

Example AIFRS Listed Limited
(Formerly known as Example Listed Limited)
ABN 12 345 678 901

Annual Report - 30 June 2007

Example AIFRS Listed Limited
(Formerly known as Example Listed Limited)
Directors' report
30 June 2007

The directors present their report on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Example AIFRS Listed Limited and the entities it controlled for the year ended 30 June 2007.

Directors

The following persons were directors of Example AIFRS Listed Limited during the financial year and up to the date of this report:

Anthony Example
Brad Example
Christina Example
Daniel Example
Elizabeth Example (resigned on 18 June 2007)

Principal activities

During the financial year the principal continuing activities of the consolidated entity consisted of:

- computer manufacturing
- computer retailing
- computer distribution

The computer distribution division was significantly enhanced during the year with the acquisition of the CompCarrier business.

Dividends - Example AIFRS Listed Limited

Dividends paid to members during the financial year were as follows:

	2007	2006
	\$'000	\$'000
Final ordinary dividend for the year ended 30 June 2007 of 15 cents (2006: 8 cents) per fully paid share paid on 12 June 2007	22,035	11,744
Interim ordinary dividend for the year ended 30 June 2007 of 5 cents (2006: 4 cents) per fully paid share paid on 14 December 2006	<u>7,340</u>	<u>5,872</u>
	<u><u>29,375</u></u>	<u><u>17,616</u></u>

Review of operations

The operating profit for the consolidated entity after providing for income tax amounted to \$33,046,000 (2006: \$20,810,000). This is an increase of \$12,236,000 (59%) from the previous year and represents a 14.6% return on net assets.

All three of the consolidated entity's divisions improved their net result. The manufacturing division produced a profit for the first time due to the re-engineering of its processes which have resulted in increased production and a reduction in defects. The retailing division had a 7.2% increase in sales largely from higher margin products. The distribution division benefited greatly from the integration of acquired CompCarrier business which saw its existing administrative function better utilised.

The financial position of the consolidated entity is very strong with excellent liquidity and a large asset base which is being fully utilised. The consolidated entity is expecting to reduce its bank borrowings significantly during the year ended 30 June 2008 from current cash on deposit and future earnings, without reducing its dividend payments.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2007 that has significantly affected, or may significantly affect the consolidated entity's operations in future financial years, the results of those operations in future financial years, or the consolidated entity's state of affairs in future financial years.

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Likely developments and expected results of operations

Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this annual report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Environmental regulation

The consolidated entity is not subject to any environment regulation under Commonwealth or State law.

Information on directors

Name: Anthony Example
Title: Chairman - non-executive
Age: 58
Qualifications: BSc, MBA, FAICD
Experience and expertise: Anthony has over 30 years experience in the computer industry, being a pioneer of the personal computer (PC) age in Australia. He is the former managing director of Computer Technologies Limited, having retired from that position in 2003 at the age of 55. Anthony joined the board in August 2003 and was elected chairman in April 2004.
Other current directorships: Currently a non-executive director of Computer DisAbility Limited.
Former directorships (in 3 years): Former managing director of Computer Technologies Limited.
Special responsibilities: None.
Interests in shares: 25,000,000 ordinary shares

Name: Brad Example
Title: Managing director
Age: 42
Qualifications: BSc, BA, MBA, MAICD
Experience and expertise: Brad has over 20 years experience in the computer industry and the developed the OzStar computer language. He is the driving force behind the company's growth and diversification. Brad joined the company in 1996 and was promoted to managing director in July 1999.
Other current directorships: None.
Former directorships (in 3 years): None.
Special responsibilities: None.
Interests in shares: 5,886,200 ordinary shares

Name: Christina Example
Title: Finance director
Age: 40
Qualifications: BCom, MBA, CA, MAICD
Experience and expertise: Christina has 18 years experience in finance, largely at a major multi-national. She is responsible for overseeing the entire finance function including management reporting, financial reporting and financial forecasting. Christina joined the company in 2001 as finance director.
Other current directorships: Currently a non-executive director of Early Childhood Education Limited.
Former directorships (in 3 years): None.
Special responsibilities: Member of the audit committee.
Interests in shares: 51,569 ordinary shares

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Name: Daniel Example
Title: Non-executive director
Age: 39
Qualifications: BA, MAICD
Experience and expertise: Daniel has held various directorships over the past 20 years and has a broad range of skills that aide in the long-term strategic planning of the company. Daniel founded the company in 1989 and was managing director up to July 1999, at which time he resigned and became a non-executive director.
Other current directorships: Currently a non-executive director of Computer DisAbility Limited and Secure Payment Processes Limited.
Former directorships (in 3 years): Former non-executive director of Computer Importers of Australia Limited.
Special responsibilities: Member of the audit committee.
Interests in shares: 20,500,000 ordinary shares

Name: Elizabeth Example (resigned on 18 June 2007)
Title: Non-executive director
Age: 34
Qualifications: BSc, MAICD
Experience and expertise: Elizabeth has held various directorships over the past 10 years in logistics and joined the company as a non-executive director in October 2004 to aide in the integration of the distribution division.
Other current directorships: None.
Former directorships (in 3 years): None.
Special responsibilities: None.
Interests in shares: None.

Company secretary

Fabian Example (BA, LLB) has held the role of company secretary since November 1997. He was previously company secretary of Northwestern Bank of NSW Limited for 14 years. Fabian is member of Chartered Secretaries Australia (CSA).

Meetings of directors

The numbers of meetings of the company's board of directors and of each board committee held during the year ended 30 June 2007, and the numbers of meetings attended by each director were:

	Full board		Non-executive		Audit committee	
	Attended	Held	Attended	Held	Attended	Held
Anthony Example	12	12	-	-	-	-
Brad Example	11	12	-	-	-	-
Christina Example	10	12	-	-	2	2
Daniel Example	12	12	4	4	2	2
Elizabeth Example	8	12	4	4	1	2

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

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Remuneration report

The remuneration report is set out under the following main headings:

- A Principles used to determine the nature and amount of remuneration
- B Details of remuneration
- C Service agreements
- D Share-based compensation

The information provided under headings A-D includes remuneration disclosures that are required under Accounting Standard AASB 124 Related Party Disclosures. These disclosures have been transferred from the financial report and have been audited. The disclosures in Section E are additional disclosures required by the Corporations Act 2001 and the Corporations Regulations 2001 which have not been audited.

A *Principles used to determine the nature and amount of remuneration*

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms with market best practice for delivery of reward. The board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency
- capital management

In consultation with external remuneration consultants, the Group has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the organisation.

Alignment to shareholders' interests:

- has economic profit as a core component of plan design
- focuses on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant return on assets as well as focusing the executive on key non-financial drivers of value
- attracts and retains high calibre executives

Alignment to program participants' interests:

- rewards capability and experience
- reflects competitive reward for contribution to growth in shareholder wealth
- provides a clear structure for earning rewards
- provides recognition for contribution

Non-executive directors fees

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the board. The board has also agreed to the advice of independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to determination of his own remuneration. Non-executive directors do not receive share options.

Executive pay

The executive pay and reward framework has four components:

- base pay and benefits
- short-term performance incentives
- share issues
- other remuneration such as superannuation

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The combination of these comprises the executive's total remuneration. The Group intends to revisit its long-term equity-linked performance incentives specifically for executives during the year ending 30 June 2008.

B Details of remuneration

2007	Short-term benefits		Post-employment benefits	Termination benefits	Share-based payments	Total
	Salary	Bonus	Super-annuation	Termination	Shares	
Name	\$	\$	\$	\$	\$	\$
<i>Non-executive directors:</i>						
Anthony Example (chairman)	75,000	-	6,750	-	-	81,750
Daniel Example	40,000	-	3,600	-	-	43,600
Elizabeth Example	40,000	-	3,600	25,000	-	68,600
<i>Executive directors:</i>						
Brad Example	320,000	150,000	28,800	-	100,000	598,800
Christina Example	190,000	45,000	17,100	-	30,000	282,100
<i>Other key management personnel:</i>						
Fabian Example	160,000	12,000	14,400	-	35,000	221,400
Grace Example	115,000	10,000	10,350	-	10,000	145,350
Henry Example	125,000	10,000	11,250	-	25,000	171,250
Isabel Example	110,000	10,000	9,900	-	20,000	149,900
Jack Example	140,000	13,000	12,600	-	30,000	195,600
2006	Short-term benefits		Post-employment benefits	Termination benefits	Share-based payments	Total
	Salary	Bonus	Super-annuation	Termination	Shares	
Name	\$	\$	\$	\$	\$	\$
<i>Non-executive directors:</i>						
Anthony Example (chairman)	70,000	-	6,300	-	-	76,300
Daniel Example	37,500	-	3,375	-	-	40,875
Elizabeth Example	37,500	-	3,375	-	-	40,875
<i>Executive directors:</i>						
Brad Example	295,000	130,000	26,550	-	-	451,550
Christina Example	180,000	45,000	16,200	-	-	241,200
<i>Other key management personnel:</i>						
Fabian Example	150,000	7,500	13,500	-	-	171,000
Grace Example	110,000	-	9,900	-	-	119,900
Henry Example	115,000	-	10,350	-	-	125,350
Isabel Example	105,000	10,000	9,450	-	-	124,450
Jack Example	130,000	26,000	11,700	-	-	167,700

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C Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name: Brad Example
Title: Managing director
Agreement commenced: 1 July 2005
Term of agreement: 5 years
Details: 6 month termination notice, bonus of 5-50% as per board approval and KPI achievement, non-solicitation and non-competition clauses

Name: Christina Example
Title: Finance director
Agreement commenced: 1 July 2006
Term of agreement: 3 years
Details: 3 month termination notice, bonus of 5-30% as per board approval and KPI achievement, non-solicitation and non-competition clauses

Name: Fabian Example
Title: Company secretary and legal counsel
Agreement commenced: 1 July 2005
Term of agreement: 2 years
Details: 3 month termination notice, bonus of 5-20% as per board approval and KPI achievement, non-solicitation and non-competition clauses

Name: Grace Example
Title: General manager - manufacturing
Agreement commenced: 1 July 2005
Term of agreement: 2 years
Details: 3 month termination notice, bonus of 5-20% as per board approval and KPI achievement, non-solicitation and non-competition clauses

Name: Henry Example
Title: General manager - retailing
Agreement commenced: 1 July 2005
Term of agreement: 2 years
Details: 3 month termination notice, bonus of 5-20% as per board approval and KPI achievement, non-solicitation and non-competition clauses

Name: Isabel Example
Title: General manager - distribution
Agreement commenced: 1 July 2005
Term of agreement: 2 years
Details: 3 month termination notice, bonus of 5-20% as per board approval and KPI achievement, non-solicitation and non-competition clauses

Name: Jack Example
Title: General manager - asset deployment
Agreement commenced: 1 July 2006
Term of agreement: 3 years
Details: 3 month termination notice, bonus of 5-20% as per board approval and KPI achievement, non-solicitation and non-competition clauses

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D Share-based compensation

Issue of shares

Details of shares issued to directors and key management personnel during the year ended 30 June 2007 are set out below:

Name	Date	No of shares	Issue price	\$
Brad Example	31 October 2006	40,000	\$2.50	100,000
Christina Example	31 October 2006	12,000	\$2.50	30,000
Fabian Example	31 October 2006	14,000	\$2.50	35,000
Grace Example	31 October 2006	4,000	\$2.50	10,000
Henry Example	31 October 2006	10,000	\$2.50	25,000
Isabel Example	31 October 2006	8,000	\$2.50	20,000
Jack Example	31 October 2006	12,000	\$2.50	30,000

Options

There were no options granted or exercised during the year ended 30 June 2007.

There were no options outstanding as at 30 June 2007.

Insurance of officers

During the financial year, the company paid a premium in respect of a contract to insure the directors of the company against a liability as such a director to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 39 in the financial report.

The directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 39 in the financial report do not compromise the external auditor's independence for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor, and
- none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

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Financial report
For the year ended 30 June 2007

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General information

This financial report covers both Example AIFRS Listed Limited as an individual entity and the consolidated entity consisting of Example AIFRS Listed Limited and its subsidiaries. The financial report is presented in Australian currency.

Example AIFRS Listed Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Registered office

10th floor

Universal Administration Building

12 Highland Street

Sydney NSW 2000

Principal place of business

5th floor

Example Business Centre

247 Edward Street

Sydney NSW 2000

A description of the nature of the consolidated entity's operations and its principal activities is included in the directors' report, which is not part of this financial report.

The financial report was authorised for issue by the directors on 14 August 2007.

Example AIFRS Listed Limited
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Income statement
For the year ended 30 June 2007

	Note	Consolidated		Parent entity	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Revenue from continuing operating activities	4	467,562	435,661	33,954	23,646
Share of net profits of associates accounted for using the equity method	5	4,587	3,802	-	-
Other income	6	742	192	320	-
Expenses					
Changes in inventories of finished goods and work in progress		(4,259)	(1,148)	-	-
Raw materials and consumables used		(136,342)	(130,752)	-	-
Employee benefits expense		(217,169)	(211,724)	(2,337)	(2,206)
Depreciation and amortisation expense		(18,956)	(20,352)	(106)	(11)
Impairment of assets		(500)	-	-	-
Other expenses		(45,890)	(42,372)	(894)	(583)
Finance costs	7	(2,239)	(3,451)	(651)	(347)
Net profit before income tax expense		47,536	29,856	30,286	20,499
Income tax expense	8	(14,490)	(9,046)	(213)	(155)
Net profit after income tax expense attributable to members of Example AIFRS Listed Limited		<u>33,046</u>	<u>20,810</u>	<u>30,073</u>	<u>20,344</u>
		Cents	Cents		
Basic earnings per share	50	22.51	15.06		
Diluted earnings per share	50	22.51	15.06		

The above income statement should be read in conjunction with the accompanying notes

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Balance sheet
As at 30 June 2007

	Note	Consolidated		Parent entity	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Current assets					
Cash and cash equivalents	9	26,850	5,605	18,184	510
Trade and other receivables	10	14,336	13,177	16	9
Inventories	11	39,525	43,048	-	-
Other financial assets at fair value through profit or loss	12	240	-	240	-
Other	13	3,179	2,788	48	29
		<u>84,130</u>	<u>64,618</u>	<u>18,488</u>	<u>548</u>
Non-current assets classified as held for sale	14	6,120	-	6,120	-
Total current assets		<u>90,250</u>	<u>64,618</u>	<u>24,608</u>	<u>548</u>
Non-current assets					
Receivables	15	145	145	80	80
Investments accounted for using the equity method	16	36,709	32,122	-	-
Available for sale financial assets	17	120	-	120	-
Other financial assets	18	-	-	241,500	241,500
Investment property	19	47,405	47,500	47,405	47,500
Property, plant and equipment	20	121,253	134,014	2,500	8,500
Intangibles	21	12,495	11,627	64	75
Deferred tax	22	8,571	8,076	174	94
Other	23	1,260	1,445	-	-
Total non-current assets		<u>227,958</u>	<u>234,929</u>	<u>291,843</u>	<u>297,749</u>
Total assets		<u>318,208</u>	<u>299,547</u>	<u>316,451</u>	<u>298,297</u>
Current liabilities					
Trade and other payables	24	20,004	16,875	112	73
Borrowings	25	6,114	4,610	-	-
Income tax	26	9,374	3,562	9,374	3,562
Provisions	27	11,846	10,980	320	85
Other	28	3,412	3,062	148	122
		<u>50,750</u>	<u>39,089</u>	<u>9,954</u>	<u>3,842</u>
Liabilities directly associated with assets classified as held for sale	29	4,000	-	4,000	-
Total current liabilities		<u>54,750</u>	<u>39,089</u>	<u>13,954</u>	<u>3,842</u>
Non-current liabilities					
Borrowings	30	20,823	22,437	98,028	90,960
Deferred tax	31	3,198	3,205	479	459
Provisions	32	12,624	11,924	112	106
Total non-current liabilities		<u>36,645</u>	<u>37,566</u>	<u>98,619</u>	<u>91,525</u>
Total liabilities		<u>91,395</u>	<u>76,655</u>	<u>112,573</u>	<u>95,367</u>
Net assets		<u>226,813</u>	<u>222,892</u>	<u>203,878</u>	<u>202,930</u>

The above balance sheet should be read in conjunction with the accompanying notes

Example AIFRS Listed Limited
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Balance sheet
As at 30 June 2007

	Note	Consolidated		Parent entity	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Equity					
Contributed equity	33	198,502	198,252	198,502	198,252
Reserves	34	6,800	6,500	2,250	1,950
Retained profits	35	21,511	18,140	3,126	2,728
Total equity		<u>226,813</u>	<u>222,892</u>	<u>203,878</u>	<u>202,930</u>

The above balance sheet should be read in conjunction with the accompanying notes

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Statement of changes in equity
For the year ended 30 June 2007

	Note	Consolidated		Parent entity	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Total equity at the beginning of the financial year		222,892	139,918	202,930	121,822
Contributions of equity, net of transaction costs	33	250	77,330	250	77,330
Gain on the revaluation of land and buildings, net of tax	34	-	2,450	-	1,050
Net profit after income tax expense		33,046	20,810	30,073	20,344
Dividends paid	36	<u>(29,375)</u>	<u>(17,616)</u>	<u>(29,375)</u>	<u>(17,616)</u>
Total equity at the end of the financial year		<u><u>226,813</u></u>	<u><u>222,892</u></u>	<u><u>203,878</u></u>	<u><u>202,930</u></u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Example AIFRS Listed Limited
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Cash flow statement
For the year ended 30 June 2007

	Note	Consolidated		Parent entity	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Cash flows from operating activities					
Receipts from customers (inclusive of GST)		508,366	474,832	-	-
Payments to suppliers (inclusive of GST)		(441,414)	(428,380)	(2,694)	(2,742)
		66,952	46,452	(2,694)	(2,742)
Dividends received		-	-	29,600	20,000
Interest received		1,084	540	716	328
Other revenue		4,014	3,358	3,951	3,320
Interest and other finance costs paid		(2,239)	(3,451)	(651)	(347)
Income taxes paid		(9,180)	(8,461)	(9,180)	(8,461)
Net cash inflow/(outflow) from operating activities	48	60,631	38,438	21,742	12,098
Cash flows from investing activities					
Payment for purchase of business, net of cash acquired	44	(8,072)	(155)	-	-
Payments for property, plant and equipment	20	(6,765)	(3,048)	-	-
Payments for investments		(655)	-	(560)	-
Proceeds from sale of property, plant and equipment		1,511	250	-	-
Proceeds from sale of investments		80	-	80	-
Net cash inflow/(outflow) from investing activities		(13,901)	(2,953)	(480)	-
Cash flows from financing activities					
Proceeds from issue of shares	33	-	77,330	-	77,330
Proceeds from borrowings		6,500	-	25,787	-
Dividends paid	36	(29,375)	(17,616)	(29,375)	(17,616)
Repayment of borrowings		(1,337)	(95,601)	-	(70,000)
Net cash inflow/(outflow) from financing activities		(24,212)	(35,887)	(3,588)	(10,286)
Net increase/(decrease) in cash and cash equivalents		22,518	(402)	17,674	1,812
Cash and cash equivalents at the beginning of the financial year		4,332	4,734	510	(1,302)
Cash and cash equivalents at the end of the financial year	9	26,850	4,332	18,184	510
Financing arrangements	30				
Non-cash investing and financing activities	49				

The above cash flow statement should be read in conjunction with the accompanying notes

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Notes to the financial statements
30 June 2007

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of accounting

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRSs), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001.

Compliance with IFRSs

Australian Accounting Standards include AIFRSs. Compliance with AIFRSs ensures that the consolidated entity financial report conforms with International Financial Reporting Standards (IFRSs).

Historical cost convention

This financial report has been prepared under the historical cost convention, as modified where applicable by the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment property and certain classes of property, plant and equipment.

Critical accounting estimates

The preparation of this financial report in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial report, are disclosed in note 2.

Principles of consolidation

The consolidated financial report incorporate the assets and liabilities of all subsidiaries of Example AIFRS Listed Limited ('company' or 'parent entity') as at 30 June 2007 and the results of all subsidiaries for the year then ended. Example AIFRS Listed Limited and its subsidiaries together are referred to in this financial report as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between company's in the consolidated entity are eliminated.

Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

Interests in associates and joint ventures, where applicable, are accounted for using the equity method.

Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different to those of segments operating in other economic environments.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Sales revenue is recognised at the point of sale. Amounts disclosed as revenue are net of returns and discounts.

Other revenue is recognised when it is received or when the right to receive payment is established.

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Income tax

The income tax expense or benefit for the period is the tax payable on the current year's taxable income based on the current company tax rate of 30% adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial report, and to unused tax losses where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Example AIFRS Listed Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. Example AIFRS Listed Limited is responsible for recognising the current tax assets and liabilities for the tax consolidated group. The group notified the Australian Taxation Office on 12 July 2005 that it had formed an income tax consolidated group to apply from 1 July 2005. The tax consolidated group has entered a tax funding agreement whereby each company in the group contributes to the income tax payable in proportion to their tax payable.

Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Trade receivables

All trade debtors are recognised at the amounts receivable as they are due for settlement by no more than 30 days.

Collectibility of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised when some doubt as to collection exists and in any event when the debt is more than 90 days overdue.

Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Non-current assets held for sale

Non-current assets are classified as held for sale and stated 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 rather than through continuing use.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Joint ventures

Interests in joint ventures are accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognised in the income statement, and the share of the movements in equity is recognised in the balance sheet.

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Investments and other financial assets

Investments and other financial assets are stated at the lower of their carrying amount and fair value less costs to sell. The fair values of quoted investments are based on current bid prices. For unlisted investments, the consolidated entity establishes fair value by using valuation techniques. These include the use of recent arms length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models.

Investment property

Investment property is held for long-term rental yields and is carried at fair value.

Property, plant and equipment

Land and buildings are shown at fair value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited to the revaluation reserve in shareholders' equity.

Plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight line and diminishing value basis to write off the net cost of each item of property, plant and equipment (excluding land) over its expected useful life. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items.

The cost of improvements to or on leasehold properties is depreciated over the unexpired period of the lease or the estimated useful life of the improvement, whichever is the shorter.

Leases

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incident to ownership of leased non-current assets, and operating leases under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs.

The leased asset is depreciated on a straight line basis over the term of the lease, or where it is likely that the consolidated entity will obtain ownership of the asset, the life of the asset.

Other operating lease payments are charged to the income statement in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased assets.

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Intangible assets

Goodwill

Where an entity or operation is acquired, the identifiable net assets acquired are measured at fair value. The excess of the fair value of the cost of acquisition over the fair value of the identifiable net assets acquired, including any liability for restructuring costs, is brought to account as goodwill. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

Research and development

Research and development is capitalised when it is probable that the project will be a success considering its commercial and technical feasibility and its costs can be measured reliability. Capitalised research and development is amortised on a straight line basis over the period of their expected benefit.

Website

Significant costs associated with website costs are deferred and amortised on a straight line basis over the period of their expected benefit.

Patents and trademarks

Significant costs associated with patents and trademarks are deferred and amortised on a straight line basis over the period of their expected benefit.

Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and is recorded as part of current payables.

Finance costs

Finance costs are recognised as expenses in the period in which they are incurred. Finance costs include interest on:

- the bank overdraft
- short term and long term borrowings
- finance leases

Provisions

Provisions are recognised when the consolidated entity has a present obligation (legal or constructive) as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

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Employee benefits

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised other payables and provisions in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

The liability for long service leave is recognised in provisions and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Share-based payments

Share-based compensation benefits are provided to employees. The fair value of options granted is recognised as an expense with a corresponding increase in contributed equity.

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

Business combinations

The purchase method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included in other receivables or other payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the ATO, are presented as operating cash flows.

Rounding of amounts

The company is of a kind referred to in Class 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding-off' of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

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New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2007 reporting periods. The consolidated entity's and the parent entity's assessment of the impact of these new standards and interpretations are set out below.

AASB 7 Financial Instruments: Disclosures and AASB 2005-10 Amendments to Australian Accounting Standards (and consequential amendments to other standards resulting from its issue)

Effective for annual reporting periods beginning on or after 1 January 2007 and the group has not adopted the standards early. Application of these standards will not affect any of the amounts recognised in the financial report, but will impact the type of information disclosed in financial instruments.

AASB 8 Operating Segments

Effective for annual reporting periods beginning on or after 1 January 2009 and the group has not adopted the standards early. Application of this standard will not affect any of the amounts recognised in the financial report, but will impact the type of information disclosed in the segment information.

Note 2. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the consolidated entity and that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The consolidated entity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the consolidated entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

Critical judgements in applying the consolidated entity's accounting policies

The consolidated entity has recognised revenue amounting to \$4,631,000 for the sale of computers to Computer Solutions during the year ended 30 June 2007. This was a range of computers tailored for graphic designers that were manufactured to Computer Solutions' design specifications. The buyer offers its customers a 5 year quality guarantee on the computers that is supported by a legal obligation by Example AIFRS Listed Limited to remedy any manufacturing defects. The consolidated entity is confident that the quality of the computers is superior enough to not incur substantial rework, repairs or replacement.

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Note 3. Segment information

Primary reporting - business segments

The consolidated entity is organised into three operating divisions: computer manufacturing, computer retailing and computer distribution. These divisions are the basis on which the consolidated entity reports its primary segment information. The principal products and services of each of these divisions are as follows:

Computer manufacturing the manufacture and wholesaling of computers in Australia
Computer retailing the retailing of computers in Australia
Computer distribution the freight and cartage of computers to customers in Australia

	Computer manufacture \$'000	Computer retailing \$'000	Computer distribution \$'000	Intersegment eliminations / unallocated \$'000	Consolidated \$'000
2007					
Sales to external customers	26,465	427,206	9,110	-	462,781
Intersegment sales	200,017	-	3,173	(203,190)	-
Total sales revenue	226,482	427,206	12,283	(203,190)	462,781
Share of net profits of associates	4,587	-	-	-	4,587
Other income	495	292	62	4,674	5,523
Total segment revenue	231,564	427,498	12,345	(198,516)	472,891
Segment result	2,058	43,786	1,006	-	46,850
Unallocated revenue less unallocated expenses					686
Net profit before income tax					47,536
Income tax expense					(14,490)
Net profit after income tax expense					33,046
Segment assets	185,973	61,011	13,509	(17,236)	243,257
Unallocated assets					74,951
Total assets					318,208
Segment liabilities	43,918	38,255	6,913	(17,236)	71,850
Unallocated liabilities					19,545
Total liabilities					91,395
Investments in associates	36,709	-	-	-	36,709
Acquisition of non-current segment assets	365	4,827	9,365	200	14,757
Depreciation and amortisation	11,375	5,501	1,974	106	18,956
Impairment of assets	-	500	-	-	500

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Note 3. Segment information (continued)

2006	Computer manufacture \$'000	Computer retailing \$'000	Computer distribution \$'000	Intersegment eliminations / unallocated \$'000	Consolidated \$'000
Sales to external customers	24,339	403,847	3,574	-	431,760
Intersegment sales	191,423	-	2,808	(194,231)	-
Total sales revenue	<u>215,762</u>	<u>403,847</u>	<u>6,382</u>	<u>(194,231)</u>	<u>431,760</u>
Share of net profits of associates	3,802	-	-	-	3,802
Other income	306	107	34	3,646	4,093
Total segment revenue	<u>219,870</u>	<u>403,954</u>	<u>6,416</u>	<u>(190,585)</u>	<u>439,655</u>
Segment result	<u>(3,221)</u>	<u>32,554</u>	<u>24</u>	<u>-</u>	<u>29,357</u>
Unallocated revenue less unallocated expenses					<u>499</u>
Net profit before income tax					<u>29,856</u>
Income tax expense					<u>(9,046)</u>
Net profit after income tax expense					<u>20,810</u>
Segment assets	<u>194,602</u>	<u>60,738</u>	<u>5,158</u>	<u>(17,748)</u>	<u>242,750</u>
Unallocated assets					<u>56,797</u>
Total assets					<u>299,547</u>
Segment liabilities	<u>45,499</u>	<u>37,785</u>	<u>1,712</u>	<u>(17,748)</u>	<u>67,248</u>
Unallocated liabilities					<u>9,407</u>
Total liabilities					<u>76,655</u>
Investments in associates	<u>32,122</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,122</u>
Acquisition of non-current segment assets	<u>230</u>	<u>4,436</u>	<u>716</u>	<u>-</u>	<u>5,382</u>
Depreciation and amortisation	<u>13,407</u>	<u>6,035</u>	<u>899</u>	<u>11</u>	<u>20,352</u>

Secondary reporting - geographical segments

The consolidated entity only operates in one geographical segment being Australia.

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Note 4. Revenue

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
From continuing operations				
<i>Sales revenue</i>				
Sale of goods	459,403	428,186	-	-
Services	3,378	3,574	-	-
	<u>462,781</u>	<u>431,760</u>	<u>-</u>	<u>-</u>
<i>Other revenue</i>				
Dividends received	-	-	29,600	20,000
Interest received	1,087	543	719	330
Rent received	3,623	3,310	3,623	3,310
Other revenue	71	48	12	6
	<u>4,781</u>	<u>3,901</u>	<u>33,954</u>	<u>23,646</u>
Revenue from continuing operations	<u>467,562</u>	<u>435,661</u>	<u>33,954</u>	<u>23,646</u>

Note 5. Share of net profits of associates accounted for using the equity method

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Share of profit - joint ventures	<u>4,587</u>	<u>3,802</u>	<u>-</u>	<u>-</u>
Share of net profits of associates accounted for using the equity method	<u>4,587</u>	<u>3,802</u>	<u>-</u>	<u>-</u>

Note 6. Other income

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Net gain on sale of property, plant and equipment	422	192	-	-
Insurance recoveries	320	-	320	-
Other income	<u>742</u>	<u>192</u>	<u>320</u>	<u>-</u>

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Note 7. Expenses

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Profit before income tax includes the following specific expenses:				
<i>Cost of sales</i>				
Cost of sales	284,451	277,984	-	-
<i>Finance costs</i>				
Interest and finance charges paid/payable	2,239	3,451	651	347
Finance costs expensed	2,239	3,451	651	347
<i>Rental expense relating to operating leases</i>				
Minimum lease payments	36,798	34,874	-	-
Total rental expense relating to operating leases	36,798	34,874	-	-
<i>Defined contribution superannuation expense</i>				
Defined contribution superannuation expense	14,942	14,568	161	152
<i>Research and development</i>				
Research and development	124	107	-	-

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Note 8. Income tax expense

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
<i>Income tax expense</i>				
Current tax	14,992	9,246	273	168
Deferred tax	(502)	(200)	(60)	(13)
	<u>14,490</u>	<u>9,046</u>	<u>213</u>	<u>155</u>
Aggregate income tax expense				
Deferred income tax expense included in income tax expense comprises:				
Decrease/(increase) in deferred tax assets (note 22)	(495)	(212)	(80)	(15)
(Decrease)/increase in deferred tax liabilities (note 31)	(7)	12	20	2
	<u>(502)</u>	<u>(200)</u>	<u>(60)</u>	<u>(13)</u>
<i>Numerical reconciliation of income tax expense to prima facie tax payable</i>				
Net profit before income tax expense	47,536	29,856	30,286	20,499
Tax at the Australian tax rate of 30%	14,261	8,957	9,086	6,150
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:				
Entertainment expenses	32	41	4	3
Impairment of goodwill	150	-	-	-
Non-taxable dividends	-	-	(8,880)	(6,000)
Sundry items	47	48	3	2
	<u>47</u>	<u>48</u>	<u>3</u>	<u>2</u>
Income tax expense	<u>14,490</u>	<u>9,046</u>	<u>213</u>	<u>155</u>

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Note 9. Current assets - cash and cash equivalents

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Cash on hand	123	107	-	-
Cash at bank	14,827	5,098	6,284	110
Cash on deposit	11,900	400	11,900	400
	<u>26,850</u>	<u>5,605</u>	<u>18,184</u>	<u>510</u>

Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the cash flow statement as follows:

Balances as above	26,850	5,605	18,184	510
Bank overdraft (note 25)	-	(1,273)	-	-
Balance as per cash flow statement	<u>26,850</u>	<u>4,332</u>	<u>18,184</u>	<u>510</u>

Note 10. Current assets - trade and other receivables

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Trade receivables	14,344	13,181	-	-
Less: Provision for doubtful debts	(75)	(50)	-	-
	<u>14,269</u>	<u>13,131</u>	<u>-</u>	<u>-</u>
Other receivables	60	42	9	5
Interest receivable	7	4	7	4
	<u>14,336</u>	<u>13,177</u>	<u>16</u>	<u>9</u>

Note 11. Current assets - inventories

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Raw materials - at cost	6,817	6,081	-	-
Work in progress - at cost	16,040	17,434	-	-
Finished goods - at cost	16,668	19,533	-	-
	<u>39,525</u>	<u>43,048</u>	<u>-</u>	<u>-</u>

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Note 12. Current assets - other financial assets at fair value through profit or loss

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Ordinary shares	240	-	240	-

Reconciliation

Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

Opening fair value	-	-	-	-
Additions	240	-	240	-
Closing fair value	240	-	240	-

Note 13. Current assets - other

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Accrued income	2,005	1,850	-	-
Prepayments	1,006	756	48	29
Deferred expenses	103	147	-	-
Security deposits	65	35	-	-
	3,179	2,788	48	29

Note 14. Current assets - non-current assets classified as held for sale

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Shares in company	120	-	120	-
Land	6,000	-	6,000	-
	6,120	-	6,120	-

Note 15. Non-current assets - receivables

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Other receivables	145	145	80	80

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Note 16. Non-current assets - investments accounted for using the equity method

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Investment in joint venture	36,709	32,122	-	-

Refer to note 46 for detailed information on interests in joint ventures.

Note 17. Non-current assets - available for sale financial assets

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Ordinary shares	120	-	120	-

Reconciliation

Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

Opening fair value	-	-	-	-
Additions	200	-	200	-
Disposals	(80)	-	(80)	-
Closing fair value	120	-	120	-

Note 18. Non-current assets - other financial assets

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Shares in subsidiaries (note 45)	-	-	241,500	241,500

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Note 19. Non-current assets - investment property

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Investment property - at independent valuation	47,500	47,500	47,500	47,500
Less: Accumulated depreciation	(95)	-	(95)	-
	<u>47,405</u>	<u>47,500</u>	<u>47,405</u>	<u>47,500</u>
	<u>47,405</u>	<u>47,500</u>	<u>47,405</u>	<u>47,500</u>

Reconciliation

Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

Opening fair value	47,500	46,000	47,500	46,000
Revaluation increments	-	1,500	-	1,500
Depreciation expense	(95)	-	(95)	-
Closing fair value	<u>47,405</u>	<u>47,500</u>	<u>47,405</u>	<u>47,500</u>

Valuations of investment property

The investment properties were revalued on 30 June 2006 based on independent assessments by a member of the Australian Property Institute.

Note 20. Non-current assets - property, plant and equipment

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Land and buildings - at independent valuation	52,500	58,500	2,500	8,500
	<u>52,500</u>	<u>58,500</u>	<u>2,500</u>	<u>8,500</u>
Leasehold improvements - at cost	33,585	27,185	-	-
Less: Accumulated depreciation	(18,401)	(13,120)	-	-
	<u>15,184</u>	<u>14,065</u>	<u>-</u>	<u>-</u>
Plant and equipment - at cost	105,607	100,362	-	-
Less: Accumulated depreciation	(56,152)	(44,044)	-	-
	<u>49,455</u>	<u>56,318</u>	<u>-</u>	<u>-</u>
Plant and equipment under lease	6,184	6,184	-	-
Less: Accumulated depreciation	(2,070)	(1,053)	-	-
	<u>4,114</u>	<u>5,131</u>	<u>-</u>	<u>-</u>
	<u>121,253</u>	<u>134,014</u>	<u>2,500</u>	<u>8,500</u>

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Note 20. Non-current assets - property, plant and equipment (continued)

Reconciliations

Reconciliations of the fair values at the beginning and end of the current and previous financial year are set out below:

	Land and buildings \$'000	Leasehold improvements \$'000	Plant and equipment \$'000	Plant under lease \$'000	Consolidated \$'000
Consolidated					
Balance 1 July 2005	56,500	17,478	69,050	3,650	146,678
Additions	-	2,308	740	2,334	5,382
Disposals	-	-	(58)	-	(58)
Revaluation increments	2,000	-	-	-	2,000
Depreciation expense	-	(5,721)	(13,414)	(853)	(19,988)
Balance 30 June 2006	58,500	14,065	56,318	5,131	134,014
Additions	-	6,400	365	-	6,765
Additions through business combinations (note 44)	-	-	6,060	-	6,060
Classified as held for sale (note 14)	(6,000)	-	-	-	(6,000)
Disposals	-	-	(1,089)	-	(1,089)
Depreciation expense	-	(5,281)	(12,199)	(1,017)	(18,497)
Balance 30 June 2007	52,500	15,184	49,455	4,114	121,253
	Land and buildings \$'000	Leasehold improvements \$'000	Plant and equipment \$'000	Plant under lease \$'000	Parent \$'000
Parent entity					
Balance 1 July 2005	8,500	-	-	-	8,500
Balance 30 June 2006	8,500	-	-	-	8,500
Classified as held for sale (note 14)	(6,000)	-	-	-	(6,000)
Balance 30 June 2007	2,500	-	-	-	2,500

Valuations of land and buildings

The land and buildings were revalued on 30 June 2006 based on independent assessments by a member of the Australian Property Institute.

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Note 21. Non-current assets - intangibles

	Consolidated		Parent entity	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Goodwill - at cost	11,232	9,500	-	-
Less: Impairment	(500)	-	-	-
	<u>10,732</u>	<u>9,500</u>	<u>-</u>	<u>-</u>
Research and development - at cost	3,208	3,208	-	-
Less: Accumulated amortisation	(1,605)	(1,284)	-	-
	<u>1,603</u>	<u>1,924</u>	<u>-</u>	<u>-</u>
Website - at cost	108	108	108	108
Less: Accumulated amortisation	(44)	(33)	(44)	(33)
	<u>64</u>	<u>75</u>	<u>64</u>	<u>75</u>
Patents and trademarks - at cost	320	320	-	-
Less: Accumulated amortisation	(224)	(192)	-	-
	<u>96</u>	<u>128</u>	<u>-</u>	<u>-</u>
	<u>12,495</u>	<u>11,627</u>	<u>64</u>	<u>75</u>

Reconciliations

Reconciliations of the fair values at the beginning and end of the current and previous financial year are set out below:

	Goodwill \$'000	Research and development \$'000	Website \$'000	Patents and trademarks \$'000	Consolidated \$'000
Consolidated					
Balance 1 July 2005	9,500	2,245	86	160	11,991
Amortisation expense	-	(321)	(11)	(32)	(364)
Balance 30 June 2006	9,500	1,924	75	128	11,627
Additions through business combinations (note 44)	1,732	-	-	-	1,732
Impairment of assets	(500)	-	-	-	(500)
Amortisation expense	-	(321)	(11)	(32)	(364)
Balance 30 June 2007	<u>10,732</u>	<u>1,603</u>	<u>64</u>	<u>96</u>	<u>12,495</u>
	Goodwill \$'000	Research and development \$'000	Website \$'000	Patents and trademarks \$'000	Parent \$'000
Parent entity					
Balance 1 July 2005	-	-	86	-	86
Amortisation expense	-	-	(11)	-	(11)
Balance 30 June 2006	-	-	75	-	75
Amortisation expense	-	-	(11)	-	(11)
Balance 30 June 2007	<u>-</u>	<u>-</u>	<u>64</u>	<u>-</u>	<u>64</u>

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Note 21. Non-current assets - intangibles (continued)

Goodwill at cost relates to the retail division of \$9,500,000 and the distribution division of \$1,732,000.

The goodwill on the retail division has been tested and an impairment of \$500,000 has been applied, due to the expected long-term effects of interest rates and current consumer debt affecting future sales.

The goodwill on the distribution division has been tested and is considered to be at fair value, given forecast organic growth of 12% is expected in the next financial year.

Note 22. Non-current assets - deferred tax

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
<i>The balance comprises temporary differences attributable to:</i>				
Amounts recognised in profit or loss:				
Employee benefits	5,850	5,699	61	57
Finance leases	206	286	-	-
Provision for legal claims	18	-	-	-
Provision for repairs and maintenance	512	321	69	-
Provision for warranties	961	851	-	-
Accrued expenses	786	620	44	37
Income received in advance	238	299	-	-
	<u>8,571</u>	<u>8,076</u>	<u>174</u>	<u>94</u>
Deferred tax asset				
	<u>8,571</u>	<u>8,076</u>	<u>174</u>	<u>94</u>
<i>Movements:</i>				
Opening balance	8,076	7,864	94	79
Credited/(charged) to the income statement (note 8)	495	212	80	15
	<u>8,571</u>	<u>8,076</u>	<u>174</u>	<u>94</u>
Closing balance				
	<u>8,571</u>	<u>8,076</u>	<u>174</u>	<u>94</u>

Note 23. Non-current assets - other

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Deferred expenses	340	590	-	-
Security deposits	920	855	-	-
	<u>1,260</u>	<u>1,445</u>	<u>-</u>	<u>-</u>

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Note 24. Current liabilities - trade and other payables

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Trade payables	18,070	15,280	80	52
Other payables	1,934	1,595	32	21
	<u>20,004</u>	<u>16,875</u>	<u>112</u>	<u>73</u>

Note 25. Current liabilities - borrowings

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Bank overdraft	-	1,273	-	-
Bank loans	4,500	2,000	-	-
Lease liability	1,614	1,337	-	-
	<u>6,114</u>	<u>4,610</u>	<u>-</u>	<u>-</u>

Refer to note 30 for further information.

Note 26. Current liabilities - income tax

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Provision for income tax	<u>9,374</u>	<u>3,562</u>	<u>9,374</u>	<u>3,562</u>

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Note 27. Current liabilities - provisions

	Consolidated		Parent entity	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Provisions - employee benefits	8,352	8,143	90	85
Provisions - legal claims	60	-	-	-
Provisions - repairs and maintenance	230	-	230	-
Provisions - warranties	3,204	2,837	-	-
	<u>11,846</u>	<u>10,980</u>	<u>320</u>	<u>85</u>

Legal claims

The provision represents a claim by a customer of the retailing division. This claim is expected to be settled in the next financial year and the outcome of this claim is not expected to exceed the amount provided for, based on independent legal advice.

Repairs and maintenance

The provision represents likely expenses to repair the roof of the building owned by the consolidated entity, which was commenced before the end of the financial year and is due for completion during the next financial year.

Warranties

This provision represents manufacturing warranties on products sold prior to balance date and are still under warranty at balance date.

Movements in provisions

Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

	Legal claims \$'000	Repairs and maintenance \$'000	Warranties \$'000	Consolidated \$'000
Consolidated - 2007				
Carrying amount at the start of the year	-	-	2,837	2,837
Additional provisions recognised	60	230	412	702
Unused amounts reversed	-	-	(45)	(45)
	<u>60</u>	<u>230</u>	<u>3,204</u>	<u>3,494</u>
	Legal claims \$'000	Repairs and maintenance \$'000	Warranties \$'000	Parent \$'000
Parent entity - 2007				
Carrying amount at the start of the year	-	-	-	-
Additional provisions recognised	-	230	-	230
	<u>-</u>	<u>230</u>	<u>-</u>	<u>230</u>
Carrying amount at the end of the year	-	230	-	230

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Note 28. Current liabilities - other

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Accrued expenses	2,619	2,065	148	122
Income received in advance	793	997	-	-
	<u>3,412</u>	<u>3,062</u>	<u>148</u>	<u>122</u>

Note 29. Current liabilities - liabilities directly associated with assets classified as held for sale

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Bank loans	<u>4,000</u>	<u>-</u>	<u>4,000</u>	<u>-</u>

Note 30. Non-current liabilities - borrowings

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Bank loans	19,000	19,000	5,000	5,000
Loan from wholly-owned subsidiaries	-	-	93,028	85,960
Lease liability	1,823	3,437	-	-
	<u>20,823</u>	<u>22,437</u>	<u>98,028</u>	<u>90,960</u>

Total secured liabilities

The total secured liabilities (current and non-current) are as follows:

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Bank overdraft	-	1,273	-	-
Bank loans	27,500	21,000	9,000	5,000
Lease liability	3,437	4,774	-	-
	<u>30,937</u>	<u>27,047</u>	<u>9,000</u>	<u>5,000</u>

Assets pledged as security

The bank overdraft and loans are secured by first mortgages over the consolidated entity's land and buildings.

The lease liabilities are effectively secured as the rights to the leased assets recognised in the balance sheet revert to the lessor in the event of default.

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Note 30. Non-current liabilities - borrowings (continued)

Financing arrangements

Unrestricted access was available at balance date to the following lines of credit:

	Consolidated		Parent entity	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Total facilities				
Bank overdraft	5,000	5,000	3,000	3,000
Bank loans	40,000	25,000	10,000	5,000
	<u>45,000</u>	<u>30,000</u>	<u>13,000</u>	<u>8,000</u>
Used at balance date				
Bank overdraft	-	1,273	-	-
Bank loans	27,500	21,000	9,000	5,000
	<u>27,500</u>	<u>22,273</u>	<u>9,000</u>	<u>5,000</u>
Unused at balance date				
Bank overdraft	5,000	3,727	3,000	3,000
Bank loans	12,500	4,000	1,000	-
	<u>17,500</u>	<u>7,727</u>	<u>4,000</u>	<u>3,000</u>

Note 31. Non-current liabilities - deferred tax

	Consolidated		Parent entity	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000

The balance comprises temporary differences attributable to:

Amounts recognised in profit or loss:

Financial assets at fair value through profit or loss	15	-	15	-
Prepayments	302	228	14	9
Research and development	481	577	-	-
	<u>798</u>	<u>805</u>	<u>29</u>	<u>9</u>

Amounts recognised in equity:

Revaluation of property, plant and equipment	2,400	2,400	450	450
	<u>2,400</u>	<u>2,400</u>	<u>450</u>	<u>450</u>

Deferred tax liability

	<u>3,198</u>	<u>3,205</u>	<u>479</u>	<u>459</u>
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Movements:

Opening balance	3,205	2,143	459	7
Charged/(credited) to the income statement (note 8)	(7)	12	20	2
Charged/(credited) to equity (note 34)	-	1,050	-	450
Closing balance	<u>3,198</u>	<u>3,205</u>	<u>479</u>	<u>459</u>

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Note 32. Non-current liabilities - provisions

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Provisions - employee benefits	11,149	10,854	112	106
Provisions - repairs and maintenance	1,475	1,070	-	-
	<u>12,624</u>	<u>11,924</u>	<u>112</u>	<u>106</u>

Repairs and maintenance

The provision represents likely expenses to make good the premises leased by the consolidated entity.

Movements in provisions

Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

	Repairs and maintenance \$'000	Consolidated \$'000
Consolidated - 2007		
Carrying amount at the start of the year	1,070	1,070
Additional provisions recognised	<u>405</u>	<u>405</u>
Carrying amount at the end of the year	<u>1,475</u>	<u>1,475</u>

Note 33. Equity - contributed

	Parent entity		Parent entity	
	2007	2006	2007	2006
	Shares	Shares	\$'000	\$'000
Ordinary shares - fully paid	<u>146,900,000</u>	<u>146,800,000</u>	<u>198,502</u>	<u>198,252</u>

Movements in ordinary share capital

Details	Date	No of shares	Issue price	\$'000
Balance	1 July 2005	111,800,000		120,922
Additional issue of shares	31 August 2005	35,000,000	\$2.25	78,750
Share issue transaction costs	31 August 2005			<u>(1,420)</u>
Balance	30 June 2006	146,800,000		198,252
Issue of shares to key management personnel	31 October 2006	100,000	\$2.50	<u>250</u>
Balance	30 June 2007	<u>146,900,000</u>		<u>198,502</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value.

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Note 34. Equity - reserves

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Asset revaluation reserve	5,600	5,600	1,050	1,050
General reserve	1,200	900	1,200	900
	<u>6,800</u>	<u>6,500</u>	<u>2,250</u>	<u>1,950</u>
		Asset revaluation \$'000	General \$'000	Consolidated \$'000
Consolidated				
Balance 1 July 2005		3,150	900	4,050
Revaluation - gross		3,500	-	3,500
Deferred tax		(1,050)	-	(1,050)
Balance 30 June 2006		5,600	900	6,500
Transfer from retained profits		-	300	300
Balance 30 June 2007		<u>5,600</u>	<u>1,200</u>	<u>6,800</u>
		Asset revaluation \$'000	General \$'000	Parent \$'000
Parent entity				
Balance 1 July 2005		-	900	900
Revaluation - gross		1,500	-	1,500
Deferred tax		(450)	-	(450)
Balance 30 June 2006		1,050	900	1,950
Transfer from retained profits		-	300	300
Balance 30 June 2007		<u>1,050</u>	<u>1,200</u>	<u>2,250</u>

Asset revaluation reserve

The asset revaluation reserve arises on the revaluation of land and buildings. Where a revalued land or building is sold that portion of the asset revaluation reserve which relates to that asset, and is effectively realised, is transferred directly to retained profits.

General reserve

The general reserve is used from time to time to transfer profits from retained profits. There is no policy of regular transfer.

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Note 35. Equity - retained profits

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Retained profits at the beginning of the financial year	18,140	14,946	2,728	-
Net profit after income tax expense	33,046	20,810	30,073	20,344
Dividends paid (note 36)	(29,375)	(17,616)	(29,375)	(17,616)
Transfer to general reserve	(300)	-	(300)	-
	<u>21,511</u>	<u>18,140</u>	<u>3,126</u>	<u>2,728</u>
Retained profits at the end of the financial year				

Note 36. Equity - dividends

	Parent entity	
	2007	2006
	\$'000	\$'000
Final ordinary dividend for the year ended 30 June 2007 of 15 cents (2006: 8 cents) per fully paid share paid on 12 June 2007	22,035	11,744
Interim ordinary dividend for the year ended 30 June 2007 of 5 cents (2006: 4 cents) per fully paid share paid on 14 December 2006	<u>7,340</u>	<u>5,872</u>
	<u>29,375</u>	<u>17,616</u>
Franking credits available for subsequent financial years based on a tax rate of 30%	<u>14,235</u>	<u>11,832</u>

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax
- franking credits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

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Note 37. Financial instruments

Financial risk management objectives

The consolidated entity's activities exposes it to a variety of financial risk: credit risk, liquidity risk and cash flow interest rate risk.

The consolidated entity is not exposed to market risk (including foreign exchange risk).

Market risk

The consolidated entity has not undertaken transactions in foreign currencies and therefore has not been exposed to foreign exchange risk. No forward foreign exchange contracts have been entered into.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit and obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheets and notes to the financial statements.

The consolidated entity does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the consolidated entity.

Liquidity risk

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

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Note 37. Financial instruments (continued)

Interest rate risk management

The consolidated entity is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. The risk is managed by the consolidated entity by maintaining an appropriate mix between fixed and floating rate borrowings.

The following tables detail the consolidated entity's exposure to interest rate risk at the end of the current and previous financial year:

2007	Floating interest rate		Fixed interest rate		Non-interest bearing	Total
	\$'000	1 year or less \$'000	Over 1 to 2 years \$'000	Over 2 to 3 years \$'000		
Cash on hand	-	-	-	-	123	123
Cash at bank	14,827	-	-	-	-	14,827
Cash on deposit	-	11,900	-	-	-	11,900
Trade receivables	-	-	-	-	14,269	14,269
Other receivables	-	-	-	-	212	212
	<u>14,827</u>	<u>11,900</u>	<u>-</u>	<u>-</u>	<u>14,604</u>	<u>41,331</u>
Weighted average interest rate	3.50%	4.85%				
Trade payables	-	-	-	-	18,070	18,070
Other payables	-	-	-	-	1,934	1,934
Bank loans	4,000	4,500	19,000	-	-	27,500
Lease liability	-	624	2,813	-	-	3,437
	<u>4,000</u>	<u>5,124</u>	<u>21,813</u>	<u>-</u>	<u>20,004</u>	<u>50,941</u>
Weighted average interest rate	7.84%	7.69%	7.63%			

2006	Floating interest rate		Fixed interest rate		Non-interest bearing	Total
	\$'000	1 year or less \$'000	Over 1 to 2 years \$'000	Over 2 to 3 years \$'000		
Cash on hand	-	-	-	-	107	107
Cash at bank	5,098	-	-	-	-	5,098
Cash on deposit	-	400	-	-	-	400
Trade receivables	-	-	-	-	13,131	13,131
Other receivables	-	-	-	-	191	191
	<u>5,098</u>	<u>400</u>	<u>-</u>	<u>-</u>	<u>13,429</u>	<u>18,927</u>
Weighted average interest rate	3.25%	4.60%				
Trade payables	-	-	-	-	15,280	15,280
Other payables	-	-	-	-	1,595	1,595
Bank overdraft	1,273	-	-	-	-	1,273
Bank loans	-	2,000	-	19,000	-	21,000
Lease liability	-	607	1,104	3,063	-	4,774
	<u>1,273</u>	<u>2,607</u>	<u>1,104</u>	<u>22,063</u>	<u>16,875</u>	<u>43,922</u>
Weighted average interest rate	9.25%	7.53%	7.95%	7.64%		

Fair value of financial instruments

The carrying amounts of financial instruments reflect their fair value.

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Note 38. Key management personnel disclosures

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
Short-term employee benefits	1,565,000	1,448,500	1,185,000	1,108,500
Post-employment benefits	118,350	110,700	86,850	81,000
Termination benefits	25,000	-	25,000	-
Share-based payments	250,000	-	195,000	-
	<u>1,958,350</u>	<u>1,559,200</u>	<u>1,491,850</u>	<u>1,189,500</u>

Shareholding

The number of shares in the parent entity held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals	Balance at the end of the year
2007					
<i>Ordinary shares</i>					
Anthony Example	30,000,000	-	-	(5,000,000)	25,000,000
Daniel Example	15,000,000	-	5,500,000	-	20,500,000
Elizabeth Example	2,550,000	-	-	(2,550,000)	-
Brad Example	4,246,200	40,000	1,600,000	-	5,886,200
Christina Example	39,569	12,000	-	-	51,569
Fabian Example	6,493	14,000	-	-	20,493
Grace Example	2,000	4,000	-	-	6,000
Henry Example	33,089	10,000	7,491	-	50,580
Isabel Example	10,060	8,000	-	(5,000)	13,060
Jack Example	-	12,000	-	(7,000)	5,000
	Balance at the start of the year	Received as part of remuneration	Additions	Disposals	Balance at the end of the year
2006					
<i>Ordinary shares</i>					
Anthony Example	35,000,000	-	-	(5,000,000)	30,000,000
Daniel Example	10,000,000	-	5,000,000	-	15,000,000
Elizabeth Example	2,550,000	-	-	-	2,550,000
Brad Example	4,246,200	-	-	-	4,246,200
Christina Example	20,912	-	18,657	-	39,569
Fabian Example	6,493	-	-	-	6,493
Grace Example	2,000	-	-	-	2,000
Henry Example	22,844	-	10,245	-	33,089
Isabel Example	12,560	-	-	(2,500)	10,060

Further disclosures

The consolidated entity has applied the relief outlined in the Corporations Amendment Regulations 2006, by disclosing the full key management personnel disclosures in the directors' report only, thus not duplicating that information in the financial report. These transferred disclosures have been audited.

Example AIFRS Listed Limited
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Note 39. Remuneration of auditors

During the year the following fees were paid or payable for services provided by Accounting Firm 123, the auditor of the company, and its related practices:

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
<i>Audit services - Accounting Firm 123</i>				
Audit or review of the financial report	243,000	230,000	243,000	230,000
	<u>243,000</u>	<u>230,000</u>	<u>243,000</u>	<u>230,000</u>
<i>Other services - Accounting Firm 123</i>				
IFRS accounting services	5,500	5,000	5,500	5,000
Preparation of the tax return	12,950	12,400	12,950	12,400
	<u>18,450</u>	<u>17,400</u>	<u>18,450</u>	<u>17,400</u>
	<u>261,450</u>	<u>247,400</u>	<u>261,450</u>	<u>247,400</u>
<i>Audit services - related practices</i>				
Audit or review of the financial report	-	15,000	-	15,000
	<u>-</u>	<u>15,000</u>	<u>-</u>	<u>15,000</u>
<i>Other services - related practices</i>				
Due diligence	-	22,450	-	-
Internal controls and best practice consulting review	18,000	64,500	-	-
	<u>18,000</u>	<u>86,950</u>	<u>-</u>	<u>-</u>
	<u>18,000</u>	<u>101,950</u>	<u>-</u>	<u>15,000</u>

Note 40. Contingent assets

Example Coman Pty Ltd, a subsidiary, will be paid a success premium of up to \$3,000,000 by Compdesign Joint Venture Partnership, which it holds a 35% interest, if the rights to a computer manufacturing process are sold to a Korean based company. The likelihood of this proceeding cannot be reliably measured at this stage.

Note 41. Contingent liabilities

Example Coman Pty Ltd, a subsidiary, has provided a guarantee to a supplier's creditor that in the event of default, the subsidiary will pay the outstanding balance owing within 7 days of notification. This was required as the supplier is one of only two specialist silicon refiners in Australia and had insufficient assets to satisfy the creditors credit criteria. The event of default is unlikely and the maximum exposure to the consolidated entity is \$250,000.

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Note 42. Commitments for expenditure

	Consolidated		Parent entity	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
<i>Capital commitments - Investment property</i>				
Committed at reporting date but not recognised as liabilities, payable:				
Within one year	50	-	-	-
One to five years	120	170	-	-
	<u>170</u>	<u>170</u>	<u>-</u>	<u>-</u>
<i>Capital commitments - Property, plant and equipment</i>				
Committed at reporting date but not recognised as liabilities, payable:				
Within one year	285	190	-	-
One to five years	880	955	-	-
More than five years	715	295	-	-
	<u>1,880</u>	<u>1,440</u>	<u>-</u>	<u>-</u>
<i>Capital commitments - Intangible assets</i>				
Committed at reporting date but not recognised as liabilities, payable:				
Within one year	160	-	-	-
	<u>160</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Lease commitments - operating</i>				
Committed at reporting date but not recognised as liabilities, payable:				
Within one year	38,103	35,162	-	-
One to five years	168,275	155,287	-	-
More than five years	269,683	314,258	-	-
	<u>476,061</u>	<u>504,707</u>	<u>-</u>	<u>-</u>
<i>Lease commitments - finance</i>				
Committed at reporting date and recognised as liabilities, payable:				
Within one year	2,182	1,808	-	-
One to five years	1,942	3,919	-	-
	<u>4,124</u>	<u>5,727</u>	<u>-</u>	<u>-</u>
Total commitment	4,124	5,727	-	-
Less: Future finance charges	(687)	(953)	-	-
	<u>3,437</u>	<u>4,774</u>	<u>-</u>	<u>-</u>
Net commitment recognised as liabilities	3,437	4,774	-	-
Representing:				
Lease liability - current (note 25)	1,614	1,337	-	-
Lease liability - non-current (note 30)	1,823	3,437	-	-
	<u>3,437</u>	<u>4,774</u>	<u>-</u>	<u>-</u>

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Note 43. Related party transactions

Subsidiaries

Interests in subsidiaries are set out in note 45.

Key management personnel

Disclosures relating to key management personnel are set out in note 38 and the directors' report.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
Other income:				
Dividends received from subsidiaries	-	-	29,600,000	20,000,000
Payment for goods and services:				
Payment for services from joint venture	3,397,327	3,234,986	-	-

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
Current payables:				
Trade payables to joint venture	361,334	345,876	-	-

Loans to/from related parties

The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
Non-current borrowings:				
Loan from subsidiaries	-	-	93,028,081	85,960,236

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

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Note 44. Business combinations

On 3 July 2006 Example Delsolve Pty Ltd, a subsidiary, acquired the business of CompCarrier for \$8,230,000. This is a freight business and operates in the computer distribution division of the company. The acquired business contributed revenues of \$5,428,000 and net profit of \$951,000 to the consolidated entity for the year ended 30 June 2007.

Details of the acquisition are as follows:

	Acquiree's carrying amount \$'000	Fair value \$'000
Cash equivalents	3	3
Trade receivables	948	822
Prepayments	106	106
Plant and equipment	7,430	6,060
Trade payables	(364)	(364)
Employee benefits	(129)	(129)
	<u>7,994</u>	<u>6,498</u>
Net assets acquired		1,732
Goodwill		<u>8,230</u>
Total purchase consideration		<u><u>8,230</u></u>
Representing:		
Cash paid to vendor		8,075
Direct costs paid relating to the acquisition		<u>155</u>
		<u><u>8,230</u></u>

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Outflow of cash to acquire business, net of cash acquired:				
Total purchase consideration	8,230	-	-	-
Add: payments made for future period acquisition	-	155	-	-
Less: cash equivalents	(3)	-	-	-
Less: payments made in prior periods	(155)	-	-	-
	<u>8,072</u>	<u>155</u>	<u>-</u>	<u>-</u>
Outflow of cash	<u><u>8,072</u></u>	<u><u>155</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

Example AIFRS Listed Limited
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Note 45. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name of entity	Country of incorporation	Equity holding		Parent entity	
		2007 %	2006 %	2007 \$'000	2006 \$'000
Example Coman Pty Ltd	Australia	100.00	100.00	160,000	160,000
Example Retsold Pty Ltd	Australia	100.00	100.00	75,000	75,000
Example Delsolve Pty Ltd	Australia	100.00	100.00	6,500	6,500
				<u>241,500</u>	<u>241,500</u>

Note 46. Interests in joint ventures

Example Coman Pty Ltd, a subsidiary, has a 35% interest in the Compdesign Joint Venture Partnership, which operates in Australia and its principal activity is computer hardware design.

The interest in the Compdesign Joint Venture Partnership is accounted for in the consolidated entity financial report using the equity method of accounting.

Information relating to the joint venture partnership is set out below.

	Consolidated		Parent entity	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
<i>Share of assets and liabilities</i>				
Current assets	10,148	9,382	-	-
Non-current assets	71,821	69,384	-	-
Total assets	<u>81,969</u>	<u>78,766</u>	<u>-</u>	<u>-</u>
Current liabilities	4,287	4,629	-	-
Non-current liabilities	40,973	42,015	-	-
Total liabilities	<u>45,260</u>	<u>46,644</u>	<u>-</u>	<u>-</u>
Net assets	<u>36,709</u>	<u>32,122</u>	<u>-</u>	<u>-</u>
<i>Share of revenue, expenses and results</i>				
Revenue	38,397	34,283	-	-
Expenses	33,810	30,481	-	-
Net profit before income tax expense	<u>4,587</u>	<u>3,802</u>	<u>-</u>	<u>-</u>

Example AIFRS Listed Limited
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Notes to the financial statements
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Note 47. Events occurring after balance date

No matter or circumstance has arisen since 30 June 2007 that has significantly affected, or may significantly affect the consolidated entity's operations in future financial years, the results of those operations in future financial years, or the consolidated entity's state of affairs in future financial years.

Note 48. Reconciliation of net profit after income tax to net cash flows from operating activities

	Consolidated		Parent entity	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Net profit after income tax expense	33,046	20,810	30,073	20,344
Depreciation and amortisation	18,956	20,352	106	11
Impairment of goodwill	500	-	-	-
Net loss/(profit) on sale of non-current assets	(422)	(192)	-	-
Share of profit - joint ventures - non-cash	(4,587)	(3,802)	-	-
Issue of shares to key management personnel	250	-	250	-
Change in operating assets and liabilities:				
(Increase)/decrease in trade and other receivables	(337)	(104)	(7)	2
(Increase)/decrease in inventories	3,523	782	-	-
(Increase)/decrease in deferred tax assets	(495)	(212)	(80)	(15)
(Increase)/decrease in accrued income	(155)	62	-	-
(Increase)/decrease in prepayments	(144)	(136)	(19)	(6)
(Increase)/decrease in other operating assets	139	(32)	-	-
Increase/(decrease) in trade and other payables	2,765	(594)	(14,680)	(9,075)
Increase/(decrease) in provision for income tax	5,812	785	5,812	785
Increase/(decrease) in deferred tax liabilities	(7)	12	20	2
Increase/(decrease) in employee benefits	375	283	11	18
Increase/(decrease) in other provisions	1,062	311	230	5
Increase/(decrease) in other operating liabilities	350	113	26	27
Net cash inflow from operating activities	<u>60,631</u>	<u>38,438</u>	<u>21,742</u>	<u>12,098</u>

Note 49. Non-cash investing and financing activities

	Consolidated		Parent entity	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Acquisition of plant and equipment by means of finance leases	<u>-</u>	<u>2,334</u>	<u>-</u>	<u>-</u>

Example AIFRS Listed Limited
(Formerly known as Example Listed Limited)
Notes to the financial statements
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Note 50. Earnings per share

	Consolidated	
	2007	2006
	\$'000	\$'000
Net profit attributable to members of Example AIFRS Listed Limited	<u>33,046</u>	<u>20,810</u>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>146,816,712</u>	<u>138,169,863</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>146,816,712</u>	<u>138,169,863</u>
	Cents	Cents
Basic earnings per share	22.51	15.06
Diluted earnings per share	22.51	15.06

Note 51. Share-based payments

On 31 October 2006, 100,000 shares were issued to key management personnel at an issue price of \$2.50 per share and a total transactional value of \$250,000 as identified in key management personnel disclosures (note 38) and the remuneration report in the directors' report

**Example AIFRS Listed Limited
(Formerly known as Example Listed Limited)
Independent auditor's report to the members of Example AIFRS Listed Limited**

Report on the financial report and AASB 124 remuneration disclosures contained in the directors' report

We have audited the accompanying financial report of Example AIFRS Listed Limited, which comprises the balance sheet as at 30 June 2007 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 the directors declaration for both Example AIFRS Listed Limited (the company) and the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

We have also audited the remuneration disclosures contained in the directors' report. As permitted by the Corporations Regulations 2001, the company has disclosed information about the remuneration of directors and executives ("remuneration disclosures"), required by Accounting Standard AASB 124 Related Party Disclosures, under the heading "remuneration report" in the directors' report and not in the financial report.

Directors' responsibility for the financial report and the AASB 124 remuneration disclosures contained in the directors' report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal control 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.

The directors of the company are also responsible for the remuneration disclosures contained in the directors' report.

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. Our responsibility is to also express an opinion on the remuneration disclosures contained in the directors' report based on our audit.

Example AIFRS Listed Limited
(Formerly known as Example Listed Limited)
Shareholder information
30 June 2007

The shareholder information set out below was applicable as at 31 July 2007.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Ordinary shares
1 to 1,000	1,920
1,001 to 5,000	828
5,001 to 10,000	1,239
10,001 to 100,000	498
100,001 and over	14
	<u>4,499</u>
Holding less than a marketable parcel	<u>6</u>

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
Anthony Example Family Trust (Anthony Example)	25,000,000	17.02
Daniel and Claire Example Superannuation Fund (Daniel Example)	20,500,000	13.96
Federation Australia Bank AcTrade Limited	20,000,000	13.61
Passive Investment Limited	15,000,000	10.21
Manufacturers Credit Union Superannuation Fund	15,000,000	10.21
Storm Pty Limited	6,684,293	4.55
Andrew Brown Superannuation Fund	6,462,912	4.40
BE No 2 Superannuation Fund (Brad Example)	5,886,200	4.01
Egan and Forsyth Investments Pty Limited	3,000,000	2.04
Greater Prospects Pty Limited	1,243,955	0.85
Wilber Carroll Superannuation Fund	840,321	0.57
Alder and Associates Pty Limited	745,632	0.51
Chee Leung Superannuation Fund	150,000	0.10
Townsend Holdings Pty Limited	112,488	0.08
Prestige Cars Pty Limited	100,000	0.07
Richard Long Family Trust	100,000	0.07
Technical Revolution Pty Limited	89,437	0.06
The Yorke Family Trust	83,482	0.06
Lister Trading Pty Limited	81,345	0.06
Craig and Mary Donaldson Superannuation Fund	72,437	0.05
	<u>121,152,502</u>	<u>82.49</u>

Unquoted equity securities

There are no unquoted equity securities.

Example AIFRS Listed Limited
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Shareholder information
30 June 2007

Equity security holders

Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Anthony Example Family Trust (Anthony Example)	25,000,000	17.02
Daniel and Claire Example Superannuation Fund (Daniel Example)	20,500,000	13.96
Federation Australia Bank AcTrade Limited	20,000,000	13.61
Passive Investment Limited	15,000,000	10.21
Manufacturers Credit Union Superannuation Fund	15,000,000	10.21

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.