2005

Illawarra Technology Corporation Annual Report 2005

University of Wollongong

ITC GROUP

OF COMPANIES

ITC Group of Companies

Annual Report 2005

including the financial statements for 2005

itc

Value Statements

ITC Group Vision

A builder of successful educational brands.

ITC Group Mission

We build knowledge capacity for individuals, organisations and countries profitably and globally.

ITC Group Core Values

ITC Group conducts its business with all its stakeholders by operating ethically, being committed to equity in all facets of its operations, empowering its staff to achieve individual and organisational excellence, in a fashion consistent with balanced earnings for the organisation and its employees.

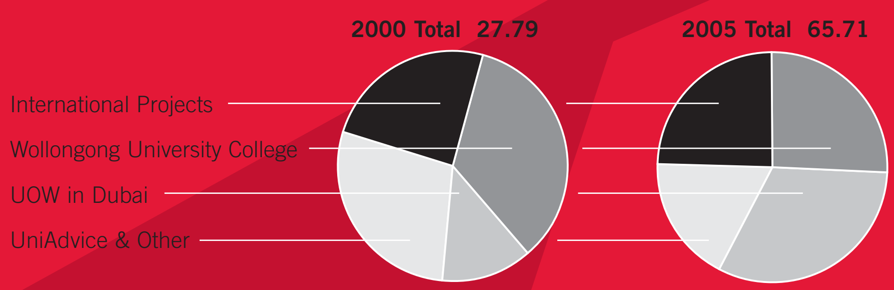
EQUITY EXCELLENCE ETHICS EMPOWERMENT EARNINGS

James Langridge
CEO and Managing Director
ITC Group of Companies

Facts at a Glance

A$mil	Revenue ITC direct (our sales)	Revenue international student fees (UniAdvice)	Revenue aggregate (ITC responsibility within UOW Group)	Profit (before tax)	Contribution to UOW
2005	65.71	58.00	123.71	1.37	2.89
2004	56.61	53.30	109.86	0.69	2.58
2003	53.11	43.00	96.11	1.30	2.65
2002	50.95	39.10	90.05	1.27	2.11
2001	41.59	33.20	74.79	0.13	0.97
2000	27.79	26.00	53.79	0.44	1.14

Revenue Divisional Split A$mil



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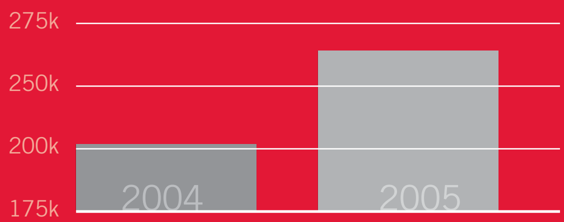
Investment in ITC Group Staff Professional Development



CEO & Chairman's Review

Report

2005 was the twenty-fifth year of operation for the ITC Group of Companies. It was also a year of change, involving a comprehensive corporate review. A repositioning of the organisation and a reshaping of the structure in line with the revised strategy was carried out, including the development of a new and exciting vision and mission for the ITC Group.

Many challenges were faced by the organisation, such as an increasingly competitive environment for international education, both in Australia and offshore, and the transformation of the international project and ODA markets. Additionally, changes to the IFRS standards, specifically changes to the process of valuing investments, resulted in a qualified audit of the financial statements. The ITC Group's response to these challenges confirmed the flexible and innovative nature of the organisation.

Despite these challenges the ITC Group presented a record revenue for the year of $65,719,797 (2004: $56,507,474) which represented a growth of 16.3 per cent. The net profit (before tax) for the year was at $1,367,301 (2004: $548,585). The strong performance of the ITC Group enabled the payment, for the first time, of a dividend to the shareholder, the University of Wollongong (UOW).

A complete review of the corporate committees of Diversity and Equity (DEC), Occupational Health and Safety (OH&S) and Quality Accreditation (BUR) was achieved in 2005. In supporting this review the Executive demonstrated a sustained effort to reduce risk across the organisation and the success, in part, is evidenced by no time lost to injuries since the last quarter of 2005. Additionally, the Australian-based operation of the ITC Group was awarded an Employer of Choice for Women citation from the Federal Government's Equal Opportunity for Women in the Workplace Agency (EOWA) for the fourth consecutive year. This continued commitment from the organisation combined with the ITC Group's seventh year of operation under ISO 9001:2000 accreditation is evidence of the Group's dedication to quality standards and governance.

Our operations in the Middle East continue to strengthen. The reputation of the University of Wollongong in Dubai (UOWD) is growing and other projects in the region are gathering momentum. We are proud that UOWD is acknowledged as the pre-eminent 'western university' in the region.

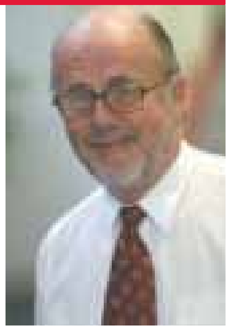
We would like to thank the Board of Directors who provided strong support and direction in a year of evolution and growth. Thanks must also go to all staff members, both those who contributed during the previous 25 years, and the current staff, who along with the Board of Directors have created the ITC Group's success through innovative and flexible practices.

Brian Hickman
Chairman
Illawarra Technology Corporation Limited

James Langridge
CEO and Managing Director
Illawarra Technology Corporation Limited

Case Study

Dr Brian Hickman, Chairman



Dr Brian Hickman has been a Director of the ITC Group since 1992 during which time he has played a significant role in many aspects of the Board. He was elected Chair of the Board in late 2004. Dr Hickman is also a member of the University of Wollongong Council and was re-appointed in December 2003. He currently chairs the Audit, Management and Review Committee of the Council.

Dr Hickman graduated from the University of Melbourne with an MSc in Metallurgy in 1955 and has since been involved in research and development for over fifty years. He was awarded a DSc by the University of Melbourne in 1970 for research contributions in nuclear and aerospace materials. In 1988 he was elected a Fellow of the Australian Academy of Technological Science and Engineering.

Brian brings to the ITC Group a wealth of experience and knowledge both as a Company Director, and a General Manager in the minerals industry. He is currently also a Director of ARRB Transport Research Ltd.

Highlights for 2005

- Comprehensive corporate review to sharpen our focus
- A second annual E^5 Professional Development workshop for senior staff around the themes of leadership development and strategic planning
- Significant emphasis was given to the development of the human potential of the organisation with a focus on supporting staff in both formal and informal mechanisms
- A substantial increase in the number of staff undertaking higher education
- Twenty one per cent growth in enrolments at the University of Wollongong in Dubai
- Implementation of a Compliance Committee that developed and implemented a Compliance Matrix to enhance the organisation's capacity for risk management in line with the development of best practices for governance activity
- Submission of a successful application to the NSW Department of Education and Training (DET) for approval, accreditation and registration as a Higher Education Provider
- In support of post-tsunami reconstruction, ITC Projects became heavily involved in reconstruction-based education in Indonesia
- Further development of ITC systems, including the launch of a staff intranet site.

Priorities for 2006/7

- Continue to support and develop staff through sponsored education, particularly in the area of leadership development
- Raise awareness of the Employee Assistance Program (EAP), which includes a confidential counselling service for all staff
- Focus and develop opportunities for Higher Education Providers
- Additional development of ITC Group systems, including enhanced reporting tools of dashboard indicators
- Further development of the staff intranet site
- Implementation of a climate survey for all staff.

ITC Group Board

Left to right: Chairman Dr Brian Hickman Deputy Chair Mr Peter Robson CEO & Managing Director Mr James Langridge Mr George Maltby Professor Gerard Sutton Mr Joe Scimone Ms Rosemary Sinclair Mr Greg West Company Secretary Mr Stuart McDonell

The Evolution of the ITC Group

ITC Group History

The ITC Group was established in its initial form in 1981 in the context of an impending regional economic recession. At the time the development of technology based enterprises was recognised as a way to encourage investment and reduce dependence on older industries, thereby offsetting job losses and boosting the economy. In 25 years of operation the ITC Group, in its various forms, has exhibited strong and sustained growth. An initial repositioning in 1995 saw the ITC Group change from creating start ups around new and emerging technologies, to a global focus in the sectors of education and training. In achieving this transition, the ITC Group has evolved from its initial beginnings as a small regional company to its current size, with over 500 employees spread across Australia, New Zealand, and the United Arab Emirates (Dubai). Additionally, the ITC Group has a presence in the United Kingdom, East Timor, Indonesia, Lao PDR, Mongolia, Papua New Guinea, Sri Lanka and Tonga.

The ITC Group has a diverse range of clients, including domestic and international students, development banks and aid organisations seeking capacity building, organisations needing feasibility studies in the various areas of education, organisations seeking curriculum development, quality assurance supervision, teacher training, and regions seeking assistance in the governance sector.

Considering its vision and mission, and as a response to changes in its operating environment, the ITC Group again strategically repositioned itself in December 2005. The changes exhibit the ITC Group's innovation, flexibility and ability to respond to markets to achieve success.

The new vision and mission seeks to support UOW, as the shareholder, whose mission is to be an internationally-renowned, research intensive University. The new vision and mission also reflect ITC Group's strong competence in educational capacity building.

J. W. Langridge

James Langridge
CEO and Managing Director
Illawarra Technology Corporation Limited

ITC Group of Companies
Timeline

1981	UniAdvice, the original form of ITC, established as a division within The Friends of the University of Wollongong Ltd
1986	Focus on emerging technologies
1988	Wollongong English Language Centre (WELC, forerunner to Wollongong University College) begins delivering English language courses
1990	Present CEO & Managing Director appointed; ITC Board restructured with a new external and commercial focus
	Wollongong Foundation Studies (WFS, also forerunner to Wollongong University College) begins delivering Academic Pathway programs
	Council of UOW (as shareholder) approved changes to ITC to make it a company limited by guarantee and shares
	Process of change, involving the consolidation of 7 subsidiary companies and 14 profit centres
1992	Established Institute for Australian Studies, forerunner to UOWD
1995	Second round of consolidation, moving out of technology ventures into education markets, international projects and ODA; WELC and WFS consolidate to form Wollongong University College
1997	UniAdvice established as the marketing and recruitment arm of the UOW
	Wollongong University College Sydney begins operation
2002	ITC (Europe) Ltd established
2003	ITC (New Zealand) Ltd established; Wollongong College Auckland commences operation
	ITC changes status from not for profit to tax liable, dividend provider to its shareholder, UOW
	Formation of ITC (Education) Ltd
2006	ITC Group announces a new vision and mission
	ITC (Education) Ltd granted status as a Higher Education Provider
2006-08	ITC Group expands its position as a specialist international education capacity builder

University of Wollongong in Dubai

Introduction and Overview for 2005

UOWD is one of the most visible symbols of Australia in the Middle East. Established in 1993 as the Australian Institute for Studies and renamed the University of Wollongong in Dubai following the accreditation of its programs by the United Arab Emirate's (UAE) Federal Ministry of Education in 2004, UOWD is recognised as one of Dubai's leading brands. Located in the Knowledge Village Free Zone, it was one of the first private educational providers to be licensed in 1999 and has grown to become the largest private university in the UAE, with 1,940 students enrolled in the autumn semester of 2005.

UOWD grew substantially in 2005 in the face of intense competition from more than 20 other institutions, representing leading universities from India, Europe and North America. It is very research active with weekly research seminars addressed by leading international academics, a working paper series with contributions from other universities in the region and participation in the UAE Heads of Research Group. It is through its Dubai Business School that UOWD has engaged with employers. Activities of the School have included consulting activities, as well as workshops in such areas as Anti-fraud and Dispute Resolution that have been sponsored by leading companies.

Highlights for 2005

- Growth in enrolments of 21 per cent despite intense competition
- More than 76 nationalities enrolled
- Ratio of postgraduate to undergraduate students exceeded 50 per cent for the first time
- Expanding the current nine courses offered through the submission of seven new programs for Federal Accreditation, including:
  - Master of Strategic Marketing
  - Bachelor of Commerce in Human Resource Management
  - Master of Strategic Human Resource Management
  - Master of Applied Finance
  - Master of Logistics and Supply Chain Management
  - Master of Information Technology Management
  - Master of Engineering Management
- Establishment of the Dubai Business School

- Initiation of the Expert Lecture Series involving leading local and international speakers
- Initiation of international marketing activity leading to a significant increase in international enrolments
- Work with ITC Middle East to provide English Language programs to organisations in Lebanon and Syria
- Acquisition of a third student residence
- Launch of *In-House* UOWD staff magazine, launch of *Scholar* research magazine distributed to academics in the UAE involved in research activity and initiation of *ERIC* which is an applied research newsletter for distribution to industry.

Priorities for 2006/7

For 2006 and onwards, UOWD will focus on being recognised by the business, political, academic and student communities as the university of first choice, the employer of first choice and the only institution in the UAE engaged in a credible and substantive manner with the employers or key decision makers in the society in which it operates.

As part of this, UOWD will:

- Protect its market share and embed current growth through a diversified course offering in local and regional markets
- Complete the Federal accreditation requirements for the seven programs listed above and initiate work on expanding the undergraduate offerings
- Evaluate new opportunities for program delivery, commercial consulting and other commercial interactions in local and regional markets
- Seek key strategic alliances in local and regional markets
- Provide a full student experience through the integration of academic, administrative, residential and social activities.

Case Study

"It's all about the enhancement of knowledge, skills and abilities of an individual," says Noora Alawi from UAE, who completed a Master of Quality Management at UOWD. She now works as a Recruitment Officer at Dubai's World Trade Centre. Looking back on her University studies, Noora says "it was an exciting, on-going learning experience."

Noora Alawi, UAE
M. Quality Management
Recruitment Officer, Dubai World Trade Centre

Middle East Projects

Introduction and Overview for 2005

ITC Middle East Projects was established in 2005. Forming part of ITC Middle East with UOWD, it provides a flexible means of responding to commercial consulting opportunities in the region.

Utilising specialist staff expertise from ITC and UOWD, it is currently engaged in four projects in Lebanon and Syria. These involve the transfer of skills associated with education and the teaching of English Language programs. It is also exploring opportunities in the Kingdom of Saudi Arabia and Jordan.

In such markets as Syria, this business unit provides ITC with the opportunity of being a first mover in newly emerging markets that are perceived to provide significant future opportunities. Provided with office space at UOWD, ITC Middle East Projects is also represented in the city of Tripoli in North Lebanon.

A challenging and rapidly changing environment, the Middle East provides opportunities for organisations that already have both a presence in the region and experience of doing business in countries with evolving economic aspirations and demanding requirements.

Highlights for 2005

- Although newly established in 2005, ITC Middle East Projects has started to deliver on four projects in Zahle, Beirut, Homs and Latakia. Additional work is taking place in Tripoli and a request has been made for the unit to participate in a health project.
- During the year, the ITC Group Chief Executive Officer was invited to participate in the Syrian Australia Business Council. The Deputy Chair of ITC and CEO of UOWD visited the key clients in each centre to evaluate opportunities for further enhancing the commercial relationships and evaluating other investment opportunities.
- The first graduation of students using UOWD and WUC programs was held in Syria. While 30 people were invited more than 300 attended, highlighting the tremendous interest in education in the country.

Priorities for 2006/7

- Key priorities for 2006/7 focus on ensuring that the initial entry into these markets is consolidated through clear delivery of both educational products and the provision of outstanding service to current clients.
- New opportunities in other countries are being identified and will be developed by means of a call plan. Therefore, the focus is going to be on relationship building, bidding for high margin projects and developing business in the private sector.

International Projects

Introduction and Overview for 2005

2005 was a year of significant change and re-alignment of the ITC International Projects Group. The restructure started in 2004 and was completed in 2005. The rapidly emerging Middle East projects market is now separated from International Projects and reports through the ITC Middle East office.

The ITC Representative Office in Jakarta, established in 2004, won two key education projects with the Asian Development Bank (ADB), and now has a strong list of both agency and commercial opportunities to take forward in 2006.

While AusAID is, and will remain, a significant client of ITC, the actions of AusAID to consolidate previously small and medium-sized projects into a few large projects favours the large Australian firms operating in this market. This makes it progressively more difficult for companies the size of ITC to compete.

Partly in response, ITC International Projects has pursued the establishment of strategic partnerships throughout 2005 and early 2006, to better position the company in this market place. This strategy is showing good potential.

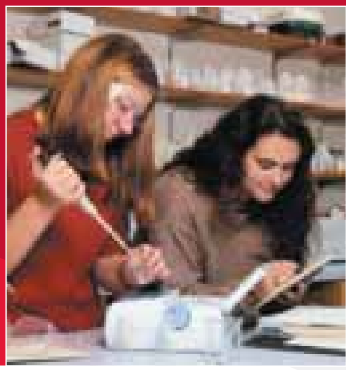
Highlights for 2005

- Completion late in the year of the Technical Assistance Governance Facility for the Solomon Islands, after more than three years of continuous involvement. The handover of the project to the next stage under a new contractor was successfully managed.
- The Lao-Australia Basic Education Project, previously extended (in 2004) will now run until 2007 and is recognised in the region as a highly successful project of its type.
- ITC has continued through the fourth year of operation of the Australian-East Timor Capacity Building Facility, which has remained one of AusAID's most significant projects in East Timor.
- ITC was awarded the Strengthening NGO Programmes component of the World Bank's Sri Lankan National HIV/AIDS Prevention Project and started the inception phase of the project in late 2005.
- ITC continues its engagement with the ADB to prepare the design for the Education and Skills Development Component of the Earthquake and Tsunami Emergency Support Program (ETESP). In addition, ITC has fielded the ADB's staff consultant on the ETESP education sector component since April 2005. This position will continue through to December 2006.
- ITC is providing services to the ADB for the Information and Communications Technology (ICT) Development Master Plan. The Master Plan will foster regional cooperation in ICT between India, Bangladesh, Bhutan, and Nepal by promoting:

(i) regional connectivity in telecommunication networks

(ii) harmonisation of technical standards

(iii) appropriate regulatory regimes for the subregion



(iv) cooperation in the development of ICT applications for the subregion

(v) co-operation among ICT operators and service providers.

Priorities for 2006/7

The ITC Project Group's priorities for the next two years include:

- Further developing the relationships with donor agencies in Indonesia through the Jakarta office.
- Developing a range of commercial opportunities, building on those already identified, with a focus on education, training and education facility management.
- Developing partnerships with targeted organisations also active in the donor agency market, with a focus on both strengthening ITC's position with current agencies and engaging new agency networks and relationships.
- Developing specific opportunities in Africa, focussing on projects where ITC has specific expertise and track record.

Case Study

ITC Group brought together an association for the purpose of providing expertise and experience for the Sri Lankan HIV/AIDS NGO Strengthening Project. In consideration for the diverse cultures that weave the social fabric in Sri Lanka, ITC formed an association with MG Consultants (MG) from Sri Lanka and the Australian International Health Institute (AIHI) from the University of Melbourne.

ITC Group in partnership with MG and AIHI, supports initiatives that strengthen the technical and financial management capacity of participating NGOs funded under the National HIV/AIDS Prevention Project (NHAPP). The purpose of the project is to assist the National STD/AIDS Control Programme (NSACP) for a period of three years by managing HIV/AIDS related projects implemented by non-government and private organisations and to build technical and financial management capacity of NGOs and those at the NHAPP and NSACP.

ITC Group performs four broad tasks.

- Facilitating the NGO selection process
- Monitoring the technical and financial progress of partner NGOs
- Building the technical capacity among selected groups with respect to the implementation of the NGO program.

Wollongong University College

Introduction and Overview for 2005

Wollongong University College (WUC) delivers English language and pathway programs to both international and domestic students at campuses in Wollongong, Sydney and Auckland in New Zealand. The Wollongong campus was established in 1988 in the grounds of UOW. The Sydney campus opened in 1997 and the Auckland campus in April 2003.

In 2005, WUC continued to deliver pathway programs in an increasingly complex and difficult international student market. To better position itself within this changing environment, WUC decided to develop capability as a provider of higher education. In June 2005 WUC submitted an application for higher education approval to the NSW Department of Education and Training. An expert panel, chaired by Emeritus Professor Chris Fells, positively received the application.

To support its status as a higher education provider, WUC established an Academic Board to oversee the delivery of its higher education programs. The Board is chaired by Professor Andrew Gonczi.

Highlights for 2005

- New five-week English for Tertiary Studies and English for Business programs were introduced in response to increased market demand for shorter direct entry English programs.
- Skills and Confidence for Tertiary Studies (SCTS) was introduced to provide a three-day intensive skills program for current and commencing UOW students.
- STEP to UOW was introduced to increase educational opportunities for young people in the Illawarra region who experienced a disadvantage in their secondary schooling.
- The Teachers Enterprise Agreement 2004 was certified in October 2005.

Priorities for 2006/7

In 2006/2007 WUC plans to reposition itself in the market, to streamline the delivery of its current products and broaden its provision. Its priorities are to:

- Streamline program delivery and operations at all campuses. This will involve reviewing course curriculum and delivery, administrative processes, and use of facilities. The objective here is to increase efficiency while maintaining strong academic and customer service standards.
- Develop and deliver higher education programs, both with UOW and in its own right.
- Develop and deliver a range of other products in both higher and vocational education for its Sydney campus.

Case Study

"I found the 14 week bridging program (UAP) that I attended at WUC invaluable to my degree, especially the advice, guidance and enthusiasm shown by my lecturers. As I left school in 1976, the subjects taught were extremely helpful in assisting me with writing essays and certainly prepared me for university study. I chose WUC because of its outstanding reputation and location. The natural surroundings of the campus made studying more relaxing and the flexibility of the College allowed me to return to study, even though I still had work and family commitments. I graduated from UOW with Distinction and am currently completing a postgraduate degree at UOW. WUC is certainly the best possible pathway to university."

Christine Hamilton
University Access Program
Bachelor of Arts (History) with Distinction

UniAdvice

International Student Recruitment & Service Centre

Introduction and Overview for 2005

The International Student Recruitment Unit is responsible for the marketing and promotion of the University internationally, as well as the promotion and administration of incoming and outgoing student exchange programs. International Student Recruitment undertook a number of initiatives in 2005. There was a focused effort on offshore student recruitment in the Subcontinent and the Middle East with co-operation from UOWD.

The Service Centre handles enquiries and admissions for all international and direct Australian prospective students for the University of Wollongong and Wollongong University College. A Customer Relationship Management (CRM) package is used to track all enquiries from prospective students, take bookings for upcoming University and College events and to assist with the conversion of enquiries to applications for enrolment.

The Admissions teams are divided into faculties and regions, with each staff member case managing their cohort of applications as well as participating in student recruitment activities, both on and off shore. A group of Co-ordinators also work within the Service Centre and specialise in Admissions, Client Services, IT Support and Operations. The Service Centre has implemented the second phase of the CRM System, with capabilities for list management and email broadcasts now fully enabled.

Highlights for 2005

- Increased total international student income from $53 million in 2004 to more than $58 million in 2005
- Achieved five per cent increase in commencing international students
- Re-entered Japan and Korea with study tour lead student recruitment for WUC
- Achieved more than 80 per cent increase in commencing students for Semester 1 2006 from India/Nepal through increased market presence
- Reversed declines from Indonesia and Thailand through additional marketing events and profile raising activities.

Priorities for 2006/7

- Minimise the predicted downturn in international student commencements in 2006
- Integrate WUC marketing and admissions seamlessly with International Student Recruitment and the Service Centre
- Increase the number of outgoing students through promotion of OS-HELP loans and the increased exposure of the International Exchange program at Student Central
- Increase the number of offshore “profile” events which Senior Executive and UniAdvice staff attend as ambassadors-at-large
- Increase recruitment activities targeting AusAID students
- Increase UOW’s research profile through specific promotional materials
- Leverage number one ranking for teaching performance in all marketing collateral
- Integrate faculty generated news stories and media releases in targeted “conversion” campaigns through the CRM.

UniAdvice

Domestic Student Recruitment

Introduction and Overview for 2005

The Domestic Student Recruitment Unit maintains responsibility for the recruitment of domestic undergraduate and postgraduate students to UOW, as well as domestic students to WUC.

It aims to meet quotas for students at UOW's and WUC's Wollongong campuses, and at UOW's satellite campuses on the South Coast and Southern Highlands of NSW, as well as its campus in Loftus, in Sydney's Sutherland Shire.

The Unit employs various methods to achieve the quotas outlined as part of ITC's Services Agreement with the University. Primarily the strategies employed to reach quotas include strategic relationship marketing, special event management and integrated marketing communications within the University's core drawing areas of NSW and the ACT.

The increased number of places offered by higher education providers in the Australian sector proved to be the biggest challenge in 2005, particularly in the University's Sutherland Shire drawing area.

Highlights for 2005

- Despite increased competition in the sector, 2005 proved to be a successful year for the Domestic Student Recruitment Unit. The Unit achieved its targets for domestic student recruitment, with approximately 4,000 main-round offers being made, including a total of 2,452 Universities Admission Centre (UAC) offers to recent school leavers and 1,576 direct offers.

- Interest in UOW engineering among new undergraduate students has far outperformed the NSW trend for this discipline, as evidenced by the UAC main-round offers. UOW's share of the overall interest in engineering through the UAC system has increased from 10.55 per cent in 2005 to 12.38 per cent in 2006.

- The number of applicants through UAC who allocated UOW a first preference reached a record level of almost eight per cent in 2004 and a similar percentage was reached for the 2005 intake, with final UAC first preferences finishing at 7.5 per cent.

- Domestic postgraduate coursework student offers for 2006 indicates an 11 per cent increase.

Priorities for 2006/7

- The increased number of places offered by higher education providers in the Australian sector, resulting in increased competition, will mean the UOW Domestic Student Recruitment Unit will undertake much more intensive marketing activities in its core drawing areas to maintain current market share levels. Closer communication and coordination with each Faculty has already been undertaken, with the aim of ensuring more faculty-specific, strategic campaigns in core drawing areas.

- The overall priority for domestic student recruitment will remain focused on attracting high quality students, while balancing local responsibility of providing educational opportunity for the local community.

UniAdvice
Office of Community and Partnerships

Introduction and Overview for 2005

The Office of Community and Partnerships (OCP) was established in 2004 to expand existing programs in alumni relations and scholarships. It was also given the responsibility to develop new programs in community engagement and corporate communications. Throughout 2005 OCP consolidated many activities, achieving successful outcomes for UOW.

Highlights for 2005

UOW Alumni Network

- After receiving a donation from the Vice-Chancellor in 2005, the Campus Chapter has improved its existing scholarships program. Having reached their goal of $100,000 in funds, the Campus Chapter can now offer scholarships to UOW students in perpetuity. The Campus Chapter will award their first scholarship from this fund in 2006 and by 2008 will award three $2000 scholarships each year, along with an honours year prize for each UOW Faculty.
- The bi-monthly *Alumni Network E-News* was launched in March 2005 with great success. This email newsletter is sent out to over 13,000 graduates all over the world, keeping them up-to-date with UOW developments and alumni activities.
- To assist final-year Education students prepare for Department of Education interviews, the Education Chapter organised a Mentored Interview Program. The 2005 event was the largest ever, with over 200 attendees learning practical tips on interview and resume techniques. The Education Chapter also established the Canadian Sub-Chapter in October 2005, with an 'Old Meets New' reunion function. Due to its success in reuniting alumni and Faculty of Education staff, a range of functions and celebrations are planned for 2006.

Scholarships and Fundraising

- The OCP has increased community sponsored scholarships by 10 per cent (from 2004 to 2005) and corporate sponsored scholarships by 34 per cent (from 2004 to 2005). Overall, the Office has generated a total increase in the Scholarship Portfolio from $649,000 in 2004 to $853,000 in 2005, an increase of 31 per cent.
- In 2005 the OCP developed a suite of cards for fundraising purposes, which are now available for purchase in UOW's UniCentre Bookshop. There are six different cards featuring indigenous artworks from the University's Art Collection, the proceeds of which will be used to acquire new works for the Art Collection and to establish an academic prize for Visual Arts students in the Faculty of Creative Arts. There are also six different cards featuring images of rock and mineral specimens from the Howard Worner Collection. Proceeds from the sale of these cards will support the display of future collections.

Community Engagement

- The Community Engagement Grants Scheme was launched in 2005 to provide funding to UOW staff or students who work on service-oriented community projects. Four finalists were selected out of 43 expressions of interest. The OCP also established the Vice-Chancellor's Award for Excellence in Community Engagement to recognise and encourage exceptional community engagement by a UOW (or controlled entity) staff member. The award will be presented annually at the Vice-Chancellor's Awards for Excellence event.
- The OCP also successfully launched a new online Events Calendar to further enhance UOW's website. It is a source of information on events and activities at UOW for students, staff, parents, alumni and members of the broader community.

Priorities for 2006/7

UOW Alumni Network

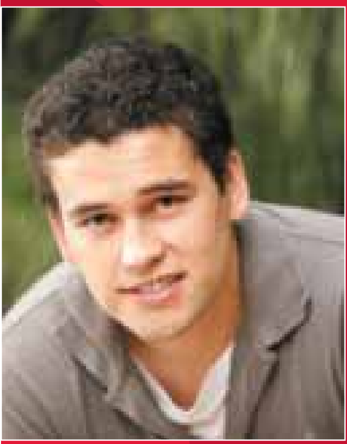
- Encourage more UOW graduates to become engaged with UOW by improving communication through an updated alumni website.
- Promote UOW achievements and graduate participation in UOW and alumni related events and activities.

Community Engagement

- Foster a dynamic two-way sharing of information, with recognised outcomes for UOW and its communities.
- Increase the overall amount of community engagement grants available to staff and students, now standing at $40,000, and facilitate the promotion of UOW community activities.

Scholarships and Fundraising

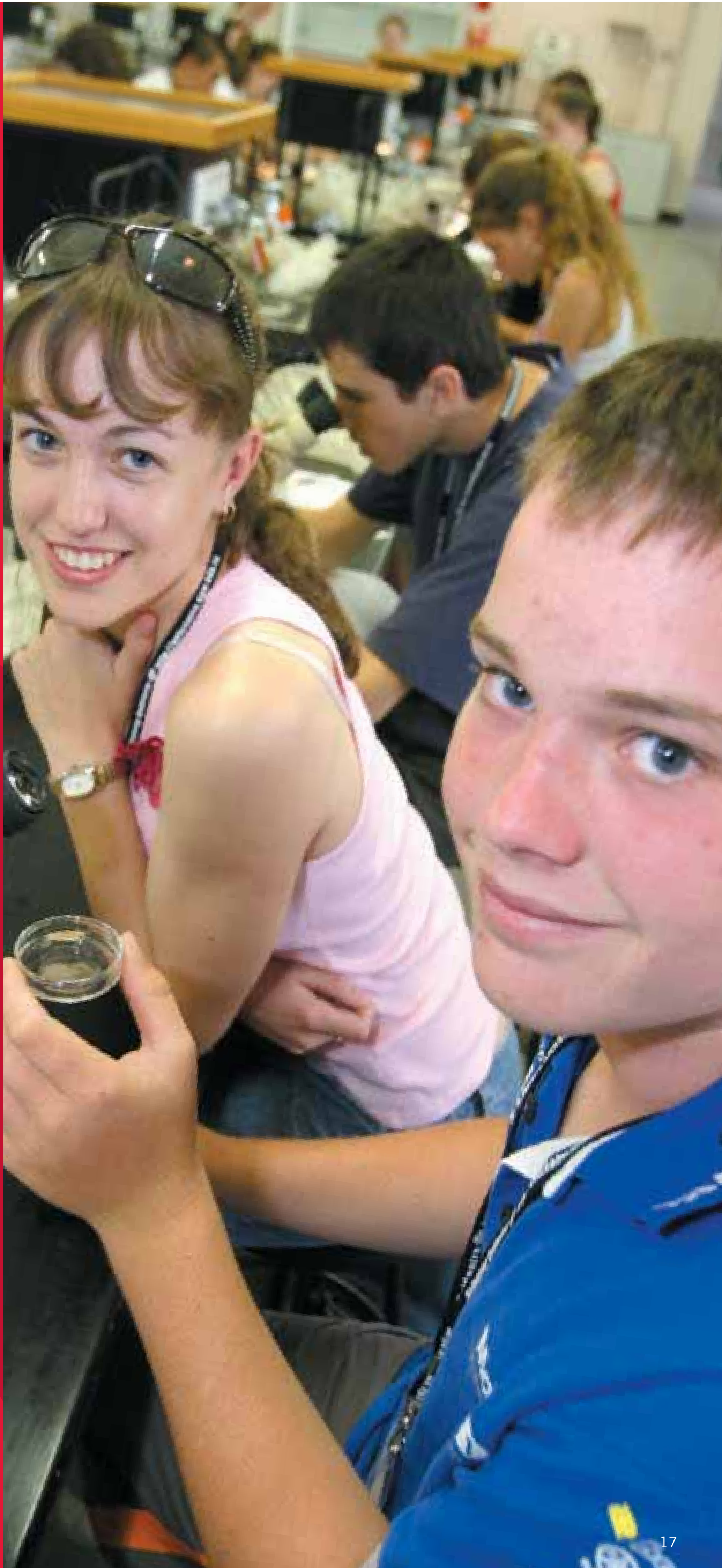
- The acquisition of new scholarship opportunities for UOW students.
- The enhancement of relationships with new and existing scholarship partners.
- Increase revenue from fundraising through a new bequests and donations site on the UOW website.



Case Study

"The Delta Electricity Work-Integrated Learning Scholarship gave me the opportunity to see and work with real world applications of my engineering study. This experience combined with the insight I gained into the industry has been extremely beneficial for me and I think an invaluable experience towards my development as a professional engineer. I think that integrating professional work experience into a university degree especially in engineering is an essential part to student development and the scholarship programs offered by UOW provide a great opportunity to do so."

Michael Ryder
Bachelor of Engineering (Electrical)
Work-Integrated Learning Scholarship
Sponsored by Delta Electricity



Public Affairs

Public Affairs provides a range of services to UOW, including media services, government relations at a federal and state level, corporate profiling, issues management, VIP events organisation and protocol.

The media unit within Public Affairs liaises closely with journalists and news organisations at regional, national and, where appropriate, international levels to generate widespread coverage of the University's activities and achievements. Public Affairs also maintains an electronic "media room" on the UOW website which features regularly updated news stories, photographs and media releases (277 stories and 151 media releases in 2005). This has proved extremely popular both with the media and other website visitors, generating an average 1,100 hits per day (up 300 per day on the 2004 average).

In 2005 media coverage of the University reached record high levels, up by more than 18 per cent on 2004. This included the highest-ever coverage in a month – 382 stories about the University published or broadcast in August. The excellent 2005 figure was reflected in increased coverage in key national media outlets including *The Australian, Australian Financial Review, Sydney Morning Herald, Daily Telegraph, Sydney Morning Herald*, *ABC Radio* and *Channel Nine*, as well as by Wollongong-based media.

Public Affairs is also responsible for production of the University's quarterly magazine *Campus News*. The magazine was expanded in 2005, with new sections added including a regular feature Postcard from Dubai, with news from the University of Wollongong in Dubai.

Highlights for 2005

- Public Affairs' government relations activities made significant progress towards securing government funding for strategic projects and positioning the UOW Group (including ITC) to take advantage of major policy initiatives

- Record media coverage for UOW-related activities, with an average of 225 stories per month featuring the University

- Best-ever month for media coverage in August (382 stories)

- Media website averaging 1,100 visits per day

- The Protocol Officer played a key role in the organisation of more than 30 VIP visits and functions. These included the naming of the Ray Cleary Building at UOW's Shoalhaven Campus (200 guests), the opening of a $15 million

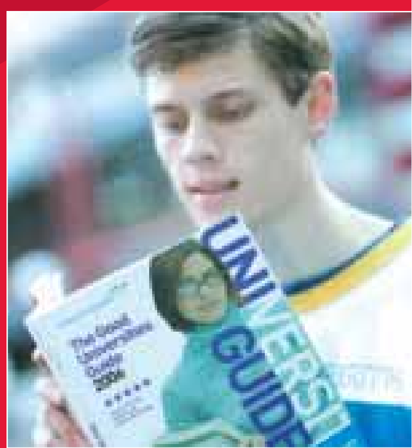
student accommodation facility at Campus East (200 guests), the opening of the Biomolecular Mass Spectrometer facilities at the Department of Chemistry, and visits from the Israeli Ambassador and senior Government and University sector officials from countries including China, Malaysia, Indonesia and Thailand.

Priorities for 2006/7

- Securing Government funding for key strategic projects
- Generating widespread community awareness, particularly in regional and rural communities, of UOW's new Graduate School of Medicine ahead of its anticipated opening in 2007, with a focus on training doctors to work in regional, rural and remote areas
- Continuing to build UOW's domestic and international profile through widespread and positive media coverage
- Further developing *Campus News* as a key communications tool for UOW in Australia and overseas, including inserting the mid-year edition in the regional newspaper (*Illawarra Mercury*) to enhance UOW's ties with its local community
- Building on the success of the web-based "media room" in communicating UOW's achievements and activities.

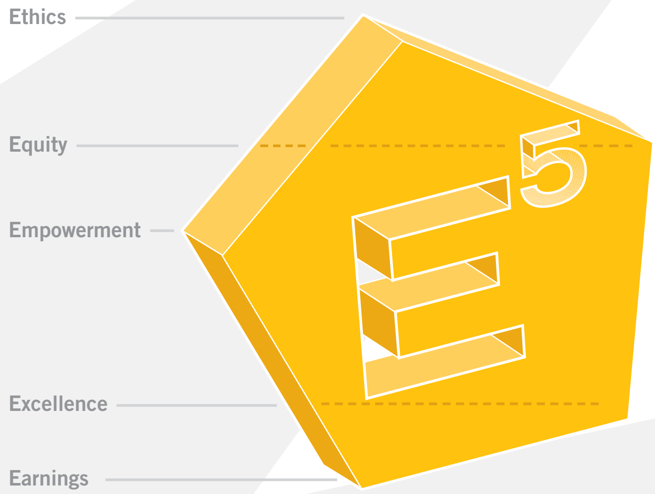
Case Study

In August 2005 the University had a record month for media coverage, with 382 stories published or broadcast (compared to 107 in August 2004). The stories were overwhelmingly positive, including *The Australian* newspaper's front page lead story which named UOW as the number one ranked university in Australia for teaching performance. During the month the media unit also generated major positive coverage based on UOW achieving coveted five-star ratings in six categories in the independent 2006 *Good Universities Guide*.



Strong rankings in the 2006 *Good Universities Guide* helped generate a record of 382 media stories about UOW in August 2005.

The E⁵ Value Statement is designed to enunciate to both business partners and staff world wide the core values the ITC Group. All ITC Group staff are expected to demonstrate these values in their day-to-day dealings with customers, suppliers and other staff. ITC Group conducts its business with all its stakeholders by operating **ethically**, being committed to **equity** in all facets of its operations, **empowering** staff to achieve individual and organisational **excellence** in a fashion consistent with balanced **earnings** for the organisation and its employees.



Our People

Introduction and Overview for 2005

ITC Group has a centralised Corporate Human Resource (HR) Unit. This unit provides a range of services, advice and support for the managers and staff of the organisation across its many functions and locations around the world. The HR unit was restructured during 2005 resulting in the creation of a new senior role and a refocusing of the services we provide, particularly in the area of policy development and quality management.

In 2005 the HR unit coordinated a review of the Corporate-level committee structure to ensure a sound organisational governance framework was in place. The Enterprise Agreement negotiations with the Wollongong and Sydney based teaching staff of the Wollongong University College were completed.

A workforce strategy for ITC (2006-2008) was developed during 2005 and this will deliver a range of new and exciting workforce management initiatives to ensure we have a skilled, productive and satisfied workforce.

Highlights for 2005

- 2005 was an important year for corporate level management review. The Executive Team's commitment to Corporate Governance was reinforced by way of a review of the ITC Group's high level management committees. These committees, Diversity and Equity, OH&S and Quality Management now all have executive and senior management level representation in addition to unit and staff based membership. The review focused on sound communication between and from these committees and new Terms of Reference to ensure their purpose was clear has been introduced.

- In September 2005 the Equal Opportunity for Women in the Workplace Agency (EOWA) informed ITC that its application for Waiving Status had been successful. This means that the Agency is satisfied with the ITC Group's efforts to address women's issues in the workplace. As a result, ITC Group is not required to submit an annual report to EOWA about these policies until 31 May 2008. This is usually required on an annual basis.

Priorities for 2006/7

- In the first half of 2006 the HR unit will oversee a review of the salary models that apply to the staff of the organisation in its various divisions. The aim is to improve the way in which we structure and administer salary for staff to ensure we have competitive and attractive arrangements in place. Of importance is the need to ensure there is equity in the way we remunerate and reward our staff. The geographical and occupational diversity of the organisation provides real challenges for this task.

- Also during 2006 and in to 2007 the HR unit will be exploring and developing the ways that it can use the ITC intranet to deliver services to staff and management. This is an exciting opportunity to provide staff with ease of access to the advice and services of the HR unit and should see a significant reduction in the use of paper based procedures over time.

Case Study

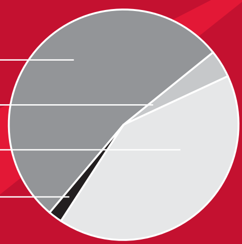
The annual E^5 Awards for Excellence formally acknowledge standards of excellence and recognise the outstanding contributions by our staff, embodying the elements of E^5 – ethics, equity, empowerment, excellence and earnings. The Awards are an opportunity for colleagues, family and friends to celebrate the achievements and services of staff.

One of the major awards at the 2005 ceremony was the inaugural E^5 Employee of the Year, presented to Dr Henry Lee (pictured left). Henry has worked with WUC since 1997 during which time he has played a significant role in many aspects of the college. Henry consistently applies a high level of commitment and flexibility, with the welfare and potential success of students always his primary concern. Sometimes putting his own personal needs and plans aside, Henry has applied himself to the ongoing quality of our teaching services in recognition that each of our students is important in their own way. Above all else Henry is a skilled educator who has on many levels worked tirelessly to promote and enhance the quality of our educational services.

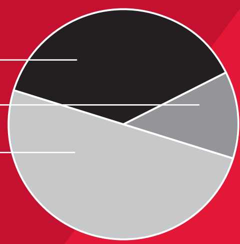
Henry said: "It was a great and unexpected honour. I know other ITC employees whose commitment and effort were, I think, at least equal to mine. To receive special recognition within such a group, especially as the inaugural E^5 Employee of the Year, was a privilege."

Human Resource Statistics 2005

Distribution of Staff



Number of Saff - Total 619



Distribution and Number Breakdown

	Full TIme	Part Time	Casual	Total
Australia	116	60	157	**333**
New Zealand	13	12	0	**25**
Middle East	104	1	146	**251**
Other	2	3	5	**10**
Total	**235**	**76**	**308**	**619**

ITC Group Annual Report

Financial Statements for 2005

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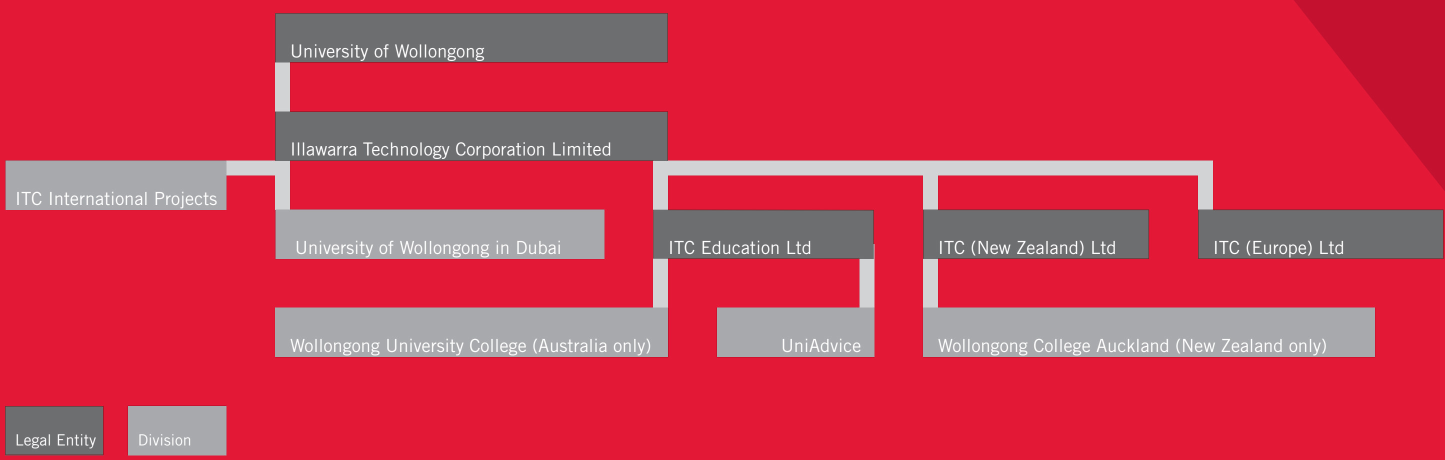
Legal and Divisional Structure



The directors present their report together with the financial report of Illawarra Technology Corporation Limited ("the Company") and of the consolidated entity, being the Company and its controlled entities ("the consolidated entity"), for the year ended 31 December 2005 and the auditor's report thereon.

Directors

The directors of the company at any time during or since the end of the financial year are:

Director	Date of Appointment			
	ITC Ltd	ITC Education Ltd	ITC (Europe) Ltd	ITC (New Zealand) Ltd
Dr BS Hickman *Chairman*	1 July 1992	-	-	-
Mr PH Robson *Deputy Chairman*	1 Nov 2003	-	-	-
Mr JW Langridge *Managing Director*	23 June 1989	27 June 2003	22 Nov 2000	12 Nov 2002
Mr GF Maltby	6 April 1990	-	-	-
Prof GR Sutton	17 Jan 1995	-	-	-
Mr J Scimone	1 Nov 2002	-	-	-
Mr S McDonell *Company Secretary ITC Ltd*	-	27 June 2003	22 Nov 2000	12 Nov 2002
Mr G West	1 Nov 2003	-	-	-
Ms R Sinclair	1 Nov 2003	-	-	-
Ms R Buckham	-	27 June 2003	-	-

Company particulars

Illawarra Technology Corporation Limited is incorporated in Australia. The address of the registered office is:

Building 39
2 Northfields Avenue
Wollongong NSW 2522
Australia

Principal Activities

The principal activities of the consolidated entity during the course of the financial year were the undertaking of activities which enable it to support and add value to the strategic goals and objectives of the University of Wollongong and to acquire and manage contracts and deliver services which achieve a commercial return, and to enable the consolidated entity to contribute financially (both directly and indirectly) to support the University of Wollongong.

These primary activity areas include marketing and recruitment (UniAdvice) for the University of Wollongong and College, delivery of pre-university education (Wollongong University College), delivery of university education offshore (University of Wollongong in Dubai) and provision of international contract and consulting services (ITC International).

The marketing and recruitment activities undertaken under contract to the University of Wollongong generated a total of $58.0 million (2004: $53.5 million) in international fee income for the University in the period. Total costs to undertake international and domestic marketing and recruitment for the University were $11.2 million (2004: $10.0 million) in the period.

Review and results of operations

The operating profit before income tax of the consolidated entity for the year was $1,367,301 (2004: $548,585). The operating loss before income tax of the Company for the year was $787,462 (2004: $564,063 profit).

Dividends

In respect of the financial year ended 31 December 2005, a dividend of 72,010,350.00 cents per share franked to 100% at 30% corporate income tax rate was declared to the holders of fully paid ordinary shares on 28 December 2005.

State of affairs

During the period the international projects group (ITC International) was restructured and split into three market focused groups. This change was made to align the international activities more appropriately to region and market segments.

Apart from the above, there were no other significant changes in the state of affairs of the consolidated entity that occurred during the financial year under review.

Environmental regulation

The consolidated entity's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the Board believes that the consolidated entity has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the consolidated entity.

Events subsequent to reporting date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years.

Likely Developments

Further information about likely developments in the operations of the consolidated entity and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the consolidated entity.

Information on Directors

Director	Experience	Special Delivery Responsibilities	Particulars of Director's interests in shares of the corporation
Dr BS Hickman	Chairman (November 2004) Former Deputy Chairman (1997 – 2004) Director, 13 years 9 months *Member of Council* • University of Wollongong *Chairman* • Audit Management and Review Committee, University of Wollongong Council *Director* • ARRB Transport Research Limited	Non-Executive Director Chairman, Remuneration Sub-Committee Member, Audit Sub-committee	Nil
Mr P Robson	Deputy Chairman (November 2004) Director, 2 year 5 months *Director* • CEA Technologies Pty Ltd • Southern Oil Refineries Pty Ltd	Non-Executive Director Member, Remuneration Sub-Committee	Nil
Mr JW Langridge	Managing Director, 15 years 9 months Director, 16 years 9 months *Vice Principal (International)* • University of Wollongong *Director* • Forum on Education Abroad Inc. • ITC Europe Limited • ITC Education Ltd • ITC (New Zealand) Limited • IDP Education Australia Limited *Chairman* • Audit and Risk Sub-Committee, IDP Education Australia Limited	Executive Director Member, Remuneration Sub-Committee	Nil
Mr GF Maltby	Former Chairman, 1992 - 2004 Director, 15 years 11 months *Chairman* • Australian Telecommunications Users Group (ATUG) • Whitesmiths Aust Pty Ltd • The Maltby Group Pty Ltd	Non-Executive Director Member, Audit Sub-Committee	Nil

Information on Directors *(continued)*

Director	Experience	Special Delivery Responsibilities	Particulars of Director's interests in shares of the corporation
Prof GR Sutton	Director, 11 years 2 months *Vice-Chancellor, and Principal* • University of Wollongong *President* • Australian Vice Chancellors' Committee (AVCC) *Director* • Australian Vice Chancellors' Committee (AVCC) • Association of Commonwealth Universities	Non-Executive Director	Nil
Mr J Scimone	Director, 3 years 5 months *Member of Council* • University of Wollongong *Chairman* • Audit Committee, South Eastern Sydney Illawarra Area Health Service *Group Manager* • Sustainability, Wollongong City Council	Non-Executive Director	Nil
Mr G West	Director, 2 year 5 months *Chartered Accountant*	Non-Executive Director Chairman, Audit Sub-Committee	Nil
Ms R Sinclair	Director, 2 year 5 months *Managing Director* • Australian Telecommunication User Group *Member* • Australian Communication Industry Forum, *Vice Chairman* • Asia Pacific Region, INTUG	Non-Executive Director	Nil

Directors or officers of one or more of the subsidiary companies additional to those listed above are:

Mr S McDonell	Company Secretary, 11 years 10 months *Director and Company Secretary* • ITC Europe Limited • ITC (New Zealand) Limited • ITC Education Ltd	Executive Director	Nil
Ms R Buckham	Director, 2 year 9 months ITC Education Ltd *Director* • Port Kembla Port Corporation *Member* • Advisory Council of TAFE Illawarra Institute *Chair* • Illawarra Area Consultative Committee	Executive Director	Nil
Ms T Lees	Company Secretary, *Company Secretary* • ITC Europe Limited • ITC (New Zealand) Limited • ITC Education Ltd		Nil

The above named directors held office during and since the end of the financial year except for:

- Ms T Lees – resigned on 25 January 2006.

Indemnification and insurance of officers

The Company under its global insurance arrangements has in place a Directors and Officers Indemnity Policy, which is in accordance with the Constitution of the Company.

The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Auditor's independence declaration

A copy of the auditors independence declaration as required under s307C of the Corporations Act 2001 is set out on page 27.

Directors' Meetings

The number of directors' meetings including meetings of committees of and number of meetings attended by each director of the Company during the financial year are:

	ILLAWARRA TECHNOLOGY CORPORATION LTD						ITC EUROPE LTD		ITC (NEW ZEALAND) LTD		ITC EDUCATION LTD	
Director	Board Meetings		Audit Sub-Committee Meetings		Remuneration Sub-Committee Meetings		Board Meetings		Board Meetings		Board Meetings	
	Number Held	Number Attended	Number Held	Number Attended	Number Held	Number Attended	Number Held	Number Attended	Number Held	Number Attended	Number Held	Number Attended
Dr BS Hickman	8	8	4	4	3	3	-	-	-	-	-	-
Mr P Robson	8	8	-	-	3	3	-	-	-	-	-	-
Mr GF Maltby	8	7	4	4	-	-	-	-	-	-	-	-
Mr JW Langridge	8	8	-	-	3	3	1	1	1	1	1	1
Prof GR Sutton	8	7	-	-	-	-	-	-	-	-	-	-
Mr J Scimone	8	6	-	-	-	-	-	-	-	-	-	-
Mr S McDonell	8	8	-	-	-	-	1	1	1	1	1	1
Mr GC West	8	7	4	4	-	-	-	-	-	-	-	-
Ms R Sinclair	8	7	-	-	-	-	-	-	-	-	-	-
Ms R Buckham	-	-	-	-	-	-	-	-	-	-	1	-

Signed in accordance with a Resolution of the Directors:

Director

Director

Dated at Wollongong this 23rd day of March 2006.

GPO BOX 12
Sydney NSW 2001

To the Directors
Illawarra Technology Corporation Limited

Auditor's Independence Declaration

As auditor for the audit of Illawarra Technology Corporation Limited for the year ended 31 December 2005, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) The independence requirements of the *Corporations Act 2001* in relation to the audit, and

b) Any applicable code of professional conduct in relation to the audit.

R Sendt

R J Sendt
Auditor-General

21 March 2006
SYDNEY

GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDIT REPORT

Illawarra Technology Corporation Limited

To Members of the New South Wales Parliament and Members of Illawarra Technology Corporation Limited

Qualified Audit Opinion

In my opinion, except for the effects of the matter referred to in the qualification paragraph below, the financial report of Illawarra Technology Corporation Limited (the company) is in accordance with:

- the *Corporations Act 2001*, including:
  - giving a true and fair view of the company's and consolidated entity's financial position as at 31 December 2005 and their performance for the year ended on that date, and
  - complying with Accounting Standards in Australia, and the *Corporations Regulations 2001*,
- other mandatory financial reporting requirements in Australia, and
- section 41B of the *Public Finance and Audit Act 1983* (PF & A) and the *Public Finance and Audit Regulation 2005.*

My opinion should be read in conjunction with the rest of this report.

Qualification paragraph

Notes 1(l) and 11 of the financial report disclose that the company has valued its Other Financial Assets at fair value. In my opinion, the fair value of these assets cannot be reliably determined because they do not have a quoted market price in an active market; the range of reasonable fair value estimates is significant; and the probabilities of the various estimates within the range cannot be reasonably assessed. When fair value for financial assets cannot be reliably determined, AASB 139 "Financial Instruments: Recognition and Measurement" requires these assets to be measured at historical cost. Had the company measured its Other Financial Assets at historical cost, the consolidated entity and the company's Non-Current Assets would have been reduced by $2.1 million and Non-Current Liabilities - Deferred Tax would have been reduced by $0.6 million. Total Equity and Reserves would have been reduced by $1.5 million.

Scope

The Financial Report and Directors' Responsibility

The financial report comprises the balance sheets, income statements, statements of changes in equity, cash flow statements, accompanying notes to the financial statements and directors' declaration for the company and consolidated entity, for the year ended 31 December 2005. The consolidated entity comprises the company and the entities it controlled during the financial year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the PF & A Act and the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

I conducted an independent audit in order to enable me to express an opinion on the financial report. My audit provides *reasonable assurance* to Members of the New South Wales Parliament and the members of the company that the financial report is free of *material* misstatement.

My audit accorded with Australian Auditing Standards and statutory requirements, and I:

- assessed the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors in preparing the financial report, and
- examined a sample of the evidence that supports the amounts and disclosures in the financial report.

An audit does *not* guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that the company's directors had not fulfilled their reporting obligations.

My opinion does *not* provide assurance:

- about the future viability of the company or its controlled entities,
- that they have carried out their activities effectively, efficiently and economically, or
- about the effectiveness of their internal controls.

Audit Independence

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*. The PF & A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office are not compromised in their role by the possibility of losing clients or income.

My Declaration of Independence dated 21 March 2006 would have been made on the same terms if it had been made at the date of this report.

R Sendt

R J Sendt
Auditor-General

SYDNEY
23 March 2006

Certificate under The Public Finance and Audit Act 1983

Pursuant to the requirements of the Public Finance and Audit Act, 1983, in accordance with the resolution of the Board of Directors, we declare that in our opinion:

- The accompanying financial statements exhibit a true and fair view of the financial position of Illawarra Technology Corporation Limited and its controlled entities as at the 31 December 2005 and transactions for the period then ended.
- The statements have been prepared in accordance with the provisions of the Public Finance and Audit Act, 1983, and the Public Finance and Audit Regulation 2005.

Further we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

Director

Director

Dated at Wollongong this 23rd day of March 2006.

Directors' Declaration

In accordance with a resolution of the Directors of Illawarra Technology Corporation Limited and pursuant to Section 41C, 1B and 1C of the Public Finance and Audit Act 1983, we state that:

- The attached is a general purpose financial report and presents a true and fair view of the financial position and performance of the company as at 31 December 2005 and the results of its operations and transactions of the company for the year then ended;
- The financial report has been prepared in accordance with the provisions of the Public Finance and Audit Act 1983 and the Corporation Act 2001;
- The financial report has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Consensus Views and authoritive pronouncements of the Australian Accounting Standards Board;
- We are not aware of any circumstances which would render any particulars included in the financial reports to be misleading or inaccurate; and,
- There are reasonable grounds to believe that the company will be able to pay its debts as and when they full due.

Signed in accordance with a resolution of the directors:

Director

Director

Dated at Wollongong this 23rd day of March 2006.

	Notes	Consolidated 2005 $	Consolidated 2004 $	The Company 2005 $	The Company 2004 $
Revenue					
Revenue	3	65,518,495	56,101,828	37,295,398	28,692,678
Other revenue	3	195,302	405,646	17,250,556	18,845,019
		65,713,797	56,507,474	54,545,954	47,537,697
Expenditure					
Finance costs	4	(185,270)	(230,718)	(172,350)	(218,187)
Other expenses		(64,161,226)	(55,728,171)	(55,161,066)	(46,755,447)
Profit before income tax expense	29	1,367,301	548,585	(787,462)	564,063
Income tax expense	5a	588,358	(478,121)	588,358	(478,121)
Profit attributable to members of the parent entity		1,955,659	70,464	(199,104)	85,942

The income statement is to be read in conjunction with the notes to the financial statements set out on pages 35 to 63.

	Notes	Consolidated 2005 $	Consolidated 2004 $	The Company 2005 $	The Company 2004 $
Current assets					
Cash and cash equivalents	7	4,622,754	5,679,273	1,180,857	1,463,850
Trade and other Receivables	8	4,189,237	2,267,679	1,889,136	4,768,343
Inventories	9	2,087,517	2,606,848	2,034,184	2,575,366
Current tax asset	5b	293,370	-	293,370	-
Other current assets	10	2,570,463	2,624,742	1,174,779	1,197,827
Total current assets		**13,763,341**	**13,178,542**	**6,572,326**	**10,005,386**
Non-current assets					
Trade and other Receivables	8	-	-	1,195,074	3,149,968
Other financial assets	11	2,170,000	31,000	2,170,679	31,679
Property, plant and equipment	12	4,900,301	5,673,239	3,009,951	3,687,065
Intangibles	13	487,815	609,769	487,815	609,769
Deferred tax assets	5b	1,100,330	447,273	1,100,330	447,273
Total non-current assets		**8,658,446**	**6,761,281**	**7,963,849**	**7,925,754**
Total assets		**22,421,787**	**19,939,823**	**14,536,175**	**17,931,140**
Current liabilities					
Trade and other payables	14	6,737,035	6,993,010	4,480,927	7,777,608
Borrowings	15	811,616	970,378	811,616	970,378
Provisions	16	1,490,534	1,251,959	1,389,122	1,188,418
Current tax payable	5b	-	537,388	-	537,388
Other	17	7,770,977	6,612,369	2,417,090	1,933,216
Total current liabilities		**16,810,162**	**16,365,104**	**9,098,755**	**12,407,008**
Non-current liabilities					
Borrowings	15	646,445	1,458,061	646,445	1,458,061
Provisions	16	1,952,343	1,597,623	1,652,343	1,310,542
Deferred tax liabilities	5b	725,626	40,475	725,626	40,475
Total non-current liabilities		**3,324,414**	**3,096,159**	**3,024,414**	**2,809,078**
Total liabilities		**20,134,576**	**19,461,263**	**12,123,169**	**15,216,086**
Net assets		**2,287,211**	**478,560**	**2,413,006**	**2,715,054**
Equity					
Issued capital	18	2	2	2	2
Reserves	19	1,424,495	131,296	1,521,769	184,507
Retained earnings	20	862,714	347,262	891,235	2,530,545
Total equity		**2,287,211**	**478,560**	**2,413,006**	**2,715,054**

The balance sheet is to be read in conjunction with the notes to the financial statements set out on pages 35 to 63.

	Notes	Consolidated 2005 $	Consolidated 2004 $	The Company 2005 $	The Company 2004 $
Cash flows from operating activities					
Cash receipts from customers		64,755,544	61,062,435	57,958,121	49,241,490
Cash paid to suppliers and employees		(63,251,347)	(58,621,097)	(53,664,207)	(49,005,749)
Income tax paid		(852,006)	(560,000)	(852,006)	(560,000)
Interest paid		(185,270)	(230,718)	(172,350)	(218,187)
Net cash from operating activities	26(a)	**466,921**	**1,650,620**	**3,269,558**	**(542,446)**
Cash flows from investing activities					
Acquisition of property, plant and equipment		(761,176)	(3,467,722)	(426,273)	(2,823,316)
Interest received		193,202	361,546	42,797	95,738
Dividends received		2,100	44,100	2,100	44,100
Proceeds from sale of property, plant and equipment		12,812	53,040	1,381	52,717
Loans to controlled entities		-	-	(108,193)	(713,465)
Net cash from investing activities		**(553,062)**	**(3,009,036)**	**(488,188)**	**(3,344,226)**
Cash flows from financing activities					
Repayment of loan to ultimate controlling entity		(625,000)	(625,000)	(625,000)	(625,000)
Proceeds of loans from controlled entity		-	-	-	9,000,001
Repayment of loans to controlled entity		-	-	(2,093,985)	(7,000,000)
Proceeds of finance leases		-	-	-	154,409
Repayment of finance lease liability		(266,792)	(245,346)	(266,792)	(245,346)
Net cash from financing activities		**(891,792)**	**(870,346)**	**(2,985,777)**	**1,284,064**
Net increase (decrease) in cash and cash equivalents		(977,933)	(2,228,762)	(204,407)	(2,602,608)
Cash and cash equivalents at 1 January		5,600,687	7,829,449	1,385,264	3,987,872
Cash at cash equivalents at 31 December	**26(b)**	**4,622,754**	**5,600,687**	**1,180,857**	**1,385,264**

The Cash Flow Statement is to be read in conjunction with the notes to the financial statements set out on pages 35 to 63.

	Notes	Consolidated 2005 $	Consolidated 2004 $	The Company 2005 $	The Company 2004 $
Available for sale investments:					
Valuation gain/(loss) taken to equity	19	1,497,300	-	1,497,300	-
Translation of foreign operations					
Exchange differences taken to equity	19	(204,101)	225,651	(160,038)	307,851
Net income recognised directly in equity		**1,293,199**	**225,651**	**1,337,262**	**307,851**
Profit for the period		1,955,659	70,464	(199,104)	85,942
Total recognised income and expenses for the period		**3,248,858**	**296,115**	**1,138,158**	**393,793**
Attributable to:					
Equity holders of the parent		3,248,858	296,115	1,138,158	393,793
Effects of changes in accounting policy					
Equity holders of the parent			(2,234,282)		-

The statement of recognised income and expenses is to be read in conjunction with the notes to the financial statements set out on pages 35 to 63.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Public Finance and Audit Act, 1983, Public Finance and Audit Regulation 2005, applicable Australian Accounting Standards, Urgent Issues Group Interpretations adopted by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001. International Financial Reporting Standards ("IFRS") form the basis of Australian Accounting Standards adopted by the AASB, and for the purpose of this report are called Australian equivalents to IFRS ("AIFRS") to distinguish from previous Australian GAAP. The financial reports of the consolidated entity comply with IFRS and interpretations adopted by the International Accounting Standards Board. The financial reports of the Company do not comply with IFRS only in that the disclosure requirements in IAS32 *Financial Instruments: Disclosure and Presentation* as the Australian equivalent standard, AASB 132 *Financial Instruments; Disclosure and Presentation* and the disclosure requirements in IAS24 *Related Parties Disclosure* as the Australian equivalent standard, AASB124 *Related Parties Disclosure* do not require such disclosures to be presented by the company where its separate financial statements are presented together with the consolidated financial statements of the consolidated entity.

This is the consolidated entity's first financial report prepared in accordance with Australian Accounting Standards, being AIFRS and AASB 1 *First-Time Adoption of Australian Equivalents to International Financial Reporting Standards* has been applied. An explanation of how the transition to AIFRS has affected the reported financial position, financial performance and cash flows of the consolidated entity and the Company is provided in Note 34.

The financial report is presented in Australian dollars.

The financial report is prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: other financial assets.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by each entity in the consolidated entity.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of Australian Accounting Standards that have significant effect on the financial report and estimates with a significant risk of material adjustment in the next year are discussed in note 1.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 31 December 2005, the comparative information presented in these financial statements for the year ended 31 December 2004, and in preparation of the opening AIFRS balance sheet at 1 January 2004 (as disclosed in note 34), the consolidated entity's date of transition, except for accounting policies in respect of recognition of student income (refer note 1(b)) and financial instruments. The consolidated entity has not restated comparative information for financial instruments, as permitted under the first-time adoption transitional provisions. The accounting policies for financial instruments applicable to the comparative information and the impact of changes in these accounting policies on 1 January 2005, the date of transition for financial instruments, is discussed further in note 1 (v).

(b) Change in accounting policies

The company has changed its policy on recognising student income from a cash basis when a student pays for tuition to an accrual basis when the student has accepted and enrolled. This is expected to provide a more reliable figure for student income and is due to the implementation of new software. The change in accounting policy could not be retrospectively applied as reasonable information is not available.

For the 2005 year it has increased revenue by $108,488 and allowance for doubtful debts by $35,222. Trade and other receivables have increased by $2,125,442.

(c) Principles of Consolidation

Subsidiaries

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Transactions eliminated on consolidation

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

(d) Revenue recognition

All revenue is recognised net of GST.

Rendering of services revenue

Student income is recognised over the period of course or program once the student has accepted an offer and enrolled in the course or program. This policy was applied for the year ending 31 December 2005. Project and other revenue is not recognised until such time as the work has passed milestones in accordance with the contracts, and an invoice issued to the customer.

Interest revenue

Interest revenue is recognised as it accrues, taking into account the effective financial yield on the financial asset.

Sale of non-current assets

The net proceeds on non-current asset sales are recognised as revenue at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed.

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs).

(e) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST) except where the amount of GST is not recoverable from the taxation authority. 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 expense.

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 a current asset or liability in the statement of financial position.

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.

(f) Foreign currency

Foreign Currency Transactions

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate at reporting date.

Translation of controlled foreign operations

On consolidation, the assets and liabilities of the consolidated entity's overseas operations are translated at exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly. Exchange differences arising, if any, are recognised in the foreign currency translation reserve, and recognised in profit and loss on disposal of foreign operation.

The financial statements of foreign subsidiaries are restated in terms of the measuring unit current at the reporting date before they are translated into Australian dollars.

(g) Borrowing costs

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings, and finance charges in respect of finance leases.

(h) Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustments to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(i) Acquisition of Assets

All assets acquired, including property, plant and equipment and intangibles other than goodwill, are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition.

Items of plant and equipment less than $300 are expensed in the period of acquisition.

Subsequent additional costs

The consolidated entity recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it probable that future economic benefits embodied within the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

(j) Receivables

The collectibility of debts is assessed at reporting date and specific provision is made for any doubtful accounts.

Trade debtors are to be settled within 30 days and are stated at amortised cost less impairment.

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Work in progress inventory represents costs incurred in project deliverables which will be recognised to cost of sales when revenue becomes invoiceable or earned.

(l) Investments

Controlled Entities

Investments in controlled entities are carried in the Company's financial statements at historical cost.

Investments in debt and equity securities

Other financial instruments held by the consolidated entity are classified as being available-for-sale and are stated at directors' valuation, with any resultant gain or loss being recognised directly in equity.

During 2005, Directors changed the policy for valuation of equity securities from cost to fair value, reflecting both the requirements of the introduction of AIFRS and the changing market environment. The Directors are required to value equity securities at fair value where it is possible to do so. In this case, given the changing education market place (public float of IBT Group and subsequent acquisition of ACL Group by IBT) the Directors believed a fair value of these securities could be prepared.

In preparing this fair value, Directors reviewed a previously prepared valuation for the entities (independent third party) and assessed the financial performance of the two organisations. The valuation method adopted was capitalised future maintainable earnings times an appropriate earnings multiple. Directors were also cognisant of the recent public float of IBT Group and subsequent acquisition of ACL Group, as well as the interest expressed by a number of potential buyers, and applied a discount factor to compensate for the absence of an active market.

(m) New Accounting Standards effective on or after 1 January 2006

The Company has not applied several new accounting standards that are effective on or after 1 January 2006. The Company has reviewed the new accounting standards and at this stage do not anticipate any impact on the figures reported in this financial report. The Company will conduct a full assessment during 2006.

(n) Leased assets

Leases in terms of which the consolidated entity assumes substantially all the risks and benefits of ownership are classified as finance leases. Other leases are classified as operating leases.

Finance leases

A lease asset and a lease liability equal to the present value of the minimum lease payments are recorded at the inception of the lease. Lease liabilities are reduced by repayments of principal. The interest components of the lease payments are expensed. Contingent rentals are expensed as incurred.

Operating leases

Payments made under operating leases are recognised in the income statement on a straight line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

(o) Depreciation and amortisation

All assets have limited useful lives and are depreciated using the straight line method over their estimated useful lives, taking into account estimated residual values. Assets are depreciated from the date of acquisition.

Depreciation rates and methods are reviewed annually for appropriateness. When changes are made, adjustments are reflected prospectively in current and future periods only.

(p) Depreciation and amortisation *(continued)*

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

	2005 (%)	2004 (%)
Plant and equipment	10 to 33 1/3	10 to 33 1/3
Furniture and fittings	10 to 25	10 to 20
Computer equipment	33 1/3	33 1/3
Motor vehicles	25	25

(q) Payables

Trade accounts payable, including accruals not yet billed, are recognised when the consolidated entity becomes obliged to make future payments as a result of a purchase of assets or services. Trade accounts payable are generally settled within 45 days. The account with the parent is operated under agreed payment terms of 120 days. The directors consider the carrying amounts of trade and other accounts payable to approximate their net fair values.

(r) Borrowings

Loans are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, loans are recognised at their amortised cost, subject to set-off arrangements.

(s) Employee benefits

Wages, salaries and annual leave

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date, are calculated at undiscounted amounts based on remuneration wage and salary rates that the consolidated entity expects to pay as at reporting date including related on-costs, such as, superannuation, workers compensation insurance and payroll tax.

Long service leave

The provision for employee benefits to long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided to reporting date. Provision for long service leave includes amounts payable upon completion of service in the Middle East in accordance with UAE legislation.

The provision is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history and is discounted using the rates attaching to national government bonds at reporting date which most closely match the terms of maturity of the related liabilities. The unwinding of the discount is treated as long service leave expense.

(t) Employee entitlements

Superannuation

The Company and its controlled entities contribute to several superannuation plans. Contributions are recognised as an expense as they are made.

(u) Provisions

A provision is recognised in the balance sheet when the consolidated entity has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Site Restoration

The provision is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date, based on current legal requirements and technology.

Future restoration costs are reviewed annually and any changes are reflected in the present value of the restoration provision at the end of the reporting period.

The amount of the provision for future restoration costs is capitalised and is depreciated in accordance with the ITC's depreciation and amortisation policy. The unwinding of the effect of discounting on provision is recognised as a finance cost.

(v) Impairment

The carrying amounts of the consolidated entity's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through profit or loss.

Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the other assets in the unit on a pro rata basis.

Calculation of recoverable amount

The recoverable amount is the greater of the 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. 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.

(w) Comparative information – financial instruments

The consolidated entity elected not to restate comparative information for financial instruments within the scope of Accounting Standards AASB 132 *Financial Instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement,* as permitted on the first-time adoption of AIFRS.

2 CONTROLLED ENTITIES

Particulars in relation to controlled entities

Name

Parent entity

Illawarra Technology Corporation Limited		2005	2004
Controlled entities	***Country of incorporation***	***Ownership Interest***	
ITC (New Zealand) Limited	New Zealand	100%	100%
ITC Education Ltd	Australia	100%	100%
ITC Europe Ltd	England	100%	100%

The basis of control of ITC Education Ltd is that Illawarra Technology Corporation Limited is the sole member of the company.

3 REVENUE

	Consolidated		**The Company**	
	2005	**2004**	**2005**	**2004**
	$	**$**	**$**	**$**
Revenue from the sale of goods	346,247	299,735	346,247	282,918
Revenue from the rendering of services	65,172,248	55,802,093	36,949,151	28,409,76
Other revenue:				
• Interest revenue	193,202	361,546	42,797	95,738
• Service charge to subsidiary	-	-	17,205,659	18,705,181
• Dividends received	2,100	44,100	2,100	44,100
Total other revenues	195,302	405,646	17,250,556	18,845,019
Total revenue	**65,713,797**	**56,507,474**	**54,545,954**	**47,537,697**

	Consolidated		The Company	
	2005	2004	2005	2004
	$	$	$	$

4 PROFIT FROM OPERATIONS

Profit before income tax has been arrived at after charging the following expenses:

	Consolidated 2005 $	Consolidated 2004 $	The Company 2005 $	The Company 2004 $
Cost of sales	269,263	236,078	267,590	235,667
Borrowing costs:				
- ultimate parent entity	134,373	177,533	134,373	177,533
- other persons/corporations	14,104	22,004	1,184	9,473
- finance leases	36,793	31,181	36,793	31,181
	185,270	230,718	172,350	218,187
Depreciation:				
- Motor vehicles	-	9,688	-	9,688
- Computer equipment	648,599	617,202	572,304	492,874
- Other equipment	856,815	712,223	533,964	508,413
	1,505,414	1,339,113	1,106,268	1,010,975
Amortisation of:				
- Leased assets	121,954	110,430	121,954	110,430
Total depreciation and amortisation	**1,627,368**	**1,449,543**	**1,228,222**	**1,121,405**
Impairment of assets	-	535,220	-	-
Net bad and doubtful debts expense including movements:				
- Doubtful debts	100,810	23,181	2,156,739	31,365
Loss from sale of fixed assets:	109,067	144,106	120,498	66,669
Net foreign exchange loss	33,807	133,533	48,471	88,808
Operating lease rental expense:				
- minimum lease payments	5,638,384	4,942,001	3,240,362	2,375,572
Employee benefit expense:				
- defined benefits plan	52,560	35,674	52,560	35,674

5 TAXATION

(a) Income tax expense
Recognised in the income statement

	Consolidated 2005 $	Consolidated 2004 $	The Company 2005 $	The Company 2004 $
Current tax expense				
Current year	(435,778)	477,444	(435,778)	477,444
	(435,778)	477,444	(435,778)	477,444
Deferred tax expense				
Origination and reversal of temporary differences	(152,580)	(261,114)	(152,580)	(261,114)
Adjustments for prior years	-	261,791	-	261,791
	(152,580)	677	(152,580)	677
Total income tax expense in income statement	(588,358)	478,121	(588,358)	478,121
Attributable to:				
Continuing operations	(588,358)	478,121	(588,358)	478,121
Discontinuing operations	-	-	-	-

5 TAXATION

(a) Income tax expense *(continued)*

	Consolidated 2005 $	Consolidated 2004 $	The Company 2005 $	The Company 2004 $
Numerical reconciliation between tax expense and pre-tax net profit				
Profit before tax	1,367,301	693,062	(787,462)	601,751
Income tax using the domestic corporate tax rate 30% (2004: 30%)	410,190	207,919	(236,238)	180,525
Increase in income tax expense due to:				
Imputation gross up on dividends received	270	5,670	270	5,670
Non-deductible expenses	10,395	135,845	629,321	135,284
Derecognition of DTA balances	-	261,791	-	261,791
DTA not brought to account	63,335	247,961	-	-
Decrease in income tax due to:				
Non-assessable income	(2,139)	-	(2,139)	-
Tax exempt income	(1,090,757)	(275,916)	(999,920)	-
Franking credits on dividends received	(900)	(18,900)	(900)	(18,900)
	(609,606)	564,370	(609,606)	564,370
Under/(over) provided in prior years	21,248	(86,249)	21,248	(86,249)
Income tax expense on pre-tax net profit	(588,358)	478,121	(588,358)	478,121
Attributable to:				
Continuing operations	(588,358)	478,121	(588,358)	478,121

(b) Deferred tax assets and liabilities

Consolidated	Assets 2005 $	Assets 2004 $	Liabilities 2005 $	Liabilities 2004 $	Net 2005 $	Net 2004 $
Property plant & equipment	3,977	6,251	-	-	3,977	6,251
Leased assets	-	-	(83,926)	(40,475)	(83,926)	(40,475)
Investments	-	-	(641,700)	-	(641,700)	-
Accruals	228,767	151,970	-	-	228,767	151,970
Provisions for employee entitlements	287,760	222,894	-	-	287,760	222,894
Other	122,800	66,158	-	-	122,800	66,158
Tax value of losses carried forward recognised	457,026	--	-	-	457,026	-
	1,100,330	447,273	(725,626)	(40,475)	374,704	406,798

5 TAXATION

(b) Deferred tax assets and liabilities *(continued)*

The Company	Assets		Liabilities		Net	
	2005	2004	2005	2004	2005	2004
	$	$	$	$	$	$
Property plant & equipment	3,977	6,251	-	-	3,977	6,251
Leased assets	-	-	(83,926)	(40,475)	(83,926)	(40,475)
Investments	-	-	(641,700)	-	(641,700)	-
Accruals	228,767	151,970	-	-	228,767	151,970
Provisions for employee entitlements	287,760	222,894	-	-	287,760	222,894
Other	122,800	66,158	-	-	122,800	66,158
Tax value of losses carried forward recognised	457,026	-	-	-	457,026	-
	1,100,330	447,273	(725,626)	(40,475)	374,704	406,798

The Company's carried forward tax losses have been brought to account as a deferred tax asset on the basis the Company will have sufficient taxable amounts in the future against which the unused tax losses can be used.

Current tax assets and liabilities

The current tax asset for the consolidated entity of $293,370 (2004: $537,388 tax liability) and for the company $293,370 (2004: $537,388 tax liability) represents the amount of income tax recoverable in respect of current and prior periods and that arise from the payment of tax in excess of the amounts due to the relevant tax authority. A tax liability represents the amount of income tax to be paid.

6 SEGMENT REPORTING

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprises income-earning assets and revenue, interest-bearing loans and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Business segments

The consolidated entity comprises the following main business segments, based on the consolidated entity's management reporting system:

Education Wollongong University College delivers educational services and courses at four locations, on the main Wollongong Campus of the University of Wollongong, in central Sydney, in Auckland - New Zealand and in Dubai. The core business is provision of English language and academic pathway programs that enable international and local students to proceed to University. The Company also operates the Dubai Campus of the University of Wollongong on behalf of the University.

Marketing The Company is responsible, under contract to the University of Wollongong, for marketing, recruitment and external relations for the University of Wollongong. Activities include domestic and international student recruitment, admissions, media relations and alumni.

Project management The Company provides consulting, project management and training and development services for clients such as the Australian Agency for International Development and the Asian Development Bank.

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

The consolidated entity's business segments operate geographically as follows:

Australia
Middle East
New Zealand

6 SEGMENT REPORTING *(continued)*

	Education		Marketing		Project management		Eliminations		Consolidated	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
PRIMARY REPORTING BUSINESS SEGMENTS										
Revenue										
External segment revenue	37,953,252	35,576,836	11,273,909	10,195,895	16,111,978	10,009,153	-	-	65,339,139	55,781,884
Inter-segment revenue	-	-	-	-	-	-	-	-	-	-
Total segment revenue	37,953,252	35,576,836	11,273,909	10,195,895	16,111,978	10,009,153	-	-	65,339,139	55,781,884
Other unallocated revenue									374,658	725,590
Total revenue									**65,713,797**	**56,507,474**
Result										
Segment result	3,045,489	1,211,013	33,837	53,945	(1,069,209)	(893,987)	-	-	2,010,116	370,971
Other unallocated revenues and expenses									(642,815)	177,614
Profit for the period									1,367,301	548,585
Income tax expense									588,358	(478,121)
Net profit for the period									1,955,659	70,464
Depreciation and amortisation	1,095,353	1,356,769	85,468	75,843	30,726	16,931	-	-	1,211,547	1,449,543
Unallocated depreciation and amortisation									415,821	-
Total depreciation and amortisation									1,627,368	1,449,543
Non-cash expenses other than depreciation and amortisation	(3,182)	108,889	-	54,816	107,106	15,971	-	-	103,924	179,676
Impairment losses	-	535,220	-	-	-	-	-	-	-	535,220
Assets										
Segment assets	12,832,133	12,611,932	685,279	1,428,591	3,559,522	4,033,985	-	-	17,076,934	18,074,508
Unallocated corporate assets									5,344,853	1,865,315
Consolidated total assets									22,421,787	19,939,823
Liabilities										
Segment liabilities	11,930,381	11,796,052	381,515	182,965	615,365	589,290	-	-	12,927,261	12,568,307
Unallocated corporate liabilities									7,207,315	6,892,956
Consolidated total liabilities									20,134,576	19,461,263
Acquisitions of non-current assets	673,186	2,354,384	72,223	224,104	2,330	134,949			747,739	2,713,437
Unallocated acquisitions									13,437	908,694
Total acquisitions of non-current assets									761,176	3,622,131

	Australia		Middle East		New Zealand		Consolidated	
	2005	2004	2005	2004	2005	2004	2005	2004
SECONDARY REPORTING GEOGRAPHICAL REPORTING								
Revenue from external customers	40,979,670	35,788,546	20,934,604	18,308,599	3,799,523	2,410,329	65,713,797	56,507,474
Segment assets	16,895,121	13,027,750	4,422,136	4,604,484	1,104,530	2,307,589	22,421,787	19,939,823
Capital expenditure	326,720	1,990,086	410,670	1,582,744	23,786	49,301	761,176	3,622,131

	Consolidated 2005 $	Consolidated 2004 $	The Company 2005 $	The Company 2004 $
7 CASH AND CASH EQUIVALENTS				
Petty cash	7,194	6,950	4,228	3,990
Cash at bank and on hand	4,615,560	5,672,323	1,176,629	1,459,860
	4,622,754	5,679,273	1,180,857	1,463,850

Cash balances of $96,000 (2004: $96,000) are not available for use, as they are held to support bank guarantees given by the consolidated entity to third parties. Refer to note 33 for further information regarding the bank guarantees provided.

8 TRADE AND OTHER RECEIVABLES

	Consolidated 2005 $	Consolidated 2004 $	The Company 2005 $	The Company 2004 $
Current				
Trade receivables - UOW	15,587	77,700	-	-
- ITC Education Ltd	-	-	93,984	3,507,239
- Other third party	4,090,997	1,771,800	1,795,152	1,261,104
	4,106,584	1,849,500	1,889,136	4,768,343
Other - ITC Europe Ltd	-	-	174,698	181,828
- Other debtors	182,351	40,879	-	-
- Other debtors – UOW	-	377,300	-	-
Less: Provision for doubtful debts	(99,698)	-	(174,698)	(181,828)
Total Receivables	4,189,237	2,267,679	1,889,136	4,768,343
Non current				
Other - ITC (New Zealand) Limited	-	-	3,258,161	3,149,968
Less: Provision for doubtful debts	-	-	(2,063,087)	-
Total Receivables	-	-	1,195,074	3,149,968

9 INVENTORIES

	Consolidated 2005 $	Consolidated 2004 $	The Company 2005 $	The Company 2004 $
Current				
Books for resale – at cost	324,127	212,108	270,794	180,626
Work in progress – at cost	1,763,390	2,394,740	1,763,390	2,394,740
	2,087,517	2,606,848	2,034,184	2,575,366

10 OTHER CURRENT ASSETS

	Consolidated 2005 $	Consolidated 2004 $	The Company 2005 $	The Company 2004 $
Current				
Prepayment and other advances	2,570,463	2,624,742	1,174,779	1,197,827

11 OTHER FINANCIAL ASSETS

	Consolidated 2005 $ (at fair value)	Consolidated 2005 % (holdings)	Consolidated 2004 $ (at cost)	Consolidated 2004 % (holdings)	The Company 2005 $ (at fair value)	The Company 2005 % (holdings)	The Company 2004 $ (at cost)	The Company 2004 % (holdings)
Available-for-sale:								
Shares								
IDP Education Australia Limited	620,000	2.7	10,000	2.7	620,000	2.7	10,000	2.7
International English Language Testing System (IELTS) Australia Pty Ltd	1,550,000	4.6	21,000	4.6	1,550,000	4.6	21,000	4.6
ITC (New Zealand) Limited (subsidiary)	-	-	-	-	2	100	2	100
ITC (Europe) Limited (Subsidiary)	-	-	-	-	677	100	677	100
ITC Education Ltd (Subsidiary)	-	-	-	-	-	100	-	100
	2,170,000		31,000		2,170,679		31,679	

All financial assets are unrestricted at 31 December 2005.

No contribution to profit was made by IDP during the year (2004: Nil). During the year a dividend of $2,100 (2004: $44,100) was received from IELTS Australia Pty Ltd.

IELTS Australia Pty Ltd owns the intellectual property in the internationally recognised IELTS testing system. IDP Education Australia Limited operates a large international student recruitment network.

ITC Education Ltd is limited by guarantee and Illawarra Technology Corporation Limited is the sole member.

12 PROPERTY, PLANT AND EQUIPMENT

	Consolidated 2005 $	Consolidated 2004 $	The Company 2005 $	The Company 2004 $
Plant and equipment, furniture and fittings at cost	8,517,542	8,051,619	3,293,716	3,178,061
Less: Accumulated depreciation	(2,294,214)	(1,477,489)	(1,455,467)	(967,178)
Impairment of non-current assets	(2,520,294)	(2,520,294)	-	-
	3,703,034	4,053,836	1,838,249	2,210,883
Computer equipment at cost	3,391,473	3,373,003	2,848,797	2,701,053
Less: Accumulated depreciation	(1,944,999)	(1,545,380)	(1,677,095)	(1,224,871)
Impairment of non-current assets	(249,207)	(249,207)	-	-
	1,197,267	1,578,416	1,171,702	1,476,182
Capital work in progress				
At cost	-	40,987	-	-
Total property and equipment	11,909,015	11,465,609	6,142,513	5,879,114
Less: Accumulated depreciation	(4,239,213)	(3,022,869)	(3,132,562)	(2,192,049)
Impairment of non-current assets	(2,769,501)	(2,769,501)	-	-
Total property, plant and equipment net book value	**4,900,301**	**5,673,239**	**3,009,951**	**3,687,065**

The consolidated entity in complying with AASB 136 'Impairment of Assets' has conducted a review of its cash generating units ("CGUs") for any indicators of impairment as at 1 January 2004 and again at 31 December 2004. Based on this review, the consolidated entity has 'recognised impairment losses' of $2,769,501 for the Sydney and New Zealand campuses. Further information is provided in Note 34.

12 PROPERTY, PLANT AND EQUIPMENT *(continued)*

Reconciliations

Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:

	Consolidated 2005 $	Consolidated 2004 $	The Company 2005 $	The Company 2004 $
Computer equipment				
Balance at 1 January	1,578,416	955,812	1,476,182	686,900
Purchases during year	241,026	1,360,541	241,026	1,360,624
Depreciation during year	(648,599)	(617,202)	(572,304)	(492,874)
Impairment loss for the year	-	(11,728)	-	-
Disposals/write offs	(4,953)	(69,705)	(3,873)	(31,104)
Net foreign currency differences	31,377	(39,302)	30,671	(47,364)
Balance at 31 December	1,197,267	1,578,416	1,171,702	1,476,182
Motor vehicles				
Balance at 1 January	-	9,384	-	9,384
Depreciation during year	-	(9,688)	-	(9,688)
Disposals	-	(769)	-	(769)
Net foreign currency differences	-	1,073	-	1,073
Balance at 31 December	-	-	-	-
Plant and equipment, furniture and fittings				
Balance at 1 January	4,053,836	3,337,048	2,210,883	1,549,028
Purchases during year	520,150	2,066,194	185,247	1,308,283
Depreciation during year	(856,815)	(712,223)	(533,964)	(508,413)
Impairment loss for year	-	(523,492)	-	-
Disposals/write offs	(120,390)	(132,224)	(120,390)	(104,458)
Net foreign currency differences	106,253	18,533	96,473	(33,557)
Balance at 31 December	3,703,034	4,053,836	1,838,249	2,210,883
Capital works in progress				
Balance at 1 January	40,987	-	-	-
Additions	-	40,987	-	-
Capitalised	(40,987)	-		
Balance at 31 December	-	40,987	-	-

13 INTANGIBLES

	Consolidated 2005 $	Consolidated 2004 $	The Company 2005 $	The Company 2004 $
Non-current				
Leased software at cost	800,375	800,375	800,375	800,375
Less: Accumulated amortisation	(312,560)	(190,606)	(312,560)	(190,606)
	487,815	609,769	487,815	609,769

13 Intangibles *(continued)*

	Consolidated 2005 $	Consolidated 2004 $	The Company 2005 $	The Company 2004 $
Reconciliation				
Leased software				
Balance at 1 January 2005	609,769	565,790	609,769	565,790
Additions	-	154,409	-	154,409
Amortisation	(121,954)	(110,430)	(121,954)	(110,430)
Balance at 31 December 2005	487,815	609,769	487,815	609,769

14 TRADE AND OTHER PAYABLES

	Consolidated 2005 $	Consolidated 2004 $	The Company 2005 $	The Company 2004 $
Current				
Trade creditors:				
• Related entities	1,217,805	2,807,816	731,947	2,807,816
• Other	671,395	1,167,596	516,090	996,572
Dividend payable	1,440,207	-	1,440,207	-
Other creditors and accruals	3,407,628	3,017,598	1,792,683	3,973,220
	6,737,035	6,993,010	4,480,927	7,777,608

15 BORROWINGS

	Consolidated 2005 $	Consolidated 2004 $	The Company 2005 $	The Company 2004 $
Current				
At amortised cost:				
Secured				
Bank overdraft	-	78,586	-	78,586
Lease liabilities	186,616	266,792	186,616	266,792
Unsecured				
Loan from UOW	625,000	625,000	625,000	625,000
	811,616	970,378	811,616	970,378
Non-current				
At amortised cost:				
Secured				
Lease liabilities	21,445	208,061	21,445	208,061
Unsecured				
Loan from UOW	625,000	1,250,000	625,000	1,250,000
	646,445	1,458,061	646,445	1,458,061

Illawarra Technology Corporation Limited's line of credit with the National Australia Bank comprises an overdraft facility of $500,000 (2004: $500,000), a lease facility of $2,000,000 (2004: $2,000,000) and a business credit card account for $200,000 (2004: $400,000).

The line of credit is secured by way of a Registered Mortgage Debenture over the assets and undertakings of Illawarra Technology Corporation Limited, including goodwill and uncalled capital and called but unpaid capital.

The company has borrowed $1,250,000 (2004: $1,875,000) from parent entity (University of Wollongong), which is a loan facility for the development of the new Dubai campus. The interest rate is currently at 8% fixed. Interest is payable monthly in arrears.

15 BORROWINGS *(continued)*

	Consolidated		The Company	
	2005 $	2004 $	2005 $	2004 $
Commitment schedule of interesting bearing liabilities (excluding finance leases)				
Due less than one year	625,000	625,000	625,000	625,000
Due more than one year and less than five years	625,000	1,250,000	625,000	1,250,000
	1,250,000	1,875,000	1,250,000	1,875,000

Refer to Note 28 for the commitment schedule for finance leases.

Assets pledged as security

The carrying amounts of non-current assets pledged as security are:

	Consolidated 2005 $	Consolidated 2004 $	The Company 2005 $	The Company 2004 $
Finance lease				
Computer software under finance lease	487,815	609,769	487,815	609,769

The finance lease is also secured by the Registered Mortgage Debenture as held by the National Australia Bank.

Financing facilities

The consolidated entity has access to the following facilities:

	Consolidated 2005 $	Consolidated 2004 $	The Company 2005 $	The Company 2004 $
Total facilities available				
Bank overdraft	500,000	500,000	500,000	500,000
Related party loans	1,250,000	1,875,000	1,250,000	1,875,000
Lease facility	2,000,000	2,000,000	2,000,000	2,000,000
Credit card facility	200,000	400,000	200,000	400,000
	3,950,000	4,775,000	3,950,000	4,775,000
Facilities utilised at reporting date				
Bank overdraft	-	78,586	-	78,586
Related party loans	1,250,000	1,875,000	1,250,000	1,875,000
Lease facility	-	-	-	-
Credit card facility	32,537	30,003	32,537	30,003
	1,282,537	1,983,589	1,282,537	1,983,589
Facilities not utilised at reporting date				
Bank overdraft	500,000	421,414	500,000	421,414
Related party loans	-	-	-	-
Lease facility	2,000,000	2,000,000	2,000,000	2,000,000
Credit card facility	167,463	369,997	167,463	369,997
	2,667,463	2,791,411	2,667,463	2,791,411

16 PROVISIONS

	Consolidated 2005 $	Consolidated 2004 $	The Company 2005 $	The Company 2004 $
Current				
Annual leave	1,217,951	1,133,719	1,161,883	1,087,668
Long service leave	200,611	57,000	200,611	57,000
Other provisions	71,972	61,240	26,628	43,750
	1,490,534	1,251,959	1,389,122	1,188,418
Non-current				
Long service leave	1,484,583	1,150,006	1,484,583	1,150,006
Restoration costs	467,760	447,617	167,760	160,536
	1,952,343	1,597,623	1,652,343	1,310,542

Reconciliations

Reconciliations of carrying amounts of each class of provision, except employee benefits:

	Consolidated 2005 $	Consolidated 2004 $	The Company 2005 $	The Company 2004 $
Current				
Other provisions				
Balance at 1 January	61,240	162,134	43,750	129,794
Additional provisions recognised	107,052	127,176	80,059	43,353
Less reversal of provision	-	(123,673)	-	(25,000)
Less amounts paid	(96,320)	(104,397)	(97,181)	(104,397)
Balance at 31 December	71,972	61,240	26,628	43,750
Non-current				
Restoration costs				
Balance at 1 January	447,617	428,342	160,536	153,623
Unwinding of discount and effect of changes in the discount rate	20,143	19,275	7,224	6,913
Balance at 31 December	467,760	447,617	167,760	160,536

17 OTHER LIABILITIES

	Consolidated 2005 $	Consolidated 2004 $	The Company 2005 $	The Company 2004 $
Current				
Income received in advance	7,770,977	6,612,369	2,417,090	1,933,216

18 ISSUED CAPITAL

	Consolidated 2005 $	Consolidated 2004 $	The Company 2005 $	The Company 2004 $
Share Capital				
Issued and paid up share capital				
2 ordinary shares held by the University of Wollongong	2	2	2	2

	Consolidated 2005 $	Consolidated 2004 $	The Company 2005 $	The Company 2004 $

19 RESERVES

	Consolidated 2005 $	Consolidated 2004 $	The Company 2005 $	The Company 2004 $
Available for sale reserve	1,497,300	-	1,497,300	-
Foreign currency translation	(72,805)	131,296	24,469	184,507
	1,424,495	131,296	1,521,769	184,507
Movements during the year				
Available for sale reserve				
Balance at beginning of financial year	-	-	-	-
Revaluation increments	2,139,000	-	2,139,000	-
Deferred tax liability arising on revaluation	(641,700)	-	(641,700)	-
Balance at end of financial year	1,497,300	-	1,497,300	-
Foreign currency translation reserve				
Balance at beginning of financial year	131,296	(94,355)	184,507	(123,344)
Translation of foreign operations	(204,101)	225,651	(160,038)	307,851
Balance at end of financial year	(72,805)	131,296	24,469	184,507

Nature and purpose of reserves

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the reporting entity.

Available for sale reserve

The available for sale reserve arises on the revaluation of available for sale financial assets. Where a revalued financial asset is sold, then that portion of the reserve which relates to that financial asset, and is effectively realised, is recognised in profit or loss.

20 RETAINED PROFITS

	Consolidated 2005 $	Consolidated 2004 $	The Company 2005 $	The Company 2004 $
Balance at beginning of financial year	347,262	276,798	2,530,545	2,444,603
Net profit (loss) attributable to members of the parent entity	1,955,659	70,464	(199,103)	85,942
Dividend provided for or paid	(1,440,207)	-	(1,440,207)	-
Balance at end of financial year	862,714	347,262	891,235	2,530,545

21 DIVIDENDS

	2005 Cents per share	2005 Total $	2004 Cents per share	2004 Total $
Recognised amounts				
Fully paid ordinary shares				
Final dividend: Franked to 30%	72,010,350.00	1,440,207	-	-

Franking account

	The Company $	The Company $
Adjusted franking account balance	1,952,302	1,097,401

The above available amounts are based on the balance of the dividend franking accounting at year end adjusted for:

(a) franking credits that will arise from the payment of the current tax liability; and

(b) franking credits that the entity may be prevented from distributing in subsequent years.

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends.

	Consolidated 2005 $	Consolidated 2004 $	The Company 2005 $	The Company 2004 $

22 REMUNERATION OF AUDITORS

	Consolidated 2005 $	Consolidated 2004 $	The Company 2005 $	The Company 2004 $
Audit services				
Auditors of the company *Audit Office of New South Wales*				
- Audit or review of the financial reports	110,000	120,000	110,000	120,000
	110,000	120,000	110,000	120,000
Other auditors				
- Auditing the financial report	45,903	15,413	-	-
	45,903	15,413	-	-

23 ADDITIONAL FINANCIAL INSTRUMENT DISCLOSURE

Interest rate risk

The consolidated entity's exposure to interest rate risk and effective weighted average interest rate for classes of financial assets and financial liabilities is set out below:

2005	Note	Weighted average effective rate %	Floating interest rate	Fixed interest maturing in: 1 year or less	Fixed interest maturing in: 1 to 5 years	Fixed interest maturing in: More than 5 years	Non-interest bearing	Total
Assets			$	$	$	$	$	$
Cash	7	5.25%	3,364,434	96,000	-	-	1,162,320	4,622,754
Receivables	8	-	-	-	-	-	4,189,237	4,189,237
Total financial assets			**3,364,434**	**96,000**	**-**	**-**	**5,351,557**	**8,811,991**
Liabilities								
Payables	14	-	-	-	-	-	6,737,035	6,737,035
Lease liabilities	15	8.59%	-	186,616	21,445	-	-	208,061
Interest bearing liabilities	15	8.00%	-	625,000	625,000	-	-	1,250,000
Income in advance	17	-	-	-	-	-	7,770,977	7,770,977
Total financial liabilities			**-**	**811,616**	**646,445**	**-**	**14,508,012**	**15,966,073**
2004								
Assets								
Cash	7	3.74%	4,233,584	96,000	-	-	1,349,689	5,679,273
Receivables	8	-	-	-	-	-	2,267,679	2,267,679
Total financial assets			**4,233,584**	**96,000**	**-**	**-**	**3,617,368**	**7,946,952**
Liabilities								
Payables	14	-	-	-	-	-	6,993,010	6,993,010
Lease liabilities	15	8.59%	-	266,792	208,061	-	-	474,853
Interest bearing liabilities	15	8.00%	78,586	625,000	1,250,000	-	-	1,953,586
Income in advance	17	-	-	-	-	-	6,612,369	6,612,369
Total financial liabilities			**78,586**	**891,792**	**1,458,061**	**-**	**13,605,379**	**16,033,818**

23 ADDITIONAL FINANCIAL INSTRUMENT DISCLOSURE *(continued)*

Foreign currency risk management

The consolidated entity undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise.

Exposure to foreign currency is managed by overseas operations transacting in the prevailing currency in the region.

Credit risk exposures

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The credit risk on financial assets is the carrying amount shown in the statement of financial position.

The consolidated entity does not have any significant exposure to any individual customer, counter party or shareholding.

Liquidity risk management

The consolidated entity manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows.

Net fair values of financial assets and liabilities

The net fair values of all financial assets and liabilities approximate their carrying value.

24 AMOUNTS PAYABLE/RECEIVABLE IN FOREIGN CURRENCY

The Australian dollar equivalents of unhedged amounts payable or receivable in foreign currencies, calculated at year-end exchange rates are as follows:

	Consolidated		The Company	
	2005	2004	2005	2004
	$	$	$	$
United Arab Emirates Dirham				
Amounts payable	3,758,397	3,152,337	3,758,397	3,152,337
Amounts receivable	3,851,125	2,539,707	3,851,125	2,539,707
United States Dollars				
Amounts receivable	421,384	131,532	421,384	131,532
Lao Kips				
Amounts receivable	-	-	-	-
Solomon Island Dollars				
Amounts receivable	725	296,823	725	296,823
Vietnamese Dong				
Amounts receivable	287	287	287	287
New Zealand Dollars				
Amounts payable	3,287,445	2,277,922	-	-
Amounts receivable	3,438,364	2,217,282	-	-
Great Britain Pounds				
Amounts payable	-	864	-	-
Amounts receivable	-	540	-	-

25 KEY MANAGEMENT PERSONNEL

The following were key management personnel of the consolidated entity at any time during the reporting period, unless otherwise indicated were directors for the entire period:

Non executive directors

Dr B S Hickman *(Chairperson)*

Mr P Robson

Mr G F Maltby

Prof G R Sutton

Mr J Scimone

Mr G West

Ms R Sinclair

Executive directors

Mr J W Langridge *(CEO and Managing Director)*

Mr S McDonell *(Chief Financial Officer)*

Ms R Buckham *(Managing Director – ITC Education)*

Executives

Mr L Baxter *(General Manager ITC International – resigned 31 August 2005)*

Mr C Patton *(General Manager WUC – resigned 18 March 2005)*

Dr S Martin *(CEO UOW Dubai – resigned 31 January 2005)*

Dr N van der Walt *(CEO UOW Dubai – appointed 1 March 2005)*

Transactions with key management personnel

In addition to their salaries, the consolidated entity also provides non-cash benefits to directors and executive officers, and contributes to a post-employment benefits plan on their behalf.

The key management personnel compensation is as follows:

	Consolidated		The Company	
	2005	2004	2005	2004
	$	$	$	$
Short term employee benefits	1,151,470	880,699	1,151,470	880,699
Post-employment benefits	77,657	11,750	77,657	11,750
Termination benefits	52,779	54,199	52,779	54,199
	1,281,906	946,648	1,281,906	946,648

26 NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of cash flows from operating activities

Profit for the period after income tax	1,955,659	70,464	(199,104)	85,942
Adjustments for:				
Loss from sale of non-current assets	126,981	149,658	115,306	83,614
Depreciation	1,627,368	1,449,542	1,228,222	1,121,405
Fixed asset write down	-	16,587	-	5,193
Impairment loss	-	535,220	-	-
Interest received	(193,202)	(361,546)	(42,797)	(95,738)
Dividends received	(2,100)	(44,100)	(2,100)	(44,100)

26 NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of cash flows from operating activities *(continued)*

	Consolidated 2005 $	Consolidated 2004 $	The Company 2005 $	The Company 2004 $
Operating profit before change in assets and liabilities	3,514,706	1,815,825	1,099,528	1,156,316
(Increase)/decrease in taxation balances	(1,440,364)	(81,879)	(1,440,364)	(81,879)
(Increase)/decrease in receivables	(1,921,558)	2,620,544	5,036,278	743,668
(Increase)/decrease in inventories	519,331	(1,626,553)	541,182	(1,596,567)
(Increase)/decrease in other assets	54,279	(659,494)	23,048	(307,550)
Increase/(decrease) in payables	(1,696,182)	(1,205,504)	(2,736,889)	(779,015)
Increase/(decrease) in provisions	593,295	436,271	542,505	413,919
Increase/(decrease) in other liabilities	1,158,608	106,063	483,874	(479,037)
Net foreign exchange movement in assets and liabilities	(315,193)	245,347	(279,604)	387,699
Net cash from operating activities	466,921	1,650,620	3,269,558	(542,446)

(b) Reconciliation of cash

For the purpose of the statements of cash flows, cash and cash equivalents includes cash on hand and at bank and short term deposits at call, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the statements of cash flows is reconciled to the related items in the balance sheet as follows:

	Notes	Consolidated 2005 $	Consolidated 2004 $	The Company 2005 $	The Company 2004 $
Cash assets	7	4,622,754	5,679,273	1,180,857	1,463,850
Bank overdraft	15	-	(78,586)	-	(78,586)
		4,622,754	5,600,687	1,180,857	1,385,264

(c) Non-cash financing and investing activities

	Consolidated 2005 $	Consolidated 2004 $	The Company 2005 $	The Company 2004 $
Acquisition of plant and equipment by means of finance lease	-	154,409	-	154,409

27 EMPLOYEE BENEFITS

	Notes	Consolidated 2005 $	Consolidated 2004 $	The Company 2005 $	The Company 2004 $
Aggregate liability for employee benefits including on-costs					
Current					
Other creditors and accruals	14	383,143	445,123	362,643	412,946
Employee benefits provision	16	1,418,562	1,190,719	1,362,494	1,144,668
Non current					
Employee benefits provision	16	1,484,583	1,150,006	1,484,583	1,150,006
		3,286,288	2,785,848	3,209,720	2,707,620

	Notes	Consolidated 2005 $	Consolidated 2004 $	The Company 2005 $	The Company 2004 $

28 COMMITMENTS FOR EXPENDITURE

	Notes	Consolidated 2005 $	Consolidated 2004 $	The Company 2005 $	The Company 2004 $
Non cancellable operating leases payments					
Not longer than 1 year		5,361,955	2,826,116	4,665,568	2,179,893
Longer than 1 year and not longer than 5 years		2,828,832	3,387,936	1,108,855	1,126,158
		8,190,787	6,214,052	5,774,423	3,306,051

The consolidated entity leases buildings and plant and equipment under non-cancellable operating leases expiring from one to five years. The leases generally provide the consolidated entity with a right of renewal at which time all terms are renegotiated.

For buildings, lease payments comprise a base rent, and is subject to market review on a periodic basis. For plant and equipment leases, lease payments comprise a base amount plus an incremental contingent rental. Contingent rentals are based upon changes in operating criteria.

	Notes	Consolidated 2005 $	Consolidated 2004 $	The Company 2005 $	The Company 2004 $
Finance lease liabilities					
Not later than 1 year		212,578	303,585	212,578	303,585
Later than 1 year and not later than 5 years		24,628	237,206	24,628	237,206
Minimum lease payments		237,206	540,791	237,206	540,791
Less future finance charges		(29,145)	(65,938)	(29,145)	(65,938)
Present value of minimum lease payments		208,061	474,853	208,061	474,853
Included in the financial statements as:					
Current		186,616	266,792	186,616	266,792
Non-current		21,445	208,061	21,445	208,061
		208,061	474,853	208,061	474,853

29 DETAILED PROFIT AND LOSS ACCOUNT

	Notes	Consolidated 2005 $	Consolidated 2004 $	The Company 2005 $	The Company 2004 $
Income					
Sales revenue		65,518,495	56,101,828	37,295,398	28,692,678
Other revenue:					
Dividends		2,100	44,100	2,100	44,100
Service charge to subsidiary		-	-	17,205,659	18,705,181
Interest revenue - other persons/corporations		193,202	361,546	42,797	95,738
Total income	3	65,713,797	56,507,474	54,545,954	47,537,697

29 DETAILED PROFIT AND LOSS ACCOUNT *(continued)*

	Consolidated		The Company	
	2005	2004	2005	2004
	$	$	$	$
Expenditure (third party)				
Salaries and related costs	20,917,871	20,853,036	20,724,442	19,388,086
Annual leave, annual leave loading and long service leave	1,124,695	1,095,911	1,743,312	1,662,006
Superannuation	1,300,459	1,301,280	606,503	1,301,280
Project consultancy costs (mainly international projects)	8,602,934	4,403,443	8,592,957	4,403,362
Agents fees (UOW and ITC)	6,026,753	5,529,973	226,319	2,260,426
Direct project costs (mainly international project reimbursable costs)	4,356,210	2,113,428	4,356,210	2,113,428
Site costs	5,318,636	6,000,616	3,279,534	3,558,785
Laboratory and office costs	1,766,804	1,175,938	1,370,467	1,117,354
Marketing costs (including marketing and promotion costs for UOW domestic and international markets)	2,951,213	2,643,088	2,903,010	2,551,982
Other personnel costs	1,390,872	758,701	516,291	720,741
Professional services	1,723,830	1,328,017	1,631,310	1,252,805
Depreciation	1,505,414	1,339,113	1,106,268	1,010,975
Computer services	1,279,873	788,388	1,224,020	712,616
Impairment	-	535,220	-	-
Amortisation costs	121,954	110,430	121,954	110,430
Subscriptions	178,815	190,525	178,899	170,381
Travels & entertainment – non project	1,767,762	1,275,998	1,581,139	1,275,718
Insurance	163,439	66,060	148,982	55,522
Government charges	371,665	155,906	274,872	144,057
Motor vehicle expenses	383,561	413,486	383,277	403,180
Bad and doubtful debts	100,810	23,181	2,156,739	31,365
Telephones	388,433	385,149	369,497	358,016
Other expenses	1,609,136	695,618	1,153,143	218,497
Loss on sale of fixed assets	109,067	144,106	120,498	66,669
Borrowing costs to other persons/corporations	50,896	53,185	37,977	40,654
Total expenditure (third party)	63,511,102	53,379,796	54,807,620	44,928,335
Profit (loss) before UOW expenses	2,202,695	3,127,678	(261,666)	2,609,362
Expenditure (UOW)				
Department and faculty fees	209,861	1,902,822	325,597	1,794,704
Rent	425,334	425,676	-	-
Borrowing costs	134,374	177,533	134,374	177,533
Scholarships (University Foundation)	65,825	73,062	65,825	73,062
Total expenditure (UOW)	835,394	2,579,093	525,796	2,045,299
Profit (loss) before income tax	1,367,301	548,585	(787,462)	564,063
Income tax expense	(588,358)	478,121	(588,358)	478,121
Profit (loss) after income tax	1,955,659	70,464	(199,104)	85,942

30 ASSISTANCE PROVIDED BY GOVERNMENT ENTITIES

During the year the University of Wollongong provided rent free accommodation to the Company in relation to space occupied in Building 39 on the campus. The Company did meet all outgoings on the building during the year, including development and renovation costs. This contribution has not been recognised in the financial statements. There were no other material assets or expenditure provided by or incurred by another government department or statutory authority to the Company other than as disclosed in Note 1 (related entities).

31 ECONOMIC DEPENDENCY

The Middle East geographical segment of the Education business segment is dependent upon the University of Wollongong for use of the University's name and the University's course materials in providing education services in the Middle East, for which ITC pays fees totalling $269,861 (2004: $1,902,821). The Wollongong Campus of the Education business segment (providing 34% of total revenue for the business segment) is both dependent upon student demand for the University of Wollongong, in order to attract students to its fee paying courses, and is a key source of qualified international students to University of Wollongong, once students have completed their College preparation courses.

The Marketing business segment operates solely under a performance based service contract, exclusively with the University of Wollongong.

The Group is dependent on the University of Wollongong, as its sole shareholder, to provide financial support should the need arise. The subsidiaries of Illawarra Technology Corporation Limited, being ITC Education Ltd, ITC (New Zealand) Limited and ITC Europe Ltd are dependent on Illawarra Technology Corporation Limited as their sole shareholder or member to provide financial support should the need arise. Illawarra Technology Corporation Limited is committed to continuing to ensure each of the subsidiary entities has adequate cash reserves to meet all commitments as and when they fall due.

32 RELATED PARTIES

(i) Director related parties

The names of each person holding the position of director of Illawarra Technology Corporation Limited during the financial year are Messrs B Hickman, P Robson, G Maltby, J Langridge, G Sutton, J Scimone and G West and Ms R Sinclair.

Details of key management personnel remuneration are set out in Note 25.

No director has entered into a material contract with the Company since the end of the previous financial year and there were no material contracts involving directors' interests at year end.

(ii) Non-director related parties

The classes of non-director related parties are:

- Parent entity of the Company – The University of Wollongong
- Wholly owned controlled entities – ITC Education Ltd, ITC Europe Ltd and ITC (New Zealand) Limited.

Transactions

All transactions with non-director related parties are on normal terms and conditions.

Transactions with the parent entity

The Company engages the parent entity to provide course materials, academic registrar services and other student services related to providing degree courses at the Company's Dubai operations. Faculty fees are paid by the Company to the parent entity for these services in relation to the Dubai operations, however in 2005, the Company declared a fully franked dividend of $1,440,207 to the parent entity in lieu of the majority of the faculty fees charged. Faculty fees of $1,902,821 were paid to the parent entity in 2004. The Company also rents premises and uses services and facilities of the parent entity for its Wollongong operations. All are in the normal course of business and on normal terms and conditions.

The Company received a loan from the University of Wollongong in 2001 (refer note 15). The fixed interest rate charged is 8% per annum on the outstanding balance. Interest brought to account by the Company on the loan during the year was $134,374 (2004: $177,533).

Transactions with wholly owned controlled entities

The Company pays most operating costs of ITC Education Ltd, including salaries and other labour related costs, building rent, telephone, postage, library fees, printing, internet charges and motor vehicles. ITC Education Ltd pays service fees at cost to the Company for all services provided by the Company.

32 RELATED PARTIES

(ii) Non-director related parties *(continued)*

The aggregate amounts included in the profit from ordinary activities before income tax expense that resulted from transactions with non-director related parties are:

	Consolidated		The Company	
	2005	2004	2005	2004
	$	$	$	$
Revenue				
Sales				
• Controlling entity	11,130,500	10,031,132	-	-
Provision of services				
Cost recovery				
• Wholly owned controlled entities	-	-	-	-
Income to subsidiary			17,205,659	18,705,181
• Wholly owned controlled entities -	-	-	-	-
Total provision	-	-	17,205,659	18,705,181
Expenses				
Department and faculty fees				
• Controlling entity	209,861	1,902,821	193,721	1,794,704
Rent				
• Controlling entity	425,334	425,676	-	-
Scholarships				
• Controlling entity	65,825	73,063	65,825	73,063
Interest expense				
• Controlling entity	134,374	177,533	134,374	177,533
Total expenditure (UOW)	835,394	2,579,093	393,920	2,045,300
Reimbursable utilities and services				
• Controlling entity	612,192	1,043,907	133,413	1,043,907
Total	1,447,586	3,623,000	527,333	3,089,207
Receivables – current				
Trade receivables				
• Controlling entity	15,587	455,000	-	-
Receivables – non current (a)				
• Wholly owned controlled entities	-	-	1,289,058	3,149,968
Payables – current				
Trade creditors				
• Controlling entity	1,217,815	2,802,239	731,947	2,802,239
Payables - non current				
Loan				
• Controlling entity	1,250,000	1,875,000	1,250,000	1,875,000

(a) Receivables – non-current

The company has raised a doubtful debt provision of $2,063,087 against a loan provided to its wholly owned subsidiary, ITC New Zealand Ltd due to concerns over its ability to repay the full amount of the loan advanced to them.

32 RELATED PARTIES *(continued)*

	Consolidated 2005 $	Consolidated 2004 $	The Company 2005 $	The Company 2004 $

(iii) Other related parties

The consolidated entity enters into transactions with other entities controlled by the University of Wollongong, University of Wollongong Recreation and Aquatic Centre Ltd (URAC) and Wollongong UniCentre Ltd (UniCentre).

	Consolidated 2005 $	Consolidated 2004 $	The Company 2005 $	The Company 2004 $
Transactions				
Expenses	344,314	363,000	45,860	363,000
Receivables - current				
Trade Receivables	-	-	-	-
Payables - current & noncurrent	1,282	5,428	630	5,428

(iv) Ultimate controlling entity

The ultimate controlling entity of the company is the University of Wollongong.

33 CONTINGENT LIABILITIES

Guarantees

	Consolidated 2005 $	Consolidated 2004 $	The Company 2005 $	The Company 2004 $
The Company has issued performance based bank guarantees to third parties as required under some contracts the Company undertakes	96,000	96,000	96,000	96,000

34 EXPLANATION OF TRANSITION TO AIFRS

Reconciliation of equity

	Consolidated 1 January 2004 Previous GAAP	Consolidated 1 January 2004 Effect of transition to AIFRS	Consolidated 1 January 2004 AIFRS	Consolidated 31 December 2004 Previous GAAP	Consolidated 31 December 2004 Effect of transition to AIFRS	Consolidated 31 December 2004 AIFRS
Current assets						
Cash assets	7,829,449	-	7,829,449	5,679,273	-	5,679,273
Receivables	4,888,223	-	4,888,223	2,267,679	-	2,267,679
Inventories	980,295	-	980,295	2,606,848	-	2,606,848
Other current assets	1,965,248	-	1,965,248	2,624,742	-	2,624,742
Total current assets	**15,663,215**	**-**	**15,663,215**	**13,178,542**	**-**	**13,178,542**
Non-current assets						
Receivables	-	-	-	-	-	-
Other financial assets	31,000	-	31,000	31,000	-	31,000
Property, plant and equipment (a)(b)(c)	6,673,973	(2,371,730)	4,302,243	8,214,150	(2,540,911)	5,673,239
Intangibles (c)	-	565,790	565,790	-	609,769	609,769
Deferred tax assets	328,644	-	328,644	447,273	-	447,273
Total non-current assets	**7,033,617**	**(1,805,940)**	**5,227,677**	**8,692,423**	**(1,931,142)**	**6,761,281**
Total assets	**22,696,832**	**(1,805,940)**	**20,890,892**	**21,870,965**	**(1,931,142)**	**19,939,823**

34 EXPLANATION OF TRANSITION TO AIFRS

Reconciliation of equity *(continued)*

	Consolidated					
		1 January 2004			31 December 2004	
	Previous GAAP	Effect of transition to AIFRS	AIFRS	Previous GAAP	Effect of transition to AIFRS	AIFRS
Current liabilities						
Payables	8,198,514	-	8,198,514	6,993,010	-	6,993,010
Interest bearing liabilities	840,322	-	840,322	970,378	-	970,378
Provisions	1,307,051	-	1,307,051	1,251,959	-	1,251,959
Current tax liabilities	541,113	-	541,113	537,388	-	537,388
Other	6,506,306	-	6,506,306	6,612,369	-	6,612,369
Total current liabilities	**17,393,306**	**-**	**17,393,306**	**16,365,104**	**-**	**16,365,104**
Non-current liabilities						
Interest bearing liabilities	2,225,468	-	2,225,468	1,458,061	-	1,458,061
Provisions (b)	661,331	428,342	1,089,673	1,150,006	447,617	1,597,623
Deferred tax liabilities	-	-	-	40,475	-	40,475
Total non-current liabilities	**2,886,799**	**428,342**	**3,315,141**	**2,648,542**	**447,617**	**3,096,159**
Total liabilities	**20,280,105**	**428,342**	**20,708,447**	**19,013,646**	**447,617**	**19,461,263**
Net assets	**2,416,727**	**(2,234,282)**	**182,445**	**2,857,319**	**(2,378,759)**	**478,560**
Equity						
Contributed equity	2	-	2	2	-	2
Reserves	(94,355)	-	(94,355)	131,296	-	131,296
Retained profits	2,511,080	(2,234,282)	276,798	2,726,021	(2,378,759)	347,262
Total equity	**2,416,727**	**(2,234,282)**	**182,445**	**2,857,319**	**(2,378,759)**	**478,560**

	The Company					
		1 January 2004			31 December 2004	
	Previous GAAP	Effect of transition to AIFRS	AIFRS	Previous GAAP	Effect of transition to AIFRS	AIFRS
Current assets						
Cash assets	3,987,872	-	3,987,872	1,463,850	-	1,463,850
Receivables	5,512,011	-	5,512,011	4,768,343	-	4,768,343
Inventories	978,799	-	978,799	2,575,366	-	2,575,366
Other current assets	890,277	-	890,277	1,197,827	-	1,197,827
Total current assets	**11,368,959**	**-**	**11,368,959**	**10,005,386**	**-**	**10,005,386**

34 EXPLANATION OF TRANSITION TO AIFRS

Reconciliation of equity *(continued)*

	The Company					
	1 January 2004			31 December 2004		
	Previous GAAP	Effect of transition to AIFRS	AIFRS	Previous GAAP	Effect of transition to AIFRS	AIFRS
Non-current assets						
Receivables	2,436,503	-	2,436,503	3,149,968	-	3,149,968
Other financial assets	31,679	-	31,679	31,679	-	31,679
Property, plant and equipment (b)(c)	2,657,479	(412,167)	2,245,312	4,173,986	(486,921)	3,687,065
Intangible (c)	-	565,790	565,790	-	609,769	609,769
Deferred tax assets	328,644	-	328,644	447,273	-	447,273
Total non-current assets	**5,454,305**	**153,623**	**5,607,928**	**7,802,906**	**122,848**	**7,925,754**
Total assets	**16,823,264**	**153,623**	**16,976,887**	**17,808,292**	**122,848**	**17,931,140**
Current liabilities						
Payables	6,556,622	-	6,556,622	7,777,608	-	7,777,608
Interest bearing liabilities	840,322	-	840,322	970,378	-	970,378
Provisions	1,264,894	-	1,264,894	1,188,418	-	1,188,418
Current tax liabilities	541,113	-	541,113	537,388	-	537,388
Other	2,412,253	-	2,412,253	1,933,216	-	1,933,216
Total current liabilities	**11,615,204**	**-**	**11,615,204**	**12,407,008**	**-**	**12,407,008**
Non-current liabilities						
Interest bearing liabilities	2,225,468	-	2,225,468	1,458,061	-	1,458,061
Provisions (b)	661,331	153,623	814,954	1,150,006	160,536	1,310,542
Deferred tax liabilities	-	-	-	40,475	-	40,475
Total non-current liabilities	**2,886,799**	**153,623**	**3,040,422**	**2,648,542**	**160,536**	**2,809,078**
Total liabilities	**14,502,003**	**153,623**	**14,655,626**	**15,055,550**	**160,536**	**15,216,086**
Net assets	**2,321,261**	**-**	**2,321,261**	**2,752,742**	**(37,688)**	**2,715,054**
Equity						
Contributed equity	2	-	2	2	-	2
Reserves	(123,344)	-	(123,344)	184,507	-	184,507
Retained profits	2,444,603	-	2,444,603	2,568,233	(37,688)	2,530,545
Total equity	**2,321,261**	**-**	**2,321,261**	**2,752,742**	**(37,688)**	**2,715,054**

34 EXPLANATION OF TRANSITION TO AIFRS *(continued)*

Reconciliation of profit for 2004

	Consolidated			The Company		
	Previous GAAP	Effect of transition to AIFRS	AIFRS	Previous GAAP	Effect of transition to AIFRS	AIFRS
Revenue						
Revenue (c)	56,560,514	(53,040)	56,507,474	47,590,414	(52,717)	47,537,697
Expenditure						
Borrowing costs (b)	(211,443)	(19,275)	(230,718)	(211,274)	(6,913)	(218,187)
Other expenses (a)(b)(c)	(55,656,009)	(72,162)	(55,728,171)	(46,777,389)	21,942	(46,755,447)
Profit before income tax expense	**693,062**	**(144,477)**	**548,585**	**601,751**	**(37,688)**	**564,063**
Income tax expense	(478,121)	-	(478,121)	(478,121)	-	(478,121)
Profit attributable to members of the parent entity	**214,941**	**(144,477)**	**70,464**	**123,630**	**(37,688)**	**85,942**

Notes to the reconciliation of income and equity

(a) Impairment of assets

The consolidated entity in complying with AASB136 *Impairment of Assets* has conducted a review of its cash generating units ("CGU's") for any indicators of impairment as at 1 January 2004 and 31 December 2004. Based on this review, the company has formed the opinion that the Wollongong University College – Sydney and Wollongong University College – New Zealand has an indicator of impairment. These CGU's are within the Education segment and offer tertiary education to domestic and international students from the Sydney and New Zealand campus locations.

The consolidated entity has determined recoverable amount to be its value in use, being its present value of future cash flows discounted at 15% and has compared this to the carrying value of the CGU. The principle reason for the deficit in cash flows relates to student numbers being less than originally anticipated.

The effect in the consolidated entity is to decrease the property, plant and equipment by $2,234,282 on 1 January 2004 and $535,220 at 31 December 2004. These decreases were recognised as impairment losses in each asset class. The impairments of 1 January 2004 were recognised via a reduction in equity while the impairment at 31 December 2004 was recognised as an expense in the income statement.

As a consequence of the reduced carrying value of the assets, the depreciation expense has reduced by $473,181 for the financial year ending 31 December 2004.

(b) Restoration costs

An obligation exists to restore certain sites for the effect of the consolidated entity's and company's operations. Under previous GAAP, the cost of rectification was recognised as an expense when incurred.

In accordance with AIFRS, restoration costs should be recognised as part of the cost of assets and as a provision at the time of the obligating event.

The effect in the consolidated entity is to increase property, plant & equipment by $428,341 at 1 January 2004 and $365,178 at 31 December 2004, to increase non-current provisions by $428,342 at 1 January 2004 and $447,616 at 31 December 2004 and to increase depreciation expense by $63,163 and borrowing costs by $19,275 for the year ended 31 December 2004.

The effect in the company is to increase property, plant & equipment by $153,623 at 1 January 2004 and $122,848 at 31 December 2004, to increase non-current provisions by $153,623 at 1 January 2004 and $160,536 at 31 December 2004 and to increase depreciation expense by $30,775 and borrowing costs by $6,913 for the year ended 31 December 2004.

(c) Reclassifications

The Company has reclassified computer software from property, plant and equipment to an intangible asset in accordance with AASB 138 Intangible Assets.

The effect in the consolidated entity and Company is to decrease property, plant and equipment by $565,790 at 1 January 2004 and to increase intangibles by $565,790 and to decrease property, plant and equipment by $609,769 at 31 December 2004 and to increase intangibles by $609,769.

34 EXPLANATION OF TRANSITION TO AIFRS

Notes to the reconciliation of income and equity

(c) Reclassifications (continued)

The company is now required to report any gains or losses on disposal of fixed assets on a net basis in accordance with AASB 118 Revenue.

The effect in the consolidated entity is to decrease revenue by $53,040 at 31 December 2004 and to decrease other expenses by $53,040. The effect in the Company is to decrease revenue by $52,717 at 31 December 2004 and to decrease other expenses by $52,717.

(d) Retained earnings

The effect of the above adjustments on retained earnings is as follows:

		Consolidated		The Company	
	Notes	1 Jan 2004	31 Dec 2004	1 Jan 2004	31 Dec 2004
Impairment loss	(a)	(2,234,282)	(2,769,502)	-	-
Writeback of depreciation expense	(a)	-	473,181	-	-
Additional depreciation expense	(b)	-	(63,163)	-	(30,775)
Additional borrowing costs	(b)	-	(19,275)	-	(6,913)
		(2,234,282)	(2,378,759)	-	(37,688)

Reconciliation of statement of cashflows

There are no material differences between the statement of cash flows presented under AIFRS and the statement of cash flows under previous GAAP.

35 CHANGES IN ACCOUNTING POLICY

In the current financial year the Group adopted AASB 132: *Financial Instruments: Disclosure & Presentation* and AASB 139: *Financial Instruments: Recognition and Measurement*. This change in accounting policy has been adopted in accordance with the transition rules contained in AASB 1, which does not require the restatement of comparative information for financial instruments within the scope of AASB 132 and AASB 139.

The adoption of AASB 139 has resulted in the Group recognising available-for-sale investments and all derivative financial instruments as assets and liabilities at fair value. This change has been accounted for by adjusting the opening balance of the fair value reserve at 1 January 2005.

The impact on the balance sheet in the comparative period is set out below as an adjustment to the opening balance sheet at 1 January 2005.

Reconciliation of opening balances affected by AASB 132 and 139 at 1 January 2005

		Consolidated			The Company		
	Notes	Previous GAAP	Effect of transition to AIFRS	AIFRS	Previous GAAP	Effect of transition to AIFRS	AIFRS
Other financial assets available-for-sale	a	31,000	2,139,000	2,170,000	31,000	2,139,000	2,170,000
Deferred tax liabilities	a	-	(641,700)	(641,700)	-	(641,700)	(641,700)
Available for sale reserves	a	-	(1,497,300)	(1,497,300)	-	(1,497,300)	(1,497,300)

Notes to the reconciliation of financial instruments as if AASB 139 was applied at 1 January 2005

(a) Under previous GAAP, the consolidated entity recorded available-for-sale financial assets at cost. In accordance with AIFRS, they are now recognised at fair value.

The effect in the consolidated entity is to increase *other financial assets available-for-sale* and *fair value reserve* by $2,139,000 and $1,497,300 ($2,139,000 less related deferred tax of $641,700) respectively, at 1 January 2005.

END OF AUDITED ACCOUNTS

ITC Group Worldwide Participation

- ITC Group Offices ●
- ITC International Projects ●
- WUC Educational/Training Centres ●
- Recruitment Agents in 60 countries

ITC Group Structure

CEO & Managing Director
James Langridge

- **Managing Director ITC Education Ltd** – Robin Buckham
  - Director, WUC – Natalie Conyer
  - Manager, Community and Partnerships – Monique Harper-Richardson
  - Manager International Recruitment – Peter Day
  - Manager National Recruitment – Emily Christofides
- **Chief Financial Officer** – Stuart McDonell
  - Group Finance Manager – Rick Boatswain
  - Group Information Systems Manager – Mark Smith
  - Legal Officer – Louise Leaver
  - Manager Business Development – Megan Gilmour
- **CEO, UOW in Dubai** – Professor Nick van der Walt
  - Dean of Academic Affairs, UOWD – Dr Raed Awamleh
  - Director of Administration, UOWD – Dr Michael Singleton
  - Manager, Office of Institutional Research and Quality UOWD – Mr Mohammad Meraj
  - ITC Middle East Projects – Dr Joud Bey

Group Human Resources Manager
Ian Tobin

Group Public Affairs Manager
Canio Fierravanti

ITC GROUP

OF COMPANIES

ITC Group of Companies is a registered business name of Illawarra Technology Corporation Limited

ACN 002 882 064 (Limited by shares)

ABN 77 002 882 064

ISO Accrediting Body: Lloyds Register Quality Assurance

ITC is certified under a Quality Management System (AS/NZS ISO 9001:2000)
Internal Auditor: KPMG
External Auditor: Audit Office of NSW
Lawyers: Australian Business Lawyers, Kells the Lawyers
Other Accrediting and Licensing Agencies:
NSW Vocational Training and Accreditation Board (VETAB)
Australian Council of Independent Vocational Colleges Ltd (ACIVC)
English Australia
United Arab Emirates Ministry of Higher Education and Scientific Research
New Zealand Qualification Authority (NZQA)

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