



ATLAS GROUP HOLDINGS LIMITED
A.C.N. 098 674 545
Appendix 4E – Preliminary Final Report
Financial year ended 30 June 2007

Results for announcement to the market.

				FY07	FY06
				\$'000	\$'000
Revenue	up	9%	to	423,247	388,927
Profit before tax	down	42%	to	2,567	4,396
Profit/(loss) after tax from continuing operations	down	128%	to	(954)	3,394
Profit/(loss) attributable to members	up	67%	to	(1,459)	(4,386)

Dividends	Amount per share	Franked amount per share	Tax rate for franking
Final dividend	1.5 cents	0 cents	0%
Previous corresponding period	3.9 cents	3.9 cents	30%
Record date for determining entitlements to the dividend	1 November 2007		

	FY07	FY06
Other		
Net tangible asset backing per share	45.6cps	51.7cps

Explanation of Results

Please refer to the attached commentary for an explanation of the results.



Directors Report

The Directors submit their report for the full year ended 30 June 2007.

Highlights

Bisalloy at record production levels, distribution stabilised, volatile market conditions expected in the first half of FY08.

- Bisalloy completes expansion by adding second shot blaster. Fully commissioned in March 2007, resulting in significant capacity increase.
- Market conditions positive in the second half FY07.
- Australian Distribution improved performance meeting profit expectations for the period.
- Key actions completed to improve performance in New Zealand and Project Services including new management appointments and restructuring.
- Group Supply and procurement function restructured with emphasis on cost reduction.
- Substantially higher metal prices resulted in increased inventory for the full year. Inventory balances are now being restored to normal operating levels. Inventory increased from \$89.9m to \$154.1m in 2H07.
- Since year end global metals prices, especially Nickel, have been volatile. Difficult market conditions expected in the next six months as distributors adjust to lower stainless pricing.

Results Summary

Results Summary – Atlas Group Holdings Limited results for the full year ended 30 June 2007 (FY07)			
\$m	FY07	FY06	%age Change
Group Statutory Reporting Basis			
Revenues	423.2	388.9	8.8%
Earnings before interest and tax (“EBIT”)	12.0	14.2	(15.6%)
Net financing costs	(9.4)	(9.8)	
Income tax expense	(3.5)	(1.0)	
Net (loss)/profit after tax (“NPAT”) from continuing operations	(0.9)	3.4	(126.5%)
Discontinued operations	(0.1)	(7.4)	
NPAT	(1.0)	(4.0)	75.0%
Minority interests	(0.4)	(0.4)	
NPAT attributable to members of the holding company	(1.4)	(4.4)	
EPS (cents)	(1.4c)	(4.4c)	
Normalised Reporting Basis			
Revenues	423.2	388.9	8.8%
EBIT	12.0	14.2	(15.6%)
Once-off costs	4.5	4.0	
EBIT Normalised	16.5	18.2	(9.3%)
Net financing costs	(9.4)	(9.8)	
Income tax expense (excluding half year write-off of NZ tax losses – refer note 4)	(1.0)	(1.0)	
NPAT from continuing operations (Normalised)	6.1	7.4	(17.6%)
Discontinued operations	(0.1)	(7.4)	
NPAT (Normalised)	6.0	0.0	
Minority interests	(0.4)	(0.4)	
NPAT attributable to members of the holding company (Normalised)	5.6	(0.4)	

Review of Operations

Sales revenues in the second half exceeded the first half of FY07. Australian distribution operations performed to expectations with only Western Australia under performing. Earnings were impacted by high central distribution centre costs and the restructuring costs associated with improving the New Zealand and Project Services operations.

Your board advised in February of this year that the full year normalised EBIT would be in the range of \$19.0m - \$21.0m. The Board was previously satisfied prior to year end considerations that the normalised profit would fall within ten percent of the guidance given. After due consideration to year end adjustments a normalised EBIT of \$16.5m is announced.

A reconciliation of the reported earnings and net profit with the underlying trading performance is given below.

Reconciliation of Actual EBIT to Normalised EBIT	
\$m	FY07
EBIT - Group Statutory Reporting Basis (Continued Operations)	12.0
Redundancies	1.0
Provision for insurance deductible relating to 2003	0.2
Technip settlement	0.5
Project debtor provisions	0.4
CDC restructuring costs	0.4
Non-cash FX hedge fair value adjustment	0.9
New Zealand restructuring, write offs and provisions	1.1
	4.5
EBIT - Normalised Reporting Basis (Continuing Operations)	16.5

The restructuring of the Group Supply, New Zealand and Project Services areas of our business has now been completed. The restructuring will take time to deliver its full benefits, which are expected to be:

- Reduced costs in running the Group Supply function;
- Improved performance from New Zealand distribution and tube mill manufacturing operations; and
- Project Services returning to profitability.

The pursuit of growth and delivering shareholder value continues to be a key focus for the Group. This will be achieved by:

- Expanding the revenue base;
- Broadening the geographic coverage; and
- Participating in down stream value adding processing.

Growth in the next year is expected from:

- The continued expansion and progressive improvement in Bisalloy operations;
- Increasing market share in our Western Australian operations;
- Continued improvement in New Zealand distribution, as a result of the restructured operation;
- Further diversification of the New Zealand Tube Mills product range; and
- Cost reduction program in our warehousing operations.

Continued management attention to improve the New Zealand operations and focus on domestic project areas will ensure an improved performance in the future. Volatility because of stainless steel pricing may impact Australian and New Zealand distribution results in the first six months of FY08 but should be offset by operating cost reductions.

The second half of FY07 has been one of tidying up our operations and ensuring we have the right executive team in place to move forward.

Senior Executive Management Changes

During the last half the following key senior executive management appointments were made, the premise being that good people yield excellent results when they work as a team.

Mr Kym Godson	CEO and Managing Director appointed 1 February 2007
Mr John Reid	Chief Financial Officer appointed 12 February 2007
Mr Andrew Luxton	General Manager – Sales and Operations appointed 1 February 2007
Mr Richard Spall	Group Manager – Group Supply appointed 2 April 2007
Mr Mark Connolly	Group Manager – Atlas Processing Operations appointed 9 July 2007
Mr Dave Stampa	Group Manager – New Zealand Distribution appointed 2 July 2007
Mr John McGrath	Group Manager – Human Resources appointed 28 June 2007

Manufacturing – Bisalloy and New Zealand Tube Mills

The manufacturing operations of the Group performed well in the last quarter of FY07. Bisalloy achieved record production levels and sales during FY07. This was a direct result of fully commissioning the second shot blaster by March 2007.

Bisalloy has also successfully completed testing greenfeed material from China and Japan. This ensures alternative supply and less reliance on domestic suppliers who have been very aggressive in their pricing of raw material.

Bisalloy's domestic future is strong and its ability to grow its export market is also favourable. The market for Bisalloy products in Australia and South East Asia is being driven by the strength of the mining and construction industries and a growing reputation for the supply of armour plate at home and abroad.

The other manufacturing operations are the New Zealand Tube Mills which have a substantial position in the New Zealand market for the supply of stainless and thin walled carbon tube. The efficiency of the mills will be improved over the next twelve months. The opportunity to expand the operations into other tube products with minimal capital expenditure is also being pursued.

Distribution

The Australian Distribution operations performed strongly in the second half with only Western Australia under performing. The costs associated with poorly performing warehouse operations were disappointing and detracted from an overall good performance in Australian Distribution.

The warehousing operations have been completely reorganised but it will take time to return them to a lower cost base over the first half of the new financial year. The reorganisation of this area will yield significant savings in transportation and handling costs in the future.

New Zealand distribution operations had a poor year but they have been significantly restructured. The performance of this operation improved significantly in the last quarter of FY07 which has continued and a much improved result is expected in FY08.

Balance Sheet

Net inventory and net debt increased substantially over the period to \$154.1m and \$141.8m respectively. These changes were driven by increased supplier deliveries and sharply higher global specialty metal prices including record nickel prices.

The Asian stainless steel benchmark price (2mm 304-2B) increased by 97% over the period rising from US\$2,900/t to US\$5,700/t

Gross inventory rose by 71% in value terms over the 12 months to 30th June 2007 reflecting the increase in the price of stainless steel and a tonnage on hand increase of approximately 20%.

The debt / debt plus equity ratio at 30 June 2007 was 71.5% compared to 59.5% at June 2006.

Cash Flow

Operating cash flow was substantially impacted by rising metal prices and an increase in inventory. Net cash outflow from operating activities was \$48.8m compared to a cash inflow of \$36.7 million in the prior corresponding period.

Capital Expenditure

Capital expenditure for the period was \$6.9m. Approximately \$0.9m was for SAP implementation in New Zealand and at Bisalloy. The balance of capital expenditure covered the new shot blaster for the Bisalloy business and normal replacement expenditure. Net depreciation for the period was \$4.8m.

Outlook

We expect the distribution businesses to have a difficult first half. Margins and revenue are likely to be suppressed as a result of the decline in metal prices beginning to flow through the supply chain. Management are reviewing the cost base of the business to compensate.

The outlook for Bisalloy is for strong results from an increased capacity, ongoing domestic demand and increased export orders for product.

Dividend

The Directors have declared a 1.5c unfranked final dividend for the half year ended 30 June 2007. The dividend will be paid on 17th November 2007 to all shareholders recorded on the Company's share register at 1st November 2007.

The final dividend will be eligible to participate in the Company's Dividend Reinvestment Plan ("DRP"). The Directors have determined that shares issued under the DRP will be issued at a 5% discount. The last date for receipt of notices for participation in the DRP in respect of the final dividend is 1st November 2007.

**Consolidated Income Statement
Year ended 30 June 2007**

	Notes	Year ended 30 June 2007 \$'000	Year ended 30 June 2006 \$'000
Continuing operations			
Revenue			
Sales of goods		419,850	385,558
Rendering of services		2,642	3,069
Rental revenue		117	-
Finance revenue	3(a)	638	300
		423,247	388,927
Cost of sales		(333,114)	(304,752)
Gross profit		90,133	84,175
Other income		597	853
Distribution expenses		(32,654)	(25,489)
Marketing expenses		(20,568)	(18,393)
Occupancy expenses		(13,386)	(10,629)
Administrative expenses		(12,146)	(16,326)
		11,976	14,191
Profit from continuing operations before tax, finance costs		11,976	14,191
Finance costs	3(b)	(9,409)	(9,795)
		2,567	4,396
Profit from continuing operations before income tax		2,567	4,396
Income tax expense		(3,521)	(1,002)
		(954)	3,394
(Loss)/Profit after tax from continuing operations		(954)	3,394
Discontinued operations			
Loss after tax from discontinued operations	5	(108)	(7,396)
		(1,062)	(4,002)
Net loss for the period		(1,062)	(4,002)
Net profit attributable to minority interest		(397)	(384)
		(1,459)	(4,386)
Net loss attributable to members of the Company		(1,459)	(4,386)
Earnings per share (cents per share)			
	7		
- basic for profit/(loss) for the year		(1.4)	(4.4)
- basic for profit/(loss) from continuing operations		(1.3)	3.0
- diluted for profit/(loss) for the year		(1.4)	(4.2)
- diluted for profit/(loss) from continuing operations		(1.3)	2.9
- dividends per share (fully franked at 30% tax rate)		-	7.8
- dividends per share (unfranked)		3.0	-

**Consolidated Balance Sheet
30 June 2007**

	Notes	30 June 2007 \$'000	30 June 2006 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	8	2,986	1,041
Trade and other receivables		85,933	65,830
Inventories		154,066	89,929
Prepayments		1,973	1,449
Income tax receivable		1,460	-
		246,418	158,249
Assets of disposal group classified as held for sale	5	2,895	10,160
Total current assets		249,313	168,409
Non current assets			
Deferred income tax asset		1,868	3,394
Property, plant and equipment		28,931	28,920
Intangible assets		6,318	5,671
Total non current assets		37,117	37,985
Total assets		286,430	206,394
LIABILITIES			
Current liabilities			
Trade and other payables		75,999	53,644
Interest bearing loans and borrowings		17,790	1,413
Income tax payable		649	37
Provisions		5,849	4,989
Other finance liabilities		2,305	-
		102,592	60,083
Liabilities directly associated with non-current assets classified as held for sale	5	-	3,333
Total current liabilities		102,592	63,416
Non current liabilities			
Interest bearing loans and borrowings		127,045	84,046
Provisions		3,148	855
Total non current liabilities		130,193	84,901
Total liabilities		232,785	148,317
NET ASSETS		53,645	58,077
EQUITY			
Equity attributable to equity holders of the parent			
Contributed equity	6	40,205	38,168
Retained earnings		12,629	19,586
Other reserves		(1,517)	(1,680)
Parent interests		51,317	56,074
Minority interests		2,328	2,003
TOTAL EQUITY		53,645	58,077

**Consolidated Cash Flow Statement
Year ended 30 June 2007**

	Notes	Year ended 30 June 2007 \$'000	Year ended 30 June 2006 \$'000
Cash flows from operating activities			
Receipts from customers		458,795	454,678
Payments to suppliers and employees		(497,921)	(405,253)
Borrowing costs		(9,385)	(9,504)
Income tax paid		(288)	(3,260)
Net cash (outflow)/inflow from operating activities	8	(48,799)	36,661
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		1,816	6
Payments for property, plant and equipment		(5,233)	(6,362)
Payments for intangible assets		(1,754)	-
Net cash outflow from investing activities		(5,171)	(6,356)
Cash flows from financing activities			
Payment of finance lease liabilities		(1,588)	(1,377)
Proceeds from borrowings		60,964	80,174
Repayment of borrowings		-	(104,027)
Equity dividend paid		(3,461)	(5,964)
Net cash inflow/(outflow) from financing activities		55,915	(31,194)
Net increase/(decrease) in cash and cash equivalents		1,945	(889)
Cash and cash equivalents at the beginning of year		1,041	1,930
Cash and cash equivalents the end of year		2,986	1,041

Consolidated Statement of Changes in Equity
Year ended 30 June 2007

	Attributable to equity holders of the Company					Total	Minority interest	Total equity
	Issued capital	Employee equity benefits reserve	Cash flow hedge reserve	Foreign currency translation reserve	Retained earnings			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2005	34,996	219	-	(375)	32,895	67,735	1,598	69,333
(Loss)/Gain on translation of overseas controlled entities	-	-	-	(1,664)	-	(1,664)	106	(1,558)
Net income recognised in equity	-	-	-	(1,664)	-	(1,664)	106	(1,558)
Loss for the period	-	-	-	-	(4,386)	(4,386)	384	(4,002)
Total recognised income and expenses for the year	-	-	-	(1,664)	(4,386)	(6,050)	490	(5,560)
Share-based payment grants	-	140	-	-	-	140	-	140
Dividend reinvestment plan	3,172	-	-	-	(3,172)	-	-	-
Payment of dividend	-	-	-	-	(5,751)	(5,751)	(85)	(5,836)
At 30 June 2006	38,168	359	-	(2,039)	19,586	56,074	2,003	58,077
Loss on translation of overseas controlled entities	-	-	-	(245)	-	(245)	(72)	(317)
Net income recognised in equity	-	-	-	(245)	-	(245)	(72)	(317)
Loss for the period	-	-	-	-	(1,459)	(1,459)	397	(1,062)
Total recognised income and expenses for the year	-	-	-	(245)	(1,459)	(1,704)	325	(1,379)
Share-based payment grants	-	69	-	-	-	69	-	69
Net losses on cash flow hedges	-	-	339	-	-	339	-	339
Dividend reinvestment plan	2,037	-	-	-	(2,037)	-	-	-
Payment of dividend	-	-	-	-	(3,461)	(3,461)	-	(3,461)
At 30 June 2007	40,205	428	339	(2,284)	12,629	51,317	2,328	53,645

The above Statement of Changes in Equity should be read in conjunction with the accompanying Notes

1. Summary of significant accounting policies**a. Basis of preparation**

This Appendix 4E has been prepared in accordance with the requirements of the Australian Stock Exchange Listing Rules. The financial information contained in the Appendix 4E has been prepared in accordance with the historical cost convention, except for assets and liabilities classified as held for sale, which are measured at fair value less costs to sell.

The Appendix 4E is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated under the option available to the Company under ASIC Class Order 98/100. The Company is an entity to which the class order applies.

b. Statement of compliance

The financial report upon which the financial information in the Appendix 4E is based complies with the recognition, measurement and classification of accounting standards.

c. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company, being Atlas Group Holdings Limited, and its subsidiaries ("the Group") as at the balance date. The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Adjustments are made to bring into line any dissimilar accounting policies that may exist. All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Minority interests represent the portion of profit or loss and net assets in subsidiaries, not held by the Group and are presented separately in the consolidated Income Statement and within equity in the consolidated Balance Sheet, separately from parent shareholders' equity.

d. Significant accounting judgements, estimates and assumptions**Significant accounting judgements**

In applying the Group's accounting policies, management have not made any significant accounting judgements which effect the amounts recognised in the financial statements.

Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

1. Summary of significant accounting policies (continued)**d. Significant accounting judgements, estimates and assumptions (continued)***Net realisable value of inventory*

The Group undertakes a detailed review of its inventory by major product category to ensure its provisions reflects inventory at the lower of cost and net realisable value. This review takes into consideration management's assessment of current and forecast market conditions, including drivers of the price of stainless steel.

Impairment of goodwill

The Group reviews goodwill for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. This requires an assessment of the recoverable amount of the cash-generating unit to which the goodwill relates. The assumptions used in this assessment of the carrying amount of goodwill are discussed in more detail in note 1(j).

Impairment of assets

The Group reviews at each reporting date whether there is any indication that an asset may be impaired. This requires an estimate of the assets recoverable amount and an estimate of its fair value. The assumptions used in the determining of whether an asset is impaired and the treatment of impairment losses is discussed in more detail in note 1(k).

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees (including directors and other senior executives) by reference to the fair value at the date on which they are granted. The fair value is determined by an external valuer using a binomial model using assumptions dealt with in note 1(o).

Make-good provisions

Make-good provisions for leased properties are recorded when the future make-good liability can be reliably estimated.

Upon transition to AIFRS, it was not possible to reliably estimate the future liabilities for make-good costs for leased properties. In addition, the entity had a history of incurring low make-good costs upon vacation of leased premises.

Following recent restructuring within the group, management has reassessed their potential make-good liabilities focussing on sites due to be moved out of and the larger branches. In this regard, they have obtained independent indicative estimations of future make-good costs at 30 June 2007. These costs amounting to \$2.7m have been provided for with the corresponding entry to leasehold improvements. Given the judgement and estimation required in determining such make-good provisions management will update these assessments at each reporting date.

Useful life of Information technology costs

Information technology costs is an intangible asset with a finite useful life. These costs relate to the implementation of the group's Enterprise Resource Planning (ERP) system in 2004.

This asset was previously amortised using a straight line method over a period of 5 years. Management reviews the remaining useful life of assets with a finite life each reporting period. Given the magnitude of implementing an ERP, current management anticipates the Group will seek to replace it by and no sooner than 2014. As a result, the asset is now amortised over a 7 year period commencing 1 January 2007. The impact of this change in 2007 financial year is a reduction in the amortisation charge by \$390,000 (pre-tax).

1. Summary of significant accounting policies (continued)**e. Taxation***Current tax*

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred income tax is provided on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred income tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the Income Statement.

1. Summary of significant accounting policies (continued)**e. Taxation (continued)**

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

f. Cash and cash equivalents

Cash in the balance sheet is comprised of cash on hand and in bank and short-term deposits with an original maturity of three months or less. Cash is stated at nominal value.

For the purpose of the Statement of Cash Flows, cash is as defined above, net of outstanding bank overdrafts.

g. Receivables*Trade debtors*

Trade debtors are carried at amounts due less an allowance for any uncollectible amounts. The collectibility of debts is assessed at balance date and provision is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off as incurred. Trade debtors are normally settled within 45 to 65 days. These are non-interest bearing.

Other debtors

Other debtors are carried at amounts due less an allowance for any uncollectible amounts. The collectibility of debts is assessed at balance date and provision is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off as incurred. These are non-interest bearing.

h. Inventories

Raw materials, work in progress and finished goods are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials	- Purchase cost on a specific identification basis;
Work in progress and finished goods	- Cost of direct materials, labour and an appropriate proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Acquisition

Property, plant and equipment are stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and any impairment in value.

Subsequent additional costs

Costs incurred on property, plant and equipment subsequent to initial acquisition are capitalised when it is probable that future economic benefits, in excess of the originally assessed performance of the asset will flow to the Group in future years.

1. Summary of significant accounting policies (continued)**i. Property, plant and equipment**

Where these costs represent separate components they are accounted for as separate assets and are separately depreciated over their useful lives. When each major inspection is performed, its cost is recognised in the carrying amount of property, plant and equipment as a replacement if the recognition criteria are satisfied.

Depreciation and amortisation

Items of property, plant and equipment are depreciated/amortised using the straight-line method over their estimated useful lives.

The major depreciation periods used for each class of asset are as follows:

- Buildings	50 years
- Plant and equipment	5 – 10 years
- Leasehold improvements	5 – 10 years
- Finance leased plant and equipment	5 – 10 years

Assets are depreciated or amortised from the date of acquisition or, in respect of internally constructed assets, from the time an asset is available for use.

The residual values, useful lives and depreciation methods applied to property, plant and equipment are reviewed, and adjusted if appropriate, at each financial year end.

Impairment

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

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

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

The recoverable amount of property, plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Income Statement in the period the item is derecognised.

j. Intangibles*Goodwill*

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses and is not amortised. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

1. Summary of significant accounting policies (continued)**j. Intangibles (continued)**

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the combination's synergies, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on either the Group's primary or the Group's secondary reporting format determined in accordance with AASB 114 *Segment Reporting*.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Information technology costs

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and / or cost reduction are capitalised to information technology costs. Amortisation is calculated on a straight line basis over periods not exceeding 10 years.

k. Impairment of assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Any impairment losses of continuing operations are recognised in the Income Statement as a separate line item.

An assessment is made at each reporting date as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed, except for those related to goodwill, only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Income Statement and the related depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

1. Summary of significant accounting policies (continued)**l. Trade and Other Payables**

Trade and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

m. Contributed Equity

Ordinary share capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

n. Employee benefits

Liabilities arising in respect of short-term employee benefits such as wages, salaries, annual leave and sick leave represent the amount which the entity has a present obligation to pay resulting from employees' services provided up to the balance date. Liabilities in respect of short-term employee benefits are measured at their nominal amounts.

Long-term employee benefit liabilities such as long service leave represent the present value of the estimated future cash outflows to be made by the employer resulting from employees' services provided up to the balance date. Long-term employee benefit liabilities are measured at their present values using the rates attaching to national government securities at balance date, which most closely match the terms of maturity of the related liabilities.

In determining the employee benefit liabilities, consideration has been given to future increases in wage and salary rates, and the consolidated entity's experience with staff departures. Related on-costs have also been included in the liability.

The Group contributes to several defined contribution superannuation plans. Contributions are charged against income as they are made.

o. Share-based payment transactions

Employees (including directors and other senior executives) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ('equity-settled transactions'). There is currently an Employee Performance Rights Plan (PRP) in place to provide these benefits.

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value is determined by an external valuer using a binomial model. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the issuer ('market conditions'), if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date'). The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. This opinion is formed based on the best available information at balance date. The Income Statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

1. Summary of significant accounting policies (continued)**o. Share-based payment transactions (continued)**

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other vesting conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

p. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense related to any provision is presented in the Income Statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

q. Interest bearing liabilities

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

r. Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), or GST equivalents, such as Value Added Tax, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO), or equivalent foreign organisations. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expenses.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Balance Sheet.

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

1. Summary of significant accounting policies (continued)**s. Revenue recognition**

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

Sale of goods

Sales revenue comprises revenue earned (net of returns, discounts and allowances) from the provision of products to entities outside the consolidated entity. Sales revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the customer. Risks and rewards of ownership are considered passed to the customer at the time of delivery of the goods to the customer.

Rendering of services

Revenue from rendering services is recognised in the period in which the service is provided, having regard to the stage of completion of the contract. Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Interest income

Interest income is recognised as it accrues using the effective interest method (that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset).

Dividends

Revenue is recognised when the right to receive the payment is established.

Rental income

Rental income arising from property sub-leases is accounted for on a straight-line basis over the lease terms of the ongoing leases.

t. Borrowing costs

Borrowing costs are recognised as an expense when incurred.

u. Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and whether the arrangement conveys a right to use the asset.

Group as a lessee

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and a reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the Income Statement on a straight-line basis over the lease term.

1. Summary of significant accounting policies (continued)**v. Foreign currency translation**

The financial statements are presented in Australian dollars (A\$), which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

The functional currency of the foreign operations is the currency in circulation in the country they each reside in. As at the reporting date, the assets and liabilities of these subsidiaries are translated into the Company's presentation currency (A\$) at the rate of exchange ruling at the balance sheet date, and their income statements are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to the foreign currency translation reserve within equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the Income Statement.

w. Earnings per share (EPS)

Basic EPS is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

x. Derecognition of financial assets and liabilities*Financial assets*

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' agreement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

1. Summary of significant accounting policies (continued)**x. Derecognition of financial assets and liabilities (continued)**

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in income statement.

y. Derivative financial instruments and hedging

The Group uses derivative financial instruments such as forward currency contracts and interest rate swaps to hedge its risks associated with interest rate and foreign currency fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to net profit or loss for the year.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability; or
- cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a forecast transaction.

A hedge of the foreign currency risk of a firm commitment is accounted for as a cash flow hedge.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

1. Summary of significant accounting policies (continued)**y. Derivative financial instruments and hedging (continued)**

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Cash Flow Hedges

Cash flow hedges are a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in profit or loss.

Amounts taken to equity are transferred to the income statement when the hedged transaction affects profit or loss, such as when hedged financial income or financial expense is recognised or when a forecast sale or purchase occurs. Where the hedged item is the cost of a non-financial asset or liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction is no longer expected to occur, amounts previously recognised in equity are transferred to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction occurs. If the related transaction is not expected to occur, the amount is taken to profit or loss.

	Year Ending 30 June 2007 \$'000	Year Ending 30 June 2006 \$'000
2. Dividends:		
Dividends paid		
Interim 2007 dividend at 1.5 cents per share (unfranked) (2006: 3.9 cents fully franked at the 30% tax rate)	1,545	3,900
Final 2006 dividend at 3.9 cents per share (fully franked at 30% tax rate) (2005: 5.1 cents fully franked at the 30% tax rate)	3,953	5,023
Dividends declared		
Since the end of the year, the directors declared the following dividends:		
Final dividend at 1.5 cents per share (unfranked) (2006: 3.9 cents fully franked at the 30% tax rate)	1,555	3,953
The financial effect of the final dividends has not been brought to account in the consolidated entity's financial statements for the year ended 30 June, 2007 and will be brought to account in subsequent financial reports.		
3. Revenues and expenses:		
(a) Finance revenue		
Change in fair value of interest rate swap	559	-
Bank interest receivable	79	300
	638	300
(b) Finance costs		
Bank loans and overdrafts	8,926	8,570
Finance charges payable under finance leases and hire purchase contracts	332	488
Interest rate swap	-	34
Other borrowing costs	151	703
Total finance costs	9,409	9,795
(c) Depreciation, amortisation, foreign exchange differences and costs of inventories included in income statement		
Depreciation and amortisation	4,846	5,652
Foreign exchange gain	(416)	(815)
Costs of inventories recognised as an expense	311,565	287,841

	Year Ending 30 June 2007 \$'000	Year Ending 30 June 2006 \$'000
(d) Lease payment and other expenses included in income statement		
Rental – operating leases	8,672	6,946
(e) Employee benefits expense		
Wages and salaries	41,589	40,446
Workers' compensation costs	1,493	1,119
Superannuation costs	2,523	2,434
Expense of share-based payments	69	140
	<u>45,674</u>	<u>44,139</u>

4. De-recognition of future income tax benefit asset

The Board re-assessed the appropriateness of the recoverability of its future income tax benefit accounts at 31 December 2006. The Board concluded that it was unable to meet the probability requirements of AASB 112: "Income Taxes" and accordingly it wrote off \$2.5m of future income tax benefits from its balance sheet.

5. Discontinued operations:

On 24 January 2007, Atlas Group Holdings decided that the company's Altona-based wire mills would cease production in the first half of 2007. Production was ceased on 17th May 2007.

During 2006 Atlas Group Holdings Limited resolved to close the automotive operations of Southward Engineering Co Limited ("Southward"), a company that manufactures automotive and tubular products in New Zealand.

	CONSOLIDATED					
	2007			2006		
	Southward	Wiremill	Total	Southward	Wiremill	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
The results of the discontinued operations for the period are presented below						
Revenue	4,893	4,954	9,847	12,412	3,779	16,191
Expenses	(4,473)	(5,742)	(10,215)	(18,232)	(3,590)	(21,822)
Gross profit/(loss)	420	(788)	(368)	(5,820)	189	(5,631)
Finance income/(expense)	(9)	-	(9)	42	-	42
Pre-tax profit/(loss)	411	(788)	(377)	(5,778)	189	(5,589)
Profit/(loss) recognised on the remeasurement to fair value	-	-	-	(1,837)	-	(1,837)
Profit/(loss) before tax from discontinued operation	411	(788)	(377)	(7,615)	189	(7,426)
Income tax (charge)/benefit:						
- related to pre-tax loss	32	237	269	87	(57)	30
Net profit/(loss) attributable to discontinued operation	443	(551)	(108)	(7,528)	132	(7,396)

5. Discontinued operations: (continued)

The major classes of assets and liabilities of the discontinued operations measured at the lower of carrying amount and fair value less costs to sell are as follows:

SOUTHWARD
Assets

	Year Ended 30 June 2007 \$'000	Year Ended 30 June 2006 \$'000
Plant & equipment	51	699
Trade and other receivables	140	5,151
Inventories	-	4,310
Non-current assets classified as held for sale	191	10,160

Liabilities

Trade creditors and payables	-	2,457
Provisions	-	876
Liabilities directly associated with non-current assets classified as held for sale	-	3,333
Net assets attributable to discontinued operations	191	6,827

WIREMILL
Assets

Land and Buildings	2,575	-
Plant & equipment	24	-
Trade and other receivables	105	-
Non-current assets classified as held for sale	2,704	-
Net assets attributable to discontinued operations	2,704	-

The net cash flows incurred by the automotive operations of Southward are as follows:

Operating	7,964	(3,954)
Investing	-	(219)
Intercompany Financing	(7,964)	4,173
Net cash inflow/(outflow)	-	-

The net cash flows incurred by the Wiremill operations are as follows:

Operating	743	-
Investing	17	-
Intercompany Financing	(760)	-
Net cash inflow/(outflow)	-	-

	30 June 2007 \$'000	30 June 2006 \$'000
6. Issued capital:		
<i>Ordinary shares</i>		
<i>Issued and fully paid</i>	40,205	38,168
	Thousands	\$'000
<i>Movement in ordinary shares on issue</i>		
At 1 July 2005	98,500	34,996
Dividend reinvestment plan	2,868	3,172
At 1 July 2006	101,368	38,168
Dividend reinvestment plan	2,314	2,037
At end of the financial period	103,682	40,205
7. Earnings per share:		
Calculation of the following in accordance with AASB 133:		
Net (loss)/profit attributable to equity holder from continuing operations	(954)	3,394
Net profit attributable to minority interest holders	(397)	(384)
Net loss attributable to equity holders from discontinued operations	(108)	(7,396)
Net (loss)/profit attributable to equity holders of the parent	(1,459)	(4,386)
Net (loss)/profit attributable to ordinary shareholders for diluted earnings per share	(1,459)	(4,386)
Net loss attributable to ordinary shareholders from discontinued operations for basic earnings per share.	(108)	(7,396)
	Thousands	Thousands
Weighted average number of ordinary shares for basic earnings per share	102,476	99,631
Effects of dilution:		
Performance rights	2,496	3,690
Adjusted weighted average number of ordinary shares for diluted earnings per share	104,972	103,321
Weighted average number of lapsed or cancelled potential ordinary shares included in diluted earnings per share	-	1,635

	Year Ended 30 June 2007 \$'000	Year Ended 30 June 2006 \$'000
8. Cash and cash equivalents		
Cash at bank and in hand	2,986	1,041
a. Reconciliation of cash		
For the purposes of the statements of cash flows, cash and cash equivalents comprise the following at 30 June:		
Cash at bank and in hand	2,986	1,041
	<u>2,986</u>	<u>1,041</u>
b. Reconciliation of net loss after income tax to net cash flows from operations		
Net loss	(1,062)	(4,002)
Non cash items		
Depreciation and amortisation	4,846	5,652
Loss on disposal of plant and equipment	88	43
Share-based payments expense	69	140
Change in operating assets and liabilities		
(Increase)/decrease in receivables & other assets	(15,721)	25,994
(Increase)/decrease in inventories	(59,827)	19,400
(Increase)/decrease in tax assets & liabilities	678	(4,948)
Increase/(decrease) in trade creditors	21,882	(4,196)
Increase/(decrease) in provisions	248	(1,422)
Net cash from operating activities	<u>(48,799)</u>	<u>36,661</u>
c. Non-cash financing activities		
<i>Dividend reinvestment plan</i>		
Under the terms and conditions of the dividend reinvestment plan \$2,036,605 (2006: \$3,171,559) of dividends were paid via the issue of 2,313,571 shares (2006: 2,868,725).		
9. Commitments and contingencies		
Since the last annual reporting date, there has been no material change of any contingent liabilities or contingent assets.		

Compliance Statement:

1. This report is based on the financial statements to which one of the following applies:

<input type="checkbox"/>	The financial statements have been audited.	<input type="checkbox"/>	The financial statements have been supplied to review.
<input checked="" type="checkbox"/>	The financial statements are in the process of being audited or subject to review.	<input type="checkbox"/>	The financial statements have not yet been audited or reviewed.

2. The entity has a formally constituted audit committee.