

FINANCIAL STATEMENTS

Independent Audit Report
Statement By Trustees
Directors' Report
Statement of Financial Performance
Statement of Financial Position
Statement of Cash Flows
Notes to the Financial Statements

INDEPENDENT AUDIT REPORT 2004-2005

TO THE DIRECTORS OF TASBUILD LIMITED

SCOPE

We have audited the financial statements of TasBuild Limited and the Construction Industry (Long Service) Fund for the period ended 30 June 2005 comprising a statement of financial position, statement of financial performance, statement of cash flows, statement by trustees and notes to the financial statements. Separate unqualified audit opinions have been issued on these two entities in accordance with the governing rules and legislation. The company's directors are responsible for the preparation and presentation of these financial statements and the information they contain. We have conducted an independent audit of these financial statements in order to express an opinion on them to the Trustee.

This audit report is a special purpose audit report as required by clause 10.3 of TasBuild Limited's Trust Deed dated 19 June 1998, in accordance with TasBuild Limited's:

- (a) Articles of Association, recital 25; and
- (b) Memorandum of Association, clause 5.

The audit opinion expressed in this report has been formed on the above basis.

AUDIT OPINION

In our opinion, the financial statements of TasBuild Limited and the Construction Industry (Long Service) Fund for the period ended 30 June 2005 are properly drawn up:

- (a) so as to give a fair and reasonable view of:
 - (i) the remuneration appropriated out of the Fund by the Trustee;
 - (ii) the remuneration paid by the Trustee to each member of the Board; and
 - (iii) the expenses reimbursed by the Trustee to each member of the Board; and
- (b) in accordance with TasBuild Ltd's:
 - (i) Trust Deed, clause 10.3
 - (ii) Articles of Association, recital 25; and
 - (iii) Memorandum of Association, clause 5.



D J MCCARTHY
Partner
WISE LORD & FERGUSON
Chartered Accountants
160 Collins Street
Hobart Tas 7000

26 August, 2005

INDEPENDENT AUDIT REPORT 2004-2005

TO THE MEMBERS OF TASBUILD LIMITED

SCOPE

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the statement of trustees for TasBuild Limited, for the year ended 30 June 2005.

The Directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company, and that complies with Accounting Standards in Australia, in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We perform procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgment of the appropriateness or reasonableness of the business plans or strategies adopted by the Directors and management of the company.

INDEPENDENCE

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

AUDIT OPINION

In our opinion, the financial report of TasBuild Limited is in accordance with:

- (a) the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of TasBuild Limited at 30 June 2005 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.



D J MCCARTHY
Partner
WISE LORD & FERGUSON
Chartered Accountants
160 Collins Street
Hobart Tas 7000
26 August, 2005

INDEPENDENT AUDIT REPORT 2004-2005

TO THE TRUSTEE AND MEMBERS OF THE CONSTRUCTION INDUSTRY (LONG SERVICE) FUND

SCOPE

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the statement of trustees for the Construction Industry (Long Service) Fund, for the year ended 30 June 2005.

The fund's Trustee is responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the fund, and that complies with Accounting Standards in Australia, in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the fund. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the fund's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Trustee.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgment of the appropriateness or reasonableness of the business plans or strategies adopted by the Trustee.

INDEPENDENCE

We are independent of the fund, and have met the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

AUDIT OPINION

In our opinion, the financial statements present fairly the financial position of the Construction Industry (Long Service) Fund as at 30 June 2005 and the result of its operations and its cash flows for the period ended on that date in accordance with the Australian Accounting Standards and other mandatory professional reporting requirements.



D J MCCARTHY
Partner
WISE LORD & FERGUSON
Chartered Accountants
160 Collins Street
Hobart Tas 7000

26 August, 2005

STATEMENT BY TRUSTEES 2004-2005

In the opinion of the Directors of TasBuild Limited, Trustee for the Construction Industry (Long Service) Fund:

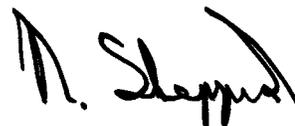
1. The accompanying Statement of Financial Position, Statement of Performance, Statement of Cash Flows and the Notes to the Financial Statements present fairly the financial transactions for the twelve months to 30 June 2005 and the financial position of the Fund as at 30 June 2005.
2. The financial statements referred to above have been prepared in accordance with Australian Accounting Standards and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) and the *Corporations Act 2001*.
3. At the date of this statement there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Directors of the Trustee.

For and on behalf of TasBuild Limited



D H HODGMAN
Director & Chairman



M R SHEPPERD
Director

Hobart, Tasmania

26 August, 2005

DIRECTORS' REPORT

The Directors of TasBuild Limited submit herewith the financial report for the financial year ended 30 June 2005.

The Directors in office during the financial year and until the date of this report are as follows:-

DIRECTORS

Des Hodgman	Appointed 9/5/01
Mark Watson	Appointed 8/11/01
Tony Benson	Appointed 12/4/01
Chris Atkins	Appointed 13/7/00
Michael Shepperd	Appointed 21/4/98
Philip Baker	Appointed 13/2/03
Philip Baker	Resigned 14/10/04
Darren Hanisch	Appointed 14/10/04
Kevin Harkins	Appointed 8/3/01

ALTERNATE DIRECTORS

N/A	
Damon Thomas	Appointed 29/4/02
Bill White	Appointed 29/4/02
Michael Kershbaum	Appointed 29/4/02
Robert White	Appointed 10/12/98
Darren Hanisch	Appointed 13/11/03
Darren Hanisch	Resigned 14/10/04
Ann Urquhart	Appointed 19/11/04
Nicole Wells	Appointed 18/6/04

The Directors were in office from the beginning of the year until the date of this report, unless otherwise stated. All the Directors of the Company are non-executive Directors.

PRINCIPAL ACTIVITIES

TasBuild's principal activities are to administer the *Construction Industry (Long Service) Act 1997*, the governing legislation for the construction industry based portable long service scheme. During the year there was no significant change in the nature of those activities.

REVIEW & RESULTS OF OPERATIONS

The net profit of the company for the financial year was \$3,180,000 (2004 profit: \$4,104,000).

SIGNIFICANT EVENTS AFTER BALANCE DATE

There has not been any matter or circumstance that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in financial years subsequent to this financial year.

LIKELY DEVELOPMENT & EXPECTED RESULTS

The Directors do not predict any material change in the operations of the company or the expected results of those operations in future financial periods.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIR

During the financial year there was no significant change in the state of affairs of the Company other than that referred to in the accounts or notes thereto.

EMPLOYEES

The company employed 5 employees as at 30 June 2005 (2004: 5 employees).

INDEMNIFICATION & INSURANCE OF DIRECTORS & OFFICERS

During the financial year, the Company paid a premium insuring the Directors and Officers of the Company against liabilities incurred as a Director or Officer to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an Officer or Auditor of the Company or of any related body corporate against a liability incurred as such an Officer or Auditor.

Auditors Independence Declaration to the Directors

In relation to our audit of the financial report for TasBuild Limited, for the financial year ended 30 June 2005, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.



D J MCCARTHY
Partner
WISE LORD & FERGUSON
Chartered Accountants
160 Collins Street
Hobart Tas 7000

Signed in accordance with a resolution
of the Directors.



D H HODGMAN
Director & Chairman
26 August, 2005



M R SHEPPERD
Director

STATEMENT OF FINANCIAL PERFORMANCE 2004-2005

This Statement of Financial Performance should be read in conjunction with the notes to and forming part of the financial statements

	Notes	2005 \$'000	2004 \$'000
Revenue from Ordinary Activities			
Contributions Accrued Liability	2	326	297
Monthly/Quarterly Contributions	2	1,387	1,061
Income From Investments	10	5,741	4,970
Miscellaneous Income		59	56
Profit/(Loss) on Disposal of Assets		(2)	(2)
Total Revenue from Ordinary Activities		7,511	6,382
Less			
Expenses from Ordinary Activities			
Long Service			
Long Service Benefits		1,122	1,084
Investments			
Investment Expenses	10	Nil	36
Administration			
Salaries and Associated Expenses		315	385
General Administration Expenses	3	256	334
Other Expenses			
Doubtful Debts		(42)	(37)
Depreciation	11	38	41
Provision for Loss on Construction Projects	12	(65)	(110)
Adjustment Liability to Beneficiaries	8	2,707	545
Total Expenses from Ordinary Activities		4,331	2,278
Net Profit Attributable to Members of TasBuild Limited		3,180	4,104
Total Changes in Equity Attributable to Members of TasBuild Limited (Deficit)		3,180	4,104
Retained Earnings at the Beginning of the Period		23,263	19,159
Retained Earnings at the End of the Period		26,443	23,263

STATEMENT OF FINANCIAL POSITION 2004-2005

This Statement of Financial Position should be read in conjunction with the notes to and forming part of the financial statements

	Notes	2005 \$'000	2004 \$'000
Current Assets			
Cash		13	11
Accounts Receivable	4	463	614
Investments	7	1,938	2,119
Other Accrued Income	5	170	170
Prepaid Expenses		16	Nil
Total Current Assets		2,600	2,914
Non-Current Assets			
Investments	7	46,483	40,328
Fixed Assets	6	155	158
Total Non-Current Assets		46,638	40,486
Total Assets		49,238	43,400
Current Liabilities			
Accrued Long Service Leave Benefits Liability	8	1,135	1,100
Accrued Charges		62	69
Provision for Staff Annual Leave		26	18
GST Payable		39	28
Total Current Liabilities		1,262	1,215
Non-Current Liabilities			
Accrued Long Service Leave Benefits Liability	8	21,533	18,857
Provision for Contingencies	12	Nil	65
Total Non-Current Liabilities		21,533	18,922
Total Liabilities		22,795	20,137
Net Assets		26,443	23,263
Equity			
Retained Earnings		26,443	23,263
Total Equity		26,443	23,263

CASH FLOW STATEMENT 2004-2005

	Notes	2005 \$'000	2004 \$'000
Cash Flows from Operating Activities			
Receipts from Contributors		2,033	2,156
Miscellaneous Income		68	59
Payments for Operating Costs and Long Service Leave Benefits		(1,855)	(1,932)
Net Cash Outflow from Operating Activities	13	246	283
Cash Flows from Investment Activities			
Investment Income Received		297	826
Payments for Plant and Equipment		(66)	(78)
Payments for Investments		(4,095)	(32,772)
Proceeds from sale of investments		3,589	31,698
Investment Expenses Paid		-	(36)
Proceeds on sale of Property, Plant & Equipment		31	19
Net Cash Inflow from Investment Activities		(244)	(343)
Net Increase/(Decrease) in Cash Held		2	(60)
Cash at the Beginning of the Period		11	71
Cash at the End of the Period		13	11

For the purposes of this Statement of Cash Flows, Cash includes cash on hand. Cash at the end of the period as shown in this Statement of Cash Flows is disclosed as Cash in the accompanying Statement of Financial Position. Cash Flows have been calculated after the transfer of assets and liabilities from the Long Service Leave (Construction Industry) Fund.

This Statement of Cash Flows should be read in conjunction with the notes to and forming part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS 2004-2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act which includes applicable accounting standards. Other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) have also been complied with.

(a) Basis of Accounting

The financial statements have been prepared under conventional historical cost principles, except for investment securities which are at net market value.

The accounting policies used are consistent with those of the previous year unless otherwise stated.

All amounts in the financial statements have been rounded to the nearest thousand dollars.

(b) Contribution Income

Employers contribute to the fund at the agreed rate.

(c) Investments

Investments are stated at the net market value at period end as provided by each Fund Manager and confirmed by the Fund's investment advisers. The gains or losses, whether realised or unrealised, are included in the operating result for the period in accordance with AASB 1041 "Revaluation of Non-Current Assets".

The Trustee regards investments due to mature, expire, or are available to be traded within the next twelve months as current and accordingly have been disclosed as current assets. Investments held with Fund Managers, although available for trading, have been placed for long term investment and are therefore disclosed as non-current assets.

(d) Investment Income

Investment Income is accounted for on an accrual basis.

(e) Accrued Long Service Benefits

Liability

The liability for accrued long service benefits is determined as the present value of all expected future payments that arise from the service of eligible workers up to the balance date.

The stated amount has been calculated by the Fund's actuary using an actuarial valuation method which takes into account assumptions of the rates of departure from the industry, mortality rates, increases in wages and rates of return on investments. The liability has been recorded both as a current liability (that amount due within twelve months) and as a non-current liability.

(f) Property, Plant and Equipment

Cost and valuation

All classes of property, plant and equipment are valued at cost.

Depreciation

Depreciation is calculated using the diminishing value method designed to write off the assets over their estimated useful lives, except where otherwise stated in the accounts.

Rates of depreciation used for each class of assets are as follows:

Furniture, Fittings and Office Equipment	12-17%
Motor Vehicles	20%
Computer Equipment & Software	27%

(g) Provision for Doubtful Debts

The collectability of debts is assessed at the end of each financial period and a provision is made.

(h) Provisions for Employee Entitlements

Provision is made for the Trustee's liability for employee entitlements arising from services rendered by employees up to the balance date. Employee entitlements expected to be settled within 1 year together with entitlements, apart from long service leave, which will be settled after one year, have been measured at their nominal amount.

Long Service Leave entitlements payable later than 1 year have been measured at the present value of the estimated future cash outflows to be made for those entitlements.

NOTES TO THE FINANCIAL STATEMENTS 2004-2005

(i) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest

Control of a right to receive consideration for the provision of, or investments in, assets has been attained.

(j) Tax

The Fund is exempt from income tax.

(k) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables are stated inclusive of GST.

The amount of GST recoverable has been netted off against GST Payable and recorded as a current liability in the Statement of Financial Position.

(l) Recoverable Amount

Non-current assets are not carried at an amount above their recoverable amount, and where carrying values exceed this recoverable amount assets are written down.

(m) Payables

Liabilities for creditors and other amounts are carried at cost, which is the net fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Trustee. Creditors are non-interest bearing and generally on 30 day terms.

2. CONTRIBUTIONS

Contributions Payable including GST

With the enactment of the *Construction Industry (Long Service) Act 1997* employers that had elected to contribute to the former fund under the Termination Scheme had an accrued liability to the Trustee for unpaid contributions. In accordance with the Rules, payment of this liability may be postponed until the employee leaves the employer or becomes eligible for the payment of an entitlement. Contributions payable includes any accrued liability prior to registration together with monthly or quarterly contributions by registered employers. In respect of contributions payable between 1 July 2000 and 30 June 2005 amounts invoiced include GST.

Contributions are carried at their nominal amount less a provision for any uncollectable debts. Contributions are non-interest bearing and generally on 30 day terms from invoice date.

3. GENERAL ADMINISTRATION EXPENSES

	2005 \$'000	2004 \$'000
Postage and Telephone	24	19
Printing and Stationery	14	22
Travelling Expenses	9	11
General Expenses	96	151
Consultancies	2	7
IT Expenses (excluding depreciation)	7	16
Board Members' Allowances	26	49
Audit Fees	6	7
Vehicle Expenses (excluding depreciation)	15	14
Legal Expenses	25	22
Actuarial Services	18	4
Advertising and Promotion	14	12
Total	256	334

NOTES TO THE FINANCIAL STATEMENTS 2004-2005

	2005	2004
	\$'000	\$'000
4. ACCOUNTS RECEIVABLE		
Accounts Receivable before provision for Doubtful Debts	476	671
Less Provision for Doubtful Debts	13	57
Accounts Receivable - Closing	463	614
5. ACCRUED INCOME		
Accrued Investment Income	Nil	25
Contributions accrued	<u>170</u>	<u>145</u>
Total Accrued Income	170	170
6. FIXED ASSETS		
Office Equipment at cost (see note)	27	27
Less Accumulated Depreciation	<u>(18)</u>	<u>(16)</u>
	9	11
Motor Vehicles at cost	102	106
Less Accumulated Depreciation	<u>(21)</u>	<u>(27)</u>
	81	79
Computer Software at cost (see note)	36	34
Less Accumulated Depreciation	<u>(27)</u>	<u>(29)</u>
	9	5
Computer Equipment at cost (see note)	141	132
Less Accumulated Depreciation	<u>(90)</u>	<u>(74)</u>
	51	58
Furniture and Fixtures at cost	9	8
Less Accumulated Depreciation	<u>(4)</u>	<u>(3)</u>
	5	5
Total Fixed Assets	155	158
Reconciliation		
<i>Office Equipment</i> (see note)		
Carrying amount at beginning	11	14
Additions	Nil	Nil
Depreciation expense	<u>(2)</u>	<u>(3)</u>
Carrying amount at end	9	11
<i>Motor Vehicles</i>		
Carrying amount at beginning	79	60
Additions	48	54
Disposals	<u>(29)</u>	<u>(17)</u>
Depreciation Expense	<u>(17)</u>	<u>(18)</u>
Carrying amount at end	81	79
<i>Computer Software</i> (see note)		
Carrying amount at beginning	5	7
Additions	6	Nil
Disposals	<u>(1)</u>	Nil
Amortisation	<u>(1)</u>	<u>(2)</u>
Carrying amount at end	9	5

NOTES TO THE FINANCIAL STATEMENTS 2004-2005

	2005	2004
	\$'000	\$'000
6. FIXED ASSETS <i>Continued</i>		
<i>Computer Equipment (see note)</i>		
Carrying amount at beginning	58	51
Adjustment correction to opening balance	Nil	7
Additions	11	21
Disposals	(1)	(3)
Depreciation expense	<u>(17)</u>	<u>(18)</u>
Carrying amount at end	51	58
 <i>Furniture and Fittings</i>		
Carrying amount at beginning	5	2
Additions	1	4
Depreciation Expense	<u>(1)</u>	<u>(1)</u>
Carrying amount at end	5	5
 7. INVESTMENTS		
<i>Current Investments</i>		
Funds Directly Managed by the Trustee		
Domestic Liquid Investments	Nil	Nil
Direct Property	<u>1,938</u>	<u>2,119</u>
Total Current Investments	1,938	2,119
 <i>Funds Managed by Funds Managers</i>		
Domestic Liquid Investments	Nil	Nil
Property and Property Trusts	1,968	1,922
Domestic Equities	15,524	12,142
Overseas Investments	28,639	22,358
 <i>Funds Directly Managed by the Trustee</i>		
Venture Capital Fund	352	406
Direct Property	<u>Nil</u>	<u>3,500</u>
Non-Current Investments	46,483	40,328
Total Investments	48,421	42,447
 8. ACCRUED LONG SERVICE LEAVE BENEFITS LIABILITY		
Current	1,135	1,100
Non-Current	<u>21,533</u>	<u>18,857</u>
Total	22,668	19,957

An increase in the total number of service days, employees registered and wage rates has resulted in an increase in the liability to beneficiaries of \$2.711 when compared with the assessment at 30 June 2004.

Actuarial Statement

I have carried out an investigation of the fund as at 30 June 2005 and have calculated the actuarial liability for accrued long service leave benefits to be \$22.668 million.

David B Quinn-Watson B.Sc (Hons) FIAA
Bendzulla Actuarial Pty Ltd
July 2005

NOTES TO THE FINANCIAL STATEMENTS 2004-2005

9. ADDITIONAL FINANCIAL INSTRUMENT DISCLOSURES

The investments of the Fund (cash, fixed interest securities and real estate) are managed by the trustee and on behalf of the trustee by MLC Implemented Consulting. MLC is required to invest the assets managed by it in accordance with the terms of a written investment mandate.

The trustee has determined that appointment of these managers is appropriate for the Fund and is in accordance with the Fund's investment strategy.

The trustee obtains monthly reports from the Investment Manager on the nature of the investments made. Annual reports include Risk Management Statements.

Use of derivative financial instruments

The Fund's Investment Managers may use derivative financial instruments to reduce risks in the share, bond and currency markets and to increase or decrease the Fund's exposure to particular investment classes or markets. Derivative financial instruments are included in the relevant asset category in Note 5.

At 30 June 2005 the Fund held no derivatives.

Credit Risk

The net market value of financial assets, with the exception of the derivatives position, included in the Balance Sheet, represents the Fund's exposure to credit risk in relation to those assets.

The Fund does not have any significant exposure to any individual counter party or industry. Its assets are invested by individual Investment Managers.

Interest Rate Risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investment on behalf of its members. The Fund's investments are subject to interest rate risks and returns on investments will fluctuate in accordance with movements in market interest rates.

The Fund's exposure to interest rate movement on those investments as at 30 June 2005 was as follows:

	WAEI %	Floating Interest \$'000		Non-Int Bearing \$'000		Total (per Bal Sheet) \$'000	
		2005	2004	2005	2004	2005	2004
Financial Assets							
Cash	0.70	13	11			13	11
Equity Investments			46,483	40,328	46,483	40,328	
Short term investments	5.49	1,938	2,119			1,938	2,119
Receivables			239	393	239	393	
Total		1,951	2,130	46,722	40,721	48,673	42,851

WAEI - Weighted Average Effective Interest

Net Fair Values of Financial Assets and Liabilities

The Fund's financial assets, liabilities and derivative instruments are included in the Statement of Financial Position at amounts that approximate net fair value.

	2005 \$'000	2004 \$'000
10. NET INCOME FROM INVESTMENTS		
(a) Domestic Market		
Fixed Interest, Liquid and Property Investments		
Realised Income	272	631
(b) Funds Held by Funds Managers		
Unrealised Gain (Loss)	5,469	4,339
Total Income from Investments	5,741	4,970

NOTES TO THE FINANCIAL STATEMENTS 2004-2005

	2005	2004
	\$'000	\$'000
10. NET INCOME FROM INVESTMENTS <i>Continued</i>		
Investment Expenses		
Fees paid to Financial Advisers	Nil	36
Other Expenses	<u>Nil</u>	<u>Nil</u>
Total Investment Expenses	Nil	36
Net Income from Investments	5,741	4,934

11. DEPRECIATION

Office Equipment	2	2
Motor Vehicles	17	18
Computer Equipment	17	18
Other Assets	1	2
Furniture and Fixtures	<u>1</u>	<u>1</u>
Total	38	41

12. PROVISION FOR LOSS ON CONSTRUCTION PROJECTS

The Trustee's investment strategy includes an allocation of \$5 million to construction projects. Project evaluation focuses on employment opportunities for the beneficiaries and potential beneficiaries of the fund. In all cases the financial support provided by the Trustee has enabled the developer to raise the balance of funding required. All projects are secured by mortgage, with a defined exit strategy for the return of capital within a short time frame after completion of the project. However, during the development phase the Trustee has a small risk exposure and a provision is made to cover any loss that may arise. The provision of \$65,000 for 2004 represented 5% of the anticipated investment in construction projects for 2004-2005. During 2004-2005 all projects were settled and funds returned. There are currently no projects being evaluated and accordingly no provision has been made for the 2005-2006 year.

13. RECONCILIATION OF OPERATING SURPLUS (DEFICIT) TO NET CASH INFLOWS (OUTFLOWS) FROM OPERATING ACTIVITIES

	2005	2004
	\$'000	\$'000
Operating Surplus (Deficit)	3,180	4,104
<i>Add/(Deduct) items classified as Investing Activities</i>		
(Profit)/Loss on Sale of Plant and Equipment	2	2
Unrealised (Gains)/Losses on Investments	(5,469)	(4,339)
Investment Income	(297)	(631)
Investment Expenses	Nil	36
<i>Add/(Deduct) Non Cash items</i>		
Depreciation - Plant and Equipment	38	41
Increase/(Decrease) in Provision for Doubtful Debts	(42)	(63)
Net Cash Used in Operating Activities Before Change in Assets and Liabilities	(2,588)	(850)
Increase/(Decrease) in Creditors and Other Liabilities	6	14
Increase/(Decrease) in Provisions	2,650	440
Increase/(Decrease) in Fixed Assets	194	-
(Increase)/Decrease in Receivables	(16)	679
Net Cash Increase/(Outflow) From Operating Activities	246	283

NOTES TO THE FINANCIAL STATEMENTS 2004-2005

14. REMUNERATION OF DIRECTORS

Income paid or payable, or otherwise made available, in respect of the financial year, to all directors of the entity, directly or indirectly, by the entity of which they are directors.

	2005	2004
	\$41,200	\$41,300

The number of directors of TasBuild Limited whose income (including superannuation contributions) fall within the following bands:

	2005	2004
\$0 - \$9,999	6	6
\$10,000 - \$19,999	1	1

For all Directors of TasBuild, excluding the Chairman, Directors' fees are paid directly to the body which nominates the Director.

15. REMUNERATION OF EXECUTIVES

Remuneration received or due and receivable by executive officers of the company whose remuneration is \$100,000 or more in connection with the management of the affairs of the company, whether as an executive officer or otherwise fall within the following band.

	2005	2004
\$100,000 - \$119,000	Nil	Nil

16. AUDITORS REMUNERATION

Amounts received or due and receivable by Wise Lord and Ferguson for:

	2005	2004
Audit and review of the financial report of TasBuild Limited	\$6,200	\$7,000
Other services performed	Nil	\$4,000

17. RELATED PARTY DISCLOSURES

Directors

The Directors who held office during the reporting period were:

Des Hodgman	Appointed 9 May 2001	
Mark Watson	Appointed 8 November 2001	
Tony Benson	Appointed 12 April 2001	
Chris Atkins	Appointed 13 July 2000	
Michael Shepperd	Appointed 21 April 1998	
Kevin Harkins	Appointed 8 March 2001	
Philip Baker	Appointed 13 February 2003	Ceased 14 October 2004
Darren Hanisch	Appointed 14 October 2004	

Transactions with Directors or Director related entities:

	2005	2004
Michael Shepperd (Accounting assistance)	\$1,107	\$2,280
Des Hodgman (Chairman performed additional duties of Acting Chief Executive Officer for the period 5 November - 18 February 2005)	\$7,875	\$27,042

18. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO IFRS

The Company is in the process of transitioning its accounting policies and financial reporting from current Australian Standards (AGAAP) to Australian equivalents of International Financial Reporting Standards (AIFRS) which will be applicable for the financial year ending 30 June 2006.

In 2005, the Company engaged expert consultants to identify key areas that will be impacted by the transition to AIFRS. As the Company has a 30 June year end, priority has been given to the preparation of an opening balance sheet in accordance with AIFRS as at 1 July 2004 (the date of transition). This will form the basis of accounting for AIFRS in the future and is required when the Company prepares its first fully compliant financial report for the year ending 30 June 2006.

It is considered that there will be no material impact to the financial statements prepared under AGAAP on adoption of AIFRS.



TasBuild Limited

ABN 83 504 623 406

1st Floor, 115 Central Avenue
Derwent Park Tasmania 7009

PO Box 526
Moonah Tasmania 7009

t: (03) 6233 7670
f: (03) 6233 7224
e: secretary@tasbuild.com.au
w: www.tasbuild.com.au