51%
	Money market funds	1%	1%
	Other debt instruments	17%	18%
	Liquid funds	5%	3%
		<b>100%</b>	<b>100%</b>

The Group's defined benefit obligations and plan assets may be reconciled to the amounts presented on the face of the statement of financial position for each of the reporting periods under the review as follows:

		<b>2011</b>	<b>2010</b>
		<b>\$'000</b>	<b>\$'000</b>
AASB 119.120A(f)	Defined benefit obligations	53,874	47,410
	Fair value of planned assets	(42,242)	(32,575)
AASB 119.120A(f)(i)	Net actuarial gain (loss) not recognised	1,438	(1,930)
AASB 119.120A(f)(ii)	Past service cost not yet	(600)	(900)
	Defined benefit plan	<b>12,470</b>	<b>12,005</b>
Classified as:			
	Non current liability	11,224	10,812
	Current liability	1,246	1,193
		<b>12,470</b>	<b>12,005</b>

Total expenses resulting from the Group's defined benefit plans can be analysed as follows:

		<b>2011</b>	<b>2010</b>
		<b>\$'000</b>	<b>\$'000</b>
AASB 119.120A(g)	Total expenses recognised in profit or loss	<b>1,651</b>	<b>1,980</b>

AASB119.120A(g)  
AASB 119.120A(h) Interest costs have been included in 'finance costs' (see note 24). Return on plan assets is included in 'other financial items' (see note 25). All other expenses were included within 'employee benefits expense'. The Group recognises all actuarial gains and losses in accordance with the corridor approach (see note 3.24). Actuarial gains and losses arising in the year were within the corridor and have therefore not been recognised in profit or loss.

AASB119.120 (m) In 2011, the actual return on plan assets was \$2,900,000 (2010: \$1,900,000).

## 21 Provisions

AASB 101.69

All provisions are considered current. The carrying amounts may be analysed as follows:

		<b>Restructuring</b>	<b>Other</b>	<b>Total</b>
		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
AASB 137.84(a)	Carrying amount 1 July 2010	2,110	1,235	3,345
	Other charges	-	1,570	1,570
AASB 137.84(c)	Amount utilised	(876)	(2,211)	(3,087)
AASB 137.84(d)	Reversals	(510)	(103)	(613)
AASB 137.84(a)	Carrying amount 30 June 2011	724	491	1,215

Provisions recognised at acquisition date in a business combination are included in 'additions' (see note 4.1). Provisions classified as 'held for sale' are included within 'amount utilised' (see note 18).

AASB 137.85(a)  
AASB 137.85(b)  
AASB 101.60

The provision for restructuring relates to the 'Phoenix programme', which was initiated in early 2009 and carried out predominantly in 2009 and 2010. The Group's management expects to settle the remaining termination remuneration for former employees and legal fees relating to the restructuring programme in 2011.

AASB 101.125(a)  
AASB 101.125(b)

The restructuring provision as at 30 June 2011 was reduced due to the outcome of several lawsuits brought against the Group during 2010 by former employees. Out of court settlements based on the outcome of earlier settlements are expected for most of the remaining claims.

AASB 137.85(a)  
AASB 137.85(b)

Other provisions relate to various legal and other claims by customers, such as for example warranties for which customers are covered for the cost of repairs.

AASB 101.61

Usually, these claims are settled between three and 18 months from initiation, depending on the procedures used for negotiating the claims. As the timing of settlement of these claims is to a large extent dependent on the pace of negotiation with various counterparties and legal authorities, the Group cannot reliably estimate the amounts that will eventually be paid in settlement after more than 12 months from the reporting date. Therefore, the amount is classified as current.

AASB 101.125  
AASB 137.92

The majority of the other provisions recognised at 30 June 2010 related to claims initiated in 2009 that were settled during 2010/11. Management, on the advice of counsel, does not expect the outcome of any of the remaining cases will give rise to any significant loss beyond the amounts recognised at 30 June 2011. None of the provisions will be discussed here in further detail so as to not seriously prejudice the Group's position in the related disputes.

AASB 137.92

On the acquisition of Good Buy in 2010 (see note 4.2), a contingent liability for remaining potential lawsuits from former employees and customers was recognised. This contingent liability is not described in detail so as to not seriously prejudice the Group's position in the related disputes.

## 22 Trade and other payables

Trade and other payables recognised in the statement of financial position can be analysed as follows:

	2011 \$'000	2010 \$'000
Current		
- Trade payables	7,893	6,512
- Short term bank overdrafts	654	78
- Finance lease liabilities	512	506
	<u>9,059</u>	<u>7,096</u>
Non-current		
- Finance lease liabilities	4,096	4,608
	<u>13,155</u>	<u>11,704</u>
Total trade and other payables		

AASB 7.29

With the exception of the non-current part of finance lease liabilities, all amounts are short-term. The carrying values of trade payables and short-term bank overdrafts are considered to be a reasonable approximation of fair value.

The fair value of the Group's finance lease liabilities has been estimated at \$4,608,000 (2010: \$5,114,000). This amount reflects present value and takes into account interest rates available on secured bank borrowings on similar terms. See note 11.1 for further information.

## 23 Other liabilities

Other liabilities can be summarised as follows:

	2011 \$'000	2010 \$'000
Due to customers for construction contract work	288	207
Advances received for construction contract work	225	220
Deferred service income	2,123	2,291
Other	22	657
Deferred gain	100	100
Other liabilities - current	<u>2,758</u>	<u>3,475</u>
Contingent consideration for the acquisition of Goodtech	620	-
Deferred gain	1,400	1,500
Other liabilities – non current	<u>2,020</u>	<u>1,500</u>

AASB 111.42 (b)

The amount presented as deferred gain relates to an office and production building, which was subject to a sale and lease back transaction in 2002, with a sales price above fair value. The excess of proceeds received over fair value was deferred and is being amortised over the lease term of 15 years. In 2011, deferred income of \$100,000 (2010: \$100,000) was recognised in profit or loss relating to this transaction. The subsequent leasing agreement is treated as an operating lease (see note 11.2). The non-current part of the deferred gain will be amortised between 2012 and the end of the lease term.

AASB 101.69  
AASB 101.61

All amounts recognised relating to deferred service income are considered current as the timing of service commitments is not at the discretion of the Group. Assuming an average remaining term of service on service contracts at 30 June 2011 of 32 months (2010: 38 months) and constant service activity over the remaining term, the Group expects to amortise \$796,000 of deferred service income during 2012 (2011: \$723,000), and \$1,327,000 after that time (2011: \$1,568,000).

The amounts recognised in respect of construction contracts will generally be utilised within the next reporting period (see also note 16.1).

## 24 Finance income and finance costs

Finance costs may be analysed as follows for the reporting periods presented:

		2011 \$'000	2010 \$'000
	Interest expenses for finance lease arrangements	220	230
	Borrowings from amortised cost:		
	- Subordinated shareholder loan	200	200
	- Other borrowings at amortised cost	595	555
AASB 7.20(b)	Interest expenses for borrowing at amortised cost	795	755
AASB 7.20(b)	Total interest expenses for financial liabilities not at fair value through profit or loss	1,015	985
AASB 123.26(a)	Less: interest expenses capitalised into intangible assets	(80)	(78)
		935	907
AASB 119.120A(g)(ii)	Defined benefit obligation interest expenses	2,488	2,267
	Unwinding of discount relating to contingent consideration liability	20	-
AASB 7.20(a)(i)	Loss on foreign currency financial liabilities at fair value through profit or loss	30	70
AASB 7.20(a)(i)	Fair value losses on forward exchange contracts held for trading	-	-
AASB 7.20(a)(iii)	Losses on available-for-sale financial assets reclassified from other comprehensive income	-	-
AASB 7.20(a)	Impairment of investment in XY Ltd (available-for-sale)	-	350
	Finance costs	3,473	3,594
AASB 7.B5(e)	The loss on foreign currency financial liabilities at fair value through profit or loss takes account of interest payments on these loans.		
AASB 7.20(e)	An impairment loss was recognised in 2010 for the investment in XY Ltd, which is carried at cost less impairment charges as its fair value cannot be measured reliably (see note 13.2).		
AASB 7.20(e)	Impairments of trade receivables of \$72,000 (2010: \$514,000) have been included within 'other expenses' in profit or loss. Impairments of financial assets are further analysed in note 16.		



Finance income may be analysed as follows for the reporting periods presented:

		2011 \$'000	2010 \$'000
	Interest income from cash and cash equivalents	583	266
AASB 7.20(b)	Interest income on financial assets carried at amortised cost and available-for-sale financial assets	169	181
AASB 7.20(b)	Total interest income for financial assets not at fair value through profit or loss	752	447
AASB 118.35(b)(v)	Dividend income from XY Ltd (available-for-sale)	40	-
AASB 118.35(b)(v)	Dividend income from available-for-sale listed securities	22	21
AASB 7.20(a)(i)	Fair value gains on forward exchange contracts held for trading	130	325
AASB 7.20 (a)(ii)	Gains on available-for-sale financial assets reclassified from other comprehensive income	50	-
AASB 7.20(a)(i)	Gain on foreign currency financial liabilities designated at fair value through profit or loss	-	-
	Finance income	994	793

## 25 Other financial items

Other financial items consist of the following:

		2011 \$'000	2010 \$'000
AASB 7.20(a)(i)	Gain / (loss) from financial assets at fair value through profit and loss	6	18
AASB 121.52(a), AASB 7.20(a)(iv)	Gain / (loss) from exchange differences on loans and receivables	937	1,164
	Return on retirement benefit plan assets	2,445	2,417
	Other financial items	3,388	3,599

## 26 Income tax expense

The relationship between the expected tax expense based on the domestic effective tax rate of Grant Thornton CLEARR RDR Example Pty Ltd at 30% (2010: 30%) and the reported tax expense in profit or loss can be reconciled as follows, also showing major components of tax expenses:<sup>7</sup>

		2011	2010
		\$'000	\$'000
AASB 112.81(c)(i)	Profit before tax	22,588	19,961
AASB 112.85	Domestic tax rate for Grant Thornton CLEARR RDR Example Pty Ltd	30%	30%
	Expected tax expense	6,776	5,988
AASB 112.84	Adjustment for tax-rate differences in foreign jurisdictions	16	18
AASB 112.84	Adjustment for tax-exempt income:		
	- Relating to equity accounted investments	(18)	(4)
	- Other tax-exempt income	(18)	(6)
AASB 112.84	Adjustment for non-deductible expenses:		
	- Relating to goodwill impairment	240	57
	- Other non-deductible expenses	136	131
	Actual tax expense (income)	7,132	6,184
AASB 112.79	Tax expense comprises:		
AASB 112.80	Current tax expense	5,832	5,192
AASB 112.80(a)	Deferred tax expense (income):		
AASB 112.80(c)	- Origination and reversal of temporary differences	1,225	767
AASB 112.80	- Utilisation of unused tax losses	75	225
	Tax expense	7,132	6,184
AASB 112.RDR81.1	Tax expense (income), recognised directly in other comprehensive income	(85)	(95)

Note 14 provides information on deferred tax assets and liabilities, including the amounts recognised directly in other comprehensive income.

<sup>7</sup> Examples of major components of tax expense are included in AASB 112.80.

AASB 107.43	<p><b>27 Non-cash investing and financing activities</b></p> <p>In 2011, the Group acquired Goodtech (see note 4.1). The consideration transferred included a contingent payment arrangement amounting to \$ 600,000 as of the acquisition date. This is a non-cash transaction excluded from the statement of cash flows.</p>
AASB 124.18(g)	<p><b>28 Related party transactions</b></p> <p>The Group's related parties include its associates and joint venture, key management, post-employment benefit plans for the Group's employees and others as described below. In addition, Grant Thornton CLEARR RDR Example Pty Ltd has a subordinated loan from its main shareholder, the LOM Investment Trust (see note 13.5 for information on terms and conditions), on which interest is paid.</p>
AASB 124.17(b)(i) AASB 124.17(B)(iii)	<p>Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.</p>
AASB 124.18(d) AASB 124.17	<p><b>28.1 Transactions with associates</b></p> <p>In order to meet peak demands by its customers, the Group has some of its consulting services carried out by professionals of its associate, Equipe Consultants S.A.</p>
AASB 124.17(a) AASB 124.17(b)	<p>During 2011, Equipe Consultants S.A. provided services valued at \$568,000 (2010: \$590,000). The outstanding balance of \$20,000 (2010: \$22,000) due to Equipe Consultants S.A. is included in trade payables. In 2011, no transactions have been carried out with Shopmore GmbH. The Group did not receive dividends from associates in 2011 or 2010.</p>
AASB 124.18(e) AASB 124.17(a)  AASB 124.17(b)	<p><b>28.2 Transactions with joint ventures</b></p> <p>During 2011, Halftime Ltd provided services valued at \$10,000 (2010: \$3,000). For joint ventures the full amount of the transactions are shown. These amounts are recognised using the proportionate consolidation method.</p> <p>There is no outstanding balance as at 30 June 2011 (2010: Nil). The Group did not receive dividends from Halftime Ltd in 2010 or 2011.</p>

### 28.3 Transactions with key management personnel

AASB 124.18(f)

Key management of the Group are the executive members of Grant Thornton CLEARR RDR Example Pty Ltd's Board of Directors and members of the executive council.

2011	2010
\$'000	\$'000

AASB 124.16

Total key management personnel remuneration

3,250	2,920
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AASB 124.17

During 2011 key management exercised share options with total exercise price of \$1,685,000 (2010: \$Nil) granted in The Group's *Star Programme*.

The Group allows its employees to take up limited short-term loans to fund merchandise and other purchases through the Group's business contacts. This facility is also available to the Group's key management personnel.

AASB 124.17(a)  
AASB 124.17(b)

During 2011, the Group's key management received short term loans totalling \$40,000 (2010: \$38,000). The outstanding balance of \$1,000 (2010: \$1,000) has been included in 'trade and other receivables'. There are no allowances for doubtful debts in relation to these loans (2010: \$Nil).

The Group used the legal services of one director in the company and the law firm over which he exercises significant influence. The amounts billed were based on normal market rates and amounted to \$21,000 (2010:\$Nil). There were no outstanding balances at the reporting dates under review.

### 28.4 Transactions with post-employment benefit plans

AASB 124.9(g)

The defined benefit plan referred to in note 20.3 is a related party.

The pension scheme does not hold shares in Grant Thornton CLEARR RDR Example Pty Ltd. The Group's transactions with the pension scheme include contributions paid to the plan, which are disclosed in note 20.3. The Group has no other transactions or balances with the pension scheme.

### 29 Contingent assets and contingent liabilities

AASB 101.14(d)(i)  
AASB 137.89

The Group has no contingent assets.

AASB 137.86

Various warranty and legal claims were brought against the Group during the year. Unless recognised as a provision (see note 21), management considers these claims to be unjustified and the probability that they will require settlement at the Group's expense to be remote. This evaluation is consistent with external independent legal advice.

AASB 137.92

Further information on these contingencies is omitted so as not to seriously prejudice the Group's position in the related disputes.

AASB 128.40  
AASB 131.54

No contingent liabilities have been incurred by the Group in relation to associates and joint ventures.

### 30 Parent entity information

Information relating to Grant Thornton CLEARR RDR Example Pty Ltd ('the parent entity')

	2011 \$'000	2010 \$'000
<b>Statement of financial position</b>		
Current assets	56,816	40,220
Total assets	96,751	96,153
Current liabilities	5,942	11,784
Total liabilities	41,355	54,015
Issued capital	13,770	12,000
Retained earnings	40,480	29,314
Asset revaluation reserve	800	689
Available for sale reserve	98	35
Cash flow hedge reserve	248	100
	<u>55,396</u>	<u>42,138</u>
<b>Statement of comprehensive income</b>		
Profit for the year	11,166	9,457
Other comprehensive income	<u>322</u>	<u>258</u>
Total comprehensive income	<u>11,488</u>	<u>9,715</u>

The parent entity has capital commitments of \$1.1m to purchase plant and IT equipment (2010:\$Nil).

The parent entity has not entered into a deed of cross guarantee nor are there any contingent liabilities at the year end.

### 31 Post-reporting date events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

### 32 Authorisation of financial statements

The consolidated financial statements for the year ended 30 June 2011 (including comparatives) were approved by the board of directors on 31 August 2011.

AASB 110.17

B Smith	S Murphy
(Board member 1)	(Board member 2)

## Directors' declaration

1. In the opinion of the directors of Grant Thornton CLEAR RDR Example Pty Ltd:CA 295(4)
- a the consolidated financial statements and notes of Grant Thornton CLEAR RDR Example Pty Ltd are in accordance with the Corporations Act 2001, including
    - i. giving a true and fair view of its financial position as at 30 June 2011 and of its performance for the financial year ended on that date; and CA 295(4)(d)(ii)
    - ii. complying with Australian Accounting Standards Reduced Disclosure Regime (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and CA 295(4)(d)(i)
  - b there are reasonable grounds to believe that Grant Thornton CLEAR RDR Example Pty Ltd will be able to pay its debts as and when they become due and payable. CA 295(4)(c)

Signed in accordance with a resolution of the directors: CA 295(5)(a)

Dated at.....[city].....day of.....2011 CA 295(5)(b)

\_\_\_\_\_[Director name] CA 295(5)(c)  
Director

# Independent Auditor's Report

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## Independent Auditor's Report

To the Members of Grant Thornton CLEARR RDR Example Pty Ltd

We have audited the accompanying financial report of Grant Thornton CLEARR RDR Example Pty Ltd (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes to the financial report and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

### Directors responsibility for the financial report

The Directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards which require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

#### Auditor's opinion

In our opinion:

- a the financial report of Grant Thornton CLEARR RDR Example Pty Ltd is in accordance with the Corporations Act 2001, including:
  - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards - Reduced Disclosure Requirements and the Corporations Regulations 2001

GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants

A Archer  
Director - Audit & Assurance

Sydney, 31 August 2011



## Appendix A: Organising the income statement by function of expenses

### AASB 101.99

AASB 101.99 allows an 'income statement' format analysing expenses using a classification based on either the nature of expenses (NOE) or based on the function of expenses (FOE) within the entity. This depends on managements assessment of which format provides information that is reliable and more relevant.

The NOE format is illustrated in the main body of the example consolidated financial statements. The FOE format is illustrated in this appendix. The example shows the 'income statement' separately, ie other comprehensive income shall be shown in addition to the income statement in a statement of comprehensive income (see the example in appendix B).

If the entity shows the statement of comprehensive income in one statement (see the main body of the example financial statements), the FOE format included in this appendix may replace the NOE format that is part of the statement of comprehensive income.

The FOE or NOE formats do not affect the presentation requirements for other comprehensive income. Only the 'income statement' is affected. These changes are highlighted and explained in note 1 that follows the 'income statement' format on the next page.

# Income Statement

AASB 101.51		Notes	2011	2010
AASB 101.51(c)			\$'000	\$'000
AASB 101.51(d-e)				
AASB 101.82(a)	<b>Revenue</b>	7	206,193	191,593
AASB 101.85	Costs of sales		(111,523)	(103,606)
AASB 101.85	<b>Gross Profit</b>		94,670	87,987
AASB 101.85	Other Income		427	641
AASB 101.85	Distribution costs		(12,213)	(11,473)
AASB 101.85	Administrative expenses		(48,853)	(45,894)
AASB 101.85	Research and development costs		(1,690)	(1,015)
AASB 101.85	Changes in fair value of investments property	12	310	175
AASB 101.85	Other expenses		(11,032)	(11,270)
	<b>Operating Profit</b>		21,619	19,151
AASB 101.82(c)	Share of profit from equity accounted investments	6	60	12
AASB 101.82(b)	Finance costs	24	(3,473)	(3,594)
AASB 101.85	Finance income	24	994	793
AASB 101.85	Other financial items	25	3,388	3,599
	<b>Profit before tax</b>		22,588	19,961
AASB 101.82(d)	Tax expense	26	(7,132)	(6,184)
	<b>Profit for the year from continuing operations</b>		15,456	13,777
AASB 101.82(e)	Loss for the year from discontinued operations	18	(9)	(325)
AASB 101.82(f)	<b>Profit for the year</b>		15,447	13,452
	<b>Profit for the year attributable to:</b>			
AASB 101.83(a)(i)	Non-controlling interest		121	116
AASB 101.83(a)(ii)	Owners of the parent		15,326	13,336
			15,447	13,452

## 1. Function of expense format – consequential changes

Applying the function of expense format (FOE) requires consequential changes to the main body of the financial statements. These example consolidated financial statements have been prepared on the nature of expense format. Care should be taken to ensure that all references and explanations are consistent with the policy applied. We have given **some** examples of consequential changes in this appendix.

### 1.1 Goodwill

In note 8, replace the grey shaded paragraph with the paragraphs below:

NOE

The related goodwill impairment loss of \$799,000 in 2011 (2010: \$190,000) was included within 'depreciation, amortisation and impairment of non-financial assets'.

FOE

The complete goodwill impairment loss in 2011 and 2010 has been included in 'administrative expenses'.

### 1.2 Other intangible assets

In note 9, delete the last sentence of the following paragraph:

NOE

Additions to research and development costs include capitalised borrowing costs of \$80,000 (2010: \$78,000). In addition to development costs capitalised, the Group expensed as 'other expenses' \$1,690,000 of research and development costs during the year (2010: \$1,015,000).

In the last paragraph of note 9, replace the grey shaded sentence with the sentence below:

NOE

All amortisation and impairment charges (or reversals, if any) are included within 'depreciation, amortisation and impairment of non-financial assets'.

FOE

All amortisation and impairment charges (or reversals, if any) are included within 'cost of sales'.

### 1.3 Employee Benefits

In note 20.3, replace the grey shaded sentence with the paragraph below:

NOE

Interest costs have been included in 'finance costs' (see note 24). Return on plan assets is included in 'other financial items' (see note 25). All other expenses summarised above were included within 'employee benefits expense'.

FOE

Interest costs have been included in 'finance costs' (see note 24). Return on plan assets is included in 'other financial items' (see note 25). All other expenses summarised above were included within the line items of the income statement that they directly relate to, ie cost of sales, distribution costs, administrative expenses and research and development costs. Note 20.1 provides a summary of employee benefits expense included in profit or loss.

#### 1.4 Discontinued Operations

AASB 5.33(b) required entities to further analyse the single line item included in the income statement for profit of a discontinued operation either on the face of the income statement or in the notes. This includes the disclosure of revenue and expenses of the discontinued operation. Note 18 represents an example thereof.

If an entity uses a different income statement format, it may facilitate a better understanding of the financial effects of discontinued operation if the analysis of profit from discontinued operations is presented using a format similar to the entity's income statement.

## Appendix B: Statement of comprehensive income presented in two statements

As permitted by AASB 101 (Revised 2007) paragraph 81 the 'statement of comprehensive income' may be presented in either **two** statements, the 'income statement' and a 'statement of comprehensive income' or in a **single** 'statement of comprehensive income'.

The main body in these example consolidated financial statements presents the statement of comprehensive income of **one** statement.

In this appendix, the alternative of presenting the 'statement of comprehensive income' as two statements is presented (based on the nature of expense method).

Disclosure requirements, however, remain unchanged. For example, the entity is required to disclose reclassification adjustments (AASB 101.92) and related tax effects (AASB 101.90) relating to each item of other comprehensive income either on the face of the statement or in the notes. In this example the entity presents reclassification adjustments and current year gains and losses relating to other comprehensive income on the face of the statement.

The accounting policies will need to disclose that the alternative of the two statements of the statement of comprehensive income has been adopted (see note 3.2). In general, the accounting policies will need to be tailored so that they refer to the 'income statement' and not the 'statement of comprehensive income' where appropriate. For example, tailoring is necessary to reflect that discontinued operations are shown as a separate line item in the 'statement of comprehensive income' (see note 3.10). However, it should be noted that the term 'profit or loss' continues to apply.

The illustrative **two** statements of comprehensive income is shown on the next page.

# Income Statement

AASB 101.51		Notes	2011 \$'000	2010 \$'000
AASB 101.51(c)				
AASB 101.51(d-e)				
AASB 101.82(a)	<b>Revenue</b>	7	206,193	191,593
AASB 101.85	Other income		427	641
AASB 101.85	Changes in inventories		(7,823)	(5,573)
AASB 101.85	Costs of material		(42,634)	(40,666)
AASB 101.85	Employee benefits expense	20	(114,190)	(180,673)
AASB 101.85	Change in fair value of investment property	12	310	175
AASB 101.85	Depreciation, amortisation and impairment of non-financial assets		(7,942)	(6,061)
AASB 101.85	Other expenses		(12,722)	(12,285)
	<b>Operating Profit</b>		<b>21,619</b>	<b>19,151</b>
AASB 101.82(c)	Share of profit from equity accounted investments	6	60	12
AASB 101.82(b)	Finance costs	24	(3,473)	(3,594)
AASB 101.85	Finance income	24	994	793
AASB 101.85	Other financial items	25	3,388	3,599
	<b>Profit before tax</b>		<b>22,588</b>	<b>19,961</b>
AASB 101.82(d)	Tax expense	26	(7,132)	(6,184)
	<b>Profit for the year from continuing operations</b>		<b>15,456</b>	<b>13,777</b>
AASB 101.82(e)	Loss for the year from discontinued operations	18	(9)	(325)
AASB 101.82(f)	<b>Profit for the year</b>		<b>15,447</b>	<b>13,452</b>
	<b>Profit for the year attributable to:</b>			
AASB 101.83(a)(i)	Non-controlling interest		121	116
AASB 101.83(a)(ii)	Owners of the parent		15,326	13,336
			<b>15,447</b>	<b>13,452</b>

# Statement of Comprehensive Income

For the year ended 30 June 2011

		Notes	2011 \$'000	2010 \$'000
AASB 101.82(f)	<b>Profit for the year</b>		15,447	13,452
AASB 101.82(g)	<b>Other comprehensive income:</b>			
AASB 116.77(f)	Revaluation of land	10	303	-
	Cash flow hedging	13		
AASB 7.23(c-d)	- Current year gains (losses)		367	(47)
AASB 101.92	- Reclassification to profit or loss		260	(425)
	Available-for-sale financial assets	13		
AASB 7.20(a)(iii)	- Current year gains (losses)		113	35
AASB 101.92	- Reclassification to profit or loss		(50)	-
AASB 121.52(b)	Exchange differences on translating foreign operations		(664)	(341)
AASB 101.82(h)	Share of other comprehensive income of equity accounted investments		5	-
AASB 101.92	- Reclassification to profit or loss		(3)	-
AASB 101.90	Income tax relating to components of other comprehensive income	14	85	95
	<b>Other comprehensive income for the tax year, net of tax</b>		416	(683)
AASB 101.82(i)	<b>Total comprehensive income for the year</b>		15,863	12,769
	<b>Total comprehensive income for the year attributable to:</b>			
AASB 101.83(b)(i)	Non controlling interest		121	116
AASB 101.83(b)(ii)	Owners of the parent		15,742	12,653
			15,863	12,769

## Appendix C: Statement of cash flows presented using the indirect method

As permitted by AASB 107 Statement of Cash flows paragraph 18 an entity may report cash flows from operating activities using either:

- a) the direct method, whereby major classes of gross cash receipts and gross cash payments are disclosed; or
- b) the indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

Entities are encouraged to report cash flows from operating activities using the direct method. The direct method provides information which may be useful in estimating future cash flows and which is not available under the indirect method.

The main body in these example consolidated financial statements presents the statement of cash flows using the direct method.

In this appendix, the alternative of using the indirect method is presented.



# Statement of Cash Flows

For the year ended 30 June 2011

AASB 101.51(c) AASB 101.51(d-e) AASB 107.10	Notes	2011 \$'000	2010 \$'000
<b>Operating activities</b>			
Profit before tax		22,588	19,961
Adjustments		8,741	7,440
Contributions to defined benefit plans		(1,186)	(1,273)
Net changes in working capital		(2,133)	(1,092)
Settling of derivative financial instruments		(33)	716
AASB 107.35 Taxes paid		(1,948)	(5,588)
Net cash from continuing operations		26,029	20,164
AASB 5.33(c) Net cash from discontinued operations	18	(22)	811
Net cash from operating activities		26,007	20,975
<b>Investing Activities</b>			
Purchase of property, plant and equipment		(76)	(3,281)
Proceeds from disposals of property, plant and equipment		86	-
Purchase of other intangible assets		(3,666)	(3,313)
Proceeds from disposables of other intangible assets		924	-
AASB 107.39 Acquisition of subsidiaries, net of cash	4	(15,714)	(12,076)
AASB 107.39 Proceeds from sale of subsidiaries, net of cash		3,117	-
Proceeds from disposals and redemptions of non-derivative financial assets		228	132
AASB 107.31 Interest received	24	752	447
AASB 107.31 Dividends received	24	62	21
AASB 107.35 Taxes paid		(244)	(140)
Net cash used in investigating activities		(14,531)	(18,210)

# Statement of Cash Flows

For the year ended 30 June 2011

		Notes	2011 \$'000	2010 \$'000
AASB 107.10	<b>Financing Activities</b>			
	Proceeds from bank loans		1,441	-
	Repayment of bank loans		(3,778)	(649)
	Proceeds from issue of share capital		18,365	-
AASB 107.31	Interest paid	24	(1,035)	(907)
AASB 107.31	Dividends paid		(3,000)	-
	Net cash from (used in) financing activities		11,993	(1,556)
AASB 107.45	<b>Net change in cash and cash equivalents</b>		23,469	1,209
	Cash and cash equivalents, beginning of year		11,259	10,007
AASB 107.28	Exchange differences on cash and cash equivalents		61	43
	- Included in disposal group	18	-	(22)
AASB 107.45	<b>Cash and cash equivalents, end of year</b>	17	34,789	11,237

