

Company Website Disclosure 2011 Financial Year Results

The directors of the Company have approved the audited financial statements for the year ended 30 June 2011 (2010/11 Accounts), which have been lodged with the Australian Securities and Investments Commission (ASIC).

A copy of the 2010/11 Accounts are shown in the financial statements that can be accessed by clicking on the following link [Financial Reports](#).

The following information is additionally provided by the Company.

Each year the directors of the Company consider the carrying value of assets as shown in the books of the company and where necessary adjust those asset values to market levels. In conjunction with preparation of our 2010/11 Accounts, and having regard to the prevailing markets and economic climate in Australia, the directors have taken a thorough and vigorous review of asset values to ensure they are recorded at the appropriate levels.

This process included obtaining professional external advice from experienced industry consultants that was used to help determine the appropriate carrying value of loans and specialist accounting advice was sought to determine the appropriate carrying value of goodwill. Adjustments to carrying values arising from that process are required to be shown in the financial statements of the company in accordance with the Accounting Standards.

Whilst the day to day trading operations of the Company continued to be profitable in the financial year ended 30 June 2011, after impairments the Company has recorded an accounting loss for the first time in its 13 year history as shown below:-

Summarised information relating to the reviews on net profit determination – financial year ended 30 June 2011

Revenue		\$18,606,406
Expenses (excluding Impairments Charges)		-\$12,579,662
Profit before Impairments		\$6,026,744
<u>Less Impairments</u>		
- Impairment Provision - Goodwill	-\$7,775,000	
- Impairment Provision - Specific Doubtful Debts	-\$13,580,000	
- Reversal - General Provision for Doubtful Debts	\$2,280,000	
- Bad Debt Loan Write Off	-\$3,927,642	-\$23,002,642
Loss before Tax		-\$16,975,898
Tax Benefit		\$2,759,580
Net Loss After Tax		-\$14,216,318

- Other than the Bad Debt Write Off shown above, all other Impairments relating to goodwill and doubtful debts are non cash items. After these impairments the Company still has substantial net assets of \$80,039,146 including \$47,823,946 of retained after tax earnings.
- To further enhance the Company's capital base the directors, via associated entities, have after balance date subscribed \$2,000,000 for non-redeemable preference shares which rank for repayment after the interests of debenture/unsecured note holders. The directors have also agreed to make further capital subscriptions in the circumstances outlined in the [2011 Income Support Agreement](#) (information relating to this agreement is accessible at the Company's website). ;

- In view of the Specific Provisioning for Doubtful Debts shown above, the Company has reduced its general provision for doubtful debts from \$4,280,000 at 30 June 2010 to \$2,000,000 at 30 June 2011.

The Company remains conservatively managed and continues to meet all of its obligations to its investors on a timely basis.

Existing investors may request a full copy of the 2010/11 Accounts by contacting us on 1300 135 077.