CAMBRIDGE GULF LIMITED

ABN: 16 026 785 781

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

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 2015

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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 2015.

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 Territory 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

- Kimberley Metals Group Ridges iron ore project ceased exporting iron ore from Wyndham during the financial year. CGL Fuel Pty Ltd and CGL Wyndham Port were affected by the closure of this mine.
- CGL Wyndham Port purchased the dredging assets at the Wyndham Port.
- Suspension of crude oil exports from February 2015 through to the end of Financial Year.
- Curtailment of Gove refinery in November 2014 requiring a shift to diesel for power generation resulting in an increase in the Bunuwal Fuel contract value from 16M litres to circa 40M to 50M litres a year.

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 $2,743,357 after providing for income tax. This represented a 32.38% decrease on the result reported for the year ended 30 June 2014. The decrease in profit is due to the sale of the sugar mill last year and also decreased fuel sales to the Argyle Diamond Mine and Kimberley Metals Group in the current financial year.

Review of Operations
(i) CGL Fuel Pty Ltd
The business experienced a decrease in fuel sales due to the closure of the Kimberley Metals Ridges iron ore project and due to the Argyle Diamond mine ceasing open cut mining and going underground. Pricing of fuel through the year was complicated by world oil markets experiencing continued over supply and falling crude oil prices.

(ii) CGL Wyndham Port
The Port experienced an average start to the financial year and a modest wet season, a rush of live cattle exporting and a large general cargo export at the end of the financial year allowed the port to book a modest increase in revenue compared to last financial year.

Management and Directors of CGL met with 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 30 June 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.

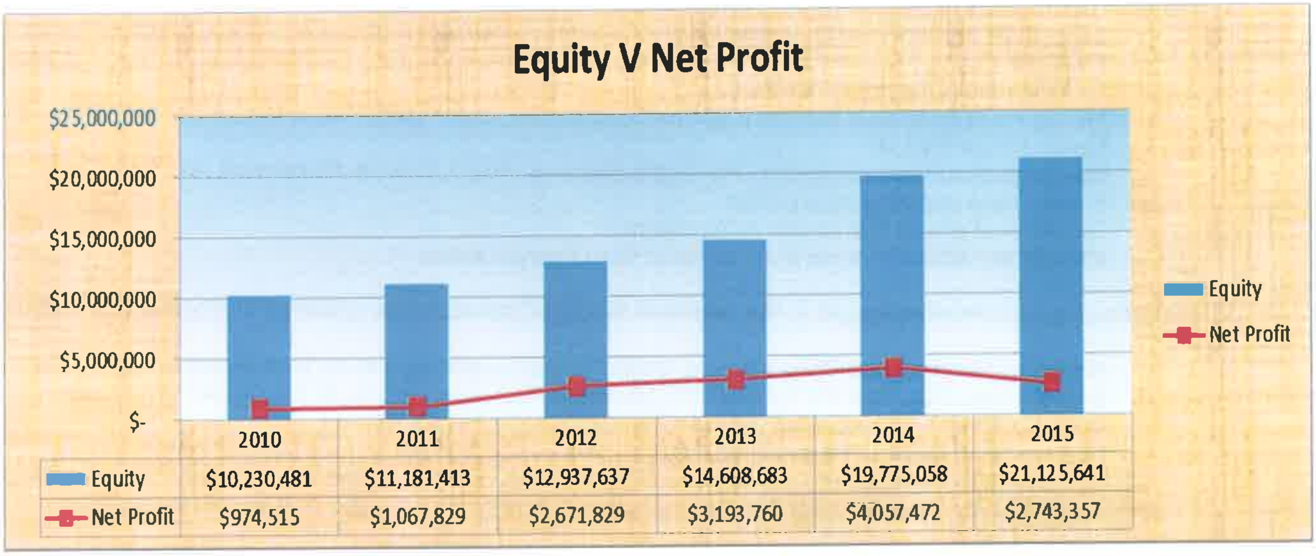
CGL continue to negotiate the transition from reporting to the Department of Transport to the Kimberley Port Authority.

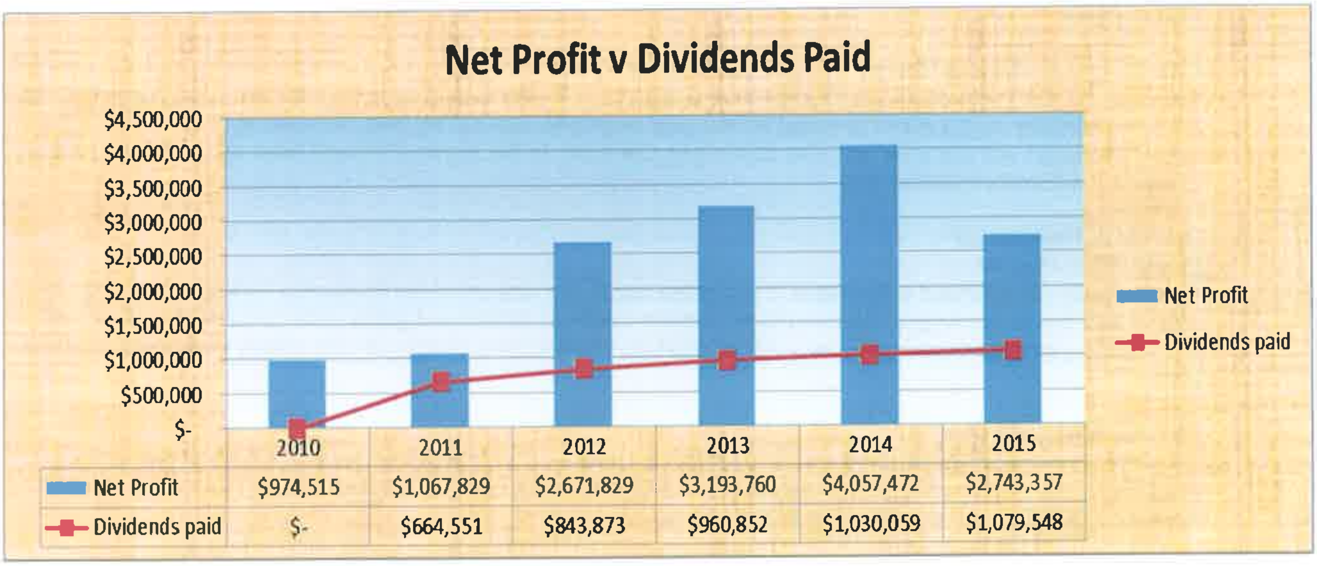
CAMBRIDGE GULF LIMITED AND CONTROLLED ENTITIES
DIRECTORS' REPORT ABN: 16026785781

Financial Position
The net assets of the consolidated group have increased by $1,350,583 from 30 June 2014 to $21,125,641 at the 30th June 2015.
This increase is largely due to the following factors:

- Continued debt reduction across the group.
- Profitable trading by wholly owned entities.
- Profitable trading by Bunuwal Fuel Pty Ltd which is 50% owned by CGL.

On the 25th September 2014 the company bought back 56,950 (2.82%) ordinary shares on issue at $5.50 each.
The total purchase consideration of the buyback was $313,225.
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.





Dividends Paid or Recommended
Dividends paid or declared for payment during the financial year are as follows:
Final ordinary dividend of $0.27 per share paid on 9th October 2014
Interim ordinary dividend of $0.28 per share paid on the 18th February 2015

Events after the Reporting Period

- The Department of Transport has advised CGL that the CGL Wyndham Port will continue to report to the Department of Transport until June 2019 when the lease and operating agreement will be administered by the Kimberley Port Authority.
- CGL Logistics invested in a second prime mover and trailers allowing it to cease back up arrangements with a third party and seek further cartage work.
- Crude oil exports recommenced in August 2015.

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 and Chairperson until retirement in 2015.
Interest in Shares and Options – 338,348

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.
Interest in Shares and Options -181,849

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

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 M(ComLaw). 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	11
Mr Robert Boshammer	11	9
Ms Judith Hughes	11	11
Mr David Menzel	11	10

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.

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

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.

Environmental Regulations

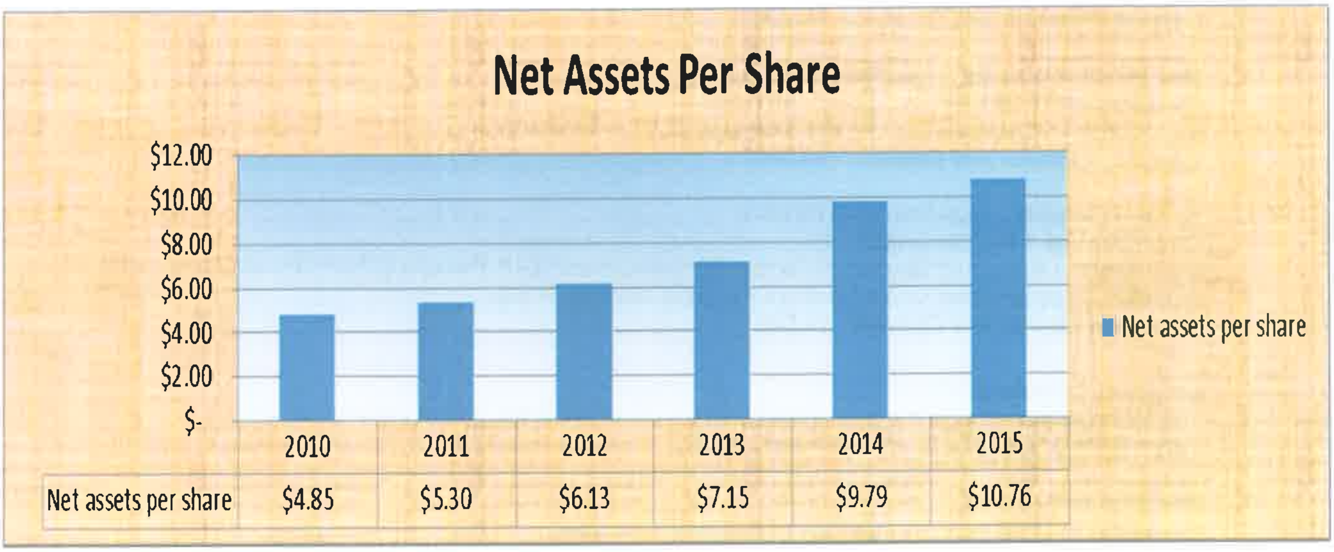
Cambridge Gulf Limited holds the environmental licence over the Wyndham Port and controlled lands surrounding the Port. There were some minor no-compliances in relation to the cattle yards that have been addressed to DER's satisfaction.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2015 has been received and can be found on page 5 of the Annual Report.

Shareholder Returns

	2011	2012	2013	2014	2015
Net Profit	$1,067,829	$2,671,927	$3,193,761	$4,057,472	$2,743,357
Basic EPS	$0.51	$1.27	$1.54	$2.00	$1.38
Dividends	$664,551	$843,873	$960,852	$1,030,059	$1,079,548
Interim dividend	$0.115	$0.200	$0.240	$0.26	$0.28
Final dividend	$0.200	$0.230	$0.250	$0.27	$0.29
Net assets per share	$5.30	$6.13	$7.15	$9.79	$10.76
Return on equity after tax	9.55%	20.65%	21.86%	20.52%	12.99%
Return on equity before tax	22.97%	29.11%	30.53%	29.12%	17.91%
Return on share capital after tax	23.50%	58.80%	74.35%	96.95%	70.86%
Return on share capital before tax	56.53%	82.88%	103.83%	137.58%	97.73%



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

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Mr Lindsay A Innes

Dated 22nd October 2015

Deloitte.

Deloitte Touche Tohmatsu
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The Board of Directors
Cambridge Gulf Limited
Shop 18, 64 Konkerberry Drive
Kununurra WA 6743

22 October 2015

Dear Board Members

Cambridge Gulf Limited

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

As lead audit partner for the audit of the financial statements of Cambridge Gulf Limited for the financial year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit and

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

Yours sincerely

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

L C Girolamo
Partner
Chartered Accountants

CAMBRIDGE GULF LIMITED ABN: 16026785781 AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2015

	Note	Consolidated Group 2015	2014
		$	$
Revenue	2	87,770,212	100,553,798
Other income	2	23,649	1,384,839
Cost of goods sold	3	(78,233,752)	(90,315,853)
Employee benefits expense		(3,445,569)	(3,267,972)
Depreciation and amortisation expense		(1,130,550)	(864,136)
Finance costs		(31,903)	(130,971)
Other expenses		(1,481,036)	(1,720,933)
Share of net profits of associates and joint venture entities		312,796	118,805
Profit before income tax		3,783,848	5,757,577
Income tax expense	4	(1,040,492)	(1,700,106)
Net Profit for the year		2,743,357	4,057,471
Other comprehensive income			
Items that will not be reclassified subsequently to profit or			
Fair value gain on land		-	2,249,691
Other comprehensive income for the year		-	2,249,691
Total comprehensive income for the year		2,743,357	6,307,162
Earnings per share			
From continuing and discontinued operations			
Basic earnings per share - $		1.38	2.00
Diluted earnings per share - $		1.38	2.00

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 2015

	Note	Consolidated Group 2015 $	2014 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	3,896,070	9,459,103
Trade and other receivables	8	11,695,811	7,970,871
Inventories	9	4,357,912	8,878,938
Other assets	13	46,154	23,365
TOTAL CURRENT ASSETS		19,995,947	26,332,277
NON-CURRENT ASSETS			
Trade and other receivables	8	40,000	-
Investments accounted for using the equity method	10	446,959	334,163
Property, plant and equipment	12	5,983,051	6,098,066
Deferred tax assets	16	167,315	169,408
TOTAL NON-CURRENT ASSETS		6,637,325	6,601,637
TOTAL ASSETS		26,633,272	32,933,914
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	4,749,217	12,162,291
Provisions	17	711,178	936,882
TOTAL CURRENT LIABILITIES		5,460,395	13,099,173
NON-CURRENT LIABILITIES			
Provisions	17	47,236	59,682
TOTAL NON-CURRENT LIABILITIES		47,236	59,682
TOTAL LIABILITIES		5,507,631	13,158,855
NET ASSETS		21,125,641	19,775,058
EQUITY			
Issued capital	18	3,871,762	4,184,987
Reserves	25	4,085,784	4,085,784
Retained earnings		13,168,095	11,504,287
TOTAL EQUITY		21,125,641	19,775,058

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 2015

		Share Capital	Reserves			
	Note	Ordinary	Retained Earnings	General Reserve	Revaluation Surplus	Total
Consolidated Group		$	$	$	$	$
Balance at 1 July 2013		4,295,714	8,476,874	1,836,093	-	14,608,681
Comprehensive Income						
Profit for the year		-	4,057,471	-	-	4,057,471
Dividends recognised for the year	6	-	(1,030,059)	-	-	(1,030,059)
Reclassification of fair value gains on available-for-sale financial assets into profit or loss		-	-	-	2,249,691	2,249,691
Total Comprehensive Income		-	3,027,412	-	2,249,691	5,277,103
Transactions with owners, in their capacity as owners, and other transfers						
Shares bought back during the year		(110,727)	-	-	-	(110,727)
Total transactions with owners and other transfers		(110,727)	-	-	-	(110,727)
Balance at 30 June 2014		4,184,987	11,504,286	1,836,093	2,249,691	19,775,057
Balance at 1 July 2014		4,184,987	11,504,286	1,836,093	2,249,691	19,775,057
Comprehensive Income						
Profit for the year		-	2,743,357	-	-	2,743,357
Dividends recognised for the year	6	-	(1,079,548)	-	-	(1,079,548)
Total Other Comprehensive Income		-	1,663,809	-	-	1,663,809
Transactions with owners, in their capacity as owners, and other transfers						
Shares bought back during the year		(313,225)	-	-	-	(313,225)
Total transactions with owners and other transfers		(313,225)		-	-	(313,225)
Balance at 30 June 2015		3,871,762	13,168,095	1,836,093	2,249,691	21,125,641

CAMBRIDGE GULF LIMITED ABN: 16026785781AND CONTROLLED ENTITIES
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2015

	Note	Consolidated Group 2015 $	2014 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		81,959,310	113,605,790
Interest received		284,330	184,473
Payments to suppliers and employees		(87,385,364)	(99,987,993)
Finance costs		(31,903)	(130,971)
Income tax paid		(1,024,058)	(1,275,867)
Net cash provided by/(used in) operating activities	20	(6,197,685)	12,395,432
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		2,902,699	18,182
Purchase of property, plant and equipment		(1,075,274)	(1,374,074)
Dividends received from associates and joint ventures		200,000	-
Net cash provided by/(used in) investing activities		2,027,426	(1,355,892)
CASH FLOWS FROM FINANCING ACTIVITIES			
Share buy-back payment		(313,225)	(110,727)
Dividends paid by parent entity		(1,079,548)	(1,030,059)
Net cash provided by/(used in) financing activities		(1,392,773)	(1,140,786)
Net increase(decrease) in cash held		(5,563,032)	9,898,755
Cash and cash equivalents at beginning of financial year		9,459,103	(439,652)
Cash and cash equivalents at end of financial year	7	3,896,070	9,459,103

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

Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law.

The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the company and the Group comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the directors on 22 October 2015.

Basis of Preparation

The consolidated financial report has been prepared on an accruals basis and is based on historical costs, except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. All amounts are presented in Australian dollars, unless otherwise noted.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 102 'Inventories' or value in use in AASB 136 'Impairment of Assets'.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based 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 in its entirety, which are described as follows:
- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

(a) Basis of Consolidation

The parent entity and its subsidiaries are collectively referred to as the "Group". The parent of this Group is Cambridge Gulf Limited 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 Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

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.

(b) Taxation

The income tax expense for the year comprises current income tax expense and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

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.

Note 1 Summary of Significant Accounting Policies (cont)

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-aione taxpayer" approach to allocation. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity.

The group notified the Australian Tax Office that it had formed an income tax consolidated group to apply from 1 April 2003. The tax consolidated group has entered a tax funding arrangement whereby each company in the group contributes to the income tax payable by the group in proportion to their contribution to the groups taxable income. Differences between the amounts of net assets and liabilities derecognised and the net amounts recognised pursuant to the funding arrangement are recognised as either a contribution by, or distribution to the head entity.

(c) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs of inventories are determined on the weighted average cost basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

(d) Property, Plant and Equipment

Property

Freehold land and buildings are recorded at their fair value being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Any revaluation increase arising on the revaluation of such land and buildings is recognised in other comprehensive income and accumulated within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset

Depreciation on revalued buildings is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognised.

Freehold land is not depreciated.

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 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 consolidated statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Depreciation

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(e) Leases

The Group as lessor

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

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

(f) Financial Instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Note 1 Summary of Significant Accounting Policies (cont)

Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

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.

(i) Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

(ii) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(iii) Derecognition of financial assets

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

(v) Financial Liabilities and equity instruments

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

(vi) Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

(vii) Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:
- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument

(viii) Other financial liabilities

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

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

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

(viiii) Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Note 1 Summary of Significant Accounting Policies (cont)

(g) Investments in Associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for inaccordance with AASB 5. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is

The requirements of AASB 139 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with AASB 136 'Impairment of Assets' as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount, Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with AASB 136 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale.

(h) 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.

(i) 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.

(j) 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.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

(k) 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.

(l) 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.

Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:
- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income

Dividend revenue is recognised when the right to receive a dividend has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Rendering of services

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.

Note 1 Summary of Significant Accounting Policies (cont)

(o) 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.

(p) 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

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When 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. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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

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

(r) Application of new and revised Accounting Standards

Amendments to AASBs and the new Interpretation that are mandatorily effective for the current year

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.

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 1 Summary of Significant Accounting Policies (cont)

Standards and Interpretations in Issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations that were issued but not yet effective are listed below.

- AASB 9 'Financial Instruments', and the relevant amending standards
  Effective for annual reporting periods beginning on or after 1 January 2018
  Expected to be initially applied in the financial year ending 30 June 2019
- AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15'
  Effective for annual reporting periods beginning on or after 1 January 2017
  Expected to be initially applied in the financial year ending 30 June 2018
- AASB 2014-3 'Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations'
  Effective for annual reporting periods beginning on or after 1 January 2016
  Expected to be initially applied in the financial year ending 30 June 2017
- AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'
  Effective for annual reporting periods beginning on or after 1 January 2016
  Expected to be initially applied in the financial year ending 30 June 2017
- AASB 2014-10 'Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'
  Effective for annual reporting periods beginning on or after 1 January 2016
  Expected to be initially applied in the financial year ending 30 June 2017
- AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'
  Effective for annual reporting periods beginning on or after 1 January 2016
  Expected to be initially applied in the financial year ending 30 June 2017
- AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'
  Effective for annual reporting periods beginning on or after 1 January 2016Expected to be initially applied in the financial year ending 30 June 2017
  Effective for annual reporting periods beginning on or after 1 January 2016Expected to be initially applied in the financial year ending 30 June 2017
- AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'
  Effective for annual reporting periods beginning on or after 1 January 2015
  Expected to be initially applied in the financial year ending 30 June 2016
- AASB 2014-9 'Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements'
  Effective for annual reporting periods beginning on or after 1 January 2016
  Expected to be initially applied in the financial year ending 30 June 2017

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

Note 2 Revenue and Other Income

	Note	Consolidated Group 2015 $	Consolidated Group 2014 $
Revenue from continuing operations			
Sales revenue			
— sale of goods		81,415,359	95,016,554
— provision of services		5,964,026	5,168,041
		87,379,385	100,184,595
Other revenue			
— interest received		284,330	184,473
— rental revenue		106,499	184,730
		390,829	369,203
Total revenue		87,770,212	100,553,798
Other income			
— gain on disposal of property, plant and equipment		-	1,345,276
— other income		23,649	39,563
Total other income		23,649	1,384,839

Note 3 Profit for the Year

Profit before income tax from continuing operations includes the following specific expenses:	Consolidated Group 2015 $	Consolidated Group 2014 $
Expenses		
Cost of goods sold	78,233,752	90,315,853
Interest expense on financial liabilities not at fair value through profit or loss:		
- Interest Expense	31,903	130,971
Total finance cost	31,903	130,971
Other expenses		
Equipment maintenance and runnings costs	229,347	387,623
Insurances	293,472	293,852
Property lease and rentals	39,458	39,628
Water and electricity	101,556	118,640
Other	1,047,647	881,189
Depreciation	1,130,550	864,136
Employee expenses	3,215,126	3,080,279
Superannuation	230,442	187,694
Total Expenses	84,553,252	96,299,865

(i) Statutory superannuation is paid at a rate of 9.5% on all Ordinary Times Earnings, superannuation is paid monthly into the employees chosen fund.

Note 4 Income Tax Expense

	Note	Consolidated Group 2015 $	Consolidated Group 2014 $
(a) The components of tax expense comprise:			
Current tax - continued operations		1,042,584	1,679,547
Deferred tax	16	(2,092)	20,559
		1,040,492	1,700,106
(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% (2014: 30%)			
— consolidated group		1,135,154	1,727,273
Add:			
Tax effect of:			
— non-deductible depreciation and amortisation		339,165	259,241
— Closing provisions		163,415	161,164
— other non-allowable items		4,268	-
		1,642,002	2,147,678
Less:			
Tax effect of:			
— Other allowable items			11,070
— S40-880 deductions		2,100	1,500
— Deductible depreciation and amortisation		339,165	259,241
— Provisions opening		160,898	129,549
— Prior year adjustment		5,510	46,212
— Non-assessable investment income		93,839	-
Income tax attributable to entity		1,040,492	1,700,107
The applicable weighted average effective tax rates are as follows:		27.5%	29.5%

Note 5 Auditors' Remuneration

	Consolidated Group 2015 $	2014 $
Remuneration of the auditor of the parent entity for:		
— auditing or reviewing the financial report	68,160	67,500
— taxation services	16,400	18,900

The Auditor of Cambridge Gulf Limited is Deloitte Touche Tomatsu (2014: UHY Haines Norton)

Note 6 Dividends

	Consolidated Group 2015 $	2014 $
Distributions paid		
Final fully franked ordinary dividend of $0.27 (2014:$0.25) per share fully franked	529,960	504,941
Interim fully franked ordinary dividend of $0.28 (2014: $0.26) per share fully franked	549,588	525,118
Total dividends per share	1,079,548	1,030,059

	2015	2014
Balance of franking account at year end adjusted for franking credits arising from:	8,222,432	7,313,804
— payment of provision of income tax	1,545,005	1,350,091
— 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	(462,732)	(441,463)
	9,304,705	8,222,432

Note 7 Cash and Cash Equivalents

	Note	Consolidated Group 2015 $	2014 $
Cash at bank and in hand		3,896,070	9,459,103
	24	3,896,070	9,459,103

The effective interest rate on short-term bank deposits was 2.55% (2014 : 2.90%).

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:

	2015	2014
Cash and cash equivalents	3,896,070	9,459,103
	3,896,070	9,459,103

Note 8 Trade and Other Receivables

	Note	Consolidated Group 2015 $	2014 $
CURRENT			
Trade receivables		11,695,811	7,970,871
Total current trade and other receivables		11,695,811	7,970,871
NON-CURRENT			
Trade receivables		40,000	-
Total non-current trade and other receivables		40,000	-

The average credit period is 30 days, Cambridge Gulf Limited does not provide for doubtful debts and did not charge debtor interest for the period except related parties as disclosed in note - 22

	Note	Consolidated Group 2015 $	2014 $
(a) **Financial Assets Classified as Loans and Receivables**			
Trade and other Receivables			
— Total current financial assets	24	11,695,811	7,970,871
		11,735,811	7,970,871

(b) **Collateral Pledged**

A floating charge over trade receivables has been provided for certain debt. Refer to Note 15 for further details.

Note 9 Inventories

	Consolidated Group 2015 $	2014 $
CURRENT		
At cost:		
Diesel fuel	4,357,912	8,878,938
	4,357,912	8,878,938

The cost of inventories recognised as an expense during the year in respect of continuing operations was $60.8million (2014: $68.9million)

Note 10 Investments Accounted for Using the Equity Method

	Note	Consolidated Group 2015	2014
		$	$
Interests in joint venture entities		446,959	215,358
		446,959	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.

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

	Consolidated Group 2015	2014
	$	$
Current assets	4,056,226	433,756
Total assets	4,056,226	433,756
Current liabilities	3,609,267	99,593
Total liabilities	3,609,267	99,593
Net Assets	446,959	334,163
Revenue	13,878,323	9,447,640
Expenses	13,431,471	9,277,919
Profit before income tax	446,852	169,721
Income tax expense	(134,056)	(50,916)
Profit after income tax	312,796	118,805
Net assets of the joint venture	893,917	668,325
Proportion of the Group's ownership interest in the joint venture	50%	50%
Carrying amount of the Group's interest in the joint venture	446,959	334,163

Note 11 Controlled Entities

(a) **Controlled Entities Consolidated**

	Principle Activity	Country of Incorporation	Percentage Owned (%)* 2015	2014
Subsidiaries of Cambridge Gulf Limited:				
CGL Fuel Pty Ltd	Fuel wholesaling	Australia	100.00	100.00
CGL Logistics Pty Ltd	Fuel delivery	Australia	100.00	100.00
Bunuwal Fuel Pty Ltd	Fuel wholesaling and delivery	Australia	50.00	50.00

* 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 it's wholly owned entities with CGL Fuel Pty Ltd was enacted last 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.

	Year Ended 2015	2014
	$	$
Statement of comprehensive income		
Revenue	87,090,975	100,087,389
Other income	19,562	1,376,412
Cost of goods sold	(78,233,752)	(90,315,853)
Employee benefits expense	(3,445,569)	(3,267,972)
Depreciation and amortisation expense	(1,029,386)	(775,197)
Finance costs	(31,903)	(130,971)
Other expenses	(1,314,213)	(1,516,758)
Share of net profits of associates and joint venture entities	312,796	118,805
Profit before income tax	3,368,510	5,575,855
Income tax expense	(976,348)	(1,684,939)
Net Profit for the year	2,392,162	3,890,915
Other comprehensive income		
Items that will not be reclassified subsequently to profit or		
Fair value gain on land	-	2,249,691
Other comprehensive income for the year	-	2,249,691
Total comprehensive income for the year	2,392,162	6,140,606

Note 11 Controlled Entities (cont)

	Year Ended 2015 $	2014 $
Statement of financial position		
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	3,867,935	9,446,231
Trade and other receivables	11,688,660	7,967,407
Inventories	4,357,912	8,878,938
Other assets	46,154	23,365
TOTAL CURRENT ASSETS	19,960,660	26,315,941
NON-CURRENT ASSETS		
Trade and other receivables	40,000	-
Investments accounted for using the equity method	446,959	334,163
Property, plant and equipment	5,223,025	5,427,116
Deferred tax assets	167,027	169,228
TOTAL NON-CURRENT ASSETS	5,877,011	5,930,507
TOTAL ASSETS	25,837,671	32,246,448
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	4,171,278	11,544,778
Provisions	712,780	936,882
TOTAL CURRENT LIABILITIES	4,884,058	12,481,660
NON-CURRENT LIABILITIES		
Provisions	47,236	59,682
TOTAL NON-CURRENT LIABILITIES	47,236	59,682
TOTAL LIABILITIES	4,931,294	12,541,342
NET ASSETS	20,906,377	19,705,105
EQUITY		
Issued capital	3,871,762	4,184,987
Reserves	4,085,784	4,085,784
Retained earnings	12,948,831	11,434,333
TOTAL EQUITY	20,906,377	19,705,105

Note 12 Property, Plant and Equipment

	Consolidated Group 2015 $	2014 $
LAND AND BUILDINGS		
Land and Buildings at:		
At valuation	3,530,423	3,424,423
Less accumulated depreciation	(476,698)	(427,772)
Total buildings	3,053,725	2,996,651
Total land and buildings	3,053,725	2,996,651
PLANT AND EQUIPMENT		
Plant and equipment:		
At cost	7,091,496	6,207,821
Accumulated depreciation	(4,162,170)	(3,106,407)
	2,929,326	3,101,414
Total plant and equipment	2,929,326	3,101,414
Total property, plant and equipment	5,983,051	6,098,065

(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 at fair value $	Non-Residential at fair value $	Plant and Equipment at cost $	Total $
Consolidated Group:				
Balance at 1 July 2013	79,324	2,182,470	2,604,069	4,865,863
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
Additions	3,469	95,013	965,805	1,064,287
Valuations	-	-	-	-
Disposals	-	-	(48,754)	(48,754)
Depreciation expense	(2,510)	(38,897)	(1,089,142)	(1,130,549)
Balance at 30 June 2015	123,458	2,930,266	2,929,324	5,983,051

Note 13 Other Assets

	Consolidated Group 2015 $	Consolidated Group 2014 $
CURRENT		
Prepayments	46,154	23,365
	46,154	23,365

Note 14 Trade and Other Payables

	Consolidated Group 2015 $	Consolidated Group 2014 $
CURRENT		
Unsecured liabilities		
Trade payables	835,000	10,314,398
Sundry payables and accrued expenses	3,360,114	271,055
Current tax liabilities	285,536	706,427
Deferred revenue	268,568	870,411
	4,749,217	12,162,291

Deferred revenue is in relation to the export of crude oil from the CGL Fuel Pty Ltd shore tanks in Wyndham.

The average credit period on purchases is 30 days, interest is payable at 5% above AFMA 90 day bank bill swap reference rate. No interest was charged on the trade payables.

	Note	Consolidated Group 2015 $	Consolidated Group 2014 $
(a) Financial liabilities at amortised cost classified as trade and other payables			
Trade and other payables			
— Total current		4,749,217	12,162,291
Financial liabilities as trade and other payables	24	4,749,217	12,162,291

Note 15 Borrowings

(a) **Collateral provided**

(i) Financial covenants

Covenants imposed around the financing terms are capital adequacy ratio (CAR), the conslidated group had a CAR of 79.20% (2014-60.27%) and exceeded the covenant. The consolidated group also has to meet an interest coverage at the 30th June 2015, the groups interest coverage was 119.40 (2014-44.96) and exceeded the covenant.

	Note	Consolidated Group 2015 $	Consolidated Group 2014 $
Cash and cash equivalents	7	3,896,070	9,459,103
Trade receivables	8	11,695,811	7,970,871
Total financial assets pledged		15,591,881	17,429,974

(b) **Bank guarantee**

Cambridge Gulf Limited is required to hold a bank guarantee of $200,000 in favour of the Minister for Transport, Western Australia in relation to the operating agreement at the Wyndham Port.

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	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	20,558	-	-	-	169,407
Provisions	140,753	(8,365)				132,388
Other	27,154	6,873				34,027
Borrowing cost	1,500	(600)				900
	(1)	-				(1)
Balance at 30 June 2015	169,407	(2,092)	-	-	-	167,315

Note 17 Provisions

	Consolidated Group 2015 $	Consolidated Group 2014 $
CURRENT		
Short-term Employee Benefits		
Opening balance at 1 July 2014	409,494	407,316
Additional provisions	102,000	45,228
Amounts used	(117,436)	(43,050)
Balance at 30 June 2015	394,058	409,494
Other		
Opening balance at 1 July 2014	527,385	677,800
Additional provisions	68,306	188,583
Amounts used	(278,570)	(338,998)
Balance at 30 June 2015	317,121	527,385

Note 17 Provisions (cont)

	Consolidated Group	
	2015	2014
NON CURRENT	$	$
Long-term Employee Benefits		
Opening balance at 1 July 2014	59,682	34,204
Additional provisions	13,226	25,478
Amounts used	(25,672)	-
Balance at 30 June 2015	47,236	59,682

Analysis of Total Provisions

	Consolidated Group	
	2015	2014
	$	$
Current	711,178	936,878
Non-current	47,236	59,682
	758,414	996,560

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	
	2015	2014
	$	$
Issued and paid up capital	4,184,987	4,295,714
Shares bought back during year:		
— 25th September 2014	(313,225)	(110,727)
	3,871,762	4,184,987

	Consolidated Group	
(a) **Ordinary Shares**	2015	2014
	No.	No.
At the beginning of the reporting period	2,019,764	2,044,370
Shares bought back during year		
— 25th September 2014	(56,950)	(24,606)
At the end of the reporting period	1,962,814	2,019,764

On the 25 September 2014 the company bought back 56,950 ordinary shares on issue at $5.50 each. The total purchase consideration of the buy-back was $313,225. The nature and terms of the buy-back were:

- the buy-back offer of $5.50 for each fully paid ordinary share was made to all shareholders.
- the accepting shareholders would be paid and have their shares cancelled on 25 September 2014.
- 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.

Note 19 Capital and Leasing Commitments

	Consolidated Group	
	2015	2014
	$	$
(a) **Finance Lease Commitments**		
Payable — minimum lease payments		
— not later than 12 months	38,825	41,211
— between 12 months and 5 years	105,629	144,450
Minimum lease payments	144,454	185,661

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 Cash Flow Information

	Consolidated Group	
	2015	2014
	$	$
(a) **Reconciliation of Cash Flow from Operations with Profit after Income Tax**		
Profit after income tax	2,743,357	4,057,472
Non-cash flows in profit		
Carrying value of plant and equipment held for sale	-	1,501,682
Depreciation	1,130,550	864,136
Amounts set aside / (utilised) for deffered tax	(9,354)	(20,558)
Share of associated companies net profit after income tax and dividends	(312,796)	(118,805)
(Increase)/decrease in trade and term receivables	(3,724,940)	(1,685,806)
(Increase)/decrease in prepayments	(22,785)	862,393
(Increase)/decrease in inventories	4,521,026	(2,786,918)
Increase/(decrease) in trade payables and accruals	(7,439,897)	9,882,182
Increase/(decrease) in provisions	(239,887)	(160,346)
Sale of Sugar Mill	(2,842,958)	-
Cash flow from operations	(6,197,685)	12,395,432

Note 20 Cash Flow Information (cont)

	2015 $	2014 $
(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	-	-
	20,010,000	20,010,000

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 21 Events After the Reporting Period

The Department of Transport has advised CGL that the CGL Wyndham Port will continue to report to the Department of Transport until June 2019 when the lease and operating agreement will be administered by the Kimberley Port Authority. CGL Logistics invested in a second prime mover and trailers allowing it to cease back up arrangements with a third party and seek further cartage work.Crude oil exports recommenced in August 2015.

Note 22 Related Party Transactions

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

The following transactions occurred with related parties:

	Consolidated Group	
	2015 $	2014 $
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	606,838	534,805
Superannuation	70,479	60,376
(ii) Directors		
Directors remuneration	180,000	180,000
(iii) Directors consulting		
Gabriele Blocker	-	2,000
Lindsay Innes	25,000	14,500
Robert Boshammer	-	2,000
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.

	Entity	Product	2015 $	2014 $
Transactions with Bunuwal Fuel Pty Ltd	CGL Fuel Pty Ltd	Fuel	25,281,367	17,512,491
	CGL Fuel Pty Ltd	Interest	150,539	97,250
	Cambridge Gulf Ltd	Management Fees	120,000	120,000

Note 23 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:

		Consolidated Group	
	Note	2015 $	2014 $
Financial Assets			
Cash and cash equivalents	7	3,896,070	9,459,103
Trade and other receivables	8a	11,735,811	7,970,871
Total Financial Assets		15,631,881	17,429,974
Financial Liabilities			
Financial liabilities at amortised cost			
— Trade and other payables	14	4,749,217	12,162,292
— Borrowings	15	-	6,900,000
Total Financial Liabilities		4,749,217	19,062,292

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. Foreign Exchange Contracts are taken out to minimise the risk of foreign exchange rate movements when importing fuel from South East Asia.

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.

Note 23 Financial Risk Management (cont)

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. Foreign currency risk

The group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise, with the intention of reducing the foreign exchange risk of expected purchases in fuel. Exchange rate exposures are managed within approved policy parameters utilising forward exchange contracts. It is the policy of the Group to enter into forward exchange contracts to cover specific foreign currency payments.

On 29 June 2015, the Group entered into a foreign exchange forward contract which had the following terms:

Outstanding contract	Exchange rate	Buy Amount AUD $	Sell Amount USD $
Less than three months	0.76	3,219,871	2,450,000

d. Market Risk

i. *Interest rate risk*

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

Floating rate instruments	Note	Consolidated Group 2015 $	2014 $
Trade Drawdown	15	-	-
		-	-

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	
Year ended 30 June 2015	**Profit $**	**Equity $**
+/-2 % on interest rate	-	-

	Consolidated Group	
Year ended 30 June 2014	**Profit $**	**Equity $**
+/-10 % in listed investments	-	-

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 23 Financial Risk Management

Consolidated Group		2015 Net Carrying Value $	2015 Net Fair Value $	2014 Net Carrying Value $	2014 Net Fair Value $
Financial assets					
Cash and cash equivalents	(i)	3,896,070	3,896,070	9,459,103	9,459,103
Trade and other receivables	(ii)	11,735,811	11,735,811	7,970,871	7,970,871
		15,631,881	15,631,881	17,429,974	17,429,974
Total financial assets		15,631,881	15,631,881	17,429,974	17,429,974
Financial liabilities					
Trade and other payables	(i)	4,749,217	4,749,217	12,162,291	12,162,291
Bank debt	(vii)	-	-	-	-
Total financial liabilities		4,749,217	4,749,217	12,162,291	12,162,291

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) 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.

Issued Capital

	Note	Consolidated Group 2015 $	Consolidated Group 2014 $
Total borrowings and financial liabilities	14,15	4,749,217	12,162,291
Less cash and cash equivalents	7	(3,896,070)	(9,459,103)
Net debt		853,146	2,703,188
Total equity		21,125,641	19,775,058
Total capital		21,978,788	22,478,246
Gearing ratio		3.88%	12.03%

Note 24 Fair Value Measurement of the Group's Freehold Land and Buildings

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

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:

30 June 2015	Note	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.

Note 24 Fair Value Measurement of the Group's Freehold Land and Buildings (cont)
b. Valuation Techniques and Inputs Used to Measure Level 2 Fair Value

Description	Fair Value at 30 June 2015	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 2015 $	2014 $
Revaluation surplus			
Net gain on revaluation of land		-	2,249,691
Movement in revaluation surplus		-	2,249,691
Total other comprehensive income for the year		-	2,249,691

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.

Note 26 Parent Information

Statement of Financial Position	2015 $	2014 $
ASSETS		
Current assets	2,502,606	1,224,883
Non-current assets	4,962,876	5,212,779
TOTAL ASSETS	7,465,482	6,437,662
LIABILITIES		
Current liabilities	1,014,560	1,456,485
Non-current liabilities		-
TOTAL LIABILITIES	1,014,560	1,456,485
EQUITY		
Issued capital	3,871,762	4,184,987
Reserves	4,085,784	4,085,784
Retained earnings	(1,506,624)	(3,289,594)
TOTAL EQUITY	6,450,922	4,981,177
Statement of Profit of Loss and Other Comprehensive Income		
Total profit	1,427,638	1,872,391
Total comprehensive income	1,427,638	4,122,082

Guarantess
During the 2013/2014 financial year 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:

(a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;

(b) in the directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 3.1 to the financial statements;

(c) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the cosolidated entity; and

At the date of this declaration, the company is within the class of companies affected by ASIC Class Order 98/1418. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee. In the directors' opinion, there are reasonable grounds to believe that the company and the companies to which the ASIC Class Order applies, as detailed in note 11 to the financial statements will, as a group, be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

This declaration is made in accordance with a resolution of the Board of Directors made pursuant to s.295(5) of the Corportations Act 2001.

On behalf of the Directors

Mr Lindsay A Innes

Dated this 22nd day of October 2015

Deloitte.

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Independent Auditor's Report to the Members of Cambridge Gulf Limited

We have audited the accompanying financial report of Cambridge Gulf Limited, which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year ended on that date, 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 as set out on pages1 to 26.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation 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 Accounting Standard AASB 101 Presentation of Financial Statements, that the consolidated financial statements comply with International Financial Reporting Standards.

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 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 qualified audit opinion.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Cambridge Gulf Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Deloitte.

Basis for Qualified Opinion

We were appointed as auditors of the entity on 26 March 2015 and thus did not observe the counting of the physical inventories at the beginning of the year. We were unable to satisfy ourselves by alternative means concerning inventory quantities held at 30 June 2014. Since opening inventories enter into the determination of the financial performance and cash flows, we were unable to determine whether adjustments might have been necessary in respect of the cost of sales reported in the consolidated statement of profit or loss and other comprehensive income and the net cash flows from operating activities reported in the consolidated statement of cash flows for the year ended 30 June 2015.

Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial report of Cambridge Gulf Limited is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

L C Girolamo
Partner
Chartered Accountants
Darwin, 22 October 2015