CAMBRIDGE GULF LIMITED

ABN: 16 026 785 781

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2014

Cambridge Gulf Limited
Shop 18, 64 Konkerberry Drive
Kununurra, Western Australia 6743

CAMBRIDGE GULF LIMITED AND CONTROLLED ENTITIES

ABN: 16026785781

Financial Report For The Year Ended 30 June 2014

CONTENTS **Page**

CAMBRIDGE GULF LIMITED
AND CONTROLLED ENTITIES DIRECTORS' REPORT
ABN: 16026785781

Your Directors present their report, together with the financial statements of the Group, being the Company and its controlled entities for the financial year ended 30th June 2014.

Principal Activities and Significant Changes in Nature of Activities
The principal activities of the consolidated group during the financial year were:

- Importation and wholesaling of diesel fuel in Wyndham, Western Australia and Gove, Northern Australia
- Management of the Wyndham Port
- Management services to the Ord Irrigation Co-operative, Ord Irrigation Asset Mutual Co-operative and Bunuwal Fuel Pty Ltd.
- Operation of bulk fuel transport to the Argyle Diamond mine, Savannah Nickel mine, Rio Tinto Gove Bauxite mine and other third parties.
- Operation of a retail fuel bowser in Wyndham.
- Storage and export of crude oil on behalf of Buru Energy Limited

The following significant changes in the nature of the principal activities occurred during the financial year

- Cambridge Gulf Limited sold the Sugar Mill.
- Cambridge Gulf Limited signed a contract with Buru Energy Limited to store and export crude oil through the Port of Wyndham.
- CGL Fuel Pty Ltd signed a contract with Panoramic Resources Limited to supply and deliver diesel to their Savannah Nickel mine.

There were no other significant changes in the nature of the consolidated group's principal activities during the financial year.

Operating Results and Review of Operations for the year
The consolidated profit of the group amounted to $4,057,472 after providing for income tax. This represented a 27.05% increase on the result reported for the year ended 30 June 2013. The improvement was due to profit on the sale of the Sugar Mill and increased utilisation of the shore tanks through storing and exporting crude oil on behalf of Buru Energy Limited.

Review of Operations
(i) CGL Fuel Pty Ltd
The business continued to achieve good results due to the sustained mining activity in the region. Management tender out supply arrangements on a yearly basis to source the most competitive fuel in South East Asia and Australia. Maintenance was undertaken on tank 9 which is our smallest tank in the fuel farm. Every seven years we empty the tank and perform major maintenance, the tank is still in good condition. The tank farm and adjoining land underwent extensive pipework upgrades to facilitate the export of Buru crude oil.

(ii) CGL Wyndham Port
The Port experienced a modest year with an increase in live cattle and nickel exports across the wharf but limited general cargo due to the State Shipping service ceasing. The export of crude oil across the wharf has seen increased pilotage activity and wharfage fees.

Management and Directors of CGL hosted the Broome Port Authority during the year as part of the due diligence process for the port transference to the Kimberley Port Authority. CGL has a management contract in place for the Wyndham Port with the WA State Government Department of Transport to 2019. Currently CGL report to the Department of Transport in Fremantle but sometime during the contract period CGL will report to the Kimberley Port Authority based in Broome.

It became clear after the site visit that Broome Port Authority personnel had produced a damning report about CGL management and the condition of port infrastructure with a view to taking over the management contract from CGL for themselves. We are in the process of refuting these claims and blatant grab for financial gain through ongoing discussions with the WA State Government and consider these actions as a clearly stated threat to our business.

Financial Position

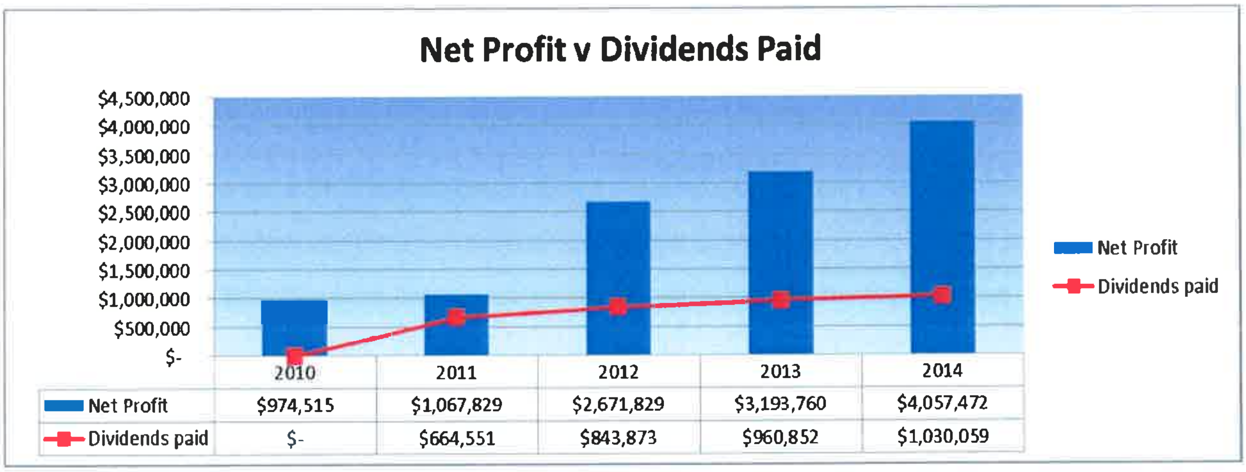
The net assets of the consolidated group have increased by $5,166,375 from 30 June 2013 to $19,775,058 at the 30th June 2014.

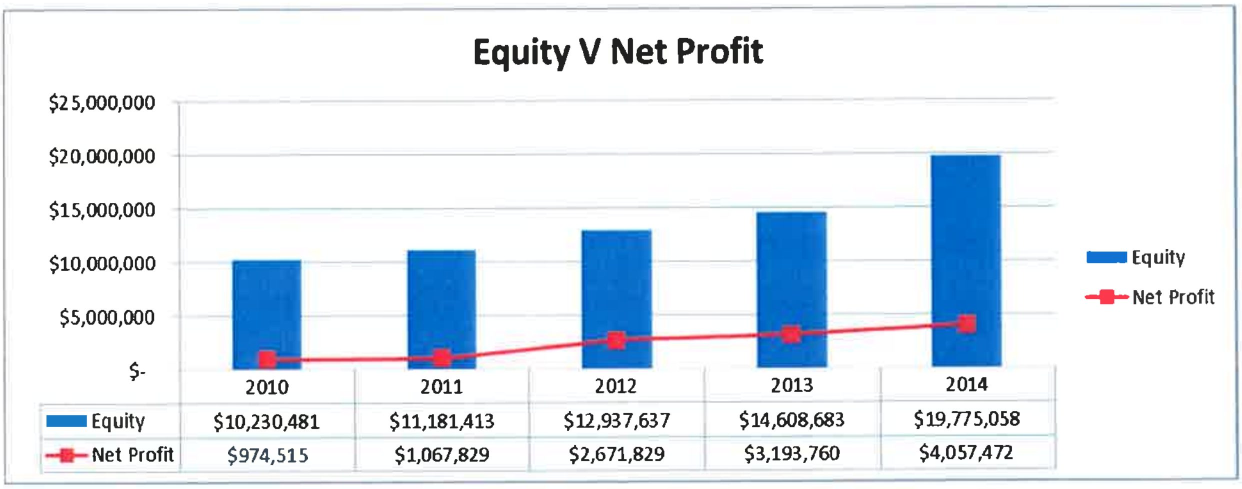
This increase is largely due to the following factors:

- Continued profitability and efficiency gains made by the group, continued debt reduction across the group.
- Revaluation of the Wyndham Port land to correctly reflect the market value of the land.
- Profit realised through the sale of the sugar mill property.

On the 26th September 2013 the company bought back 24,606 (1.2%) ordinary shares on issue at $4.50 each. The total purchase consideration of the buyback was $110,727.

The directors believe the Group is in a strong and stable financial position to expand and grow its current operations, whilst taking advantage of opportunities that may avail themselves in Northern Australia.





Significant Changes in State of Affairs
The following significant changes in the state of affairs of the parent entity occurred during the financial year:
- Upgrade to shore tanks and associated pipework to facilitate the storage and export of Buru Energy Limited crude oil.
- Sale of the Sugar Mill.

Dividends Paid or Recommended
Dividends paid or declared for payment during the financial year are as follows:
Final ordinary dividend of $0.25 per share paid on 16th October 2013
Interim ordinary dividend of $0.26 per share paid on the 20th March 2014

Events after the Reporting Period
- CGL and Buru Energy Limited are exploring opportunities to improve the marine logistics aspect of the export operation by providing additional storage at the Wyndham fuel farm.
- The potential to utilise redundant HSFO storage tanks at Gove is being discussed with Rio Tinto Alcan (RTA). Converting some of this storage to diesel will deliver sea freight costs savings for RTA and these tanks can also be used by Bunuwal Fuel Pty Ltd for storage and distribution of other petroleum products. Diesel will be used for interim power generation once the final stages of the refinery curtailment are completed. The refinery currently provides power to the mine and the community and a number of options for the long term power generation requirement are being considered.
- At a General Meeting held on the 21st August 2014 shareholders passed an ordinary resolution authorising the company to introduce an equal access buyback of Cambridge Gulf Limited ordinary shares. The offer period closed on the 25th September 2014 and 56,950 shares were purchased from willing shareholders for $313,225.

Information on Directors
Mr Lindsay A Innes - Chairperson, Non Executive Director
Qualifications - GAICD
Experience – Founding Director (Chairman) of Cambridge Gulf Limited. Founding Director and Chairman of the Ord Irrigation Asset Mutual Co-operative since 2005, served as a Ministerial Director appointed on the Perth Market Authority (2000-2002) Founding Director Ord Irrigation Co-Operative (1996-2009) Chairman and Director of Ord River District Co-Operative from 1988-1991 and 2001-2006 Director of Ord River Cane Growers Pty Ltd. Chairman Bunuwal Fuel Pty Ltd 2012.
Interest in Shares and Options - 190,370

Dr Gabriele Bloecker - Non Executive Director
Qualifications - Dr.sc.agr MAICD
Experience - Appointed Director of Cambridge Gulf in November 2007. Founding Director of East Kimberley Co-Operative in 2006. Chair of Ord River District Co-Operative since 2006.
Interest in Shares and Options - 289,108

Mr Robert J Boshammer - Non Executive Director
Qualifications - B.Ag (Hons) GAICD
Experience – Founding Director (Deputy Chairman) of Cambridge Gulf Limited. Former Director of Rural Industries Research and Development Council (2002-2008), current Directorships, Odeum Produce and Ord River Canegrowers Pty Ltd Director since 2002, Ord Irrigation Asset Mutual.
Interest in Shares and Options - 192,056

Mrs Judith A Hughes - Non Executive Director
Qualifications - GAICD
Experience – Appointed Director of Cambridge Gulf Limited 2009. School Business Manager for Halls Creek DHS.
Interest in Shares and Options -181,121

Mr David Menzel - Non Executive Director
Qualifications - Dip.Sci GAICD
Experience - Appointed Director of Cambridge Gulf Limited 2010. Director (Chairman) of Ord Irrigation Co-operative, representative on the Northern Australia Advisory Group.
Interest in Shares and Options - 24,849

CAMBRIDGE GULF LIMITED AND CONTROLLED ENTITIES
DIRECTORS' REPORT ABN: 16026785781

Company Secretary
The following person held the position of company secretary at the end of the financial year:
Yale J Bolto B.Bus CPA GAICD CSA. Yale was appointed Company Secretary in January 2010.

Meetings of Directors
During the financial year, 11 meetings of directors were held.
Attendances by each director during the year were as follows:

Director	Number eligible to attend	Number attended
Mr Lindsay Innes	11	11
Dr Gabriele Bloecker	11	9
Mr Robert Boshammer	11	11
Ms Judith Hughes	11	9
Mr David Menzel	11	11

Indemnifying Officers or Auditor
During the year the consolidated entity has paid premiums to insure Directors and Officers against proceedings arising out of their conduct while acting in the capacity of Director / Officer for the company.

Proceedings on Behalf of Company
No person has applied for leave of Court to bring proceedings on behalf of the company or 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 any part of those proceedings.
The company was not a party to any such proceedings during the year.

Auditor's Independence Declaration
The lead auditor's independence declaration for the year ended 30 June 2014 has been received and can be found on page 6 of the Annual Report.

Shareholder Returns

	2010	2011	2012	2013	2014
Net Profit	$974,515	$1,067,829	$2,671,927	$3,193,761	$4,057,472
Basic EPS	$0.46	$0.51	$1.27	$1.54	$2.00
Dividends	$ -	$664,551	$843,873	$960,852	$1,030,080
Interim dividend	$ -	$0.115	$0.200	$0.240	$0.26
Final dividend	$ -	$0.200	$0.230	$0.250	$0.27
Net assets per share	$4.85	$5.30	$6.13	$7.15	$9.79
Return on equity after tax	9.53%	9.55%	20.65%	21.86%	20.52%
Return on equity before tax	15.00%	22.97%	29.11%	30.53%	29.12%
Return on share capital after tax	21.45%	23.50%	58.80%	74.35%	96.95%
Return on share capital before tax	33.77%	56.53%	82.88%	103.83%	137.58%

This Directors Report is signed in accordance with a resolution of the Board of Directors

Innes

....
Mr Lindsay A Innes

Dated 21st October 2014

UHY Haines Norton
Chartered Accountants

16 Lakeside Corporate | 24 Parkland Road
Osborne Park | Perth | WA | 6017
PO Box 1707 | Osborne Park | WA | 6916
t: + 61 8 9444 3400 | f: + 61 8 9444 3430
perth@uhyhn.com.au | www.uhyhn.com

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF
CAMBRIDGE GULF LIMITED AND CONTROLLED ENTITIES

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2014 there have been no contraventions of:

i) the auditor's independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii) any applicable code of professional conduct in relation to the audit.

UHY Haines Norton

UHY HAINES NORTON
CHARTERED ACCOUNTANTS

DAVID TOMASI
PARTNER

21st October 2014

Perth, WA

CAMBRIDGE GULF LIMITED ABN: 16026785781 AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

	Note	Consolidated Group 2014 $	2013 $
Revenue	2	100,553,798	94,916,851
Other income	2	1,384,839	193,438
Fair value gain on financial assets		-	447,231
Cost of goods sold	3	(90,315,853)	(85,791,152)
Employee benefits expense		(3,267,972)	(3,158,605)
Depreciation and amortisation expense		(864,136)	(423,029)
Finance costs		(130,971)	(75,497)
Other expenses		(1,720,933)	(1,664,474)
Share of net profits of associates and joint venture entities		118,805	15,358
Profit before income tax		5,757,577	4,460,121
Income tax expense	4	(1,700,106)	(1,266,361)
Net Profit for the year		4,057,472	3,193,760
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss when specific conditions are met			
Fair value gains on available-for-sale financial assets		-	133,558
Items that have been reclassified to profit or loss			
Fair value gain on land		2,249,691	-
Reclassification of fair value gains on available-for-sale financial assets to profit or loss		-	(447,231)
Other comprehensive income for the year		2,249,691	(313,673)
Total comprehensive income for the year		6,307,163	2,880,086
Earnings per share			
From continuing and discontinued operations			
Basic earnings per share - $		2.00	1.54
Diluted earnings per share - $		2.00	1.54

The accompanying notes form part of these financial statements.

CAMBRIDGE GULF LIMITED ABN: 16026785781 AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	Note	Consolidated Group 2014 $	2013 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	9,459,103	6,460,348
Trade and other receivables	8	7,970,871	6,285,105
Inventories	9	8,878,938	6,092,020
Other assets	13	23,365	15,347
TOTAL CURRENT ASSETS		26,332,277	18,852,820
NON-CURRENT ASSETS			
Investments accounted for using the equity method	10	334,163	215,358
Property, plant and equipment	12	6,098,066	4,865,864
Deferred tax assets	16	169,407	148,848
TOTAL NON-CURRENT ASSETS		6,601,636	5,230,070
TOTAL ASSETS		32,933,913	24,082,890
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	12,162,291	1,489,090
Borrowings	15	-	6,900,000
Provisions	17	996,564	1,085,117
TOTAL CURRENT LIABILITIES		13,158,855	9,474,207
TOTAL LIABILITIES		13,158,855	9,474,207
NET ASSETS		19,775,058	14,608,683
EQUITY			
Issued capital	18	4,184,987	4,295,714
Reserves	25	4,085,784	1,836,093
Retained earnings		11,504,287	8,476,876
TOTAL EQUITY		19,775,058	14,608,683

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 2014

	Note	Share Capital		Reserves			
		Ordinary	Retained Earnings	Financial Asset Reserve	General Reserve	Revaluation Surplus	Total
Consolidated Group		$	$	$	$	$	$
Balance at 1 July 2012		4,543,903	6,243,968	313,673	1,836,093	-	12,937,637
Comprehensive Income							
Profit for the year		-	3,193,760	-	-	-	3,193,760
Net fair value gains on available-for-sale financial asset:		-	-	133,558	-	-	133,558
Reclassification of fair value gains on available-for-sale financial assets into profit or loss		-	-	(447,231)	-	-	(447,231)
Total Comprehensive Income		-	3,193,760	(313,673)	-	-	2,880,087
Transactions with owners, in their capacity as owners, and other transfers							
Shares bought back during the year		(248,189)	-	-	-	-	(248,189)
Dividends recognised for the year	6	-	(960,852)	-	-	-	(960,852)
Total transactions with owners and other transfers		(248,189)	(960,852)	-	-	-	(1,209,041)
Balance at 30 June 2013		4,295,714	8,476,874	-	1,836,093	-	14,608,683
Balance at 1 July 2013		4,295,714	8,476,874	-	1,836,093	-	14,608,683
Comprehensive Income							
Profit for the year		-	4,057,472	-	-	-	4,057,472
Fair value gain on land		-	-	-	-	2,249,691	2,249,691
Total Other Comprehensive Income		-	4,057,472	-	-	2,249,691	6,307,163
Transactions with owners, in their capacity as owners, and other transfers							
Shares bought back during the year		(110,727)	-	-	-	-	(110,727)
Dividends recognised for the year	6	-	(1,030,059)	-	-	-	(1,030,059)
Total transactions with owners and other transfers		(110,727)	(1,030,059)	-	-	-	(1,140,786)
Balance at 30 June 2014		4,184,987	11,504,287	-	1,836,093	-	19,775,058

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 2014

	Note	Consolidated Group 2014 $	2013 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		113,605,790	103,043,672
Interest received		184,473	98,089
Payments to suppliers and employees		(99,987,993)	(102,534,087)
Finance costs		(130,971)	(75,497)
Income tax paid		(1,275,867)	(1,098,044)
Net cash provided by/(used in) operating activities	21	12,395,432	(565,867)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		18,182	63,600
Proceeds from sale of investments		-	1,249,857
Purchase of investment in Joint ventures		-	(200,000)
Purchase of property, plant and equipment		(1,374,074)	(1,294,165)
Net cash provided by/(used in) investing activities		(1,355,892)	(180,708)
CASH FLOWS FROM FINANCING ACTIVITIES			
Share buy-back payment		(110,727)	(248,189)
Dividends paid by parent entity		(1,030,059)	(960,854)
Net cash provided by/(used in) financing activities		(1,140,786)	(1,209,043)
Net increase(decrease) in cash held		9,898,755	(1,955,616)
Cash and cash equivalents at beginning of financial year		(439,652)	1,515,964
Cash and cash equivalents at end of financial year	7	9,459,103	(439,652)

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 statements are a general purpose financial statements that have 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 parent entity and its subsidiaries are collectively referred to as the "Group". The parent of this Group is Cambridge Gulf Limited. Entities (including structured entities) over which the parent (or the Group) directly or indirectly exercises control are called "subsidiaries". The consolidated financial statements incorporate the assets, liabilities and results of all subsidiaries. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the Group's subsidiaries is provided in Note 11.

The assets, liabilities and results of subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group companies are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable directly or indirectly, to the Group are referred to as "non-controlling interests". The Group recognises any non-controlling interests in subsidiaries on a case-by-case basis either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of profit or loss and other comprehensive income.

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.

Note 1 Summary of Significant Accounting Policies (cont)

(c) Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard. Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date. As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

(d) 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.

(e) 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 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.

(f) 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.

(g) 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.

Note 1 Summary of Significant Accounting Policies (cont)

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.

(h) Financial Instruments (cont)

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.

Note 1 Summary of Significant Accounting Policies (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

A "joint arrangement" is an arrangement in which the Group shares control jointly with one or more other parties by way of a contractual agreement and unanimous consent is required from all parties to the agreement with respect to decisions about the relevant activities of the arrangement.

A joint arrangement that is structured through a separately identifiable entity and provides the Group and the other parties to the arrangement with rights to the net assets of the entity is classified as a "joint venture" (JV) by the Group. The Group's interests in joint ventures are accounted for using the equity method of accounting and classified as "investments accounted for using the equity method" in the Group's statement of financial position. In accordance with the equity method, an investment in a joint venture is initially recognised at cost and adjusted thereafter for any post-acquisition changes in the Group's share of net assets of the joint venture's equity. Distributions received from a joint venture are deducted from the carrying amount of the investment. The Group's share of the profit or loss of a joint venture is presented in the Group's statement of profit or loss as "share of profit of investments accounting for using the equity method". When the Group's share of losses in a joint venture equals or exceeds the carrying amount of its interest in the joint venture (which includes any long-term interests such as long-term unsecured loans or preference shares that, in substance, form part of the Group's net investment in the joint venture), the Group does not recognise any further losses in respect of the joint venture unless it has incurred obligations or made payments on behalf of the joint venture. The accounting policies of joint ventures are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

Where a joint arrangement has contractual agreements whereby the parties to the arrangement have direct interests in each asset and direct exposure to each liability of the arrangement, such an arrangement is classified by the Group as a "joint operation" (JO), irrespective of whether the arrangement is structured through a separate vehicle. The Group's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the Group's financial statements. The Group recognises gains and losses resulting from sales provide evidence of impairment or reduction in net realisable value, that loss is recognised immediately. When the Group makes purchases from a joint operation, it does not recognise its share of the gains and losses from the joint arrangement until it resells those goods/assets to a third party. However, when such purchases provide evidence of a reduction in the net realisable value of the assets to be purchased or of an impairment loss of those assets, the Group recognises its share of those losses.

Details of the Group's interests are provided in Note 11.

(l) Foreign 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.

Note 1 Summary of Significant Accounting Policies (cont)

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.

(m) 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 one 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.

(n) 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.

(o) 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.

(p) 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 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).

(q) Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.
Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(j) for further discussion on the determination of impairment losses.

(r) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the Group that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(s) 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.

(t) 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.

Note 1 Summary of Significant Accounting Policies (cont)

(u) 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.

Prior Period Adjustments

	Previously Stated	Adjustment	Adjusted Balance
	$	$	$
Revenue	90,598,220	4,318,631	94,916,851
Cost of Sale	(81,472,521)	(4,318,631)	(85,791,152)
Income tax expense	(1,186,877)	(79,484)	(1,266,361)
Provision for taxation	256,369	79,484	335,853

Adjustments have been made in respect to revenue and cost of sales for the prior year, the adjustment is $4,318,631. This adjustment has no impact on profit. Cashflow in respect to this adjustment has also been updated. An adjustment has also been made in respect to Income tax expense recognising an under provision of tax in the prior periods of $79,484.

(v) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best 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 - General

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) Subsidiaries

The Group assessed its interests in other entities and concluded that its accounting for the arrangements under AASB 10: Consolidated Financial Statements would not change from the Group's accounting for its interests in other entities under AASB 127: Consolidated and Separate Financial Statements.

(ii) Joint Arrangements

The Group assessed its interests in its joint arrangements and concluded that its accounting for the arrangements under AASB 11: Joint Arrangements would not change from the Group's accounting for the arrangements under AASB 131: Interests in Joint Ventures.

There is no provision for impairment of receivables

(w) New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The Group has decided not to early adopt any of the new and amended pronouncements as detailed below. The Group's assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below:

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

These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

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 other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

The Group has not yet been able to reasonably estimate the impact of these pronouncements on its financial statements.

— AASB 2011-4: Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements (applicable for annual reporting periods commencing on or after 1 July 2013).The Standard makes amendments to AASB124: Related Party Disclosures to remove the individual key management personnel disclosure requirements (including paras Aus29.1 to Aus29.9.3)
This standard is not expected to significantly impact the Group's financial report as a whole because it is anticipated that such disclosure will be contained in the directors' report.

Note 1 Summary of Significant Accounting Policies (cont)

AASB 2012-3: Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities (applicable for annual reporting periods commencing on or after 1 January 2014), This Standard provides clarifying guidance relating to the offsetting of financial instruments, which is not expected to impact the Group's financial statements
Interpretation 21: Levies (applicable for annual reporting periods commencing on or after 1 January 2014).
Interpretation 21 clarifies the circumstances under which a liability to pay a levy imposed by a government should be recognised, and whether that liability should be recognised in full at a specific date or progressively over a period of time. This Interpretation is not expected to significantly impact the Group's financial statements.
AASB 2013-3: Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets (applicable for annual reporting periods commencing on or after 1 January 2014).
This Standard amends the disclosure requirements in AASB 136: Impairment of Assets pertaining to the use of fair value in impairment assessment and is not expected to significantly impact the Group's financial statements, AASB 2013-4: Amendments to Australian Accounting Standards - Novation of Derivatives and Continuation of Hedge Accounting (applicable for annual reporting periods commencing on or after 1 January 2014).
AASB 2013-4 makes amendments to AASB 139: Financial Instruments: Recognition and Measurement to permit the continuation of hedge accounting in circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations. This Standard is not expected to significantly impact the Group's financial statements,
AASB 2013-5: Amendments to Australian Accounting Standards - Investment Entities (applicable for annual reporting periods commencing on or after 1 January 2014).
AASB 2013-5 amends AASB 10: Consolidated Financial Statements to define an "investment entity" and requires, with limited exceptions, that the subsidiaries of such entities be accounted for at fair value through profit or loss in accordance with AASB 9 and not be consolidated. Additional disclosures are also required, As neither the parent nor its subsidiaries meet the definition of an investment entity, this Standard is not expected to significantly impact the Group's financial statements.

Note 2 Revenue and Other Income

	Note	Consolidated Group 2014 $	Consolidated Group 2013 $
Revenue from continuing operations			
Sales revenue			
— sale of goods		95,016,554	90,608,696
— provision of services		5,168,041	4,027,308
		100,184,595	94,636,004
Other revenue			
— interest received	2a	184,473	98,089
— rental revenue		184,730	182,758
		369,203	280,847
Total revenue		100,553,798	94,916,851
Other Income			
— gain on disposal of property, plant and equipment		1,345,276	1,715
— other income		39,563	191,723
Total other income		1,384,839	193,438
(a) Interest revenue from:			
— ultimate parent entity		8,841	19,581
— wholly-owned controlled entities		175,632	78,508
Total interest revenue on financial assets not at fair value through profit or loss		184,473	98,089

Note 3 Profit for the Year

Profit before income tax from continuing operations includes the following specific expenses:	Consolidated Group 2014 $	Consolidated Group 2013 $
Expenses		
Cost of goods sold	90,315,853	85,791,152
Interest expense on financial liabilities not at fair value through profit or loss:		
— Wholly-owned controlled entities	130,971	75,497
Total finance cost	130,971	75,497
Other expenses		
Equipment maintenance and runnings costs	387,623	348,684
Insurances	293,852	249,394
Property lease and rentals	39,628	54,941
Water and electricity	118,640	156,478
Other	881,189	854,977
Depreciation	864,136	423,029
Employee exepenses	3,267,972	3,158,605
Total Expenses	96,299,865	91,112,757

Note 4 Income Tax Expense

	Note	Consolidated Group 2014 $	Consolidated Group 2013 $
(a) The components of tax expense comprise:			
Current tax - continued operations		1,679,547	1,196,211
Deferred tax	16	20,559	70,150
		1,700,106	1,266,361
(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% (2013: 30%)			
— consolidated group		1,727,273	1,338,036
Add:			
Tax effect of:			
— non-deductible depreciation and amortisation		259,241	126,909
— Closing provisions		161,164	220,104
		2,147,678	1,685,049
Less:			
Tax effect of:			
— Other allowable items		11,070	10,800
— S40-880 deductions		1,500	16,062
— Deductible depreciation and amortisation		259,241	126,909
— Provisions opening		129,549	126,141
— Prior year adjustment		46,212	138,777
Income tax attributable to entity		1,700,106	1,266,361
The applicable weighted average effective tax rates are as follows		29.5%	28.4%

Note 5 Auditors' Remuneration

	Consolidated Group 2014 $	Consolidated Group 2013 $
Remuneration of the auditor of the parent entity for:		
— auditing or reviewing the financial report	67,500	61,500
— taxation services	18,900	16,200

Note 6 Dividends

	Consolidated Group 2014 $	Consolidated Group 2013 $
Distributions paid		
Final fully franked ordinary dividend of $0.25 (2013:$0.23) per share fully franked	504,941	470,203
Interim fully franked ordinary dividend of $0.26 (2013: $0.24) per share fully franked	525,118	490,649
Total dividends per share	1,030,059	960,852

Balance of franking account at year end adjusted for franking credits arising from:	7,376,404	6,736,018
— payment of provision of income tax	1,350,091	1,052,181
— 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	(441,463)	(411,795)
	8,285,032	7,376,404

Note 7 Cash and Cash Equivalents

	Note	Consolidated Group 2014 $	Consolidated Group 2013 $
Cash at bank and in hand		9,459,103	6,460,348
	24	9,459,103	6,460,348

The effective interest rate on short-term bank deposits was 2.90% (2013 : 3.25%)

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	2014	2013
Cash and cash equivalents		9,459,103	6,460,348
Trade drawdown	15	-	(6,900,000)
		9,459,103	(439,652)

Note 8 Trade and Other Receivables

	Note	Consolidated Group 2014 $	Consolidated Group 2013 $
CURRENT			
Trade receivables		7,970,871	6,285,105
		7,970,871	6,285,105

	Note	Consolidated Group 2014 $	Consolidated Group 2013 $
(a) **Financial Assets Classified as Loans and Receivables**			
Trade and other Receivables			
— Total current financial assets	24	7,970,871	6,285,105
		7,970,871	6,285,105

(b) **Collateral Pledged**
A floating charge over trade receivables has been provided for certain debt. Refer to Note Note 15 for further details.

Note 9 Inventories

	Consolidated Group 2014 $	Consolidated Group 2013 $
CURRENT		
At cost:		
Diesel fuel	8,878,938	6,092,020
	8,878,938	6,092,020

Note 10 Investments Accounted for Using the Equity Method

	Note	Consolidated Group 2014 $	Consolidated Group 2013 $
Interests in joint venture entities		334,163	215,358
		334,163	215,358

(a) **Interest in Joint Venture Operations**
Cambridge Gulf Limited has a 50% interest in the joint ventue entity, Bunuwal Fuel Pty Ltd, incorporated in Australia, which is involved in the importation and delivery of fuel in Gove, Northern Territory. The voting power of Cambridge Gulf Limited is 50%. The interest in the joint venture is accounted for in the consolidated statements using the equity method of accounting.

Note 10 Investments Accounted for Using the Equity Method (cont)

Share of joint venture entity's results and financial position:

	Consolidated Group 2014 $	2013 $
Current assets	433,756	248,225
Total assets	433,756	248,225
Current liabilities	99,593	32,867
Total liabilities	99,593	32,867
Net Assets	334,163	215,358
Revenue	9,447,640	2,257,966
Expenses	9,277,919	2,236,026
Profit before income tax	169,721	21,940
Income tax expense	(50,916)	(6,582)
Profit after income tax	118,805	15,358

Note 11 Controlled Entities

(a) Controlled Entities Consolidated

	Country of Incorporation	Percentage Owned (%)* 2014	2013
Subsidiaries of Cambridge Gulf Limited:			
CGL Fuel Pty Ltd	Australia	100.00	100.00
CGL Logistics Pty Ltd	Australia	100.00	100.00

* Percentage of voting power is in proportion to ownership

Bunuwal Fuel Pty Ltd is 50% owned by Cambridge Gulf Limited but is not considered a controlled entity and is therefore accounted for under the equity method as per note 10.

Deed of Cross Guarantee

A deed of cross guarantee between Cambridge Gulf Limited (CGL) and CGL Fuel Pty Ltd was enacted during the financial year and relief was obtained from preparing a financial report under ASIC Class Order 98/1418. Under the deed, CGL guarantees to support the liabilities and obligations of CGL Fuel Pty Ltd, CGL Fuel Pty Ltd is the only party to the deed of cross guarantee and is a member of the closed group.

Note 12 Property, Plant and Equipment

	Consolidated Group 2014 $	2013 $
LAND AND BUILDINGS		
Land and Buildings at:		
At valuation	3,424,423	2,674,732
Less accumulated depreciation	(427,772)	(412,937)
Total buildings	2,996,651	2,261,795
Total land and buildings	2,996,651	2,261,795
PLANT AND EQUIPMENT		
Plant and equipment:		
At cost	6,207,821	4,967,347
Accumulated depreciation	(3,106,407)	(2,363,277)
	3,101,415	2,604,070
Total plant and equipment	3,101,415	2,604,070
Total property, plant and equipment	6,098,066	4,865,865

(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 2012	81,804	2,243,738	1,731,071	4,056,613
Additions	-	3,535	1,290,630	1,294,165
Disposals	-		(61,886)	(61,886)
Depreciation expense	(2,480)	(64,803)	(355,746)	(423,029)
Balance at 30 June 2013	79,324	2,182,470	2,604,069	4,865,865
Additions	-	-	1,374,074	1,374,074
Valuations	45,000	2,204,691	-	2,249,691
Disposals	-	(1,480,511)	(46,917)	(1,527,428)
Depreciation expense	(1,825)	(32,500)	(829,811)	(864,136)
Balance at 30 June 2014	122,499	2,874,150	3,101,415	6,098,066

Note 12 Property, Plant and Equipment (cont)

(b) Fair value measurement of the Group's freehold land

The Group's freehold lands are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value measurements of the Group's freehold land as at 30 June 2014 were performed by Opteon (North West WA) Pty Ltd, independent valuers not related to the Group. Opteon (North West WA) Pty Ltd are members of the AAPI - Certified Pralicising Valuers, and they have appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations

The fair value of the freehold land was determined (based on the market comparable approach that reflects recent transaction prices for similar properties/other methods)

Details of the Group's freehold land and information about the fair value hierarchy as at 30 June 2014 are as follows:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Fair Value as at 30/06/2014 $'000
Freehold land	-	2,249	-	2,249

The categorisation of fair value measurements into the different levels of the fair value hierarchy depends on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement (The above categorisations are for illustrative purpose only.)

Had the Group's freehold and buildings been measured on a historical cost basis, their carrying amount would have been as follows

	2014 $	2013 $
Freehold land	895,309	895,309

Note 13 Other Assets

	Consolidated Group 2014 $	2013 $
CURRENT		
Prepayments	23,365	15,347
	23,365	15,347

Note 14 Trade and Other Payables

	Consolidated Group 2014 $	2013 $
CURRENT		
Unsecured liabilities		
Trade payables	10,314,398	1,028,050
Sundry payables and accrued expenses	977,482	461,040
Deffered revenue	870,411	-
	12,162,291	1,489,090

	Note	Consolidated Group 2014 $	2013 $
(a) Financial liabilities at amortised cost classified as trade and other payables			
Trade and other payables			
— Total current		12,162,291	1,489,090
Financial liabilities as trade and other payables	24	12,162,291	1,489,090

Note 15 Borrowings

	Note	Consolidated Group 2014 $	2013 $
CURRENT			
Secured liabilities			
Trade drawdown	15a, b	-	6,900,000
		-	6,900,000
Total current borrowings		-	6,900,000
Total borrowings		-	6,900,000

	Note	Consolidated Group 2014 $	2013 $
(a) Total current and non-current secured liabilities:			
Trade drawdown	24	-	6,900,000
		-	6,900,000

(b) Collateral provided

(i) Financial covenants

Covenants imposed around the financing terms are capital adequacy ratio (CAR), the conslidated group had a CAR of 60.27% (2013-60.90%) and exceeded the covenant

The consolidated group also has to meet an interest coverage at the 30th June 2014, the groups interest coverage was 44.96 (2013-60 07) and exceeded the covenant

	Note	Consolidated Group 2014 $	2013 $
Cash and cash equivalents	7	9,459,103	6,460,348
Trade receivables	8	7,970,871	6,285,105
Total financial assets pledged		17,429,974	12,745,453

Note 16 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	116,748	5,420				122,168
Other	24,649	(1,593)				23,056
Borrowing cost	645	2,980				3,625
Blackhole	13,481	(13,482)				(-1)
Listed shares	(76,825)	76,825				0
Balance at 30 June 2013	78,698	70,150	-	-	-	148,848
Provisions	122,168	18,585				140,753
Other	23,056	4,098				27,154
Borrowing cost	3,625	(2,125)				1,500
Blackhole	(1)	-				(1)
Balance at 30 June 2014	148,848	20,559	-	-	-	169,407

Note 17 Provisions

	Consolidated Group 2014 $	2013 $
CURRENT		
Short-term Employee Benefits		
Opening balance at 1 July 2013	407,317	389,161
Additional provisions	104,912	112,200
Amounts used	(43,050)	(94,044)
Balance at 30 June 2014	469,179	407,317
Other		
Opening balance at 1 July 2013	677,800	555,817
Additional provisions	188,583	182,583
Amounts used	(338,998)	(60,600)
Balance at 30 June 2014	527,385	677,800

Analysis of Total Provisions	Consolidated Group 2014 $	2013 $
Current	996,564	1,085,116
	996,564	1,085,116

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 18 Issued Capital

	Consolidated Group 2014 $	2013 $
Issued and paid up capital	4,184,987	4,295,714
	4,184,987	4,295,714

(a) **Ordinary Shares**	Consolidated Group 2014 No.	2013 No.
At the beginning of the reporting period	2,044,370	2,109,683
Shares bought back during year		
— 26th September 2013	(24,606)	(65,313)
At the end of the reporting period	2,019,764	2,044,370

On the 26 September 2013 the company bought back 24,606 ordinary shares on issue at $4.50 each. The total purchase consideration of the buy-back was $110,727. The nature and terms of the buy-back were:

- the buy-back offer of $4.50 for each fully paid ordinary share was made to shareholders with 30,000 shares or less
- the accepting shareholders would be paid and have their shares cancelled on 26 September 2013.
- the full amount of the buy-back would be debited to issued capital.

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

(b) **Capital Management**

	Note	Consolidated Group 2014 $	2013 $
Total borrowings and financial liabilities	14,15	12,162,291	8,389,090
Less cash and cash equivalents	7	(9,459,103)	(6,460,348)
Net debt		2,703,188	1,928,742
Total equity		19,775,058	14,608,682
Total capital		22,478,246	16,537,424
Gearing ratio		12.03%	11.66%

Note 19 Capital and Leasing Commitments

	Consolidated Group 2014 $	Consolidated Group 2013 $
(a) Finance Lease Commitments		
Payable — minimum lease payments		
— not later than 12 months	41,211	37,822
— between 12 months and 5 years	144,450	56,911
Minimum lease payments	185,661	94,733

The property leases are non-cancellable leases with a five-year term (Port Operating Agreement and Fuel Terminal Facilities) and office lease in Kununurra which is paid monthly in advance.

Note 20 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 and retails 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.

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

- 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

(i) **Segment performance**

30 June 2014	CGL Fuel Pty Ltd $	CGL Wyndham Port $	All Other Segments $	Total $
REVENUE				
External sales	104,923,410	4,261,232	1,520,421	110,705,063
Other income	182,991	8,841	1,048,430	1,240,262
Total segment revenue	105,106,401	4,270,073	2,568,851	111,945,325
Reconciliation of segment revenue to group revenue				
Inter-segment elimination				(11,391,527)
Total group revenue				100,553,798
Segment net profit from continuing operations before tax				
Net profit before tax from operations	3,083,083	731,494	1,943,000	5,757,577
Net profit before tax from discontinuing operations				-
Net profit before tax from continuing operations				5,757,577

30 June 2013	CGL Fuel Pty Ltd $	CGL Wyndham Port $	All Other Segments $	Total $
REVENUE				
External sales	90,594,827	4,085,024	237,000	94,916,851
Other income	78,508	43,581	182,758	304,847
Total segment revenue	90,673,335	4,128,605	419,758	95,221,698
Reconciliation of segment revenue to group revenue				
Inter segment elimination				(318,717)
Total group revenue				94,902,981
Segment net profit from continuing operations before tax				
Net profit before tax from operations	3,352,963	892,451	214,708	4,460,122
Net profit before tax from discontinuing operations			-	-
Net profit before tax from continuing operations				4,460,122

Note 20 Operating Segments (cont)

30 June 2014	CGL Fuel Pty Ltd $	CGL Wyndham Port $	All Other Segments $	Total $
Segment assets				
Segment asset increases for the period:				
— Cash and cash equivalents	8,897,590	497,424	64,088	9,459,103
— Trade and other receivables	7,461,531	6,447,825	3,170,931	17,080,287
— Inventories	8,878,938	-	-	8,878,938
— Property, plant and equipment	334,272	476,169	5,287,625	6,098,065
— Related party receivables	6,507	116,949	3,464	126,920
— Other	65,569	77,732	376,546	519,847
Total segmental assets	25,644,406	7,616,099	8,902,654	42,163,159
Intersegment eliminations				(9,229,247)
Total group assets				32,933,913

30 June 2013	CGL Fuel Pty Ltd $	CGL Wyndham Port $	All Other Segments $	Total $
Segment assets				
Segment asset increases for the period:				
— Cash and cash equivalents	6,186,079	211,251	63,018	6,460,348
— Trade and other receivables	5,489,785	726,440	103,501	6,319,725
— Inventories	6,092,020	-	-	6,092,020
— Property, plant and equipment	304,819	535,512	4,025,533	4,865,864
— Related party receivables	2,259,633	5,434,586	48,553	7,742,772
— Other	55,148	72,474	252,930	380,552
Total group assets	20,387,484	6,980,263	4,493,535	31,861,281
Included in segment assets are:				
Intersegment eliminations				(7,778,392)
Total group assets				24,082,890

(iii) Segment liabilities

30 June 2014	CGL Fuel Pty Ltd $	CGL Wyndham Port $	All Other Segments $	Total $
Segment liabilities				
— Trade and other payables	10,180,644	163,203	9,264,418	19,608,265
— Borrowings	-	-	-	-
— Short term provisions	1,494,918	378,487	836,044	2,709,449
— Related party payables	120,413	5,347	1,160	126,920
Total segmental liabilities	11,795,975	547,037	10,101,622	22,444,634
Intersegement liabilities				(9,285,779)
Total group liabilities				13,158,855

30 June 2013	CGL Fuel Pty Ltd $	CGL Wyndham Port $	All Other Segments $	Total $
Segment liabilities				
— Trade and other payables	911,546	413,545	198,711	1,523,801
— Borrowings	6,900,000	-	-	6,900,000
— Short term provisions	750,921	229,693	104,410	1,085,025
— Related party payables	-	-	7,742,773	7,742,774
Total group liabilities	8,562,467	643,238	8,045,894	17,251,601
Intersegement liabilities				(7,777,393)
Total group liabilities				9,474,208

Note 21 Cash Flow Information

	Consolidated Group 2014 $	Consolidated Group 2013 $
(a) Reconciliation of Cash Flow from Operations with Profit after Income Tax		
Profit after income tax	4,057,472	3,193,760
Non-cash flows in profit		
Carrying value of plant and equipment held for sale	1,501,682	(1,716)
Depreciation	864,136	423,029
Ammounts set aside / (utilised) for deffered tax	(20,558)	(70,147)
Unrealised (gain)/loss on investments and derivatives	-	(447,231)
Share of associated companies net profit after income tax and dividends	(118,805)	(15,358)
(Increase)/decrease in trade and term receivables	(1,685,806)	(1,955,388)
(Increase)/decrease in prepayments	862,393	(494)
(Increase)/decrease in Inventories	(2,786,918)	(715,608)
Increase/(decrease) in trade payables and accruals	9,882,182	(1,321,605)
Increase/(decrease) in provisions	(160,346)	344,894
Cash flow from operations	12,395,432	(565,865)

Note 21 Cash Flow Information (cont)

	2014 $	2013 $
(b) Credit Standby Arrangements with Banks		
Credit facility	20,000,000	20,000,000
Corporate credit cards	10,000	10,000
Amount utilised:		
Corporate credit cards	-	-
Trade drawdown	-	(6,900,000)
	20,010,000	13,110,000

The major facilities are summarised as follows:
The group has negotiated a credit facility of $20,000,000 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 22 Events After the Reporting Period

Shareholders of Cambridge Gulf Limited (CGL) passed a special resolution on the 21st August 2014 to introduce an equal access buyback of CGL ordinary shares. The offer period closed on the 25th September and 56,950 ordinary shares were bought back at a cost of $313,225

Note 23 Related Party Transactions

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

The following transactions occurred with related parties:

	Consolidated Group 2014 $	2013 $
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	534,805	608,306
(ii) Directors		
Directors remuneration	180,000	167,500
(iii) Directors consulting		
Gabriele Blocker	2,000	2,000
Lindsay Innes	14,500	21,500
Robert Boshammer	2,000	3,000
Judy Hughes	2,000	-
David Menzel	2,000	-

(iv) Joint venture entities that are accounted under the equity method

The group has a 50% investment in the joint venture entity Bunuwal Fuel Pty Ltd. The investment in the joint venture entity is accounted for in the consolidated financial statement of the group, using equity method of accounting.

Note 24 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 2014 $	2013 $
Financial Assets			
Cash and cash equivalents	7	9,459,103	6,460,348
Trade and other receivables	8a	7,970,871	6,285,105
Available-for-sale financial assets			
— at fair value			
— listed investments		-	-
Total available-for-sale financial assets		-	-
Total Financial Assets		17,429,974	12,745,453
Financial Liabilities			
Financial liabilities at amortised cost			
— Trade and other payables	14	12,162,291	1,489,091
— Borrowings	15	-	6,900,000
Total Financial Liabilities		12,162,291	8,389,091

Note 24 Financial Risk Management (cont)

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 7 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

		Consolidated Group	
Floating rate instruments		**2014**	**2013**
	Note	**$**	**$**
Trade Drawdown	15	-	6,900,000
		-	6,900,000

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 held no investments other than its investment in the Bunuwal Joint Venture:

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 2014	**$**	**$**
+/-2 % on interest rate	-	+/- 138,000

	Consolidated Group	
	Profit	**Equity**
Year ended 30 June 2013	**$**	**$**
+/-10 % in listed investments	-	+/-116,690

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 24 Financial Risk Management (cont)

Consolidated Group		2014 Net Carrying Value $	2014 Net Fair Value $	2013 Net Carrying Value $	2013 Net Fair Value $
Financial assets					
Cash and cash equivalents	(i)	9,459,103	9,459,103	6,460,348	6,460,348
Trade and other receivables	(ii)	7,970,871	7,970,871	6,285,105	6,285,105
		17,429,974	17,429,974	12,745,453	12,745,453
Total financial assets		17,429,974	17,429,974	12,745,453	12,745,453
Financial liabilities					
Trade and other payables	(i)	12,162,291	12,162,291	1,489,090	1,489,090
Bank debt	(vii)	-	-	6,900,000	6,900,000
Total financial liabilities		12,162,291	12,162,291	8,389,090	8,389,090

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) 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.

The Group measures and recognises the following assets at fair value on a recurring basis after initial recognition:
- freehold land and buildings.

The Group does not subsequently measure any liabilities at fair value on a recurring basis, or any assets or liabilities at fair value on a non-recurring basis.

a. Fair Value Hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:
- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The following tables provide the fair values of the Group's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

	Note	30 June 2014 Level 1 $	Level 2 $	Level 3 $	Total $
Recurring fair value measurements					
Non-financial assets					
Freehold land	12	-	2,249,691	-	2,249,691
Total non-financial assets recognised at fair value		-	2,249,691	-	2,249,691

There were no transfers between Level 1 and Level 2 for assets measured at fair value on a recurring basis during the reporting period.

b. Valuation Techniques and Inputs Used to Measure Level 2 Fair Value

Description	Fair Value at 30 June 2014	Valuation Techniques(s)	Inputs used
Non-financial assets			
Freehold land	2,249,691	Market approach using recent observable market date for similar properties;	Price per hectare
	2,249,691		

There were no changes during the period in the valuation techniques used by the Group to determine Level 2 fair values

Note 25 Reserves

a. *Revaluation Surplus*
The revaluation surplus records revaluations of non-current assets. Under certain circumstances dividends can be declared from this reserve.

	Note	Consolidated Group 2014 $	2013 $
Revaluation surplus			
Net gain on revaluation of land		2,249,691	0
Movement in revaluation surplus		2,249,691	0
Total other comprehensive income for the year		2,249,691	0

b. *General Reserve*
The general reserve records funds set aside for future expansion of the consolidated group.

c. *Financial Assets Reserve*
The financial assets reserve records revaluation of financial assets, during the year the group sold its listed shares and the respective financial assets reserve is recognised in the profit.

Note 26 Parent Information

	2014 $	2013 $
Statement of Financial Position		
ASSETS		
Current assets	1,224,883	-
Non-current assets	5,212,779	3,911,060
TOTAL ASSETS	6,437,662	3,911,060
LIABILITIES		
Current liabilities	1,456,485	1,831,695
Non-current liabilities	-	-
TOTAL LIABILITIES	1,456,485	1,831,695
EQUITY		
Issued capital	4,184,987	4,295,714
Reserves	4,085,784	1,836,093
Retained earnings	(3,289,594)	(4,052,442)
TOTAL EQUITY	4,981,177	2,079,365
Statement of Profit of Loss and Other Comprehensive Income		
Total profit	1,872,391	6,659
Total comprehensive income	4,122,082	(307,014)

Guarantees
During the reporting period Cambridge Gulf Limited entered into a deed of cross guarantee with its subsiduary CGL Fuel Pty Ltd. Refer to Note 11 for further details.

Note 27 Company Details

The registered office of the company is:
Cambridge Gulf Limited
Shop 18
64 Konkerberry Drive
Kununurra W.A 6743
The principal places of business are:
Wyndham and Kununurra, Western Australia.

CAMBRIDGE GULF LIMITED ABN: 16026785781AND CONTROLLED ENTITIES DIRECTORS DECLARATION

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 6 to 27, are in accordance with the Corporations Act 2001 and:
   (a) comply with Accounting Standards, which, as stated in accounting policy note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
   (b) give a true and fair view of the financial position as at 30 June 2014 and of the performance for the year ended on that date of the company and consolidated group;

2. the Chief Executive Officer and Chief Finance Officer have each declared that:
   (a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001;*
   (b) the financial statements and notes for the financial year comply with Accounting Standards; and
   (c) the financial statements and notes for the financial year give a true and fair view; and

3. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The company and a wholly-owned subsidiary,have entered into a deed of cross guarantee under which the company and its subsidiary guarantee the debts of each other.

At the date of this declaration, there are reasonable grounds to believe that the companies which are party to this deed of cross guarantee will be able to meet any obligations or liabilities to which they are, or may become subject to, by virtue of the deed.

This declaration is made in accordance with a resolution of the Board of Directors.

Director

Mr Lindsay A Innes

Dated this 21st day of October 2014

UHY Haines Norton
Chartered Accountants

16 Lakeside Corporate | 24 Parkland Road
Osborne Park | Perth | WA | 6017
PO Box 1707 | Osborne Park | WA | 6916
t: + 61 8 9444 3400 | f: + 61 8 9444 3430
perth@uhyhn.com.au | www.uhyhn.com

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
CAMBRIDGE GULF LIMITED

REPORT ON THE FINANCIAL REPORT
We have audited the accompanying financial report of Cambridge Gulf Limited (the company) and Cambridge Gulf Limited and its Controlled Entities (the consolidated entity), which comprises the consolidated statement of financial position as at 30 June 2014, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information 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 that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards (IFRS).

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. Those Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 entity's preparation of the financial report that gives a true and fair view 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 entity'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*.

UHY Haines Norton
Chartered Accountants

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
CAMBRIDGE GULF LIMITED (CONTINUED)

AUDITOR'S OPINION
In our opinion:

(a) the financial report of Cambridge Gulf Limited and Controlled Entities is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the consolidated entity's financial positions as at 30 June 2014 and of their performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

UHY Haines Norton
UHY HAINES NORTON
CHARTERED ACCOUNTANTS

DAVID TOMASI
PARTNER

Perth, WA
21st October 2014