

Financial Statements

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INDEPENDENT AUDIT REPORT 2007-2008

TO THE DIRECTORS OF TASBUILD LIMITED

Independent auditor's report to the directors of TasBuild Ltd

We have audited the accompanying financial report of TasBuild Ltd and the Construction Industry (Long Service) Fund, which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and a statement by Trustees.

Separate unqualified audit opinions have been issued on these two entities in accordance with the governing rules and legislation. This audit report is a special purpose audit report as required by clause 10.3 of TasBuild Ltd's Trust Deed dated 19 June 1998, in accordance with TasBuild Ltd's Articles of Association, recital 25 and Memorandum of Association, clause 5.

This special purpose audit report is prepared to express an opinion on whether the financial report of TasBuild Ltd and the Construction Industry (Long Service) Fund for the period ended 30 June 2008 is 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; and
 - (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;
- (b) in accordance with TasBuild Ltd's:
 - (i) Trust Deed, clause 10.3; and
 - (ii) Articles of Association, recital 25; and
 - (iii) Memorandum of Association, clause 5.

The directors of TasBuild Ltd are responsible for the preparation and fair presentation of the financial report in accordance with the conditions outlined at (a) and (b) above. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on conditions (a) and (b) above, based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing 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 our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have met the independence requirements of the *Corporations Act 2001* and any applicable code of professional conduct. The audit opinion expressed in this report has been formed on the above basis.

Auditor's Opinion

In our opinion the financial report of TasBuild Ltd and the Construction Industry (Long Service) Fund for the period ended 30 June 2008 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; and
 - (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;
- (b) in accordance with TasBuild Ltd's:
 - (i) Trust Deed, clause 10.3; and
 - (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
29 August, 2008

INDEPENDENT AUDIT REPORT 2007-2008

TO THE MEMBERS OF TASBUILD LIMITED

Independent auditor's report to the members of TasBuild Ltd

We have audited the accompanying financial report of TasBuild Ltd, which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and a statement by Trustees.

Directors' Responsibility for the Financial Report

The directors of TasBuild Ltd are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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. These Auditing 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 our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of TasBuild Ltd a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Auditor's Opinion

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

- (a) the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of TasBuild Ltd at 30 June 2008 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) also complies with International Financial Reporting Standards as disclosed in Note 1.



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

29 August, 2008

INDEPENDENT AUDIT REPORT 2007-2008

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

Independent auditor's report to the Trustee and members of the Construction Industry (Long Service) Fund

We have audited the accompanying financial report of the Construction Industry (Long Service) Fund, which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and a statement by Trustees.

Trustees' Responsibility for the Financial Report

The Trustee of the Construction Industry (Long Service) Fund is responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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. These Auditing 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 our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Trustee, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the Directors of TasBuild Ltd a written Auditor's Independence Declaration, a copy of which is included in the Director's report.

Auditor's Opinion

In our opinion the financial report of the Construction Industry (Long Service) Fund is in accordance with:

- (a) the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of the Construction Industry (Long Service) Fund at 30 June 2008 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations); and
- (b) also complies with International Financial Reporting Standards as disclosed in Note 1.



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

29 August, 2008

STATEMENT BY TRUSTEES 2007-2008

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 2008 and the financial position of the Fund as at 30 June 2008.
2. The financial statements referred to above have been prepared in accordance with the *Corporations Act 2001* including Australian Accounting Standards, other mandatory professional reporting requirements and the Corporations Regulations 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

29 August, 2008

DIRECTORS' REPORT

The Directors of TasBuild Limited submit herewith the financial report for the financial year ended 30 June 2008.

The Directors who held office during the reporting period were:

Des Hodgman	Appointed 9 May 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
Anne Urquhart	Appointed 18 August 2006
Adrian Granger	Appointed 15 June 2007

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 loss of the company for the financial year was \$14,692,000 (2007 profit: \$2,680,000). No dividend was paid or declared during the financial year (2007: 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

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.

EMPLOYEES

The company employed 5 employees as at 30 June 2008 (2007: 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 2008, 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.



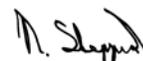
D J MCCARTHY
Partner
WISE LORD & FERGUSON
Chartered Accountants
160 Collins Street, Hobart

Signed in accordance with a Resolution of the Directors.



D H HODGMAN
Director & Chairman
29 August, 2008

M R SHEPPERD
Director



INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	Notes	2008 \$'000	2007 \$'000
Revenue			
Contributions Accrued Liability	1m	554	572
Monthly/Quarterly Contributions	1m	1,180	1,029
Income / (Loss) From Financial Assets	2b	(6,289)	9,378
Income From Property		263	6
Miscellaneous Income		41	50
Profit / (Loss) on Disposal of Assets		(8)	(5)
Total Revenue		(4,259)	11,030
Expenses			
Long Service			
Long Service Benefits		1,872	1,453
Administration			
Salaries and Associated Expenses		371	322
General Administration Expenses	2a	534	351
Other Expenses			
Doubtful Debts		29	9
Depreciation	2c	33	36
Adjustment Liability to Beneficiaries	7	7,594	6,179
Total Expenses		10,433	8,350
Net Profit Attributable to Members of TasBuild Limited		(14,692)	2,680

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 2008

	Notes	2008 \$'000	2007 \$'000
Current Assets			
Cash and Cash Equivalents	9	65	24
Accounts Receivable	3	544	480
Financial Assets	6	372	625
Non-Current Assets Held for Sale	5	543	0
Other Accrued Income	4	85	82
Prepaid Expenses		4	6
Total Current Assets		1,613	1,217
Non-Current Assets			
Investments	6	54,886	61,662
Property, Plant & Equipment	5	2,761	3,196
Total Non-Current Assets		57,647	64,858
Total Assets		59,260	66,075
Current Liabilities			
Accrued Long Service Leave Benefits Liability	7	1,875	1,460
Provision for Employee Benefits		18	25
Accrued Charges		100	71
GST Refundable		(1)	(293)
Rental Income in Advance		0	14
Total Current Liabilities		1,992	1,277
Non-Current Liabilities			
Accrued Long Service Leave Benefits Liability	7	39,174	31,995
Provision for Employee LSL Benefits		32	49
Total Non-Current Liabilities		39,206	32,044
Total Liabilities		41,198	33,321
Net Assets		18,062	32,754
Equity			
Retained Earnings		18,062	32,754
Total Equity		18,062	32,754

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

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	Notes	2008	2007
		\$'000	\$'000
Cash Flows from Operating Activities			
Receipts from Contributors		1,645	1,715
Other Receipts		261	78
Payments to Suppliers and Employees		(2,456)	(2,397)
Net Cash Flows from / (used in) Operating Activities	9	(550)	(604)
Cash Flows from Investing Activities			
Purchase of Property, Plant & Equipment		(207)	(3,106)
Purchase of Financial Assets		(374)	(672)
Proceeds on Sale of Financial Assets		1,114	4,348
Proceeds on Sale of Property, Plant & Equipment		58	35
Net Cash Flows from / (used in) Investing Activities		591	605
Net Increase / (Decrease) in Cash and Cash Equivalents		41	1
Cash and Cash Equivalents at Beginning of the Period		24	23
Cash and Cash Equivalents at End of the Period	9	65	24

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 2008

	Retained Earnings
As at 30 June 2006	30,074
Profit for the Year	2,680
As at 30 June 2007	32,754
Profit for the Year	(14,692)
As at 30 June 2008	18,062

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 2008

I. 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 including other authoritative pronouncements of the Australian Accounting Standards Board 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 and International Financial Reporting Standards ('IFRS').

(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

All items of Property, Plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Land is not depreciated.

All other items of of Property, Plant and Equipment are depreciated on a straight-line basis over the estimated useful life of the asset as follows:

<i>Category</i>	<i>2008</i>	<i>2007</i>
Furniture and Fittings & Office Equipment	12-17%	12-17%
Motor Vehicles	20%	20%
Computer Equipment	27%	27%
Buildings	2.5%	2.5%

Impairment

The carrying values of property, 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 *Continued*

The recoverable amount of property, 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.

Impairment losses are recognised in the income statement.

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 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 Balance Sheet.

(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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 *Continued*

(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 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.

(n) Lease

TasBuild does not hold any material finance leases.

TasBuild as lessor

Leases in which the company retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Operating lease receipts are recognised as a revenue in the income statement on a straight-line basis over the lease term. This is representative of the pattern of benefits to be derived from the leased property.

TasBuild as lessee

Payments made under operating leases are expensed on a straight-line basis over the term of the lease. This is representative of the pattern of benefits to be derived from the leased property.

(o) Non-current assets and disposal groups held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale and measured at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction. They are not depreciated or amortised. For an asset or disposal group to be classified as held for sale, it must be available for immediate sale in its present condition and its sale must be highly probable.

TasBuild has entered into a contract to sell a warehouse and land which is currently identified as a non-current asset being held for sale. The sale is due for settlement in September 2008 subject to council conditions being met.

2(a). GENERAL ADMINISTRATION EXPENSES	2008 \$'000	2007 \$'000
Postage and Telephone	33	26
Printing and Stationery	17	13
Travelling Expenses	12	11
General Expenses	223	172
Consultancies	72	1
IT Expenses (excluding depreciation)	14	9
Board Members' Allowances	38	41
Audit Fees	7	10
Vehicle Expenses (excluding depreciation)	24	20
Legal Expenses	60	16
Actuarial Services	18	5
Advertising and Promotion	<u>16</u>	<u>27</u>
Total	534	351

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 *Continued*

	2008 \$'000	2007 \$'000
2(b) INCOME FROM FINANCIAL ASSETS		
(a) Domestic Market		
Interest Income	40	131
(b) Funds Held by Funds Managers		
Distributions Received	6,886	4,736
Unrealised Gain / (Loss)	<u>(13,215)</u>	<u>4,511</u>
Total Income from Investments	(6,289)	9,378
2(c). DEPRECIATION		
Office Equipment	1	2
Motor Vehicles	21	20
Computer Equipment	10	13
Furniture and Fittings	1	1
Total	33	36
3. ACCOUNTS RECEIVABLE		
Accounts Receivable before provision for Doubtful Debts	587	496
Less Provision for Doubtful Debts	<u>43</u>	<u>16</u>
Accounts Receivable - Closing	544	480
4. ACCRUED INCOME		
Contributions accrued	<u>85</u>	<u>82</u>
Total Accrued Income	85	82
5. PROPERTY, PLANT & EQUIPMENT		
Land and Buildings at cost	2,487	3,030
Work in Progress	173	8
Office Equipment at cost	23	28
Less Accumulated Depreciation	<u>(18)</u>	<u>(21)</u>
	5	7
Motor Vehicles at cost	85	142
Less Accumulated Depreciation	<u>(25)</u>	<u>(31)</u>
	60	111
Computer Equipment at cost	117	143
Less Accumulated Depreciation	<u>(91)</u>	<u>(107)</u>
	26	36
Furniture and Fittings at cost	15	9
Less Accumulated Depreciation	<u>(5)</u>	<u>(5)</u>
	10	4
Total Property, Plant & Equipment	2,761	3,196
Non-Current Assets Held For Sale	543	0

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 *Continued*

	2008 \$'000	2007 \$'000
Reconciliation		
<i>Land & Buildings</i>		
Carrying amount at beginning	3,030	0
Transfer to non-current assets held for sale	(543)	0
Additions	<u>0</u>	<u>3,030</u>
Carrying amount at end	2,487	3,030
<i>Work in Progress</i>		
Carrying amount at beginning	8	0
Additions	<u>165</u>	<u>8</u>
Carrying amount at end	173	8
<i>Non-Current Asset Held For Sale</i>		
Carrying amount at beginning	0	0
Transfer from Land & Buildings	<u>543</u>	<u>0</u>
Carrying amount at end	543	0
<i>Office Equipment</i>		
Carrying amount at beginning	7	8
Additions	1	1
Disposals	(2)	0
Depreciation expense	<u>(1)</u>	<u>(2)</u>
Carrying amount at end	5	7
<i>Motor Vehicles</i>		
Carrying amount at beginning	111	100
Additions	28	63
Disposals	(58)	(32)
Depreciation Expense	<u>(21)</u>	<u>(20)</u>
Carrying amount at end	60	111
<i>Computer Equipment</i>		
Carrying amount at beginning	36	51
Additions	4	4
Disposals	(4)	(6)
Depreciation expense	<u>(10)</u>	<u>(13)</u>
Carrying amount at end	26	36
<i>Furniture and Fittings</i>		
Carrying amount at beginning	4	5
Additions	8	0
Disposals	(1)	0
Depreciation Expense	<u>(1)</u>	<u>(1)</u>
Carrying amount at end	10	4

6. FINANCIAL ASSETS

Current Financial Assets

Funds Directly Managed by the Trustee

Direct Property	<u>372</u>	<u>625</u>
Total Current Financial Assets	372	625

Non-Current Financial Assets

Property and Property Trusts	0	1,969
Domestic Equities	17,102	21,441
Overseas Investments	37,590	37,982

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 *Continued*

	2008 \$'000	2007 \$'000
<i>Funds Directly Managed by the Trustee</i>		
Venture Capital Fund	194	270
Non-Current Financial Assets	54,886	61,662
Total Financial Assets	55,258	62,287

7. 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 administrators 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	226
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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 \$7,594 million when compared with the assessment at 30 June 2007.

Current	1,875	1,460
Non-Current	<u>38,948</u>	<u>31,769</u>
	40,823	33,229

Actuarial Statement

I have carried out an investigation of the fund as at 30 June 2008 and have calculated the actuarial liability for accrued long service leave benefits (inclusive of allowances for the cost of paying the accrued entitlements and a margin for uncertainty in the estimate) to be \$40,823 million.

David B Quinn-Watson B.Sc (Hons) FIAA
Bendzulla Actuarial Pty Ltd
August 2008

Total Accrued Long Service Benefits Liability	41,049	33,455
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8. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Trustee of the Construction Industry (Long Service) Fund, TasBuild Ltd, is responsible for the management and investment of the Fund. The Board of Directors has overall responsibility for the establishment and oversight of the Trustee's risk management framework, including its investment strategies.

The principal investments of the fund are:

Cash and Other	1%
MLC Australian Share Trust	31%
MLC All-maturity Diversified Debt Trust	23%
MLC Global Share Trust	20%
MLC Global Share Currency Hedged	22%
MLC Short Term Diversified Debt Trust	3%

Investment strategies have been developed by the Trustee to manage the Funds investments which aim to build on surplus funds in order to maintain the best subsidised contribution rate for employers within the construction industry whilst maximising employee benefits by matching performance, on a rolling basis, to identified benchmarks and minimising the frequency of negative returns.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 *Continued*

This is achieved through the appointment of appropriate and reputed fund managers who are responsible for the management of the majority of these investments and all associated investment risks on behalf of the Trustee. The current fund manager is MLC Implemented Consulting.

MLC is required to invest the assets managed by it in accordance with the terms of a written investment mandate, appropriate for the objectives of the fund. No direct trading in financial instruments of any kind is conducted by the Trustee.

The Funds investing activities expose it to material market risk and investment manager risk. The fund is exposed to a lesser degree to liquidity risk and credit risk. The Board has established a Finance Sub-committee who are responsible for the oversight of investment manager risk. The Board has delegated the oversight of market risk to the Fund Manager and the oversight of other risks to management.

The Board oversees these risks through receiving monthly management reports on the performance and position of the fund including monthly fund manager movements. Detailed quarterly reports are received from the fund manager detailing investment performance against benchmarks and stated objectives.

Investment Manager Risk

The Trustee undertakes a rigorous assessment process when selecting and reviewing fund managers. The selection, review and replacement of fund managers is undertaken by the Board of the Trustee through recommendations provided by the Finance sub-committee. The Trustee ensures that fund managers have appropriately diversified its investments across a range of investment products.

The Trustee receives financial updates on a monthly basis measuring performance for the month. Detailed performance reporting is received on a quarterly basis showing performance against benchmarks, investment objectives and general market conditions, allowing manager performance to be monitored throughout the year. Compliance with the agreed investment philosophy is also monitored.

On an annual basis a rigorous review of fund manager performance is conducted by the Board Finance sub-committee who then reports and makes appropriate recommendations to the Board in accordance with the Trustee's investment strategies and the trust deed.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Fund's income or the value of its holdings of financial instruments. Market risk embodies the potential for both loss and gains.

Market Price Risk

Market price risk is the risk that the value of investments will fluctuate as a result of changes in market prices. The investments placed with fund managers invest in the following securities exposing them to market price risk:

Australian Shares	31.3%
Global Shares Hedged	21.9%
Global Shares Unhedged	20.4%
All-Maturity Diversified Debt	23.8%
Short-Maturity Diversified Debt	2.6%

Market price risk is mitigated by the appointment of an appropriate fund manager and ensuring the investment portfolio is diversified across a range of asset classes and global markets.

Market Price Risk Sensitivity

The information to complete a materially correct sensitivity analysis based on market movements is not currently obtainable. The investment portfolio is diversified across a broad range of investment funds in the Australian and Global markets with no single base measure currently available to calculate an accurate sensitivity analysis at 30 June 2008. The Trustee will endeavour to put systems in place to ensure this analysis can be conducted in the future.

Interest Rate Risk

The majority of the Fund's investments are held in non-interest bearing investments. The Trustee's exposure to interest rates relates primarily to the Trustee's investment in cash and fixed interest funds. Returns on these investments will fluctuate in line with movements in market interest rates.

Interest Rate Sensitivity

The sensitivity of the Fund to movements in interest rates is restricted to its cash investments. As the value of cash investments are immaterial, it is assessed that a 100 basis point movement in interest rates would not cause a material change in the income or investment values of the fund.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 *Continued*

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 and in the state of Tasmania.

Liquidity Risk

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund's approach to managing liquidity is to ensure it will have sufficient liquidity to meet its liabilities as and when they fall due through maintaining sufficient holdings in investments which are readily convertible to cash in the short term.

The following are the contractual maturities of the Fund's financial liabilities:

Financial Liabilities	Contractual Cash Flows		Due Less than 1 month	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Accrued Charges	100	71	100	71
Total	100	71	100	71

Estimation of Fair Value

The Fund's financial instruments are accounted for in the Balance Sheet at fair value. The major methods and assumptions used in estimating the fair values of financial instruments are disclosed in Note 1.

	2008 \$'000	2007 \$'000
9. CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	65	24

Cash in bank earns interest at floating rates based on daily bank deposit rates.

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

RECONCILIATION OF NET PROFIT TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	2008 \$'000	2007 \$'000
Net Profit	(14,691)	2,680
<i>Adjustments for</i>		
(Profit)/Loss on Sale of Plant and Equipment	8	5
Unrealised (Gains)/Losses on Investments	13,215	(4,511)
Reinvestment of Financial Asset Income	(6,926)	(4,868)
Depreciation	33	36
(Increase)/Decrease in Receivables	194	(171)
(Increase)/Decrease in Prepaid Expenses	1	(2)
Increase/(Decrease) in Provision for Doubtful Debts	26	(5)
Increase/(Decrease) in Creditors and Other Liabilities	20	30
Increase/(Decrease) in Provisions	7,570	6,202
Net Cash Increase/(Decrease) from Operating Activities	(550)	(604)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 *Continued*

10. 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.

11. DIRECTORS & KEY MANAGEMENT PERSONNEL REMUNERATION

Compensation of Directors and Key Management Personnel

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.

2008	2007
\$57,364	\$56,350

Income paid or payable, or otherwise made available, in respect of the financial year, to key management personnel.

2008	2007
\$120,000	\$95,000

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

12. AUDITORS REMUNERATION

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

Audit and review of the financial report of TasBuild Limited

Other services performed

2008	2007
\$8,000	\$8,000
\$300	\$2,200

13. RELATED PARTY DISCLOSURES

Directors

The Directors who held office during the reporting period were:

Des Hodgman	Appointed 9 May 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
Anne Urquhart	Appointed 18 August 2006
Adrian Granger	Appointed 15 June 2007

Transactions with Directors or Director related entities:

Michael Shepperd (Accounting assistance)

2008	2007
\$0	\$935

14. COMMITMENTS AND CONTINGENCIES

Commitments for expenditure

a) Capital Expenditure Commitments

The Company has not entered into any contracts which commit the Company to future expenditure at the date of this report.

Sale Commitments

Refer to note 1(o) for further details.

	2008	2007
Due within one year	\$543,040	0

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 2008.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 *Continued*

15. OPERATING LEASE

Lease Commitments Payable

The Group had entered into a commercial lease on rental of the current office building. This expired in November 2007 and the Group relocated to new premises as an owner occupier. Future minimum rentals payable under non-cancellable operating leases are as follows:

	2008	2007
Due within one year	\$0	\$17,206
Due later than one year	N/A	N/A

Lease Commitments Receivable

The company has entered into a commercial property lease on the property it has purchased at Campbell Street.

The Tenant had an initial four month lease followed by three by three month options which expires on 18 July, 2008. An extension has been approved to 21 August, 2008 at which time the tenant will vacate the property.

Future minimum rental due under non-cancellable operating leases are as follows:

	2008	2007
Due within one year	\$19	\$71,532



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