CAMBRIDGE GULF LIMITED ABN: 16026785781 AND CONTROLLED ENTITIES CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2011

	Note	Consolidated Group 2011 $	2010 $
Revenue	2	62,283,617	54,748,219
Other income	2	20,187	77,759
Changes in inventories		713,704	(6,220,532)
Raw materials and consumables used		(55,758,619)	(40,890,708)
Employee benefits expense		(2,965,122)	(3,747,301)
Depreciation and amortisation expense		(327,879)	(380,635)
Finance costs		(356,877)	(510,000)
Other expenses		(1,040,216)	(1,542,328)
Profit before income tax	3	2,568,795	1,534,473
Income tax expense	4	(718,324)	(429,351)
Profit from continuing operations		1,850,471	1,105,122
Discontinued operations			
Profit/(loss) for the year from discontinued operations after tax	5	(782,642)	(130,607)
Profit for the year	3	1,067,829	974,515
Other comprehensive income		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		1,067,829	974,515
Earnings per share			
From continuing and discontinued operations			
Basic earnings per share (cents)		0.51	0.46
From continuing operations:			
Basic earnings per share (cents)		0.88	0.52
From discontinued operations:			
Basic earnings/(loss) per share (cents)		(0.37)	(0.06)

The accompanying notes form part of these financial statements.

CAMBRIDGE GULF LIMITED ABN: 16026785781 AND CONTROLLED ENTITIES
STATEMENT OF FINANCIAL POSITION AS AT
30 JUNE 2011

	Note	Consolidated Group 2011 $	Consolidated Group 2010 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	1,410,286	1,122,573
Trade and other receivables	9	4,922,508	4,761,520
Inventories	10	4,178,708	4,037,413
Other financial assets	11	1,188,126	1,062,408
Other assets	15	106,429	108,371
TOTAL CURRENT ASSETS		11,806,057	11,092,285
NON-CURRENT ASSETS			
Property, plant and equipment	13	2,530,714	4,637,925
Deferred tax assets	18	63,290	110,317
Intangible assets	14	-	2,440,000
TOTAL NON-CURRENT ASSETS		2,594,004	7,188,242
TOTAL ASSETS		14,400,061	18,280,526
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	16	1,137,900	1,061,766
Borrowings	17	1,300,000	6,199,184
Provisions	19	780,748	789,096
TOTAL CURRENT LIABILITIES		3,218,648	8,050,045
TOTAL LIABILITIES		3,218,648	8,050,045
NET ASSETS		11,181,413	10,230,481
EQUITY			
Issued capital	20	4,543,903	4,543,903
Reserves	27	2,221,595	2,095,877
Retained earnings		4,415,915	3,590,701
Parent interest		11,181,413	10,230,481
TOTAL EQUITY		11,181,413	10,230,481

The accompanying notes form part of these financial statements.

CAMBRIDGE GULF LIMITED ABN: 16026785781AND CONTROLLED ENTITIES STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2011

	Note	Share Capital		Reserves		
		Ordinary	Retained Earnings	Financial Asset Reserve	General Reserve	Total
Consolidated Group		$	$	$	$	$
		4,543,903	2,616,186	35,597	1,836,093	9,031,779
Balance at 1 July 2009		4,543,903	2,616,186	35,597	1,836,093	9,031,779
Comprehensive Income						
Revaluation adjustment on listed shares		-	-	224,187	-	224,187
Profit attributable to equity shareholders		-	974,515	-	-	974,515
Total Comprehensive Income		4,543,903	3,590,701	259,784	1,836,093	10,230,481
Dividends recognised for the year	7		-			-
Balance at 30 June 2010		4,543,903	3,590,701	259,784	1,836,093	10,230,481
Balance at 1 July 2010		4,543,903	3,590,701	259,784	1,836,093	10,230,481
Comprehensive Income						
Revaluation adjustment on listed shares		-	-	125,717	-	125,717
Profit attributable to equity shareholders		-	1,067,829	-	-	1,067,829
Total Comprehensive Income		-	1,067,829	125,717	-	1,193,546
Transactions with owners, in their capacity as owners, and other transfers						
Dividends recognised for the year	7	-	(242,614)	-	-	(242,614)
Total transactions with owners and other transfers		-	(242,614)	-	-	(242,614)
Balance at 30 June 2011		4,543,903	4,415,916	385,501	1,836,093	11,181,413

The accompanying notes form part of these financial statements.

CAMBRIDGE GULF LIMITED ABN: 16026785781AND CONTROLLED ENTITIES
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED
30 JUNE 2011

	Note	Consolidated Group 2011 $	2010 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		72,244,815	61,000,173
Dividends received		51,045	42,926
Interest received		24,558	22,904
Payments to suppliers and employees		(69,587,433)	(60,701,341)
Finance costs		(477,780)	(510,000)
Income tax paid		(724,311)	(390,191)
Net cash provided by/(used in) operating activities	23a	1,530,894	(535,530)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		20,000	-
Proceeds from disposal of subsidiary	23b	3,808,760	-
Purchase of property, plant and equipment		(187,793)	(2,081,950)
Net cash provided by/(used in) investing activities		3,640,967	(2,081,950)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		-	1,300,000
Dividends paid by parent entity		(242,614)	(105,484)
Repayment of Bills of Exchange		(2,341,534)	(1,052,317)
Net cash provided by/(used in) financing activities		(2,584,148)	142,199
Net increase(decrease) in cash held		2,587,713	(2,475,281)
Cash and cash equivalents at beginning of financial year		(2,477,427)	(2,147)
Cash and cash equivalents at end of financial year	8	110,286	(2,477,427)

The accompanying notes form part of these financial statements.

These consolidated financial statements and notes represent those of Cambridge Gulf Limited and Controlled Entities (the "consolidated group" or "group").

Note 1 Summary of Significant Accounting Policies

Basis of Preparation
The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations), other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(a) Principles of Consolidation
The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Cambridge Gulf Limited at the end of the reporting period. A controlled entity is any entity over which Cambridge Gulf Limited has the ability and right to govern the financial and operating policies so as to obtain benefits from the entity's activities.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 12 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated in full on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

(b) Income Tax
The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Tax Consolidation

Cambridge Gulf Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under tax consolidation legislation. Each entity in the group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the "stand-alone taxpayer" approach to allocation. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity.
The group notified the Australian Tax Office that it had formed an income tax consolidated group to apply from 1 April 2003. The tax consolidated group has entered a tax funding arrangement whereby each company in the group contributes to the income tax payable by the group in proportion to their contribution to the groups taxable income. Differences between the amounts of net assets and liabilities derecognised and the net amounts recognised pursuant to the funding arrangement are recognised as either a contribution by, or distribution to the head entity.

(c) Inventories
Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs.

(d) Land held for Sale
Land held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, foreign currency movements, borrowing costs and holding costs until completion of development. Finance costs, foreign currency movements and holding charges incurred after development is completed, are expensed. Profits are brought to account on the signing of an unconditional contract of sale.

(e) Construction Contracts and Work in Progress

Construction work in progress is valued at cost, plus profit recognised to date less any provision for anticipated future losses. Cost includes both variable and fixed costs relating to specific contracts, and those costs that are attributable to the contract activity in general and that can be allocated on a reasonable basis.

Construction profits are recognised on the stage of completion basis and measured using the proportion of costs incurred to date compared to expected actual costs. Where losses are anticipated they are provided for in full.

Construction revenue has been recognised on the basis of the terms of the contract adjusted for any variations or claims allowable under the contract.

(f) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are recorded at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less accumulated depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the statement of comprehensive income. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of comprehensive income and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Buildings	2%
Non-residential buildings	4%
Plant and equipment	10-15%
Motor vehicles	10-15%
Furniture	10-20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(g) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is transferred to entities in the consolidated group, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the lease term.

(h) Financial Instruments

Recognition and Initial Measurement
Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement
Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a Group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, where they are expected to mature within 12 months after the end of the reporting period.

(iii) Held-to-maturity investments
Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as current assets.

(iv) Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses and foreign exchange gains and losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in non-current assets where they are expected to be sold within 12 months after the end of the reporting period. All other financial assets are classified as current assets.

(v) Financial Liabilities
Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Derivative instruments

The Group designates certain derivatives as either:

i. hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or
ii. hedges of highly probable forecast transactions (cash flow hedges).

At the inception of the transaction the relationship between hedging instruments and hedged items, as well as the group's risk management objective and strategy for undertaking various hedge transactions is documented.

Assessments, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items are also documented.

i) *Fair value hedge*
Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statement of comprehensive income, together with any changes in the fair value of hedged assets or liabilities that are attributable to the hedged risk.

(ii) *Cash flow hedge*
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is deferred to a hedge reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in the statement of comprehensive income.

Amounts accumulated in the hedge reserve in equity are transferred to the income statement in the periods when the hedged item will affect profit or loss.

Preferred Shares
Preferred share capital is classified as equity if it is non-redeemable or redeemable only at the discretion of the parent company, and any dividends are discretionary. Dividends thereon are recognized as distributions within equity upon declaration by the directors.

Preferred share capital is classified as a liability if it is redeemable on a set date or at the option of the shareholders, or where the dividends are mandatory. Dividends thereon are recognised as interest expense in the statement of comprehensive income.

(h) Financial Instruments (cont)

Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in profit or loss. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

Financial Guarantees

Where material, financial guarantees issued that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due are recognised as a financial liability at fair value on initial recognition.

The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The fair value of financial guarantee contracts has been assessed using a probability weighted discounted cash flow approach. The probability has been based on:

- the likelihood of the guaranteed party defaulting in a year period;
- the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
- the maximum loss exposed if the guaranteed party were to default.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(i) Impairment of Assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

(j) Investments in Associates

Associates are companies in which the Group has significant influence through holding, directly or indirectly, 20% or more of the voting power of the Group. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate company. In addition, the Group's share of the profit or loss of the associate company is included in the Group's profit or loss.

The carrying amount of the investment includes goodwill relating to the associate. Any discount on acquisition whereby the Group's share of the net fair value of the associate exceeds the cost of investment is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Group will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

(k) Interests in Joint Ventures

The Group's share of the assets, liabilities, revenue and expenses of jointly controlled assets have been included in the appropriate line items of the consolidated financial statements.

The Group's interest in joint venture entities are recorded using the equity method of accounting (refer to Note 1(l) for details) in the consolidated financial statements.

Where the Group contributes assets to the joint venture or if the Group purchases assets from the joint venture, only the portion of the gain or loss that is not attributable to the Group's share of the joint venture shall be recognised. The Group recognises the full amount of any loss when the contribution results in a reduction in the net realisable value of current assets or an impairment loss.

(l) Intangibles

Goodwill

Goodwill is carried at cost less accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

(i) the consideration transferred;
(ii) any non-controlling interest; and
(iii) the acquisition date fair value of any previously held equity interest;

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Fair value uplifts in the value of pre-existing equity holdings are taken to the statement of comprehensive income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is remeasured each reporting period to fair value through the statement of comprehensive income unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income.

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds less than a 100% interest will depend on the method adopted in measuring the non-controlling interest. The Group can elect in most circumstances to measure the non-controlling interest in the acquiree either at fair value (full goodwill method) or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets (proportionate interest method). In such circumstances, the Group determines which method to adopt for each acquisition and this is stated in the respective notes to these financial statements disclosing the business combination.

Under the full goodwill method, the fair value of the non-controlling interest is determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interests is recognised in the consolidated financial statements.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the Group's cash generating units or groups of cash generating units, representing the lowest level at which goodwill is monitored not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

Changes in the ownership interests in a subsidiary are accounted for as equity transactions and do not affect the carrying values of goodwill.

(m) Forgein Currency Transactions and Balances

Functional and presentation currency
The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income, otherwise the exchange difference is recognised in the profit or loss.

Group companies
The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

— assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
— income and expenses are translated at average exchange rates for the period; and
— retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. These differences are recognised in the profit or loss in the period in which the operation is disposed.

(n) Employee Benefits
Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within [insert number] year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Those cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

(o) Provisions
Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(p) Cash and Cash Equivalents
Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

(q) Revenue and Other Income
Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. When the inflow of consideration is deferred it is treated as the provision of financing and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method.

Dividend revenue is recognised when the right to receive a dividend has been established.
Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

Revenue relating to construction activities is detailed at Note 1(e).

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

Investment property revenue is recognised on a straight-line basis over the period of lease term so as to reflect a constant periodic rate of return on the net investment.

All revenue is stated net of the amount of goods and services tax (GST).

(r) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

(s) 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 Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(t) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Group has retrospectively applied an accounting policy, made a retrospective restatement of items in the financial statements or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

(u) Critical Accounting Estimates and Judgments

Management evaluates estimates and judgments incorporated into the financial report based on historical knowledge and best reasonably available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Key Estimates

(i) Impairment

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Key Judgements

(i) Provision for Impairment of Receivables

Included in trade receivables at the end of the reporting period is an amount receivable from sales made to customers during the current financial year amounting to $112,835.

(v) New Accounting Standards for Application in Future Periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods and which the Group has decided not to early adopt. A discussion of those future requirements and their impact on the Group is as follows:

— *AASB 9: Financial Instruments [December 2010] (applicable for annual reporting periods commencing on or after 1 January 2013).*

This Standard is applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments . The Group has not yet determined any potential impact on the financial statements.

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in the other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

— *AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011).*

This Standard removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies the definition of a 'related party' to remove inconsistencies and simplify the structure of the Standard. No changes are expected to materially affect the Group.

— *AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052] (applicable for annual reporting periods commencing on or after 1 July 2013)*

AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:

- Tier 1: Australian Accounting Standards; and
- Tier 2: Australian Accounting Standards - Reduced Disclosure Requirements.

Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements.

The following entities are required to apply Tier 1 reporting requirements (i.e. full IFRS):

- for-profit private sector entities that have public accountability; and
- the Australian Government and state, territory and local governments.

Since the Group is a for-profit private sector entity that has public accountability, it does not qualify for the reduced disclosure requirements for Tier 2 entities.

AASB 2010-2 makes amendments to Australian Accounting Standards and Interpretations to give effect to the reduced disclosure requirements for Tier 2 entities. It achieves this by specifying the disclosure paragraphs that a Tier 2 entity need not comply with as well as adding specific 'RDR' disclosures.

(v) New Accounting Standards for Application in Future Periods (cont)

— *AASB 2009-12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).*

This Standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. The Standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. The amendments are not expected to impact the Group.

— *AASB 2009-14: Amendments to Australian Interpretation — Prepayments of a Minimum Funding Requirement [AASB Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2011).*

This Standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan.

This Standard is not expected to impact the Group.

— *AASB 2010-4: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13] (applicable for annual reporting periods commencing on or after 1 January 2011)*

This standard details numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. Key changes include:

- clarifying the application of AASB 108 prior to an entity's first Australian Accounting Standard financial statements;
- adding an explicit statement to AASB 7 that qualitative disclosures should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments;
- amending AASB 101 to the effect that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income is required to be presented, but is permitted to be presented in the statement of changes in equity or in the notes;
- adding a number of examples to the list of events or transactions that require disclosure under AASB 134; and
- making sundry editorial amendments to various Standards and Interpretations.

This Standard is not expected to impact the Group.

— *AASB 2010-5: Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] (applicable for annual reporting periods beginning on or after 1 January 2011).*

This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. However, these editorial amendments have no major impact on the requirements of the respective amended pronouncements.

— *AASB 2010-6: Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7] (applicable for annual reporting periods beginning on or after 1 July 2011).*

This Standard adds and amends disclosure requirements about transfers of financial assets, especially those in respect of the nature of the financial assets involved and the risks associated with them. Accordingly, this standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards; and AASB 7: Financial Instruments: Disclosures; establishing additional disclosure requirements in relation to transfers of financial assets.

This Standard is not expected to impact the Group.

— *AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applies to periods beginning on or after 1 January 2013).*

This standard makes amendments to a range of Australian Accounting Standards and Interpretations as a consequence of the issuance of AASB 9: Financial Instruments in December 2010. Accordingly, these amendments will only apply when the entity adopts AASB 9.

This Standard is not expected to impact the Group.

— *AASB 2010-8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112] (applies to periods beginning on or after 1 January 2012).*

This Standard makes amendments to AASB 112: Income Taxes.

The amendments brought in by this Standard introduce a more practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model under AASB 140: Investment Property.

Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

The amendments brought in by this Standard also incorporate Interpretation 121 into AASB 112.

The amendments are not expected to impact the Group.

— *AASB 2010-9: Amendments to Australian Accounting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [AASB 1] (applies to periods beginning on or after 1 July 2011).*

This Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards.

The amendments brought in by this standard provide relief for first-time adopters of Australian Accounting Standards from having to reconstruct transactions that occurred before their date of transition to Australian Accounting Standards.

Furthermore, the amendments brought in by this standard also provide guidance for entities emerging from severe hyperinflation either to resume presenting Australian-Accounting-Standards financial statements or to present Australian-Accounting-Standards financial statements for the first time.

This Standard is not expected to impact the Group.

— *AASB 2010-10: Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters [AASB 2009-11 & AASB 2010-7] (applies to periods beginning on or after 1 January 2013).*

This Standard makes amendments to AASB 2009-11: Amendments to Australian Accounting Standards arising from AASB 9; and AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).

The amendments brought in by this standard ultimately affect AASB 1: First-time Adoption of Australian Accounting Standards and provide relief for first-time adopters from having to reconstruct transactions that occurred before their transition date.

[The amendments to AASB 2009-11 will only affect early adopters of AASB 2009-11 (and AASB 9: Financial Instruments that was issued in December 2009) as it has been superseded by AASB 2010-7].

This Standard is not expected to impact the Group.

Note 2 Revenue and Other Income

	Note	Consolidated Group 2011 $	2010 $
Revenue from continuing operations			
Sales revenue			
— sale of goods		58,166,562	50,652,190
— provision of services		4,002,378	3,871,523
		62,168,941	54,523,713
Other revenue			
— dividends received	2a	51,045	42,926
— interest received	2b	22,383	14,424
— rental revenue		41,248	167,156
		114,676	224,506
Total revenue		62,283,617	54,748,219
Other income			
— other income		20,187	77,759
Total other income		20,187	77,759
(a) **Dividend revenue from:**			
— other corporations		51,045	42,926
Total dividend revenue		51,045	42,926
(b) **Interest revenue from:**			
— ultimate parent entity		3,686	15,046
— wholly-owned controlled entities		18,697	7,857
Total interest revenue on financial assets not at fair value through profit or loss		22,383	22,904

Note 3 Profit for the Year

Profit before income tax from continuing operations includes the following specific expenses:	Consolidated Group 2011 $	2010 $
Expenses		
Cost of sales	55,044,915	47,111,240
Interest expense on financial liabilities not at fair value through profit or loss:		
— Wholly-owned controlled entities	356,877	510,000
Total finance cost	356,877	510,000
Other expenses		
Equipment maintenance and runnings costs	208,428	222,550
Insurances	245,401	243,138
Property lease and rentals	11,591	211,445
Water and electricity	116,725	148,863
Other	458,071	716,333
Depreciation	327,879	380,635
Employee exepenses	2,965,122	3,747,301
Bad and doubtful debts:		
— trade receivables	112,835	22,124
Total Expenses	59,847,844	53,313,628

Note 4 Income Tax Expense

	Note	Consolidated Group 2011 $	2010 $
(a) The components of tax expense comprise:			
Current tax - continued operations		824,100	459,460
Current tax - discontinued operations		(58,748)	54,689
Deferred tax	18	(47,028)	(84,798)
		718,324	429,351
(b) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:			
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2010: 30%)			
— consolidated group		770,639	447,472
— parent entity			
Add:			
Tax effect of:			
— non-deductible depreciation and amortisation		98,364	116,548
— other non-allowable items		8,550	43,303
— Closing provisions		109,110	143,457
— Imputation credits		6,562	18,386
		993,225	769,166
Less:			
Tax effect of:			
— Other allowable items		9,000	38,733
— S40-880 deductions		21,222	29,284
— Deductible depreciation and amortisation		98,364	137,462
— Provisions opening		136,192	134,336
— Prior year adjustment		10,123	-
Income tax attributable to entity		718,324	429,351
The applicable weighted average effective tax rates are as follows:		28.0%	28.0%

Note 5 Discontinued Operations

	Consolidated Group 2011 $	2010 $
On 31st January 2011, the consolidated group announced its decision to dispose of its Steel division to Stratco, thereby discontinuing its operations in this business segment.		
Financial information relating to the discontinued operation to the date of disposal is set out below.		
The financial performance of the discontinued operation to the date of sale which is included in profit/(loss) from discontinued operations per the statement of comprehensive income is as follows:		
Revenue	3,540,917	5,129,964
Expenses	(4,281,633)	(4,684,785)
Profit before income tax	(740,716)	445,180
Income tax expense	42,124	(115,795)
Profit attributable to members of the parent entity	(698,592)	329,385
During the 2009/2010 financial year the consolidated group made the decision to close Northern Agricultrual Services based in Katherine, Northern Territory.		
The devision ceased trading on 17th March 2010.		
Financial infomration relating to the discontinued operation for the period 2010 and 2011 is set out below.		
Revenue	986	883,610
Expenses	(101,662)	(1,068,916)
Profit before income tax	(100,676)	(185,306)
Income tax expense	16,624	54,689
Profit attributable to members of the parent entity	(84,050)	(130,617)
Total profit after tax attributable to the discontinued operation	(782,642)	198,768

Note 6 Auditors' Remuneration

	Consolidated Group 2011 $	2010 $
Remuneration of the auditor of the parent entity for:		
— auditing or reviewing the financial report	85,500	72,500
— taxation services	19,680	18,370
— due diligence services	-	2,000

Note 7 Dividends

	Consolidated Group 2011 $	2010 $
Distributions paid		
Interim fully franked ordinary dividend of $0.115 (2010: $0.00) per share fully franked	242,614	-
	242,614	-
Balance of franking account at year end adjusted for franking credits arising from:	5,520,795	5,476,540
— payment of provision of income tax	724,311	71,076
— dividends recognised as receivables, and franking debits arising from payment of proposed dividends, and franking credits that may be prevented from distribution in subsequent financial years	(164,825)	(26,821)
	6,080,281	5,520,795

Note 8 Cash and Cash Equivalents

	Note	Consolidated Group 2011 $	2010 $
Cash at bank and in hand		1,410,286	1,122,573
	26	1,410,286	1,122,573

The effective interest rate on short-term bank deposits was 4.65% (2010: 3.65%).

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

	Note	2011	2010
Cash and cash equivalents		1,410,286	1,122,573
Trade drawdown	17	(1,300,000)	(3,600,000)
		110,286	(2,477,427)

Note 9 Trade and Other Receivables

	Note	Consolidated Group 2011 $	Consolidated Group 2010 $
CURRENT			
Trade receivables	9b	4,922,508	4,498,566
		4,922,508	4,498,566
Other receivables		-	262,955
Total current trade and other receivables		4,922,508	4,761,520

	Note	Consolidated Group 2011 $	Consolidated Group 2010 $
(a) **Financial Assets Classified as Loans and Receivables**			
Trade and other Receivables			
— Total current		4,922,508	4,761,520
		4,922,508	4,761,520
Less construction contracts in progress			
Financial assets	26	4,922,508	4,761,520

(b) **Collateral Pledged**
A floating charge over trade receivables has been provided for certain debt. Refer to Note 17 for further details.

Note 10 Inventories

	Consolidated Group 2011 $	Consolidated Group 2010 $
CURRENT		
At cost:		
Work in progress	-	33,016
Agricultrual products	-	28,646
Diesel fuel	4,178,708	3,465,004
Steel and building products	-	510,747
	4,178,708	4,037,413

Note 11 Other Financial Assets

	Note	Consolidated Group 2011 $	Consolidated Group 2010 $
CURRENT			
Available-for-sale financial assets	11a	1,188,126	1,062,408
Total current assets		1,188,126	1,062,408
(a) **Available-for-sale financial assets**			
CURRENT			
Listed investments, at fair value			
— shares in listed corporations		1,188,126	1,062,408
		1,188,126	1,062,408
Total available-for-sale financial assets	26	1,188,126	1,062,408

Note 12 Controlled Entities

(a) **Controlled Entities Consolidated**

	Country of Incorporation	Percentage Owned (%)* 2011	Percentage Owned (%)* 2010
Subsidiaries of Cambridge Gulf Limited:			
CGL Steel Pty Ltd	Australia	0.00	100.00
CGLTD Investments Pty Ltd	Australia	100.00	0.00
CGL Fuel Pty Ltd	Australia	100.00	100.00

* Percentage of voting power is in proportion to ownership
The Goodwill and assets of CGL Steel Pty Ltd were sold to Stratco during the financial year.

(b) **Disposal of Controlled Entities**
On 31 January 2011, the parent entity disposed of its 100% interest in CGL Steel Pty Ltd.

Note 13 Property, Plant and Equipment

	Consolidated Group 2011 $	2010 $
LAND AND BUILDINGS		
Buildings at:		
— at cost	1,174,731	2,679,221
Less accumulated depreciation	(309,325)	(274,052)
Total buildings	865,406	2,405,168
Total land and buildings	865,406	2,405,168
PLANT AND EQUIPMENT		
Plant and equipment:		
At cost	3,470,033	3,881,003
Accumulated depreciation	(1,804,725)	(1,648,247)
	1,665,308	2,232,756
Total plant and equipment	1,665,308	2,232,756
Total property, plant and equipment	2,530,714	4,637,925

(a) **Movements In Carrying Amounts**

Movements in carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Freehold Land and Buildings			
	Residential $	Non-Residential $	Plant and Equipment $	Total $
Consolidated Group:				
Balance at 1 July 2009	89,244	857,387	2,164,979	3,111,610
Additions	-	1,588,888	337,175	1,926,063
Disposals	-	-	(17,243)	(17,243)
Depreciation expense	(2,480)	(81,153)	(298,873)	(382,505)
Balance at 30 June 2010	86,764	2,365,122	2,186,038	4,637,925
Additions	-	-	187,793	187,793
Disposals	-	-	(15,158)	(15,158)
Depreciation expense	(2,480)	(44,384)	(339,988)	(386,852)
Disposals of assets on sale of subsidiary	-	(1,539,616)	(353,377)	(1,892,994)
Balance at 30 June 2011	84,284	781,122	1,665,308	2,530,714

Note 14 Intangible Assets

	Consolidated Group 2011 $	2010 $
Goodwill		
Cost	-	2,440,000
Net carrying value	-	2,440,000
Total intangibles	-	2,440,000

Due to the sale of CGL Steel Pty Ltd on the 31 January 2011 the consolidated entity no longer holds an Intangible Asset.

Note 15 Other Assets

	Consolidated Group 2011 $	2010 $
CURRENT		
Prepayments	13,052	15,297
Tax asset	93,377	93,075
	106,429	108,371

Note 16 Trade and Other Payables

	Consolidated Group 2011 $	2010 $
CURRENT		
Unsecured liabilities		
Trade payables	924,113	828,520
Sundry payables and accrued expenses	213,787	233,246
	1,137,900	1,061,766

	Note	Consolidated Group 2011 $	2010 $
(a) Financial liabilities at amortised cost classified as trade and other payables			
Trade and other payables			
— Total current		1,137,900	1,061,766
Financial liabilities as trade and other payables	26	1,137,900	1,061,766

Note 17 Borrowings

	Note	Consolidated Group 2011 $	2010 $
CURRENT			
Unsecured liabilities			
Bills of exchange and promissory notes		-	2,599,184
		-	2,599,184
Secured liabilities			
Trade drawdown	17a,b	1,300,000	3,600,000
		1,300,000	3,600,000
Total current borrowings		1,300,000	6,199,184
Total borrowings		1,300,000	6,199,184

	Note	Consolidated Group 2011 $	2010 $
(a) Total current and non-current secured liabilities:			
Trade drawdown	26	1,300,000	3,600,000
		1,300,000	3,600,000

(b) **Collateral provided**

The bank debt is secured by a registered motgage over the assets of all companies within the consolidated group. Covenants imposed by the bank require Net Tangible Worth (NTW) to be greater than $8,000,000 as at the 30th June 2011. The consolidated group had a NTW worth of $11,181,413 (2010 - $7,790,481) as at the 30th June 2011 and was therefore compliant with the NTW covenant.

Other covenants imposed around the financing terms are capital adequacy ratio (CAR) greater than 40% as at the 30th June 2011. The conslidated group had a CAR of 77.65% (2010-49.18%) and was therefroe within the covenant. The consolidated group also has to meet an interest coverage of 2.5 as at the 30th June 2011, the groups interest coverage was 6.18 (2010-3.75) and therefore within the covenant.

	Note	Consolidated Group 2011 $	2010 $
Cash and cash equivalents	8	1,410,286	1,122,573
Trade receivables	9	4,922,508	4,498,566
Listed investments	11	1,188,126	1,062,408
Total financial assets pledged		7,520,920	6,683,546

Note 18 Tax

NON-CURRENT **Consolidated Group**	Opening Balance $	Charged to Income $	Charged directly to Equity $	Changes in Tax Rate $	Exchange Differences $	Closing Balance $
Deferred tax assets						
Provisions	145,285	(-1,828)				143,457
Other	4,649	23,461				28,110
Property, plant and equipment	25,358	(-25,358)				0
Borrowing cost	25,179	(-13,220)				11,959
Blackhole	53,925	(-13,481)				40,444
Sundry creditors	17,640	(-17,640)				0
Listed shares	(-76,921)	(-36,732)				(-113,653)
Balance at 30 June 2010	195,115	(84,798)	-	-	-	110,317
Provisions	143,457	(37,449)				106,008
Other	28,110	(3,740)				24,370
Borrowing cost	11,959	(7,636)				4,323
Blackhole	40,444	(13,482)				26,962
Listed shares	(113,653)	15,280				(98,373)
Balance at 30 June 2011	110,317	(47,028)	-	-	-	63,290

Note 19 Provisions

	Consolidated Group 2011 $	2010 $
CURRENT		
Short-term Employee Benefits		
Opening balance at 1 July 2010	478,190	447,789
Additional provisions	128,691	84,470
Amounts used	(267,682)	(54,069)
Balance at 30 June 2011	339,199	478,190
Other		
Opening balance at 1 July 2010	310,906	160,625
Additional provisions	214,518	150,281
Amounts used	(83,875)	-
Balance at 30 June 2011	441,549	310,906

Analysis of Total Provisions

	Consolidated Group 2011 $	2010 $
Current	780,748	789,096
	780,748	789,096

Note 19 Provisions (cont)

Provision for Long-term Employee Benefits

A provision has been recognised for employee entitlements relating to long service leave and annual leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1.

Note 20 Issued Capital

	Consolidated Group	
	2011	2010
	$	$
Issued and paid up capital	4,543,903	4,543,903
	4,543,903	4,543,903

(a) Ordinary Shares

	Consolidated Group	
	2011	2010
	No.	No.
At the beginning of the reporting period	2,109,683	2,109,683
At the end of the reporting period	2,109,683	2,109,683

(b) Capital Management

	Note	Consolidated Group	
		2011	2010
		$	$
Total borrowings	16, 17	2,437,900	7,260,949
Less cash and cash equivalents	8	(1,410,286)	(1,122,573)
Net debt		1,027,614	6,138,377
Total equity		11,181,413	10,230,481
Total capital		12,209,027	16,368,858
Gearing ratio		8%	38%

Note 21 Capital and Leasing Commitments

	Consolidated Group	
	2011	2010
	$	$
(a) Finance Lease Commitments		
Payable — minimum lease payments		
— not later than 12 months	38,832	10,665
— between 12 months and 5 years	52,395	11,554
Minimum lease payments	91,227	22,219

The property leases are non-cancellable leases with a four-year term (Port Operating Agreement) and two years and one month (Fuel Terminal Facilities) and office lease in Kununurra two years and ten months with rent payable in advance.

Note 22 Operating Segments

Segment Information

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and in determining the allocation of resources.

Types of products and services by segment

(i) **CGL Fuel Pty Ltd**
The Fuel segment imports diesel from Asia and wholesales that product from it's terminal based in Wyndham, Western Australia

(ii) **CGL Wyndham Port**
The Port segment operates the Wyndham Port, it offers services to the minning, cattle, tourism and fuel industries.

(iii) **CGL Steel Pty Ltd**
The Steel segment manufactures steel house frames and trusses, steel sheds and also offers fabrication and engineering services. This segment was sold on the 31 January 2011.

Basis of accounting for purposes of reporting by operating segments

(a) Accounting policies adopted
Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

(b) Inter-segment transactions
Corporate charges are allocated to reporting segments based on the segment's budgeted use of administration and managements time and resources.
Inter-segment loans payable and receivable are initially recognised at the consideration received/to be received net of transaction costs. If intersegment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates.

(c) Segment assets
Where an asset is used across multiple segments, the asset is allocated to that segment that receives the majority of economic value from that asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

(d) Segment liabilities
Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

(e) Unallocated items
The following items of revenue, expense, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:
- Derivatives
- Net gains on disposal of available-for-sale investments
- Impairment of assets and other non-recurring items of revenue or expense
- Income tax expense
- Deferred tax assets and liabilities
- Current tax liabilities
- Other financial liabilities
- Intangible assets
- Discontinuing operations
- Retirement benefit obligations

CAMBRIDGE GULF LIMITED ABN: 16026785781 AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Note 22 Operating Segments (Cont)

(i) Segment performance

30 June 2011	CGL Fuel Pty Ltd $	CGL Wyndham Port $	CGL Steel Pty Ltd $	All Other Segments $	Total $
REVENUE					
External sales	57,403,406	4,029,383	3,538,743	1,137,578	66,109,109
Interest revenue	18,697	3,255	2,174	432	24,558
Total segment revenue	57,422,103	4,032,637	3,540,917	1,138,010	66,133,667
Reconciliation of segment revenue to group revenue					
Inter-segment elimination					(287,979)
Revenue from discontinued operations					(3,541,884)
Total group revenue					62,303,804
Segment net profit from continuing operations before tax					
Net profit before tax from operations	1,666,888	953,615	(698,592)	(51,707)	1,870,203
Net profit before tax from discontinuing operations			698,592		698,592
Net profit before tax from continuing operations					2,568,795

30 June 2010	CGL Fuel Pty Ltd $	CGL Wyndham Port $	CGL Steel Pty Ltd $	All Other Segments $	Total $
REVENUE					
External sales	45,556,970	3,926,484	5,129,964	1,073,265	55,686,683
Interest revenue	7,472	2,418	385	12,629	22,904
Total segment revenue	45,564,442	3,928,902	5,130,349	1,085,894	55,709,587
Inter segment elimination					
Revenue from discontinued operations					
Total group revenue					55,709,587
Segment net profit from continuing operations before tax					
Reconciliation of segment result to group net profit/loss before tax					
Net profit before tax from continuing operations	736,888	828,102	325,179	(355,696)	1,534,473

(ii) Segment assets

30 June 2011	CGL Fuel Pty Ltd $	CGL Wyndham Port $	CGL Steel Pty Ltd $	All Other Segments $	Total $
Segment assets					-
Segment asset increases for the period:					
— Cash and cash equivalents	1,318,930	89,928	1,769	(338)	1,410,287
— Trade and other receivables	3,856,264	880,357	137,352	48,534	4,922,508
— Inventories	4,178,708	-	-	-	4,178,708
— Property, plant and equipment	12,833	553,390	-	1,964,491	2,530,714
— Other	37,430	71,966	5,311	1,243,137	1,357,844
Total group assets	9,404,165	1,595,641	144,432	3,255,824	14,400,061

30 June 2010	CGL Fuel Pty Ltd $	CGL Wyndham Port $	CGL Steel Pty Ltd $	All Other Segments $	Total $
Segment assets					-
Segment asset increases for the period:					
— Cash and cash equivalents	704,508	168,282	188,715	61,068	1,122,573
— Trade and other receivables	2,753,392	587,859	1,196,972	223,298	4,761,521
— Inventories	3,465,004		543,762	28,646	4,037,412
— Property, plant and equipment	23,607	631,272	1,852,996	4,570,049	7,077,924
— Other	22,026	56,523	22,819	1,179,728	1,281,096
Total group assets	6,968,537	1,443,936	3,805,264	6,062,789	18,280,526

(iii) Segment liabilities

30 June 2011	CGL Fuel Pty Ltd $	CGL Wyndham Port $	CGL Steel Pty Ltd $	All Other Segments $	Total $
Segment liabilities					-
— Trade and other payables	1,007,496	167,411	63,289	425,140	1,663,336
— Borrowings	1,300,000	-	-	-	1,300,000
— Short term provisions	37,229	218,082	-		255,311
Total group liabilities	2,344,725	385,493	63,289	425,140	3,218,648

30 June 2010	CGL Fuel Pty Ltd $	CGL Wyndham Port $	CGL Steel Pty Ltd $	All Other Segments $	Total $
Segment liabilities					-
— Trade and other payables	425,425	232,355	311,288	92,697	1,061,765
— Borrowings	3,960,000		2,050,000	189,184	6,199,184
— Short term provisions	317,895	174,857	61,877	234,468	789,096
Total group liabilities	4,703,320	407,212	2,423,165	516,349	8,050,045

Note 23 Cash Flow Information

	Consolidated Group 2011 $	Consolidated Group 2010 $
(a) Reconciliation of Cash Flow from Operations with Profit after Income Tax		
Profit after income tax	1,067,829	974,515
Non-cash flows in profit		
(Profit) / loss on sale of non current assets	526,050	1,281
Depreciation	386,852	382,504
(Increase)/decrease in provision for staff benefits	(84,370)	(75,083)
Ammounts set aside / (utilised) for deffered tax	47,029	84,798
Forgein currency loss (gain)	-	(25,594)
(Increase)/decrease in trade and term receivables	(160,988)	(334,591)
(Increase)/decrease in prepayments	2,243	470
(Increase)/decrease in inventories	(486,672)	6,412,958
Increase/(decrease) in trade payables and accruals	102,704	(8,332,452)
Increase/(decrease) in income taxes payable	(302)	374,662
Increase/(decrease) in provisions	130,518	-
Cash flow from operations	1,530,894	(536,530)

(b) Disposal of Entities

During the year the controlled entity CGL Steel Pty Ltd trading as Kimberley Steel was sold. Aggregate details of this transaction

Disposal price	4,462,144
Sale considerations	(653,384)
Cash consideration	3,808,760
Assets and liabilities held at disposal date:	
Investment in controlled entity	2,177,509
Employee entitlements	(54,497)
Inventories	345,376
Property, plant and equipment	1,892,994
Payables	(26,572)
	4,334,810
Net gain/(loss) on disposal	(526,050)
Net cash received	3,808,760

	Consolidated Group 2011 $	Consolidated Group 2010 $
(c) Credit Standby Arrangements with Banks		
Bank overdraft	-	100,000
Credit facility	15,000,000	15,000,000
Market rate facility	470,000	470,000
Amount utilised:		
Market rate facility	-	360,000
Trade drawdown	(1,300,000)	(3,600,000)
	14,170,000	12,330,000

The major facilities are summarised as follows:

Bank overdrafts

The bank overdraft facility was held by CGL Steel Pty Ltd and is no longer provided by CGL bankers due to the sale of CGL Steel Pty Ltd.

Interest rates are variable and subject to adjustment.

Market rate facility was paid out on the sale of CGL Steel Pty Ltd but remains open as at 30th June 2011.

The group has negotiated a credit facility of $15,000,000 which may be utilised by way of credit, bank overdraft and trade draw down. The facility is subject to annual review but is repayable on demand.

Note 24 Events After the Reporting Period

The consolidated group has signed an offer and acceptance to purchase the Sugar Mill site from the Ord River Cane Growers for $1,500,000. Settlement is due to occur on 19th December 2011 if the conditions precedent are met within the offer and acceptance.
A final ordinary dividend of $0.20 per share has been recommended by the Directors to be paid out of retained profits at 30 June 2011.

Note 25 Related Party Transactions

(a) The Group's main related parties are as follows:

The following transactions occurred with related parties:

	Consolidated Group 2011 $	Consolidated Group 2010 $
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.		
Transactions with related parties:		
(i) Key Management Personnel		
Short term employee benefits	411,179	399,862
(ii) Directors		
Directors remuneration	150,000	150,000

Note 26 Financial Risk Management

The group's financial instruments consist mainly of deposits with banks, accounts receivable and payable, loans to and from subsidiaries.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	Consolidated Group 2011 $	Consolidated Group 2010 $
Financial Assets			
Cash and cash equivalents	8	1,410,286	1,122,573
Loans and receivables	9a	4,922,508	4,761,520
Available-for-sale financial assets			
— at fair value			
— listed investments	11a	1,188,126	1,062,408
Total available-for-sale financial assets		1,188,126	1,062,408
Total Financial Assets		7,520,920	6,946,501
Financial Liabilities			
Financial liabilities at amortised cost			
— Trade and other payables	16a	1,137,900	1,061,766
— Borrowings	17a	1,300,000	6,199,184
Total Financial Liabilities		2,437,900	7,260,949

Specific Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk.

a. Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk is managed through the maintenance of procedures (such procedures include the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counterparties), ensuring to the extent possible, that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Depending on the division within the Group, credit terms are generally 14 to 30 days from the invoice date.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating.

b. Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities
- using derivatives that are only traded in highly liquid markets
- monitoring undrawn credit facilities
- maintaining a reputable credit profile
- managing credit risk related to financial assets
- only investing surplus cash with major financial institutions
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets

All financial liabilities and financial assets existing at the balance date are expected to mature within one year.

c. Market Risk

i. *Interest rate risk*

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments.

Floating rate instruments	Note	**Consolidated Group 2011** $	**Consolidated Group 2010** $
Trade Drawdown	17	1,300,000	3,600,000
		1,300,000	3,600,000

ii. ***Price risk***

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices largely due to demand and supply factors.

The Group is exposed to securities price risk on investments held for trading or for medium to longer terms. Such risk is managed through diversification of investments across industries and geographic location.

The Group investments are held in the following sectors at the end of the reporting period:

	Consolidated Group	
	2011%	**2010%**
Foods & Staples Retailing	95%	95%
Retailing	5%	5%
	100%	100%

Sensitivity Analysis

The following table illustrates sensitivities to the Group's exposures to changes in interest rates and equity prices. The table indicates the impact on how profit and equity values reported at balance date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Consolidated Group	
	Profit	**Equity**
Year ended 30 June 2011	**$**	**$**
+/-2 % in interest rates	+/-26,000	+/-26,000
+/-10 % in listed investments	-	+/-118,812

	Consolidated Group	
	Profit	**Equity**
Year ended 30 June 2010	**$**	**$**
+/-2 % in interest rates	+/-72,000	+/- 72,000
+/-10 % in listed investments	-	+/-106,240

Net Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

Differences between fair values and carrying values of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the Group. Most of these instruments which are carried at amortised cost (i.e. term receivables, held-to-maturity assets, loan liabilities) are to be held until maturity and therefore the net fair value figures calculated bear little relevance to the Group.

Note 26 Financial Risk Management (cont)

	Footnote	**2011**		**2010**	
		Net Carrying Value	Net Fair Value	Net Carrying Value	Net Fair Value
Consolidated Group		$	$	$	$
Financial assets					
Cash and cash equivalents	(i)	1,410,286	1,410,286	1,122,573	1,122,573
Trade and other receivables	(ii)	4,922,508	4,922,508	4,761,520	4,761,520
		6,332,794	6,332,794	5,884,093	5,884,093
Available-for-sale financial assets:					
- at fair value					
- listed investments	(iv)	1,188,126	1,188,126	1,062,408	1,062,408
		1,188,126	1,188,126	1,062,408	1,062,408
Total financial assets		13,853,714	13,853,714	6,946,501	6,946,501
Financial liabilities					
Trade and other payables	(i)	1,137,900	1,137,900	1,061,766	1,061,766
Bills of exchange and promissory notes	(vii)	-	-	2,599,184	2,599,184
Bank debt	(viii)	1,300,000	1,300,000	3,600,000	3,600,000
Total financial liabilities		2,437,900	2,437,900	7,260,949	7,260,949

The fair values disclosed in the above table have been determined based on the following methodologies:

(i) Cash and cash equivalents, trade and other receivables and trade and other payables are short term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables excludes amounts provided for annual leave, which is outside the scope of AASB 139.

(ii) Term receivables generally reprice to a market interest rate every 6 months and fair value therefore approximates carrying value.

(iii) Discounted cash flow models are used to determine the fair values of loans and advances. Discount rates used on the calculations are based on interest rates existing at the end of the reporting period for similar types of loans and advances. Differences between fair values and carrying values largely represent movements in the effective interest rate determined on initial recognition and current market rates.

(iv) For listed available-for-sale and held-for-trading financial assets, closing quoted bid prices at reporting date are used. In determining the fair values of the unlisted available-for-sale financial assets, the directors have used inputs that are observable either directly (as prices) or indirectly (derived from prices).

(v) Fair values of held-to-maturity investments are based on quoted market prices at the end of the reporting period.

(vi) Quoted market prices at the end of the reporting period are used as well as valuation techniques incorporating observable market data relevant to the hedged position.

(vii) Discounted cash flow models are used that incorporate a yield curve appropriate to the remaining maturity of the debenture, bill or promissory note.

(viii) Fair values are determined using a discounted cash flow model incorporating current commercial borrowing rates. The fair values of fixed rate bank debt will differ to the carrying values.