

Financial Statements

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INDEPENDENT AUDIT REPORT 2005-2006

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 2006 comprising an income statement, balance sheet, statement of cash flows, statement of changes in equity, 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 for 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 2006 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

31 August, 2006

INDEPENDENT AUDIT REPORT 2005-2006

TO THE MEMBERS OF TASBUILD LIMITED

SCOPE

The financial report comprises the income statement, balance sheet, statement of cash flows, statement of changes in equity, accompanying notes to the financial statements, and the statement by trustees for TasBuild Limited, for the year ended 30 June 2006.

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 2006 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

31 August, 2006

INDEPENDENT AUDIT REPORT 2005-2006

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

SCOPE

The financial report comprises the income statement, balance sheet, statement of cash flows, statement of changes in equity, accompanying notes to the financial statements, and the statement by trustees for the Construction Industry (Long Service) Fund, for the year ended 30 June 2006.

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 funds'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 2006 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

31 August, 2006

STATEMENT BY TRUSTEES 2005-2006

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

1. The accompanying Income Statement, Balance Sheet, Statement of Cash Flows, Statement of Changes in Equity and the Notes to the Financial Statements present fairly the financial transactions for the twelve months to 30 June 2006 and the financial position of the Fund as at 30 June 2006.
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

31 August, 2006

DIRECTORS' REPORT

The Directors of TasBuild Limited submit herewith the financial report for the financial year ended 30 June 2006.

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

DIRECTORS		ALTERNATE DIRECTORS	
Des Hodgman	Appointed 9/5/01	N/A	
Mark Watson	Appointed 8/11/01	Damon Thomas	Appointed 29/4/02
Tony Benson	Appointed 12/4/01	Bill White	Appointed 29/4/02
Chris Atkins	Appointed 13/7/00	Michael Kershbaum	Appointed 29/4/02
Michael Shepperd	Appointed 21/4/98	Robert White	Appointed 10/12/98
Darren Hanisch	Appointed 14/10/04	Ann Urquhart	Appointed 19/11/04
Kevin Harkins	Appointed 8/3/01	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 \$3,631,000 (2005 profit: \$3,072,000). No dividend was paid or declared during the financial year (2005: Nil).

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

The Trustee announced two significant changes to the Fund during the financial year. Effective 1 January 2006 workers in the industry commenced accruing 13 weeks after 10 years long service leave an increase from 13 weeks after 15 years. Further with effect from 1 July 2006 the subsidised contribution rate was lowered from 0.7% to 0.3% and the full cost of long service leave increased from approximately 1.67% to 2.5% of an ordinary weekly pay.

EMPLOYEES

The company employed 5 employees as at 30 June 2006 (2005: 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 2006, 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

Signed in accordance with a resolution of the Directors.

D H HODGMAN
Director & Chairman
31 August, 2006

M R SHEPPERD
Director

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

	Notes	2006 \$'000	2005 \$'000
Revenue			
Contributions Accrued Liability	1m	571	326
Monthly/Quarterly Contributions	1m	1,691	1,387
Income From Financial Assets	3b	7,664	5,741
Miscellaneous Income		76	59
Profit/(Loss) on Disposal of Assets		2	(2)
Total Revenue		10,004	7,511
Expenses			
Long Service			
Long Service Benefits		1,038	1,122
Administration			
Salaries and Associated Expenses		345	315
General Administration Expenses	3a	327	256
Other Expenses			
Doubtful Debts		8	1
Depreciation	3c	48	38
Adjustment Liability to Beneficiaries		4,607	2,707
Total Expenses		6,373	4,439
Net Profit Attributable to Members of TasBuild Limited		3,631	3,072

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

BALANCE SHEET AS AT 30 JUNE 2006

	Notes	2006 \$'000	2005 \$'000
Current Assets			
Cash and Cash Equivalents	10	23	13
Accounts Receivable	4	490	463
Financial Assets	7	2,054	1,938
Other Accrued Income	5	183	170
Prepaid Expenses		4	16
Total Current Assets		2,754	2,600
Non-Current Assets			
Investments	7	54,531	46,483
Fixed Assets	6	164	155
Total Non-Current Assets		54,695	46,638
Total Assets		57,449	49,238
Current Liabilities			
Accrued Long Service Leave Benefits Liability	8	1,050	1,135
Provision for Employee Benefits		30	26
Accrued Charges		41	62
GST Payable		7	39
Total Current Liabilities		1,128	1,262
Non-Current Liabilities			
Accrued Long Service Leave Benefits Liability	8	26,226	21,533
Provision for Employee LSL Benefits		21	0
Total Non-Current Liabilities		26,247	21,533
Total Liabilities		27,375	22,795
Net Assets		30,074	26,443
Equity			
Retained Earnings		30,074	26,443
Total Equity		30,074	26,443

This Balance Sheet should be read in conjunction with the notes to and forming part of the financial statements

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2006

	Notes	2006 \$'000	2005 \$'000
Cash Flows from Operating Activities			
Receipts from Contributors		2,341	2,033
Miscellaneous Income		54	68
Payments for Operating Costs and Long Service Leave Benefits		(1,831)	(1,855)
Net Cash Outflow from Operating Activities	10	564	246
Cash Flows from Investment Activities			
Financial Asset Income Received		116	297
Payments for Plant and Equipment		(91)	(66)
Payments for Financial Assets		(616)	(4,095)
Proceeds from Sale of Financial Assets		0	3,589
Proceeds on sale of Property, Plant & Equipment		37	31
Net Cash Inflow from Investment Activities		(554)	(244)
Net Increase/(Decrease) in Cash Held		10	2
Cash at the Beginning of the Period		13	11
Cash at the End of the Period	10	23	13

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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2006

	Retained Earnings
As at 1 July 2004	23,371
Profit for the Year	3,072
As at 30 June 2005	26,443
Profit for the Year	3,631
As at 30 June 2006	30,074

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

This financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001 and Australian accounting standards. Other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) have also been complied with.

The financial statements have been prepared under conventional historical cost principles, except for financial assets which are measured at fair value.

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

(b) Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standard ('AIFRS'). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS').

This is the first financial report prepared based on AIFRS and comparatives for the year ended 30 June 2005 have been restated accordingly. Reconciliations of AIFRS equity and profit for 30 June 2005 to the balances reported in the 30 June 2005 financial report are detailed in Note 2 below.

(c) Financial Assets

Financial Assets are classified as financial assets at fair value. They are initially recognised at cost, being the fair value of the consideration given.

After initial recognition, financial assets are measured at fair value. Gains or losses on financial assets are recognised in the income statement.

Fair value is determined through reference to the net market value of the investment at period end as provided by the relevant fund manager.

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

(d) 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.

(e) Property, Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

No land and building are held.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

<i>Category</i>	<i>2006</i>
Furniture and Fittings & Office Equipment	12-17%
Motor Vehicles	20%
Computer Equipment	27%

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or change in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

Impairment losses are recognised in the income statement.

An item of 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 derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year the item is derecognised.

(f) Provisions for Employee Benefits

Provision is made for the Trustee's liability for employee benefits arising from services rendered by employees up to the balance date. These benefits include wages and salaries, annual leave and long service leave. Employee benefits expected to be settled within 1 year have been measured at their nominal amount based on the remuneration rates which are expected to be paid when the liability is settled.

All other employee benefits are measured at the present value of the estimated future cash outflows to be made for those entitlements. Estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money.

(g) 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.

(h) Tax

The Fund is exempt from income tax.

(i) 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.

(j) Recoverable Amount of Assets

At each reporting date, the company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. In assessing value in use the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money.

(k) 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.

(l) Derecognition of financial instruments

The derecognition of a financial instrument takes place when the company no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

(m) 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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

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.

Contribution Income

Effective from 1 January 2006 workers commenced accruing 13 weeks after 10 years, a change from 13 weeks after 15 years. Further effective 1 July 2006 the contribution rate has changed to 2.5% of an ordinary weekly wage and the subsidised contribution rate decreased to 0.3%.

Accounts Receivable

Accounts receivable relate mainly to contributions.

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.

Provision for Doubtful Debts

The collectability of debts is assessed at the end of each financial period and a provision is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

2. IMPACT OF ADOPTION OF AIFRS

The impact of adopting AIFRS on the total equity and profit after tax as reported under previous Australian Generally Accepted Accounting Principles (AGAAP) are illustrated below.

(i) Reconciliation of Total equity as presented under previous AGAAP to that under AIFRS

	30 June 2005 \$000	1 July 2004 \$000
Total Equity under previous AGAAP	26,443	23,263
(a) Application of AASB 137	Nil	65
(b) Application of AASB 139	Nil	43
Total Equity under AIFRS	26,443	23,371

(ii) Reconciliation of profit before tax as presented under previous AGAAP to that under AIFRS

	30 June 2005 \$000
Total profit/(loss) before tax as presented under previous AGAAP	3,180
(a) Application of AASB 137	(65)
(b) Application of AASB 139	(43)
Total profit before tax under AIFRS	\$3,072

(a) AASB 137 - Reversal of previously recognised provision for contingencies no longer allowed under AASB 137.

(b) AASB 139 - The previous calculation for doubtful debts was not in accordance with AASB 139.

3.(a) GENERAL ADMINISTRATION EXPENSES

	2006 \$'000	2005 \$'000
Postage and Telephone	25	24
Printing and Stationery	11	14
Travelling Expenses	8	9
General Expenses	145	96
Consultancies	1	2
IT Expenses (excluding depreciation)	8	7
Board Members' Allowances	22	26
Audit Fees	12	6
Vehicle Expenses (excluding depreciation)	25	15
Legal Expenses	46	25
Actuarial Services	11	18
Advertising and Promotion	<u>13</u>	<u>14</u>
Total	327	256

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 \$'000	2005 \$'000
3(b).INCOME FROM FINANCIAL ASSETS		
(a) Domestic Market		
Fixed Interest, Liquid and Property Investments Realised Income	116	272
(b) Funds Held by Funds Managers		
Unrealised Gain (Loss)	7,548	5,469
Total Income from Investments	7,664	5,741
3(c). DEPRECIATION		
Office Equipment	2	2
Motor Vehicles	28	17
Computer Equipment	16	17
Other Assets	2	1
Furniture and Fixtures	<u>0</u>	<u>1</u>
Total	48	38
4. ACCOUNTS RECEIVABLE		
Accounts Receivable before provision for Doubtful Debts	512	476
Less Provision for Doubtful Debts	<u>22</u>	<u>13</u>
Accounts Receivable - Closing	490	463
5. ACCRUED INCOME		
Accrued Investment Income	Nil	Nil
Contributions accrued	<u>183</u>	<u>170</u>
Total Accrued Income	183	170
6. FIXED ASSETS		
Office Equipment at cost (see note)	28	27
Less Accumulated Depreciation	<u>(20)</u>	<u>(18)</u>
	8	9
Motor Vehicles at cost	128	102
Less Accumulated Depreciation	<u>(28)</u>	<u>(21)</u>
	100	81
Computer Equipment at cost (see note)	183	177
Less Accumulated Depreciation	<u>(132)</u>	<u>(117)</u>
	51	60
Furniture and Fixtures at cost	9	9
Less Accumulated Depreciation	<u>(4)</u>	<u>(4)</u>
	5	5
Total Fixed Assets	164	155
Reconciliation		
Office Equipment (see note)		
Carrying amount at beginning	9	11
Additions	1	Nil
Depreciation expense	<u>(2)</u>	<u>(2)</u>
Carrying amount at end	8	9

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 \$'000	2005 \$'000
<i>Motor Vehicles</i>		
Carrying amount at beginning	81	79
Additions	80	48
Disposals	(54)	(29)
Depreciation Expense	<u>(7)</u>	<u>(17)</u>
Carrying amount at end	100	81
<i>Computer Equipment</i>		
Carrying amount at beginning	60	63
Additions	7	17
Disposals	(3)	(2)
Depreciation expense	<u>(13)</u>	<u>(18)</u>
Carrying amount at end	51	60
<i>Furniture and Fittings</i>		
Carrying amount at beginning	5	5
Additions	0	1
Depreciation Expense	<u>0</u>	<u>(1)</u>
Carrying amount at end	5	5

7. FINANCIAL ASSETS

<i>Current Financial Assets</i>		
Funds Directly Managed by the Trustee		
Direct Property	2,054	1,938
Total Current Financial Assets	2,054	1,938
<i>Non-Current Financial Assets</i>		
Property and Property Trusts	2,035	1,968
Domestic Equities	18,992	15,524
Overseas Investments	33,190	28,639
<i>Funds Directly Managed by the Trustee</i>		
Venture Capital Fund	<u>314</u>	<u>352</u>
Non-Current Financial Assets	54,531	46,483
Total Financial Assets	56,585	48,421

8 ACCRUED LONG SERVICE BENEFITS LIABILITY

Liability Directly Managed by the Trustee

With the enactment of the *Construction Industry (Long Service) Act 1997* employers were identified that had not contributed under the former fund. The liability was not recorded in the previous administrations financial records and are not recorded on the Trustee's computer system. Calculations are manually recorded via spreadsheet by the Trustee. These amounts have undergone verification by the Trustee's Actuary in previous years and from 2006 onwards will undergo internal review by the Trustee and will be itemised separately. There is a corresponding asset for this amount.

Non-Current	226	N/A
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Long Service Benefits Liability Verified by Actuary

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 \$4.382 when compared with the assessment at 30 June 2005.

Current	1,050	1,135
Non-Current	<u>26,000</u>	<u>21,533</u>
	27,050	22,668

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

Actuarial Statement

I have carried out an investigation of the fund as at 30 June 2006 and have calculated the actuarial liability for accrued long service leave benefits to be \$27.050 million.

David B Quinn-Watson B.Sc (Hons) FIAA
Bendzulla Actuarial Pty Ltd
July 2006

Total Accrued Long Service Benefits Liability **27,276** **22,668**

9. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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.

The principal financial instruments, comprise cash and investments with fund managers. The main purpose of these financial instruments is to build on surplus funds in order to maintain the best subsidised contribution rate for employers within the construction industry i.e. to obtain a return of investment monies held on behalf of members in order to support the scheme into the future.

The trustee has various other financial instruments such as debtors and creditors, which arise directly from its operations.

It is, and has been throughout the period under review, the trustee's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Groups financial instruments are interest rate risk and credit risk. The Board has delegated the managing of each of these risks to management.

Interest Rate risk

The Trustee's exposure to market risk for changes in interest rates relates primarily to the Trustee's investment in cash and fixed interest funds. Returns on these investments will fluctuate with movements in market interest rates.

The Trustee's policy is to manage its interest rate risk through its investment policy which states a maximum of funds can be invested in interest rate affected investments.

The Trustee does not enter into interest rate swaps.

Credit Risk

The trustee's exposure to credit risk arises from the potential for default from a counter party. The maximum exposure is equal to the carrying amount in the Balance sheet. Receivable balances are monitored on an ongoing basis with the result that the Trustee's exposure to bad debts is not significant.

There are no significant concentrations of credit risk within the Trustee's holdings with the exception of being concentrated in the construction industry.

	WAEI %	FINANCIAL INSTRUMENTS				Total (per Bal Sheet) \$'000	
		Floating Interest \$'000		Non-Int Bearing \$'000		2006	2005
		2006	2005	2006	2005		
Financial Assets							
Cash	0.70	23	13			23	13
Equity Investments				54,563	46,483	54,563	46,483
Short term investments	5.56	2,054	1,938			2,054	1,938
Receivables				265	239	265	239
Total		2,077	1,951	54,828	46,722	56,905	48,673

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

WAEI - Weighted Average Effective Interest

Net Fair Values of Financial Assets and Liabilities

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

	2006	2005
	\$'000	\$'000

10. CASH AND CASH EQUIVALENTS

Cash at bank and in hand	23	13
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Cash in bank earns interest at floating rates based on daily bank deposit rates.

The fair value of cash and cash equivalents is: Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

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

	2006	2005
	\$'000	\$'000
Net Profit	3,631	3,180
<i>Add/(Deduct) items classified as Investing Activities</i>		
(Profit)/Loss on Sale of Plant and Equipment	(2)	2
Unrealised (Gains)/Losses on Investments	(7,548)	(5,469)
Investment Income	(116)	(297)
<i>Add/(Deduct) Non Cash items</i>		
Depreciation - Plant and Equipment	48	38
Increase/(Decrease) in Provision for Doubtful Debts	8	(42)
Increase/(Decrease) in Creditors and Other Liabilities		6
Increase/(Decrease) in Provisions		2,650
Increase/(Decrease) in Fixed Assets		194
(Increase)/Decrease in Receivables	(34)	(16)
Net Cash Increase/(Outflow) From Operating Activities		246

11. SEGMENT REPORTING

TasBuild operates predominantly in one business and geographical segment, being the administration of the *Construction Industry (Long Service) Act 1997* through out Tasmania.

12. 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.

	2006	2005
	\$36,531	\$41,200

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

	2006	2005
\$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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

13. 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.

	2006	2005
\$100,000 - \$119,000	Nil	Nil

14. AUDITORS REMUNERATION

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

	2006	2005
Audit and review of the financial report of TasBuild Limited	\$9,800	\$6,200
Other services performed	\$2,052	Nil

15. 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
Darren Hanisch	Appointed 14 October 2004

Transactions with Directors or Director related entities:

	2006	2005
Michael Shepperd (Accounting assistance)	\$335	\$1,107
Des Hodgman	N/A	\$7,875

16. COMMITMENTS AND CONTINGENCIES

Commitments for expenditure

a) Capital Expenditure Commitments

The Group has entered into a commercial lease on rental of the current office building.

This lease is due to expire on 21 November, 2007. Renewal terms are included in the contract. Renewal is at the option of the trustee. There are no restrictions placed upon the lessee by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases are as follows:

	2006	2005
Due within one year	\$37,500	\$37,500
Due later than one year	\$15,625	\$37,500

b) Contingent Liabilities and Contingent Assets

No event has occurred during the year to give need to recognising a contingent asset or contingent liability in the accounts at 30 June 2006.



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