CAMBRIDGE GULF LIMITED

ACN: 123 039 181

ANNUAL REPORT

2008

CAMBRIDGE GULF LIMITED

Registered in Western Australia
on 15th February 2007
under the Corporations Act 2001

POSTAL ADDRESS
PO Box 238
KUNUNURRA WA 6743

SHARE REGISTER
672 Weaber Plains Road
KUNUNURRA WA 6743

DIRECTORS
Gabriele Bloecker
Robert John Boshammer
Gregory Scott Cummings
Elaine Margaret Gardiner
Lindsay Albert Innes (Chairman)
Paul Arthur Mock
Darryl Ward Smith

AUDITORS
UHY Haines Norton
24 Parkland Road
Osborne Park WA 6017

BANKERS
Westpac Banking Corporation
BROOME WA 6725

Directors' Report

The Board is pleased to present the second annual report including the financial and auditors report for Cambridge Gulf Ltd (CGLtd) for the financial year ending June 30th 2008.

This is the first annual report of the company since the restructure of the business from the Ord River District Co-operative Ltd (Ordco) into an unlisted public company in February 2007

PREAMBLE

It has been a year of sadness and emotional turmoil for us all with the passing of our long standing Chief Executive Officer, Jim Hughes. Jim's working life was inextricably linked to the business for 25 years. His work colleagues were in fact his work friends and that is how he is missed. His guidance and the legacy he leaves has laid the foundation for the success of the company into the future and the Board, management and staff strive to achieve the goals he helped set.

I would like to sincerely thank all staff, management and my fellow Directors for rallying around together and maintaining focus on the future.

Our heart felt thoughts are with Judy and her family as they struggle to come to terms with their loss.

PRINCIPAL ACTIVITIES

The principal activities of CGLtd for the 2007/2008 financial year included the provision of management services to Ordco, importation and wholesaling of diesel fuel through it's wholly owned subsidiary company CGL Fuel Pty Ltd, management of the Wyndham Port in terms of an operating agreement with the Department of Planning and Infrastructure and provision of agricultural services and merchandise through Northern Agricultural Services in Katherine.

OVERVIEW

The directors do not believe that the Income Statement properly reflects the net profit after taxation for the financial year. International accounting standards mandate the treatment of certain accounting events. This is the case in respect of the accounting treatment relating to the write off of assets considered to be impaired which dictates that the full value of the impairment of $893,304 be deducted in the determination of the net profit after taxation. The effect of this treatment has been to reduce the reported net profit after taxation to $854,162. The Directors do not believe that this properly reflects the financial performance of the group and is misleading. The Directors believe that the impairment write down is more properly adjusted against equity and that a true reflection of the net profit after taxation is $1,747,466.

CONSOLIDATED FINANCIAL RESULTS

Key features of the group for the 2008 financial year

- Total group revenue $94,547,518 (2007 $120,426,367). The reduction in group revenue is largely attributable to lower sale volumes and revenues in CGL Fuel Pty Ltd (the consequence of an exceptional 2007 year in that company). Sales revenue in 2007 also included revenues which are now reflected in the financial statements of Ordco (2007: $10,511,309).
- Net profit after tax $854,162 (2007 - $3,777,505). The lower net profit after tax in 2008 is a consequence primarily of the treatment of the impaired assets, lower revenues and resultant profit of CGL Fuel Pty Ltd and the reduced level of trade through the Wyndham Port during the financial year. The agricultural division which is now Ordco reported a net profit after tax of $795,204 in 2007.
- A fully franked dividend of 21.0 cents per share (2007 – 60.0 cents per share). Liquidity constraints resulting from the increased cost of funding fuel cargos has prevented the declaration of a final dividend for the 2008 year.
- A decline in shareholder equity of $4,284,022. This has been primarily the result of the write off of impaired assets to the extent of $5,394,560.
- Return on equity of 9.69% (2007 – 28.84%).

Directors' Report (continued)

There are two other significant events related to the restructure that have had a detrimental impact on the group's equity both of which were anticipated at the time that require comment.

In terms of the restructure approved by the members of the Ord River District Co-operative Limited on 30 November 2006 ownership of assets constructed to support the agricultural industry located in Wyndham would reside with Cambridge Gulf Limited. However it was a condition of the restructure that those assets be leased back to a new co-operative (Ordco) for $1 per year for an initial ten year period with an option, exercisable at the option of Ordco, for a further ten year period. In terms of the company's impairment accounting policy an impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. With the demise of the sugar industry it is considered that the recoverable amount of these assets (fair value) is nil. The amount of the loss that is recognised is the difference between the acquisition cost and current fair value. Accordingly the net book value of the assets as at the end of the financial year ($893,304) has been written off through the income statement

The terms of the restructure approved by the members of the Ord River District Co-operative Limited on 30 November 2006 required that certain assets be transferred to a new co-operative (Ordco) formed to continue to provide agricultural service and inputs to it's members in compliance with co-operative principles. Consequentially all the fixed assets located at Lot 672 Weaber Plain Road, Kununurra valued at $1,382,032, agricultural inventories ($1,082,271), cash ($717,729) and the market value of listed shares ($1,319,224) were transferred in terms of the agreement. In return for the assets transferred Cambridge Gulf limited received 100 "C" class shares in Ordco. Those shares are non participatory, non voting shares and represent a minority interest in the total shares on issue in the co-operative. That investment has been written off and transferred to retained income in compliance with the impairment policy discussed above.

CGLtd - Administration Services

The administration model developed for the provision of management services to Ordco has worked well through the year.

CGL Fuel

The company had another pleasing year achieving a net profit after tax of $1,867,263 (2007- $2,684,353). Whilst this is considerably less than was achieved in 2007 the decline in profitability is largely due to exceptional sales volumes and revenues accruing in that year as a consequence of the shut down of the Ord Power station. Although sales volumes in 2008 were lower than in 2007 by 22.14% sales revenues declined by only 15.11%, this being a reflection of the extent of rising input costs during the financial year.

Significant rises in the price of fuel through the year required an increase in the company's flexible options finance facility from $8,500,000 at 30th June 2007 to $22,000,000 at the end of the current financial year. The extent of the increase in working capital requirements has created covenant compliance issues with Westpac Banking Corporation both as regards the security covenant and an associated equity covenant. Non compliance with the respective covenants has been occasioned by factors beyond the control of the company and is largely a result of the value attributed to accounts receivable and inventory for security purposes by the company's bankers. The Board has adopted strategies to address these issues and is confident that suitable financing requirements and mutually acceptable covenants in respect thereof will be negotiated in the short term. It should be borne in mind that the volatility of oil prices has affected all businesses that operate in the fuel industry and the difficulty of funding ever increasing cargo costs has been universally felt.

The business is reliant on a number of strategically important customers and the Board is focused on the renewal of existing contracts and securing additional customers. The company's main customers are in the mining industry and whilst the recent fall in commodity prices is appreciated the company's mining customers have continued to operate as previously and have not indicated any intention to decrease production.

Directors' Report (continued)

Wyndham Port

The Port has made a net profit after tax of $554,602 (2007 - $811,911). The decline in profitability in the 2008 financial year is a consequence of lower levels of trade through the Port and the effect of substantial expenditure incurred in that year ($109,000) on upgrading the roads. The decline in trade was related to the demise of the sugar industry in the area, fewer cattle exports and fewer fuel cargos.

The mining industry continues to be a major revenue source for the Port.

Recent environmental issues with nickel and lead storage and handling at ports within the south west of the State have contributed to a increased regulatory scrutiny of practices employed at all West Australian ports, including Wyndham. Significant improvements have been made in this area and the Department of Environment and Conservation have indicated their satisfaction with practices adopted at the port. It is anticipated that nickel will be stored and loaded in containers in the first half of 2009 which will further improve the process.

The company purchased a 42 tonne forklift at a cost of $315,995 to facilitate the handling of the existing bulk cement container trade and the loading of nickel concentrate containers expected to commence early in 2009.

The cattle yards will remain open beyond 2008 and an interim lease will be issued to the operator for 2009. The cattle industry will be involved in reviewing the design of the yards to improve their suitability and maximise their throughput. This input will be used to conduct an economic assessment of the yarding facility to determine whether it is viable to upgrade them.

Arrangements are in place for the demolition of the Shell tank farm and the old meatworks buildings in 2008. CGL have undertaken to relocate the fly-wheel and compressor from the meatworks to a site nominated by the Shire where they will be displayed.

Northern Agricultural Service

The company opened an agricultural business similar to that operated by Ordco in Katherine in April 2008. This initiative was taken with the intention of establishing a service orientated business focused on agricultural inputs utilising the expertise of existing personnel.

The division incurred a loss of $25,153 in the three months that it traded during the 2008 financial year. This was to be expected however particularly as the business missed the season as regards supply of agricultural inputs.

The Board is satisfied with the prospects of this business and is encouraged by post year end developments. An accurate assessment of the potential of the business can only reasonably be made once it has been afforded the opportunity to compete for the next season's agricultural inputs. Management is concentrating on providing agronomic services and establishing relationships for the future.

DIVIDENDS

An interim dividend of 21 cents per share was issued on February 28th 2008 amounting to $443,033.

No final dividend has been declared or provided in respect of this financial year due to liquidity constraints resulting from funding of fuel cargos and the imposition by our bankers of terms designed to ensure compliance with unilaterally imposed banking covenants in the short term.

Directors' Report (continued)

DIRECTORS

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

Name, qualification and Independence status	Age	Experience, special responsibilities and other directorships
Mr Lindsay A Innes GAICD Chairperson Non-executive Director	54	Directorships include Founding Director of Ord Irrigation Co-operative since 1996 and Chair of Ord Irrigation Asset Mutual Co-operative since 2005. Lindsay has also served as a Director on the Perth Market Authority (2000-2002). Director since 2001, Chairman since September 2003. Ex-officio Audit Committee member from 2004 - 2008.
Mr Robert J Boshammer B.Ag (Hons) Deputy Chairperson Non-executive Director	50	Robert was a director of Rural Industries Research and Development Council from 2002 to 2008, current directorships held include Odeum Produce and Ord Canegrowers. Director since 2002.
Mr Gregory S Cummings GAICD Independent Non-executive Director	40	Director since 1996
Ms Kimberley Kohan B.Bus (Accounting/Hotel and Catering Management), PGradDip(Property) GAICD, AICA (1984-98) Audit Committee Chairperson Independent Non-executive Director	52	Kimberley has served as a director of Ord Irrigation Asset Mutual and held various positions with Kimberley Group Training, Kununurra Telecentre and the WA Telecentre Advisory Council. Director and Audit Committee Chair from 2004 until announcing her retirement at the AGM in November 2007
Mrs Elaine M Gardiner GAICD Independent Non-executive Director	56	Directorships include Chair of Ord Irrigation Co-operative since 1996, Chair of the Ord Catchment Reference Group since 2005 and board member of Rangelands Co-ordinating Group since 2005. Appointed to the Board of Northern Australian Water and Land Taskforce as well as a Water Commissioner with the National Water Commission during 2008. Recently ceased appointments include the Western Australian representative to the Australian Landcare Council and Board member of Irrigation Australia Ltd. Appointed as a Director of CGLtd in December 2006. Audit Committee Chair 2007 – 2008.
Mr Paul A Mock B.Bus (Agric) (Hons), GAICD Independent Non-executive Director	35	Director of Ord River District Co-operative since 2006, Chairperson of Ord River Canegrowers Pty Ltd since 2007 and Chairperson of Kununurra Youth CARE council. Director since 2004. Audit committee member 2006-2008
Mr Darryl W Smith Non-executive Director	44	Darryl is a director of Ord Irrigation Co-operative since 2001 and appointed as a Director for CGL in September 2002
Mrs Gabriele Bloecker (Dr. Sc.agr) Non-executive Director		Appointed as a director of Cambridge Gulf in November 2007. Founding Director of East Kimberley Co-operative Ltd in 2006. Chair of Ord River District Co-operative (East Kimberley Co-operative) since 2006.

Directors' Report (continued)

The majority of the current directors hold more than 5% of the issued capital of the company: Lindsay Innes (7.325%), Gabriele Bloecker (5.604%), Robert Boshammer (7.381%) and Darryl Smith (7.178%).

COMPANY SECRETARY

Mrs Joanne Cullimore GAICD, was appointed to the position of Company Secretary of ORDC in May 2003 and was appointed Company Secretary of CGLtd on completion of the disaggregation. Joanne is a member of Chartered Secretaries Australia and is currently completing a certificate in corporate governance and administration.

DIRECTORS MEETINGS

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

Director	Board Meetings		Audit Committee Meetings	
	A	**B**	**A**	**B**
Mr L A Innes	12	12	3	3
Mr R J Boshammer	12	12	3	3
Mr G S Cummings	10	12	1	1
Mrs E M Gardiner	11	12	2	3
Ms K Kohan	5	6	2	2
Mr P A Mock	12	12	3	3
Mr D W Smith	11	12		
Mrs Gabi Bloecker	5	6		

A – Number of meetings attended
B – Number of meetings held during the time the director held office during the year

There are no officers of the company who have previously been partners or employed by the auditing firm.

CORPORATE GOVERNANCE STATEMENT

Board of Directors

Role of the board

The board's primary role is the protection and enhancement of long-term shareholder value.

To fulfil this role, the board is responsible for the overall corporate governance of the Group including formulating its strategic direction, approving and monitoring capital expenditure, setting remuneration, appointing, removing and creating succession policies for directors and senior executives, establishing and monitoring the achievement of management's goals and ensuring the integrity of internal control and management information systems.

The board has delegated responsibility for operation and administration of the Company to the executive management.

Board processes

The full board currently holds eleven scheduled meetings each year, plus strategy meetings and any extraordinary meetings at such other times as may be necessary to address any specific significant matters that may arise.

Directors are given access to continuing education opportunities to update and enhance their skills and knowledge. Whole of Board training on financial reporting and assessing company performance was undertaken during the year.

Directors' Report (continued)

Audit Committee

An assessment was carried out on the value of retaining the Audit Committee under the new business structure. It was determined that the functions undertaken by the Audit Committee should be dealt with by the whole board as part of its normal governance activities and as such the Audit Committee was suspended in April 2008. The committee met three times during the year and committee members' attendance record is disclosed in the table of directors' meetings on page 7.

Financial reporting

Monthly results are reported against budgets approved by the directors.

Environmental regulation

The Group's operations are subject to significant environmental regulation under Commonwealth, State and Territory legislation in relation to its port, fuel and agricultural activities.

The Group is committed to achieving a high standard of environmental performance and maintains a close and open relationship with the regulators. . Environmental monitoring is a key aspect of the Port's licensing arrangements. This together with other environmental requirements identified are performed through the employment of appropriately qualified independent consultants.

Ethical standards

All directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Group.

Appraisals are conducted at least annually for all employees. Training and development, appropriate remuneration and incentives with regular performance reviews create an environment of cooperation and constructive dialogue with employees and senior management.

Conflict of interest

Directors are expected to keep the board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. The board has developed procedures to assist directors to disclose potential conflicts of interest.

Where the board believes that a significant conflict exists for a director on a board matter, the director concerned does not receive the relevant board papers and is not present at the meeting whilst the item is considered.

SHAREHOLDER RETURNS

	2008	**2007**	**2006**	**2005**	**2004**
Consolidated net profit of group	$854,162	$3,777,505	$2,569,513	$2,232,828	($663,014)
Basic EPS	$0.40	$1.79	$0.98	$0.84	($0.25)
Ordinary dividends paid	$433,033	$1,265,810	* $580,822	$495,230	-
Preference dividends paid	-	-	$152,325	$152,325	-
Dividends per ordinary share	$0.21	$0.60	* $0.28	$0.23	-
Dividends per preference share	-	-	$0.297	$0.297	-
Net equity based share price	$4.18	$6.21	$5.06	$4.44	$3.71
Return on capital employed	9.69%	28.84%	19.35%	18.92%	(6.67%)

* Inclusive of dividends paid on share repurchases of $87,241.

All dividends were fully franked.

Directors' Report (continued)

THE FUTURE

Significant progress has been made in the investigation into the expansion of CGLtd's involvement in fuel importing and wholesaling into the Pilbara Region. It is anticipated that these investigations will be finalised towards the end of 2008 and a decision as to the viability of the project and the level and nature of CGLtd participation determined.

A detailed feasibility study into the acquisition of Kimberley Steel Pty Ltd was conducted in the early 2008 and it was decided to purchase the business with effect from July 1st 2008. The primary business of Kimberley Steel is the manufacture and supply of steel house frames and sheds within the East Kimberley. The level of development within the East Kimberley ensures the security of the business well into the future and there is enormous potential for expansion into the West Kimberley, Pilbara and Northern Territory as well as an expansion of the services provided to the local building industry.

Opportunities to increase the volume of cattle through the Wyndham port will be investigated over the coming year and this will include a revision of CGLtd's cattle yarding facility.

SUBSEQUENT EVENTS

Kimberley Steel Pty Ltd was purchased on July 1st 2008 by CGL Steel Pty Ltd thereby adding a new subsidiary to the group and with it a new income stream.

Tony Chafer commenced employment as the Chief Executive Office at the beginning of July 2008. Tony has extensive experience in business management, contract administration and project supervision. His experience with liaising with local and State Government on issues that affect the area in light of the Ord Expansion Project and the need for infrastructure upgrades – including the Port of Wyndham will be beneficial to the business and region.

LEAD AUDITORS INDEPENDENCE DECLARATION

The Lead auditor's independence declaration is set out on page 50 and forms part of the directors' report for the financial year ended 30 June 2008.

DIRECTORS DECLARATION

In the opinion of the directors of Cambridge Gulf Limited ('the Company'):

(a) the financial statements and notes, set out on pages 10 to 49, are in accordance with the Corporations Act 2001, including:
   (i) giving a true and fair view of the Company's and the Group's financial position as at 30 June 2008 and of their performance, for the financial year ended on that date; and
   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

(b) the financial report also complies with International Financial Reporting Standards as described in Note 1; and
(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Kununurra this 4th day of November 2008

Signed in accordance with a resolution of the directors:

L A Innes
Director
Cambridge Gulf Limited

Income Statements

FOR THE YEAR ENDED 30 JUNE 2008

	Note	Consolidated 2008	Consolidated 2007 $	The Company 2008	The Company 2007 $
Revenue	2	94,547,518	120,426,367	4,138,810	14,248,071
Cost of sales	4	(86,488,566)	(110,074,758)	(308,621)	(9,062,241)
Gross Profit		**8,058,952**	**10,351,609**	**3,830,189**	**5,185,830**
Other operating income	3	454,418	551,087	1,474,353	1,673,305
Depreciation and amortisation	5	(330,095)	(464,014)	(319,490)	(453,839)
Personnel expenses	6	(3,447,572)	(3,586,135)	(3,206,940)	(3,364,307)
Equipment maintenance and running costs		(349,133)	(251,575)	(241,213)	(219,641)
Other expenses		(1,229,920)	(1,201,487)	(792,095)	(871,489)
Impairment of Wyndham assets		(893,304)	-	(893,304)	-
Write back of investment in and loan to subsidiary		-	-	-	19,837
Results from operating activities		**2,263,346**	**5,399,485**	**(148,500)**	**1,969,696**
Financial income	7	53,849	229,077	37,806	118,715
Financial expenses	7	(487,820)	(298,436)	(2,414)	(5,493)
Net financing costs	7	(433,971)	(69,359)	35,392	113,222
Profit before tax		**1,829,375**	**5,330,126**	**(113,108)**	**2,082,918**
Income tax expense	8	(975,213)	(1,552,621)	(391,944)	(489,626)
Profit for the period		**854,162**	**3,777,505**	**(505,052)**	**1,593,292**
Dividends per ordinary share (cents/share)		0.21	0.60	0.21	0.60

The income statements are to be read in conjunction with the attached notes.

Statements of Recognised Income and Expense

FOR THE YEAR ENDED 30 JUNE 2008

	Consolidated		The Company	
	2008	2007	2008	2007
	$	$	$	$
Revaluation of listed investment	(198,654)	285,114	(198,654)	285,114
Foreign currency translation reserve	(17,901)	(25,981)	(48)	-
Net income recognised directly in equity	**(216,555)**	**259,133**	**(198,708)**	**285,114**
Profit for period	**854,162**	**3,777,505**	**(505,052)**	**1,593,292**
Total recognised income and expense for the period	**637,607**	**4,036,638**	**(703,760)**	**1,878,406**

The statements of recognised income and expense are to be read in conjunction with the attached notes.

Balance Sheets

FOR THE YEAR ENDED 30 JUNE 2007

		Consolidated		The Company	
	Note	2008	2007	2008	2007
		$	$	$	$
Current assets					
Cash and cash equivalents	10	535,855	3,194,903	526,000	3,120,859
Inventories	11	7,792,262	4,918,834	152,615	1,202,458
Trade and other receivables	12	8,693,563	6,360,579	728,666	1,783,517
Total current assets		**17,021,680**	**14,474,316**	**1,407,281**	**6,106,834**
Deferred tax assets	8(e)	47,326	188,748	28,405	165,178
Other financial assets	13	1,280,201	1,319,224	1,281,201	1,320,224
Property, plant and equipment	14	3,037,164	4,647,795	2,988,899	4,624,738
Total non-current assets		**4,364,691**	**6,155,767**	**4,298,505**	**6,110,140**
Total assets		**21,386,371**	**20,630,083**	**5,705,786**	**12,216,974**
Liabilities					
Current tax liability	8(d)	24,881	850,899	456,881	1,057,119
Interest bearing liabilities	15	10,278,147	2,344,577	-	-
Provisions	16	280,496	1,384,433	256,406	1,370,605
Trade and other payables	17	1,991,750	2,955,056	3,056,766	2,228,134
Total current liabilities		**12,575,274**	**7,534,965**	**3,770,053**	**4,655,858**
Total liabilities		**12,575,274**	**7,534,965**	**3,770,053**	**4,655,858**
Net assets		**8,811,097**	**13,095,119**	**1,935,733**	**7,561,116**
Equity					
Contributed equity	18	4,543,903	4,543,903	4,543,903	4,543,903
Reserves	18	(3,043,489)	2,544,967	(2,999,655)	2,570,948
Retained profits	18	7,310,683	6,006,249	391,485	446,265
Total equity		**8,811,097**	**13,095,119**	**1,935,733**	**7,561,116**

These balance sheets are to be read in conjunction with the attached notes.

Statements of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2008

	Note	Consolidated 2008 $	Consolidated 2007 $	The Company 2008 $	The Company 2007 $
Cash flows from operating activities					
Receipts in the course of operations		102,031,283	132,664,281	6,994,453	17,288,906
Payments in the course of operations		(105,122,972)	(126,853,614)	(6,060,908)	(12,810,772)
Interest received		53,849	229,077	37,806	118,715
Dividends received		60,543	66,171	60,543	66,171
Interest paid		(487,820)	(298,436)	(2,414)	(5,493)
Taxation paid		(1,653,734)	(1,641,900)	(1,653,734)	(1,089,100)
Net cash from operating activities	26(b)	(5,129,487)	4,165,579	(624,254)	3,568,427
Cash flows from investing activities					
Proceeds from disposal of property, plant and equipment		1,100,400	15,166	1,097,210	13,636
Acquisition of property, plant and equipment		(721,230)	(646,406)	(682,227)	(641,106)
Loans to controlled entity		-	-	3,456,715	2,918,958
Fair value asset reserve		(4,501,256)	-	(4,501,256)	-
Investment in listed shares		(159,631)	(22,500)	(159,631)	(22,500)
Net cash from/(used in) investing activities		(4,281,717)	(653,740)	(789,189)	2,268,988
Cash flows from financing activities					
Dividends paid		(1,181,416)	(2,094,542)	(1,181,416)	(2,094,542)
Payments for shares repurchased		-	(1,792,059)	-	(1,792,059)
Repayment of bills of exchange		(440,000)	(440,000)	-	-
Net cash used in financing activities		(1,621,416)	(4,326,601)	(1,181,416)	(3,886,601)
Net increase/(decrease) in cash and cash equivalents		(11,032,620)	(814,764)	(2,594,859)	1,950,814
Cash and cash equivalents at 1 July		2,530,328	3,345,090	3,120,859	1,170,045
Cash and cash equivalents at 30 June	26(a)	(8,502,292)	2,530,326	526,000	3,120,859

The statements of cash flows are to be read in conjunction with the attached notes.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Cambridge Gulf Limited (the 'Company') is a company domiciled in Australia. The address of the Company's registered office is 672 Weaber Plains Road, Kununurra, Western Australia. The consolidated financial statements of the Company as at and for the year ended 30 June 2008 comprise the Company and its subsidiaries (together referred to as the 'Group').

(b) Statement of compliance

The financial report is a general-purpose financial report that has been prepared in accordance with Australian Accounting Standards ('AASBs') (including Australian Interpretations) adopted by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. The consolidated financial report of the Consolidated entity also complies with the International Financial Reporting Standards ('IFRSs') and interpretations adopted by the International Accounting Standards Board. The Company's financial report does not comply with IFRSs as the Company has elected to apply the relief provided to parent entities by AASB 132 Financial Instruments: Presentation and Disclosures in respect of certain disclosure requirements.

The financial statements were approved by the Board of Directors on 4th November 2008.

(c) Basis of Preparation

The financial report is presented in Australian dollars.

The entity has elected to early adopt the following accounting standards and amendments:

- AASB 8 Operating segments replaces the presentation requirements of segment reporting in AASB 114 Segment Reporting.

Issued standards not early adopted

The following Australian Accounting Standards issued or amended but not effective are applicable to the company but have not been adopted in preparation of the financial statements at reporting date.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008 (CONTINUED)

	Title and Topic	Issued	Applicable	Impact
(i)	AASB-1 12 Service Concession Arrangements, AASB 2007-1 Amendments to Australian Accounting Standards arising from AASB Interpretation 12, revised UIG 4 Determining whether an Arrangement contains a Lease and revised UIG 129 Service Concession	Feb 2007	1 Jan 2008	Nil – the company is not party to any Service Concession arrangements
(ii)	AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8	Feb 2007	1 Jan 2009	Nil – the company only operates in one segment
(iii)	Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]	June 2007	1 Jan 2009	Nil – The revised Standard has removed the option to expense all borrowing costs and, when adopted, will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction of production of a qualifying asset. There will be no impact on the company as borrowing costs relating to qualifying assets are currently capitalised.
(iv)	AASB-1 13 Customer Loyalty Programmes	Aug 2007	1 July 2008	Nil – the company has no Customer Loyalty Programmes
(v)	AASB-1 14 The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	Aug 2007	1 Jan 2008	Nil – The Interpretation provides guidance on the maximum amount that may be recognised as an asset in defined benefit plans. The company has no defined benefit plans. Consequently there is not expected to be any impact on the financial statements
(vi)	Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 and AASB 2007-10. Further Amendments to Australian Account Standards arising from AASB 101	Sept 2007 & Dec 2007	1 Jan 2009	Nil – The revised Standard requires the presentation of a Statement of comprehensive income and makes changes to the Statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. Any prior period adjustment or reclassified items in the financial statements, will need to disclose a third balance sheet (Statement of financial position), being as at the beginning of the comparative period.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008 (CONTINUED)

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Basis of Preparation (Continued)

The financial report is prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivatives financial instruments, financial instruments held for trading, financial instruments classified as available-for-sale, biological assets and investment property.

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 of 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.

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial report.

The accounting policies have been applied consistently by all entities in the consolidated entity.

(d) Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Company. Control exits when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Associates are those entities in which the consolidated entity has significant influence, but not control, over the financial and operating policies. The consolidated financial statements includes the consolidated entity’s share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When the consolidated entity’s share of losses exceeds its interest in an associate, the consolidated entity’s carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the consolidated entity has incurred legal or constructive obligations or made payments on behalf of an associate.

In the Company’s financial statements, investments in associates are carried at fair value, with resulting revaluation gains and losses recognised in equity. The fair value of investments in listed shares of associates, is their current market value at the balance sheet date.

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Basis of consolidation (Continued)

Subsidiaries

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.

Unrealised gains arising from transactions with associates and jointly controlled entities are
eliminated to the extent of the consolidated entity's interest in the entity with adjustments made to the 'Investment in associates' and 'Share of associates net profit' accounts.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. Gains and losses are recognised as the contributed assets are consumed or sold by the associates and jointly controlled entities or, if not consumed or sold by the associate or jointly controlled entity, when the consolidated entity's interest in such entities is disposed of.

(f) Revenue Recognition

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST) payable to the taxation authority. Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenues.

Sales of goods
Sales revenue comprises revenue earned (net of returns, discounts and allowances) from the provision of products or services to entities outside the consolidated entity. Sales revenue is recognised when control of goods passes to the customer.

Revenue from rendering of services
Revenue from the rendering of services is recognised when the fee in respect of services is receivable.

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

Dividends
Dividend revenue is recognised net of any franking credits.

Revenues from distributions from controlled entities is recognised by the parent entity when they are declared by the controlled entities. Revenues from dividends from associates and other investments is recognised when dividends are received.

Sale of non-current assets
The gross proceeds of asset disposals are included as revenue of the consolidated entity. The gain or loss on disposal of assets is brought to account at the date an unconditional contract of disposal is agreed.

Any related balance in the asset revaluation reserve is transferred to the capital profits reserve on disposal.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008 (CONTINUED)

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Foreign Currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates ruling at the dates the fair value was determined.

(g) Derivative financial instruments

Current accounting policy

The consolidated entity uses derivative financial instruments to hedge its exposure to foreign exchange and commodity (fuel price) price risks arising from operating, financing and investing activities. In accordance with its policy, the consolidated entity does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

The fair value of forward exchange contracts is their quoted market price at the balance sheet date, being the present value of the quoted forward price.

(h) Property, Plant & Equipment

Owned assets

Items of property, plant and equipment are stated at cost or deemed cost less accumulated depreciation (see below) and impairment losses. The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Property, Plant & Equipment (Continued)

Leased assets

Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives in the current and comparative periods are as follows:

Residential buildings	2%
Non-residential buildings	4%
Plant and equipment – owned and leased	10% - 15%
Motor vehicles	10% - 15%
Furniture	10% – 20%

The residual value, the useful life and the depreciation method applied to an asset are reassessed annually.

(i) Investments

Investments in debt and equity securities

Financial instruments held by the consolidated entity are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognised directly in equity, except for impairment losses and, in the case of monetary items such as debt securities, foreign exchange gains and losses. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in the income statement.

The fair value of financial instruments classified as held for trading and available-for-sale is their quoted bid price at the balance sheet date.

Financial instruments classified as available-for-sale investments are recognised / derecognised by the consolidated entity on the date it commits to purchase / sell the investments.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008 (CONTINUED)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Trade and other receivables

Trade and other receivables are stated at their amortised cost less impairment losses.

(k) Inventories

Inventories comprising finished goods are carried at the lower of cost and net realisable value that is established taking into account marketing, selling and distribution expenses.

Cost includes cost of purchase and indirect costs directly attributable to bringing the stock to its present location and condition.

Net realisable value is determined on the basis of each inventory line's normal selling pattern and adjusted where appropriate for obsolescence or potential unsaleability.

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, short term bills and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the consolidated entity's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(m) Impairment

The carrying amounts of the consolidated entity's assets, other than biological assets, inventories and deferred tax 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.

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date.

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

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

(i) Calculation of recoverable amount

The recoverable amount of the consolidated entity's investments in receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Impairment (Continued)

(i) Calculation of recoverable amount (continued)

Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred. Significant receivables are individually assessed for impairment. Impairment testing of significant receivables that are not assessed as impaired individually is performed by placing them into portfolios of significant receivables with similar risk profiles and undertaking a collective assessment of impairment. Non-significant receivables are not individually assessed. Instead, impairment testing is performed by placing non-significant receivables in portfolios of similar risk profiles, based on objective evidence from historical experience adjusted for any effects of conditions existing at each balance sheet date.

The recoverable amount of other assets is the greater of their 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 inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment

Impairment losses, other than in respect of goodwill, are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount.

An impairment loss in respect of goodwill is not reversed.

An impairment loss in respect of a held-to-maturity security or receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised

An impairment loss in respect of an investment in an equity instrument classified as available for sale is not reversed through profit or loss. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognised in profit or loss.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008 (CONTINUED)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(iii) Derecognition of financial assets and liabilities

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

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

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit and loss.

(n) Share Capital

(i) Preference share capital

Preference share capital is classified as equity if it is non-redeemable and any dividends arediscretionary, or is redeemable but only at the Company's option. Dividends on preference share capital classified as equity are recognised as distributions within equity.

Preference share capital is classified as a liability if it is redeemable on a specific date or at the option of the shareholders or if dividend payments are not discretionary. Dividends thereon are recognised in the income statement as interest expense.

(ii) Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from total equity.

(iii) Dividends

Dividends on redeemable preference shares are recognised as a liability and expressed on an effective interest yield basis. Other dividends are recognised as a liability in the period in which they are declared.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(iv) Transaction costs

Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit.

(o) Convertible notes

Convertible notes that can be converted to share capital at the option of the holder, where the number of shares issued does not vary with changes in their fair value, are accounted for as compound financial instruments. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds. The equity component of the convertible notes is calculated as the excess of the issue proceeds over the present value of the future interest and principal payments, discounted at the market rate of interest applicable to similar liabilities that do not have a conversion option. The interest expense recognised in the income statement is calculated using the effective interest method.

(p) Interest bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008 (CONTINUED)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Employee Benefits

Defined contribution superannuation funds

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in the income statement as incurred.

Wages, salaries, annual leave, sick leave and non-monetary benefits

Liabilities for employee benefits for wages, salaries, annual leave and sick 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 workers compensation insurance and payroll tax. Non-accumulating non-monetary benefits, such as medical care, housing, cars and free or subsidised goods and services, are expensed based on the net marginal cost to the consolidated entity as the benefits are taken by the employees.

Long service leave

The provision for employee entitlements to long service leave represents the present value of the estimated future cash outflows to be made by the employer resulting from employees' services provided up to the balance date.

(r) Provisions

A provision is recognised in the balance sheet when the Company 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. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability

Dividends

A provision for dividends payable is recognised in the reporting period in which the dividends are declared for the entire undistributed amount, regardless of the extent to which they will be paid in cash.

(s) Trade and other payables

Trade and other payables are stated at their amortised cost

Trade payables are non-interest bearing and are normally settled on 60-day terms.

Notes to the Financial Statements

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Expenses

(i) Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense and spread over the lease term.

(ii) Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(iii) Net financing costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest method, interest receivable on funds invested, foreign exchange gains and losses, and gains and losses on hedging instruments that are recognised in the income statement. Borrowing costs are expensed as incurred and included in net financing costs.

Interest income is recognised in the income statement as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established. The interest expense component of finance lease payments is recognised in the income statement using the effective interest method.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008 (CONTINUED)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Income tax

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 substantively enacted at the balance sheet date, and any adjustment 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 following temporary differences are not provided for: initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. 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.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

Tax consolidation

The Company and its wholly-owned Australian resident entities have formed a tax-consolidated group with effect from 1 April 2003 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is Cambridge Gulf Limited.

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the ‘separate taxpayer within group’ approach by reference to the carrying amounts of assets.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries is assumed by the head entity in the tax-consolidated group and are recognised as amounts payable (receivable) to (from) other entities in the tax-consolidated group in conjunction with any tax funding arrangement amounts (refer below). Any difference between these amounts is recognised by the Company as an equity contribution or distribution.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Income tax (Continued)

The Company recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the asset can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

(v) Non-current assets held for sale and discontinued operations

Immediately before classification as held for sale, the measurement of the assets (and all assets and liabilities in a disposal group) is brought up-to-date in accordance with applicable accounting standards. Then, on initial classification as held for sale, non-current assets and disposal groups are recognised at the lower of carrying amount and fair value less costs to sell.

Impairment losses on initial classification as held for sale are included in profit or loss, even when there is a revaluation. The same applies to gains and losses on subsequent remeasurement

A discontinued operation is a component of the consolidated entity's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier.

(w) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part 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 balance sheet.

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

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008 (CONTINUED)

	Consolidated 2008 $	Consolidated 2007 $	The Company 2008 $	The Company 2007 $
2. REVENUE				
From the sale of goods	90,563,797	116,244,075	155,089	10,065,779
From rendering of services	3,983,721	4,182,292	3,983,721	4,182,292
Total revenues	94,547,518	120,426,367	4,138,810	14,248,071
3. OTHER INCOME				
From operating activities				
Dividends from subsidiaries	-	-	720,000	720,000
Dividends from third parties	60,543	66,171	60,543	66,171
Foreign exchange loss	-	(6,815)	-	-
Lease fuel terminal	169,927	-	169,927	147,600
Management fee	60,000	-	360,000	300,000
Property rentals	23,157	23,544	23,157	20,062
Storage income molasses	-	102,000	-	102,000
Storage income sugar	-	297,056	-	297,056
Sundry income	143,280	66,512	143,215	19,327
Net gain on disposal of property, plant and equipment				
- gross sale proceeds	-	15,166	-	13,636
- net book value on sale	(2,489)	(12,547)	(2,489)	(12,547)
Total other operating income	454,418	551,087	1,474,353	1,673,305
4. COST OF SALES				
Changes in inventory	2,873,427	(8,963,351)	(1,050,293)	(957,368)
Merchandise purchases	83,615,139	118,497,308	1,358,914	9,478,808
Member discounts	-	540,801	-	540,801
Total cost of sales	86,488,566	110,074,758	308,621	9,062,241

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008 (CONTINUED)

	Consolidated		The Company	
	2008	2007	2008	2007
	$	$	$	$
5. DEPRECIATION AND AMORTISATION				
Depreciation of:				
- acquisition costs	7,937	7937	7,937	7,937
- computers	3,664	12,062	3,,030	11,680
- furniture	7,280	9,771	7,252	9,402
- land	28,308	6,852	28,308	6,852
- motor vehicles	39,587	59,001	29,645	49,577
- non-residential buildings	111,397	181,677	111,397	181,677
- plant and equipment	128,260	183,539	128,260	183,539
- residential buildings	3,666	3,175	3,666	3,175
Total depreciation and amortisation	330,099	464,014	319,494	453,839
6. PERSONNEL EXPENSES				
Includes the net expense for movement in Provision for employee entitlements.	(56,400)	55,361	(66,662)	58,025
7. NET FINANCING COSTS				
Interest income	53,849	229,077	37,806	118,715
Interest expense				
- Bank overdraft	(295,600)	(63,124)	-	(2)
- Bills of exchange	(119,912)	(138,050)	-	-
- Other interest and finance charges	(72,308)	(97,262)	(2,414)	(5,491)
Financial expenses	(487,820)	(298,436)	(2,414)	(5,493)
Net financing (costs)	(433,971)	(69,359)	(35,392)	(113,222)

All non-company finance costs relate to the fuel division.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008 (CONTINUED)

	Consolidated		The Company	
	2008	2007	2008	2007
	$	$	$	$
8. INCOME TAX EXPENSE				
Recognised in the income statement				
(a) Current tax expense				
Current year income tax expense	810,946	1,611,534	231,726	546,476
Adjustments for prior years	935	(21,166)	935	(21,166)
	811,881	1590,368	232,661	525,310
(b) Deferred tax expense				
Origination and reversal of temporary differences	163,332	(37,747)	159,283	(35,684)
Income tax expense in the income statement	975,213	1,552,621	391,944	489,626
(c) Numerical reconciliation between tax expense and pre-tax profit				
Profit before tax	1,829,375	5,330,126	(113,108)	2,082,918
Income tax thereon using the domestic Corporation tax rate of 30% (2007: 30%):	548,813	1,599,037	(33,932)	624,875
Increase in income tax expense due to the following:				
Gross-up imputation credits	7,785	8,508	7,785	8,508
Adjustment due to consolidation	-	-	-	(88,381)
Imputation credits on dividends, received	(25,950)	(28,359)	(25,950)	(28,359)
Write back of provision to subsidiary	-	(5,951)	-	(5,951)
Other	(2,001)	552	1,525	100
Deferred tax adjustment	163,331	-	159,281	-
Decrease in income tax expensed due to:				
tax exempt revenues	-	-	-	-
Impairment of Wyndham assets	267,991	-	267,991	
	959,969	1,573,787	376,700	510,792
Income tax over provided in prior year	15,244	(21,166)	15,244	(21,116)
Income tax expense on pre-tax net profit	975,213	1,552,621	391,944	489,626
(d) Current tax liabilities				
Provision for current income tax				
Movements during the year:				
Balance at beginning of year	850,899	863,579	1,057,119	863,579
Income tax paid	(1,653,734)	(1,641,900)	(1,653,734)	(1,641,900)
Current years income tax expense	810,946	1,611,534	810,946	1,611,534
Adjustment on consolidation	-	-	225,780	206,220
Under provision in prior year	16,770	17,686	16,770	17,686
Provision for income tax	24,881	850,899	456,881	1,057,119

	Consolidated		The Company	
	2008	2007	2008	2007
	$	$	$	$

8. INCOME TAX EXPENSE (Continued)

(e) Deferred tax asset

Future income tax benefit

Future income tax benefits comprises the estimate future benefit (at the current applicable tax rate of 30%) on the following items:

	Consolidated 2008 $	Consolidated 2007 $	The Company 2008 $	The Company 2007 $
Property, plant and equipment	25,363	83,198	25,364	83,198
Trade debtors	-	21,000	-	21,000
Prepayments	-	3,453	-	-
Deductions for borrowing costs and restructure costs	43,471	68,040	38,236	59,657
Listed shares	(127,341)	(116,542)	(127,341)	(116,542)
Employment benefits	84,149	101,069	76,922	96,920
Sundry creditors and accruals	21,684	28,530	15,224	20,946
Tax (assets)/liabilities	47,326	188,749	28,405	165,178

9. AUDITOR'S REMUNERATION

Audit services

	Consolidated 2008 $	Consolidated 2007 $	The Company 2008 $	The Company 2007 $
Audit and review of financial reports	45,900	67,612	29,900	41,512
Other services				
Other assurance services	26,520	2,000	26,520	2,000
Taxation services	3,155	46,395	3,155	46,395
	29,675	48,395	29,675	48,395

10. CASH AND CASH EQUIVALANTS

	Consolidated 2008 $	Consolidated 2007 $	The Company 2008 $	The Company 2007 $
Bank balances	532,515	1,394,503	522,659	1,320,459
Call deposits	2,640	1,800,000	2,640	1,800,000
Cash on hand	700	400	700	400
Cash and cash equivalents in the statement of cash flows	535,855	3,194,903	525,999	3,120,859

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008 (CONTINUED)

	Consolidated		The Company	
	2008	2007	2008	2007
	$	$	$	$
11. INVENTORIES				
Finished Goods				
Agriculture products	152,615	1,178,427	152,615	1,178,427
Diesel fuel	7,639,647	3,740,407	-	24,031
	7,792,262	4,918,834	152,615	1,202,458
12. TRADE AND OTHER RECEIVABLES				
Trade debtors	8,681,364	6,231,189	727,103	1,663,690
Less: Provision for doubtful debts	-	(70,000)	-	(70,000)
Prepayments	10,636	11,511	-	-
Sundry debtors	1,563	187,879	1,563	187,878
Total debtors	8,693,563	6,360,579	728,666	1,781,568
Loans to controlled entities				
Loan to Lake Argyle Industries Pty Limited	-	-	-	910,279
Less: Provision for diminution	-	-	-	(908,330)
Net loan to Lake Argyle Industries Pty Ltd	-	-	-	1,949
Total trade and other receivables	8,693,563	6,360,579	728,666	1,783,517
13. OTHER FINANCIAL ASSETS				
Other entities listed shares at market value	1,280,201	1,319,224	1,280,201	1,319,224
Unlisted shares in subsidiaries				
CGL Fuel Pty Ltd	-	-	1,000	1,000
Lake Argyle Industries Pty Ltd				
- shares at cost	-	-	-	1,176,930
- provision for diminution in value	-	-	-	(1,176,930)
	1,280,201	1,319,224	1,281,201	1,320,224

The investment in Lake Argyle Industries Pty Ltd was written off during the financial year.

14. PROPERTY, PLANT AND EQUIPMENT

	Consolidated				Company			
	Freehold land and buildings		Plant and equipment	Total	Freehold land and buildings		Plant and equipment	Total
	Residential	Non-residential			Residential	Non-residential		
Cost								
Balance at 1 July 2006	110,263	4,524,229	4,205,701	8,840,193	110,263	4,524,229	4,163,524	8,798,016
Acquisitions	-	485,551	160,855	646,406	-	485,551	155,555	641,106
Disposals	-	-	(39,492)	(39,492)	-	-	(39,492)	(39,492)
Balance at 30 June 2007	110,263	5,009,780	4,327,064	9,447,107	110,263	5,009,780	4,279,587	9,399,630
Acquisitions	3,273	172,225	545,732	721,230	3,273	172,225	506,729	682,227
Disposals	-	-	(30,232)	(30,232)	-	-	(4,713)	(4,713)
Sale of agricultural assets	-	(1,371,581)	(1,500,856)	(2,872,437)	-	(1,371,581)	(1,500,856)	(2,872,437)
Write off of impaired Wyndham assets	-	(2,744,738)	(282,023)	(3,026,761)	-	(2,744,738)	(282,023)	(3,026,761)
Balance at 30 June 2008	113,536	1,065,686	3,059,685	4,238,907	113,536	1,065,686	2,998,724	4,177,946
Accumulated depreciation								
Balance at 1 July 2006	14,859	2,271,277	2,076,108	4,362,244	14,859	2,271,277	2,061,862	4,347,998
Depreciation charge for the year	3,175	188,529	272,310	464,014	3,175	188,529	262,135	453,839
Depreciation written back on disposals	-	-	(26,945)	(26,945)	-	-	(26,945)	(26,945)
Balance at 30 June 2007	18,034	2,459,806	2,321,473	4,799,313	18,034	2,459,806	2,297,052	4,774,892
Depreciation charge for the year	3,666	139,704	186,729	330,099	3,666	139,704	176,124	319,494
Depreciation written back on disposals	-	-	(24,553)	(24,553)	-	-	(2,224)	(2,224)
Depreciation written back on sale of agricultural assets	-	(577,761)	(1,197,466)	(1,775,227)	-	(577,761)	(1,197,466)	(1,775,227)
Depreciation written back on impaired Wyndham assets	-	(1,851,434)	(276,454)	(2,127,888)	-	(1,851,434)	(276,454)	(2,127,888)
Balance at 30 June 2008	21,700	170,315	1,009,729	1,201,744	21,700	170,315	997,032	1,189,047
Carrying amount reconciliation								
Balance at 1 July 2006	95,404	2,252,952	2,129,593	4,477,950	95,404	2,252,952	2,101,663	4,450,019
Acquisitions at cost	-	485,551	160,855	646,406	-	485,551	155,555	641,106
Disposals at cost	-	-	(39,492)	(39,492)	-	-	(39,492)	(39,492)
Depreciation charge for the year	(3,175)	(188,529)	(272,310)	(464,014)	(3,175)	(188,529)	(262,135)	(453,839)
Depreciation written back on disposals	-	-	26,945	26,945	-	-	26,945	26,945
Balance at 30 June 2007	92,229	2,549,974	2,005,591	4,647,795	92,229	2,549,974	1,982,535	4,624,738
Acquisitions at cost	3,273	172,225	545,732	721,230	3,273	172,225	506,729	682,227
Disposals at net book value	-	-	(5,679)	(5,679)	-	-	(2,489)	(2,489)
Depreciation charge for the year	(3,666)	(139,704)	(186,729)	(330,099)	(3,666)	(139,704)	(176,124)	(319,494)
Net book value of agricultural assets sold	-	(793,820)	(303,390)	(1,097,210)	-	(793,820)	(303,390)	(1,097,210)
Net book value of impaired Wyndham assets written off	-	(893,304)	(5,569)	(898,873)	-	(893,304)	(5,569)	(898,873)
Balance at 30 June 2008	91,836	895,371	2,049,956	3,037,164	91,836	895,371	2,001,692	2,988,899

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008 (CONTINUED)

	Consolidated 2008 $	Consolidated 2007 $	The Company 2008 $	The Company 2007 $

15. INTEREST BEARING LIABILITIES

Current

	Consolidated 2008 $	Consolidated 2007 $	The Company 2008 $	The Company 2007 $
Bank overdraft	9,038,147	664,577	-	-
Bill of exchange	1,240,000	1,680,000	-	-
	10,278,147	2,344,577	-	-

Financing arrangements

The consolidated group has negotiated a flexible options finance facility of $22,000,000 (exclusive of the bills of exchange facility) with its' bankers which may be utilised by way of bank overdraft and other financing instruments at the option of the group. The facilities are subject to annual review but are repayable on demand. The group has utilised the available finance by way of bank overdraft facilities and letters of credit in the current financial year.

The consolidated entity has access to the following lines of credit:

Bank overdraft facility

	Consolidated 2008 $	Consolidated 2007 $	The Company 2008 $	The Company 2007 $
Approved limit	12,000,000	8,500,000	-	-
Less: Utilised as at year end	(9,038,147)	(664,577)	-	-
Unutilised balance at year end	2,961,853	7,835,423	-	-

The bank overdraft facilities are secured by registered mortgages over the assets of all companies in the consolidated group. The bank overdrafts are repayable on demand and subject to annual review. Interest is payable on the basis of a fixed base rate of 10.62% (2007: base rate of 9.45% plus a margin of 0.75%. Interest is payable monthly.

Bills of exchange facility

	Consolidated 2008 $	Consolidated 2007 $	The Company 2008 $	The Company 2007 $
Approved limit	1,240,000	1,680,000	-	-
Less: Utilised as at year end	(1,240,000)	(1,680,000)	-	-
Unutilised balance at year end	-	-	-	-

15. INTEREST BEARING LIABILITIES (Continued)

The bill facility is denominated in Australian dollars and is secured over all the assets of the consolidated group. The yield rate on the commercial bill facility at the year end was 8.71% (2007: 6.68%). Interest on the bills is payable monthly. The bills are rolled over quarterly at which time repayments of $110,000 are made in reduction of the liability.

Letters of credit

Documentary letters of credit have been used in the current financial year in respect of the importation of fuel. This facility does not attract an interest charge but there is a fixed document fee of $10,000 for each document.

Forward exchange contracts

The flexible options facility incorporates Forward Exchange Contract facilities that may be used in conjunction with underlying commercial transactions, specifically the importation of fuel. The currency chosen is that of the underlying commercial transaction (US dollars in the current financial year).

16. PROVISIONS

	Consolidated		The Company	
	2008	2007	2008	2007
	$	$	$	$
Current				
Discounts	-	309,148	-	309,148
Dividends	-	738,389	-	738,389
Employee entitlements	280,496	336,896	256,406	323,068
	280,496	1,384,433	256,406	1,370,605
Non-Current				
Employee entitlements	-	-	-	-
Total	280,496	1,384,433	256,406	1,370,605

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008 (CONTINUED)

16. PROVISIONS (Continued)

Reconciliation for each class of provision

	Consolidated		The Company	
	Dividends	Dividends	Dividends	Dividends
	2008	2007	2008	2007
	$	$	$	$
Carrying amount at 1st July	738,389	405,487	738,389	405,487
Prior year dividends paid in current year	(738,389)	(405,487)	(738,389)	(405,487)
Dividends declared but not paid	-	738,389	-	738,389
Carrying amount at 30 June	-	738,389	-	738,389

	Consolidated		The Company	
	Discounts	Discounts	Discounts	Discounts
	2008	2007	2008	2007
	$	$	$	$
Carrying amount at 1st July	309,148	222,682	309,148	222,682
Prior year discounts paid in current year	(309,148)	(222,682)	(309,148)	(222,682)
Discounts declared but not paid	-	309,148	-	309,148
Carrying value at 30 June	-	309,148	-	309,148

17. TRADE AND OTHER PAYABLES

	Consolidated		The Company	
	2008	2007	2008	2007
	$	$	$	$
Trade payables	1,398,977	1,797,106	262,186	1,040,242
Non trade payables and accruals	592,771	1,157,950	248,149	388,754
Total payables and accruals	1,991,748	2,955,056	510,335	1,428,996
Loans to controlled entities				
Loans to CGL Fuel Pty Ltd	-	-	2,546,431	799,138
Total trade and other payables	1,991,748	2,955,056	3,056,766	2,228,134

18. CAPITAL AND RESERVES

Attributable to equity holders

	Consolidated		The Company	
	2008	2007	2008	2007
	$	$	$	$
(a) Contributed equity				
Issued and paid up ordinary capital				
Number of shares	2,109,683	2,109,683	2,109,683	2,109,683
Amount	4,543,903	4,543,903	4,543,903	4,543,903
Issued and paid capital	4,543,903	4,543,903	4,543,903	4,543,903

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008 (CONTINUED)

18. CAPITAL AND RESERVES (Continued)

(b) Reconciliation of movement in capital and reserves

Consolidated

	Share capital			Reserves					Total equity
	Ordinary	Preference	Total	Asset revaluation	Capital profit	Capital redemption	Retained income	Total	
Balance at 30 June 2006	**4,274,747**	**1,792,059**	**6,066,806**	**449,741**	**1,723,393**	**112,700**	**4,925,344**	**7,211,178**	**13,277,984**
Dividends paid									
Ordinary shares	-	-	-	-	-	-	(1,265,809)	(1,265,809)	(1,265,809)
Ordinary shares – adjustment to share capital	269,156	-	269,156	-	-	-	(269,156)	(269,156)	0
Preference shares	-	-	-	-	-	-	(1,161,634)	(1,161,634)	(1,161,634)
Foreign currency translation reserve	-	-	-	(25,981)	-	-	-	(25,981)	(25,981)
Net profit for the current year	-	-	-	-	-	-	3,777,505	3,777,505	3,777,505
Revaluation adjustment on listed shares	-	-	-	285,114	-	-	-	285,114	285,114
Shares bought back	-	-	-	-	-	-	-	-	-
Number of shares - Ordinary: Nil (2006:37,411)	-	-	-	-	-	-	-	-	-
Number of shares - Preference: 512,017 (2006: Nil)	-	(1,792,059)	(1,792,059)	-	-	-	-	-	(1,792,059)
Shares issued for cash	-	-	-	-	-	-	-	-	-
Number : Nil (2006:500)	-	-	-	-	-	-	-	-	-
Balance at 30 June 2007	**4,543,903**	**-**	**4,543,903**	**708,874**	**1,723,393**	**112,700**	**6,006,249**	**8,551,217**	**13,095,119**
Dividends paid									
Ordinary shares	-	-	-	-	-	-	(443,033)	(443,033)	(443,033)
Foreign currency translation reserve	-	-	-	(17,901)	-	-	-	(17,901)	(17,901)
Net profit for the current year	-	-	-	-	-	-	854,162	854,162	854,162
Revaluation adjustment on listed shares	-	-	-	(175,995)	-	-	-	(175,995)	(175,995)
Write off investment in Ord River District Co-operative Ltd	-	-	-		-	-	(4,501,256)	(4,501,256)	(4,501,256)
Balance at 30 June 2008	**4,543,903**	**-**	**4,543,903**	**(514,978)**	**1,723,393**	**112,700**	**1,916,123**	**4,267,194**	**8,811,097**

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008 (CONTINUED)

18. CAPITAL AND RESERVES (Continued)

(b) Reconciliation of movement in capital and reserves

	Share capital			Reserves					Total equity
Company	Ordinary	Preference	Total	Asset revaluation	Capital profit	Capital redemption	Retained income	Total	
Balance at 30th June 2006	**4,274,747**	**1,792,059**	**6,066,806**	**449,741**	**1,723,393**	**112,700**	**1,549,572**	**3,835,406**	**9,902,212**
Dividends paid									
Ordinary shares	-	-	-	-	-	-	(1,265,809)	(1,265,809)	(1,265,809)
Ordinary shares – adjustment to share capital	269,156	-	269,156	-	-	-	(269,156)	(269,156)	0
Preference shares	-	-	-	-	-	-	(1,161,634)	(1,161,634)	(1,161,634)
Foreign currency translation reserve	-	-	-	-	-	-	-	-	-
Net profit for the current year	-	-	-	-	-	-	1,593,292	1,593,292	1,593,292
Revaluation adjustment on listed shares	-	-	-	285,114	-	-	-	285,114	285,114
Shares bought back	-	-	-	-	-	-	-	-	-
Number of shares - Ordinary: Nil (2006:37,411)	-	-	-	-	-	-	-	-	-
Number of shares - Preference: 512,017 (2006: Nil)	-	(1,792,059)	(1,792,059)	-	-	-	-	-	(1,792,059)
Shares issued for cash	-	-	-	-	-	-	-	-	-
Number : Nil (2006:500)	-	-	-	-	-	-	-	-	-
Balance as at 30th June 2007	**4,543,903**	**-**	**4,543,903**	**734,855**	**1,723,393**	**112,700**	**446,265**	**3,017,213**	**7,561,116**
Dividends paid									
Ordinary shares	-	-	-		-	-	(443,033)	(443,033)	(443,033)
Foreign currency translation reserve	-	-	-	(48)	-	-	-	(48)	(48)
Net profit for the current year	-	-	-		-	-	(505,052)	(505,052)	(505,052)
Revaluation adjustment on listed shares	-	-	-	(175,995)	-	-	-	(175,995)	(175,995)
Write off investment in Ord River District Co-operative Ltd	-	-	-		-	-	(4,501,256)	(4,501,256)	(4,501,256)
Balance as at 30th June 2008	**4,543,903**	**-**	**4,543,903**	**558,812**	**1,723,393**	**112,700**	**(5,003,076)**	**(2,608,171)**	**1,935,733**

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008 (CONTINUED)

18. CAPITAL AND RESERVES (Continued)

(c) Dividends

	Ordinary shares				Preference shares				Total dividends
	Cents per share	Total amount	Franking percentage	Payment date	Cents per share	Total amount	Franking percentage	Payment date	
The following dividends were paid and provided:									
2008									
On shares repurchased	-	-	-	-	-	-	-	-	-
Interim dividend	21.00	443,033	100.00%	28-Feb 2008	-	-	-	-	443,033
Final dividend	-	-	-	-	-	-	-	-	-
Total dividend		443,033				-			443,033
2007									
On shares repurchased	-								
Interim dividend	25.00	527,421	100.00%	1-Mar-2007	120.00	145,380	100.00%	7-July-2006	672,801
Final dividend	35.00	738,389	100.00%	13-Aug-2007	260.00	1,016,254	100.00%	27-April-2007	1,754,643
Total dividend		1,265,810				1,161,634			2,427,444

Dividend franking account	The Company	
	2008	2007
Franking credits available to shareholders of the Company for subsequent financial years		
At 30% (2007: 30%)	3,087,896	2,158,083

The above available amounts are based on the balance of the dividend franking account at year end adjusted for:
(a) Franking credits that will arise from the payment of the current tax liability.
(b) Franking debits that will arise from the payment of dividends recognised as a liability at year end.
(c) Franking credits that will arise from the receipt of dividends recognised as receivables by the tax consolidated group at year end.
(d) Franking credits that the entity may be prevented from distributing in subsequent years.
The ability to utilise franking credits is dependent upon there being sufficient available profits to declare dividends.

Notes to the Financial Statements

18. CAPITAL AND RESERVES (Continued)

Impairment reserve Wyndham assets

In terms of the restructure approved by the members of the Ord River District Co-operative Limited on 30 November 2006 ownership of assets constructed to support the agricultural industry located in Wyndham would reside with Cambridge Gulf Limited. However it was a condition of the restructure that those assets be leased back to a new co-operative (Ordco) for $1 per year for an initial ten year period with an option, exercisable at the option of Ordco, for a further ten year period. In terms of the company's impairment accounting policy an impairment loss is recognised whenever the carrying amount of an asset or it's cash generating unit exceeds it's recoverable amount. With the demise of the sugar industry it is considered that the recoverable amount of these assets (fair value) is nil. The amount of the loss that is recognised is the difference between the acquisition cost and current fair value. Accordingly the net book value of the assets as at the end of the financial year ($893,304) has been written off through the income statement.

Investment in Ord River District Co-operative Ltd (Ordco)

The terms of the restructure approved by the members of the Ord River District Co-operative Limited on 30 November 2006 required that certain assets be transferred to a new co-operative (Ordco) formed to continue to provide agricultural service and inputs to it's members in compliance with co-operative principles. Consequentially all the fixed assets located at Lot 672 Weaber Plain Road, Kununurra valued at $1,382,032, agricultural inventories ($1,082,271), cash ($717,729) and the market value of listed shares ($1,319,224) were transferred in terms of the agreement. In return for the assets transferred Cambridge Gulf limited received 100 "C" class shares in Ordco. Those shares are non participatory, non voting shares and represent a minority interest in the total shares on issue in the co-operative. That investment has been written off and transferred to retained income in compliance with the impairment policy discussed above.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008 (CONTINUED)

19. RELATED PARTIES

	The Company 2008 $	The Company 2007 $
Key management personnel compensation		
Short-term employee benefits	611,521	494,306
Post-employment benefits	37,474	37,181
	648,995	531,487

Directors

The names of persons who were Directors of Cambridge Gulf Limited and its controlled entities at any time during the financial period are as follows:

Messrs G Bloecker, R J Boshammer, G S Cummings, E M Gardiner, N J Hughes, L A Innes, K Kohan, P A Mock and D W Smith.

	Consolidated 2008 $	Consolidated 2007 $	The Company 2008 $	The Company 2007 $
Directors' remuneration				
Directors' income				
Total income paid or payable, or otherwise made available, to all Directors of the Company and its controlled entities from the Company or any related party	520,445	440,249	147,552	150,000
Amounts receivable from Directors				
Included in trade debtors (see note 12) are amounts owed by Directors, or entities in which Directors have a significant interest. The amounts relate to transactions made with the Company on normal trading terms and conditions and have an aggregate amount of:	-	138,390	-	138,390
Shares held by Directors				
Shares held by Directors or entities in which they have a significant interest amounted to:				
Ordinary	-	-	957,031	661,475

	Consolidated		The Company	
	2008	2007	2008	2007
	$	$	$	$
19. RELATED PARTIES (Continued)				
Directors of the company and their immediate relatives own the following percentage interest in the shares of the Company:				
Ordinary			45.36%	31.35%
Directors of the Company and their immediate relatives control the following percentage voting rights in the Company:			45.36%	31.35%
(e) *Transactions with Directors*				
The terms and conditions of the transactions with Directors or entities in which they have a significant interest were no more favourable than those available to non–Director related entities on an arms-length basis.				
Directors received the following amounts during the financial year (excluding director's remuneration):				
Ordinary shares dividends	200,977	405,453	200,977	405,453
Preference shares dividends	-	548,602	-	548,602
Trade discounts	-	127,534	-	127,534
The following percentage share of these distributions was attributable to Directors:				
Ordinary shares dividends	-	-	45.36%	32.03%
Preference shares dividends	-	-	-	47.23%
Trade discounts	-	-	-	23.59%

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008 (CONTINUED)

	Consolidated		The Company	
	2008	2007	2008	2007
	$	$	$	$

19. RELATED PARTIES (Continued)

(g) **Director related parties**

No Director has entered into a material contract with the Company or any of its controlled entities in the current financial year and there were no such contracts involving Directors' interest at year end.

20. INVESTMENTS

Transactions and balances relating to wholly owned controlled entities, Lake Argyle Industries Pty Ltd and CGL Fuel Pty Ltd, are disclosed in the notes to the financial statements. All such transactions are on normal terms and conditions.

Loans between The Company and its subsidiaries are:

	Consolidated 2008 $	Consolidated 2007 $	The Company 2008 $	The Company 2007 $
Lake Argyle Industries Pty Ltd	-	-	-	910,279
CGL Fuel Pty Ltd	-	-	2,546,431	(799,138)
	-	-	2,546,431	111,141

21. EMPLOYEE ENTITLEMENTS

The aggregate employee entitlements, including on-costs are as follows:

	Consolidated 2008 $	Consolidated 2007 $	The Company 2008 $	The Company 2007 $
Current portion				
Employee entitlements provision	280,496	336,896	256,406	323,068
	280,496	336,896	256,406	323,068
Number of employees	15	16	13	14

Superannuation contributions

Contributions are made by the Company and its controlled entities to various managed accumulation funds in compliance with legal requirements.

22. FINANCIAL INSTRUMENTS

Interest rate risk

Interest rate risk exposures

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

	Weighted average interest rate	Floating Interest rate $	Fixed interest maturing in: 6 months or less $	More than 6 months $	Non-interest bearing $	Total $
2008						
Financial assets						
Cash	4.56%	532,515	-	-	3,340	535,855
Other financial assets		-	-	-	1,280,201	1,280,201
Prepayments		-	-	-	10,636	10,636
Receivables	11.48%	-	8,681,364	-	(1,214)	8,680,150
		532,515	8,681,364	-	1,292,963	10,506,842
Financial liabilities						
Bank overdraft	9.98%	9,038,147	-	-	-	9,038,147
Bills of exchange	8.35%	-	1,240,000	-	-	1,240,000
Employee entitlements		-	280,496	-	-	280,496
Payables and accruals		-	-	-	1,988,971	1,988,971
		9,038,147	1,520,496	-	1,988,971	12,547,614
2007						
Financial assets						
Cash	3.86%	3,194,503	-	-	400	3,194,903
Other financial assets		-	-	-	1,319,224	1,319,224
Prepayments		-	-	-	11,511	11,511
Receivables	10.53%	-	6,231,189	-	117,879	6,349,068
		3,194,503	6,231,189	-	1,449,014	10,874,706
Financial liabilities						
Bank overdraft	9.33%	664,577	-	-	-	664,577
Bills of exchange	7.34%	-	1,680,000	-	-	1,680,000
Employee entitlements		-	-	-	336,896	336,896
Payables and accruals		-	-	-	4,002,593	4,002,593
		664,577	1,680,000	-	4,339,489	6,684,066

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008 (CONTINUED)

22. FINANCIAL INSTRUMENTS (Continued)

(a) Foreign exchange risk

The economic entity periodically enters into forward exchange contracts to hedge certain anticipated purchase and sale commitments in foreign currencies (principally US dollars). Contracts of this nature are regularly entered into in respect of the importation of fuel by CGL Fuel Pty Ltd. The contract terms do not exceed one year.

(b) Credit risk exposures

Credit risk represents the loss that would be incurred if counterparties failed to perform as contracted.

The credit risk on the financial assets other than investments of the consolidated entity which have been recognised on the statement of financial position, is the carrying amount of those assets net of any provision for doubtful debts.

The consolidated entity minimises credit risk by undertaking transactions with a large number of customer and counterparties. The consolidated entity is not materially exposed to any individual customer.

(c) Net fair values

Net fair values approximate the carrying values as disclosed in the statements of financial position.

(d) Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table above.

Interest bearing loans and borrowings

Fair value is calculated based on discounted expected future principal and interest cash flows for all such loans / borrowings that are regarded as non-current. All such loans and borrowings at the year end are classified as current and valued at their notional amount.

Trade and other receivables / payables

The fair value of receivables/payables with a remaining life of less than one year is deemed to be the notional amount. All other receivables / payables are discounted to determine fair value (at year end there were no such receivables or payables).

23. CONSOLIDATED ENTITIES

Cambridge Gulf Limited is the parent entity that controls the following entities:

	Ordinary share Consolidated entity Interest	
	2008	2007
	%	%
Lake Argyle Industries Pty Ltd	-	100
CGL Fuel Pty Ltd	100	100

The controlled entities are incorporated in Australia.

Lake Argyle Industries has ceased trading the investment written off in the current year. The company has been deregistered.

24. SUBSEQUENT EVENTS

Kimberley Steel Pty Ltd was purchased on July 1st 2008 by CGL Steel Pty Ltd thereby adding a new subsidiary to the group and with it a new income stream. The primary business of Kimberley Steel is the manufacture and supply of steel house frames and sheds within the East Kimberley. The level of development within the East Kimberley ensures the security of the business well into the future and there is enormous potential for expansion into the West Kimberley, Pilbara and Northern Territory as well as an expansion of the services provided to the local building industry.

25. OPERATING LEASE COMMITMENTS

	Consolidated		The Company	
	2008	2007	2008	2007
	$	$	$	$
Non-cancellable operating leases contracted For but not capitalised in the financial statements				
Payable – minimum lease payments				
Not later than 12 months	32,630	9,830	22,800	-
between 12 months and 5 years	30,309	40,139	-	-

The property leases are non-cancellable leases with 8 months (Business premises), 1 year (Port Operating Agreement) and 4 years 1 month terms (Fuel Terminal facilities), with rent payable monthly in advance, arrears and quarterly in arrears respectively.

Options for a further 5 year term of the Port Operating Agreement is available.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008 (CONTINUED)

26. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

(a) Reconciliation of cash

For the purpose of the statements of cash flows, cash includes cash on hand and bank overdraft. Cash as 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:

	Consolidated		The Company	
	2008	2007	2008	2007
	$	$	$	$
Cash assets	535,855	3,194,903	526,000	3,120,859
Bank overdraft	(9,038,147)	(664,577)	-	-
	(8,502,292)	2,530,326	526,000	3,120,859
Increase / (decrease) in cash in period	(11,032,618)	(814,764)	(2,594,859)	1,950,814

26. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES (Continued)

	Consolidated		The Company	
	2008	2007	2008	2007
	$	$	$	$
(b) Reconciliation of operating profit /(loss) after income tax to net cash provided by operating activities				
Profit from ordinary activities after income tax	854,162	3,561,504	(505,052)	1,593,292
Add/(less) items classified as investing/financing activities:				
(Profit)/loss on sale of non-current asset				
- property, plant and equipment	901,362	(2,619)	901,362	(1,089)
Add/(less) non-cash items:				
Depreciation & amortisation	330,095	464,014	319,490	453,839
Increase / (decrease) in provision for staff benefits	(56,400)	55,361	(66,662)	58,027
Increase / (decrease) in other provisions	(309,148)	86,466	(309,148)	86,466
Amounts set aside / (utilised) for deferred tax	164,081	(71,154)	159,432	(69,140)
Foreign currency loss	(17,901)	(25,981)	(54)	-
Provision for diminution in investments		-	(908,330)	(19,837)
Net cash provided by operating activities before changes in assets and liabilities	1,866,251	4,067,591	(408,962)	2,101,558
Change in assets and liabilities adjusted for effects of purchase of controlled entities during the year:				
(Increase)/decrease in:				
Trade debtors	(2,520,175)	25,242	866,587	197,947
Other debtors	186,316	(113,683)	186,315	(103,843)
Prepayments	875	1,874	-	1,533
Inventories	(2,873,428)	8,963,351	1,049,843	957,368
Trade and other creditors	(963,308)	(8,982,116)	(1,717,799)	220,324
Income tax payable/refundable	826,018	203,320	(600,238)	193,540
Net cash provided by operating activities	(5,129,487)	4,165,579	624,254	3,568,427

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF
CAMBRIDGE GULF LTD**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2008 there have been:

i) no contraventions of the auditor's independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii) no contraventions of any applicable code of professional conduct in relation to the audit.

UHY HAINES NORTON
CHARTERED ACCOUNTANTS

DAVID TOMASI
PARTNER

4 November 2008

Perth, WA

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
CAMBRIDGE GULF LTD

Report on the Financial Report

We have audited the accompanying financial report of Cambridge Gulf Ltd (the Company) and Cambridge Gulf Ltd and Controlled Entities (the Group), which comprises the balance sheets as at 30 June 2008, and the income statements, statements of recognised income and expenses and cash flow statements for the year ended on that date, a description of significant accounting policies and other explanatory notes and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 1, the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report of the Group, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

Our audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001 and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with out understanding of the Company's and the Group's financial position and of their performance.

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

UHY Haines Norton - ABN 358 5397 1745

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
CAMBRIDGE GULF LTD (Continued)

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's opinion

In our opinion:

(a) the financial report of Cambridge Gulf Ltd and Cambridge Gulf Limited and Controlled Entities is in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the Company's and the Group's financial position as at 30 June 2008 and of their performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1.

UHY HAINES NORTON
CHARTERED ACCOUNTANTS

DAVID TOMASI
PARTNER

Perth, WA
4 November 2008